



# National University of Ireland Galway

Internal Audit Charter

September 2021

**1. Introduction**

- 1.1 It is the policy of the NUI Galway (NUIG) to have and support the development of an Internal Audit Unit (IAU) within the University.
- 1.2 The Internal Audit Charter sets out the purpose, authority, responsibility and reporting relationships of the IAU in NUI Galway.

**2. Purpose and Mission**

- 2.1 The purpose of the IAU is to provide an independent, objective assurance and consulting activity that is guided by a philosophy of adding value and improving the operations of NUIG. The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight.
- 2.2 IAU helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the university's risk management, control and governance processes.
- 2.3 The objective of the IAU is to assist managers in the effective discharge of their responsibilities by furnishing them with analyses, appraisals, recommendations, counsel and information concerning the activities reviewed.
- 2.4 Through their work, the IAU provides assurance to the Accounting Officer and Audit and Risk Committee (ARC) as to the adequacy of the University's internal control system.

**3. Governing Authority Policy Statement**

- 3.1 The University recognises the significant contribution to good governance and effective internal control made by an efficient and effective internal audit function. The university pledges its full support to the IAU in discharging the authorities and responsibilities contained in this Charter and undertakes to provide adequate resources to the IAU to properly discharge its function.

**4. Organisation**

- 4.1 The IAU reports functionally to the Audit and Risk Committee (ARC) and administratively (i.e. day-to-day operations) to the Accounting Officer (President). The ARC is a subcommittee of the Governing Authority, Údarás na hOllscoile. The IAU will have direct access to the Chairperson of Governing Authority and the Chairperson of the ARC.
- 4.2 To establish, maintain, and assure that NUIG's IAU has sufficient authority to fulfil its duties, the ARC will:
  - Approve the internal audit charter annually.
  - Approve the annual internal audit plan including resource plan.

- Receive communications from the Director of Internal Audit and Risk Management (DIARM) on the IAU's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the DIARM.
- Make appropriate inquiries of management and the DIARM to determine whether there is inappropriate scope or resource limitations.

## 5. Role

- 5.1 The activity and responsibilities of the IAU are established and defined by Údarás na hOllscoile and the ARC.
- 5.2 The IAU operates in accordance with this Charter as approved by the ARC. It will undertake its work programme under the general supervision and guidance of the ARC.

## 6. Authority

- 6.1 The IAU, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unfettered access to any and all of NUIG records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the IAU in fulfilling its roles and responsibilities.
- 6.2 The IAU may procure third party services to support the completion of IAU activities. These third parties, in accordance with university policy and signed contracts, will also be authorised the same access to all NUIG information as pertinent to the activity being carried out.

## 7. Independence and objectivity

- 7.1 The IAU will remain free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent attitude.
- 7.2 The IAU will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they are honest in their work, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others. It will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or processes examined.
- 7.3 The IAU will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditor's judgement including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for NUIG or its subsidiaries.
- Initiating or approving transactions external to the activities of the IAU.
- Directing the activities of any official outside of the IAU, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

However, the IAU may review systems under development and may offer advice on appropriate controls without prejudicing its right to subsequently audit such systems.

7.4 Where the DIARM and members of the IAU have or are expected to have roles and/or responsibilities that fall outside of internal auditing, such as those related to risk management, safeguards will be established to limit impairments to independence or objectivity.

7.5 The IAU will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments

7.6 If the DIARM determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties. The DIARM will disclose to the ARC and Governing Authority (GA) any interference and related implications in determining the scope of internal auditing, performing work, drafting reports and/or communicating results.

7.7 Through the IAU annual report, the DIARM will confirm to the ARC and GA, the organisational independence of the IAU.

## **8. Professionalism:**

8.1 The IAU will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

- 8.2 The IAU will consider, where relevant, requirements per the latest Departmental/Public sector circulars, Codes of Governance and best practice guidance in carrying out their roles and responsibilities.
- 8.3 The DIARM will report annually to senior management, ARC and GA regarding the IAU's conformance to best practice standards and guidance.
- 8.4 Staff within the IAU will collectively possess or obtain the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter. As required, staff will complete the required continued professional development on an annual basis in line with professional qualifications.

## 9. Scope of internal audit activities

- 9.1 The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the ARC, GA, university management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for NUIG. Internal audit assessments include evaluating whether:
- Risks relating to the achievement of the university strategic objectives are appropriately identified and managed.
  - University operations, roles, and responsibilities comply with university's policies, procedures, and applicable laws, regulations, and governance standards.
  - The results of operations are consistent with values, established goals and objectives.
  - Operations are being carried out effectively and efficiently.
  - Established processes and systems enable compliance with the policies, procedures, laws, and regulations and governance standards.
  - Information and the means used to identify, measure, analyse, classify, and report such information are reliable and have integrity.
  - Resources and assets are acquired economically, used efficiently, and protected adequately.
- 9.2 The IAU function is responsible for giving independent, objective assurance to the Accounting Officer, ARC, and GA.
- 9.3 The IAU will produce an annual audit plan based on a risk assessment of all areas under its remit, discussion with senior management and changes in the operational and economic conditions.

In relation to the plan, the IAU will;

- Consider the scope of work and liaise with external auditors for the purpose of providing optimal audit coverage.

- Implement the audit plans as approved.
- Consider best practice guidelines.
- Report significant issues relating to the processes for controlling the activities of the University arising from the internal audit work undertaken.
- Issue reports to the ARC addressing the results of audits conducted summarising findings, recommendations, agreed management actions and timelines for implementation of actions.
- As part of findings follow-up reviews, Internal Audit will monitor and report to management and the ARC on progress towards the implementation of agreed audit recommendations through the Recommendations Register.

9.4 The DIARM will report periodically to UMT, ARC and the GA regarding:

- The IAU's purpose, authority, and responsibility.
- The IAU's plan and performance relative to its plan.
- The IAU's conformance with best practice standards, and action plans to address any significant conformance issues, as identified.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the ARC and/or GA.
- Results of audit engagements or other activities.
- Resource requirements.
- Management responses to risk or audit queries that may be unacceptable.

9.5 The DIARM coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The IAU may perform other advisory or assurance based activities and special projects, the nature and scope of which will be agreed with senior management and ARC, provided it does not assume management responsibility.

9.6 Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

## **10. Responsibilities**

10.1 IAU activities will be determined using appropriate risk assessment tools to ensure adequate coverage of risks and exposures, and will consider the special needs of management.

10.2 The IAU has responsibility to:

- Maintain an internal audit universe comprising all areas of the University.
- Develop an annual internal audit plan and submit to the ARC for approval.

- Implement the audit plans as approved.
- Remain up to date and consider regulations and best practice standards/guidance.
- Report significant issues relating to the processes for controlling the activities of the university arising from the internal audit work undertaken.
- Issue reports to the ARC addressing the results of audits conducted summarising observations and recommendations made.
- Internal Audit will monitor and report to management and the ARC on progress towards the implementation of agreed audit recommendations.
- Prepare an annual internal audit report for submission to ARC for approval.
- Where required, evaluate and assess controls coincident with the introduction of major changes to systems.
- Where requested, provide technical assistance to management or complete specific reviews to assist in the investigation of suspected fraudulent activity within the university.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure trends and emerging issues that could impact the University are considered and communicated to senior management, ARC and GA as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to university policies and procedures as well as Department of Public Expenditure and Reform (DPER) guidelines and relevant legislation.
- Act as secretariat to the ARC.

## **11. Internal Audit Plan**

- 11.1 In line with the university academic year, the IAU will prepare an annual risk based internal audit plan taking into account the audit universe, discussions with senior management, areas of weakness noted in audit reports as well as environmental or operational concerns.
- 11.2 The plan will be reviewed and adjusted, as necessary, with any significant deviation from the approved internal audit plan communicated to the ARC.

## **12. Completion of audits**

- 12.1 The IAU is required to carry out the audits as outlined in the agreed internal audit plan.
- 12.2 Appropriate planning is completed for each audit with a terms of reference prepared.

- 12.3 The IAU will adopt a systems-based approach to its audits, supplemented, where appropriate, by the use of transaction testing, vouching and verification methods on a sample basis.
- 12.4 The IAU will conduct its work in accordance with the standards and guidelines published by the Institute of Internal Auditors and with all relevant standards and guidelines as issued by the Department of Finance, the DPER and the Department of Further and Higher Education, Research, Innovation and Science.
- 12.5 Appropriate audit evidence will be obtained during the course of an internal audit. The IAU will ensure that all information and records obtained and reviewed during the course of the audit are kept confidential.
- 12.6 The IAU will maintain audit working papers to support conclusions arising from the audit.

### **13. Reporting**

- 13.1 The draft internal audit report will be discussed with the appropriate UMT member and audit contact in the form of a “closing meeting” for discussion on factual accuracy and determine the agreed management actions.
- 13.2 The final draft of the report including the agreed management actions and timelines for completion will be submitted for consideration and approval at the next meeting of the ARC.
- 13.3 Once approved the report is deemed final.
- 13.4 As required, IAU will report to the ARC, UMT and Údarás na hOllscoile on all audit reports and significant risk exposures, control issues, including fraud risks, governance issues, and other matters deemed appropriate by the Unit.
- 13.5 The DIARM will report immediately to the Accounting Officer on any matter deemed to be of sufficient seriousness to place the organisation at risk either financial or reputation.

### **14. Post Audit Action**

- 14.1 It is the responsibility of management and not that of the IAU to take action when internal audit reports are issued. The manager of the activity should review all findings and recommendations within an agreed timeframe and should initiate actions to address all matters raised.
- 14.2 The IAU will maintain a recommendations register to monitor the implementation of agreed actions following completion of the audits. An update on the implementation of actions will be sought on a quarterly basis with a quarterly report presented at the next meeting of the ARC and UMT.



- 14.3 A prior year lookback audit will be completed on an annual basis to review those findings deemed closed by senior management as part of the quarterly recommendations register process.

**15. Internal audit annual report**

- 15.1 The IAU will prepare an annual report as at each year end.
- 15.2 The report will include the relevant assurances and declarations as outlined in this Charter and required by best practice guidance.
- 15.3 The report will be issued to the ARC for review and approval which will support the ARC annual report.

**16. Quality Assurance Review (QAR) Program**

- 16.1 IAU will develop and maintain a quality assurance and improvement programme that covers all quality aspects of internal audit activity and continuously monitor its effectiveness. As mandated by the DPER, the IAU will fully conform to the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors.

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Pauline Cronin  
Director of Internal Audit and Risk Management  
Date:

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Ms. Carmel O'Connor  
Chairperson of Audit and Risk Committee  
Date:

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Mr. Ciarán O hÓgartaigh  
Accounting Officer (President)  
Date: