



INTERNAL AUDIT CHARTER

Internal Audit Charter

Introduction

The role of the Internal Audit Service is to support the achievement of corporate objectives by providing an independent appraisal service to the University.

The Internal Audit Service is responsible for conducting an independent appraisal of all of the University's activities, financial and otherwise. It should provide a service to the whole organisation, including the Governing Body and all levels of management.

The Internal Audit Service is responsible for assurance to the University's Governing Body and Chief Officer on the entire system of controls. It assists management by evaluating and reporting to them on the effectiveness of the controls for which they are responsible. It remains the duty of the management, not the auditor, to operate an adequate system of internal control.

Mission of Internal Audit

The aim of Internal Audit is to assist the University in achieving its objectives through carrying out a systematic and independent review of internal controls, risk management, governance and financial aspects together with undertaking value for money audits.

However, if deemed appropriate by the Chief Officer, its remit may extend to systems being developed and it may provide advice on control and related matters arising, without prejudicing its right to subsequently audit such systems.

As part of this it helps to ensure the reliability of internal and external reporting and assists compliance with laws and regulations. Each assignment undertaken by Internal Audit is intended to provide independent, objective assurance as well as recommendations designed to add value and improve the operations of the University.

Authority, Access and Scope

The Internal Audit Service derives its authority from the Governing Body through the Audit Committee and the President. The Head of Internal Audit has a right of direct access to the Chairperson of Governing Body, the Chairperson of the Audit Committee and the President in the performance of his/her duties.

The Internal Audit Service has rights of access to all information, explanations, records, assets, and personnel necessary for audit purposes and is facilitated by management and staff in this regard. Rights of access to other bodies controlled or funded by the University should also be guaranteed.

All of the University's activities, funded from whatever source, fall within the remit of the Internal Audit Service, which is not confined solely to financial matters. Internal Audit will consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that management have taken the necessary steps to achieve these objectives.

The Internal Audit Service may conduct any special reviews requested by the Governing Body, Audit Committee or the President, provided such reviews do not compromise its objectivity, independence or achievement of the approved audit plan.

Internal Audit Charter

Role and Responsibility

The Head of the Internal Audit Service is required to give an annual opinion to Audit Committee on the adequacy and effectiveness of the whole system of internal controls within the University, and the extent to which the Governing Body may rely on it.

To provide the required assurance the Internal Audit Service will undertake a programme of work over a cycle authorised by the Audit Committee. It will be drawn up by the Head of Internal Audit and then forwarded to the Governing Body following the approval of the Audit Committee.

The programme will have the following objectives:

- (a) to appraise progressively the soundness, adequacy and application of the whole internal control system;
- (b) to ascertain the extent to which the system of internal control ensures compliance with established policies and procedures;
- (c) to ascertain the extent to which the assets and interest entrusted to or funded by the University are properly controlled and safeguarded from losses arising from fraud, irregularity or corruption;
- (d) to ascertain the integrity and reliability of financial and other information provided to management including that used in decision making;
- (e) to ascertain that systems of control are laid down and operate to promote the economic, efficient and effective use of resources;
- (f) to ascertain that accounting and other information is reliable as a basis for producing accounts and for financial and other returns;
- (g) confirm compliance with laws, regulations, government guidelines and EU requirements;

In achieving its objectives the Internal Audit Service should:

- (a) identify all elements of control systems on which it is proposed to rely, and establish a review cycle;
- (b) evaluate those systems, identify inappropriate or inadequate controls and recommend improvements in procedures and practices;
- (c) ascertain that those systems of control are laid down and operate to promote the most economic, efficient and effective use of resources;
- (d) draw attention to any apparently uneconomical or otherwise unsatisfactory result flowing from decisions, practices or policies;
- (e) liaise with external auditors and the Comptroller and Auditor General (C&AG);

Internal Audit Charter

Standards and Approach

Internal Audit will, in general and taking account of the control environment, adopt a systems based approach to its audits supplemented, as appropriate, by the use of traditional transaction testing and verification methods on a sample basis.

The Internal Audit Service should carry out its work professionally and ethically and having regard to the standards for the Professional Practice of Internal Auditors, published by the Institute of Internal Auditors, and the Auditing Practices Board.

In order to demonstrate that due professional care has been taken in performing its work, it is necessary to have comprehensive records of activity showing that the work has been performed in accordance with accepted standards of best practice.

Independence and Objectivity

The Internal Auditor is required to deliver impartial and unbiased judgements. To enhance this objectivity, the Internal Auditor will remain independent of the activities audited. Internal Audit has no executive role, nor does it have any responsibility for the development, implementation or operation of the systems. Internal Audit works with management to improve systems, processes and ways of working by providing objective and skilled assistance in resolving business problems.

Staffing and Resources

The Internal Audit Service will be given the multidisciplinary resources it requires to adequately discharge its responsibilities.

Fraud

The responsibility for the prevention and detection of irregularity and fraud rests with management and this responsibility is fulfilled mainly through the implementation and the continued operation of an adequate system of internal control. The Internal Audit Service which has responsibility to ensure that the audit programme and methodology take due account of the possibility of fraud, will investigate all cases of fraud or suspected fraud uncovered and make recommendations to improve any weaknesses in controls associated with such cases, if necessary.

Audit Reports

On completion of an audit, findings will be relayed to the management and employees of the audited area for their views. These views will be considered and incorporated in the final report. Copies of the final report will go to the person with primary responsibility for the area audited, the Chief Officer, the Audit Committee and the Governing Body.

There will be periodic follow up action by Internal Audit to ascertain if findings and recommendations have been acted upon by management.

Internal Audit Charter

Annual Report

The Head of Internal Audit should provide an annual report on the Internal Audit activities. This report shall be forwarded within three months after the end of the financial year, to the Audit Committee, the Chief Officer and the Governing Body. The report should comment, *inter alia*, on the adequacy of the resources available to carry out its approved programmes.

Relationship with the Audit Committee

The Audit Committee will be responsible for the activities of the Internal Audit Service. The Internal Auditor reports to the President on a daily functional basis, but reports operationally to the Audit Committee.

The Internal Auditor will draft an Annual Audit Plan with the Audit Committee. Written reports on the progress of the plan are submitted to the Audit Committee at regular intervals.

Relationship with the Comptroller & Auditor General

The primary focus of the C & AG's work is to obtain sufficient evidence to form an opinion on University College Cork's Annual Financial Statements. While internal and external auditors have their own distinct objectives there are areas of common interest. Co-operation should be promoted through regular meetings and through co-ordination of activities to ensure that maximum audit coverage is achieved. Details of work done and copies of all formal reports should be made available to the C&AG on request.

Relationship with External Auditors

The fundamental responsibility of the external auditors is to form an independent opinion on the financial statements and to report their opinion, ultimately to the Governing Body, via the Audit Committee and the Finance Committee. Internal Audit should consult regularly with the external auditors to avoid duplication of work.