



**UNIVERSITY of LIMERICK**  
OLLSCOIL LUIMNIGH

**INTERNAL AUDIT CHARTER**

*Approved by Governing Authority 5 April 2019*

# **UNIVERSITY OF LIMERICK INTERNAL AUDIT CHARTER**

## **1. Introduction**

- 1.1 The Governing Authority has overall responsibility for ensuring that there are effective systems of control in operation throughout the University, that the University complies with all applicable laws and regulations and that the systems of control ensure the integrity and reliability of the University's external reporting requirements. It is the policy of the Governing Authority to ensure that a comprehensive internal audit service is in place to enable the Governing Authority address these responsibilities.
- 1.2 The internal audit service can be resourced either by outsourcing all or part of the service or by establishing an internal audit function within the University or its subsidiaries.
- 1.3 The purpose of this Charter is to set out the Internal Audit terms of reference and its approach to projects and assignments in the University of Limerick.
- 1.4 The Internal Audit is responsible for conducting an independent appraisal of all of the University's activities, financial and otherwise in accordance with agreed Audit Plans. The Internal Audit is responsible also for providing assurance to the President and the University's Governing Authority, through its Audit & Risk Committee, on the University's entire system of controls.
- 1.5 The Internal Audit assists management of the University by evaluating and reporting to them on the effectiveness of the controls for which they are responsible. However, it remains the responsibility of management to establish, operate and monitor appropriate systems of control within their area of responsibility.

## **2. Internal Audit Mission**

- 2.1 The mission of the Internal Audit is to provide independent and objective reviews and assessments of the University of Limerick's activities, operations, financial systems, internal controls and corporate governance processes. It also provides analysis to ensure the University is in compliance with policies, accounting standards, procedures and legislation. Each assignment undertaken by the Internal Audit is intended to provide an independent, objective assurance as well as recommendations designed to add value and improve the operations of the University.
- 2.2 The Internal Audit accomplishes its mission by carrying out an annual audit plan that utilises risk analysis to review critical areas of operation.
- 2.3 The Internal Audit directly aligns itself with the University's mission by contributing to the fulfilment of the goals and objectives articulated in the University's Strategic Plan.

### **3. Scope of Internal Audit**

- 3.1 All the University's activities funded from whatever source, fall within the remit of the Internal Audit, which is not confined solely to financial matters. The Internal Audit will consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas, including subsidiary and associated companies of the University and any other bodies controlled or funded by the University.
- 3.2 Following consultation with the President, the Internal Audit will carry out work in accordance with an internal audit plan approved by the Audit & Risk Committee and communicated to the Governing Authority. In addition, the Internal Audit will conduct any special reviews requested by the Governing Authority, through its Audit & Risk Committee, the Audit & Risk Committee itself and/or the President provided such reviews do not compromise its objectivity or independence or achievements of the approved Internal Audit Plan.
- 3.3 The scope of internal audit activities themselves will be determined using appropriate risk assessment tools to ensure adequate coverage of risks and exposures and will consider the special needs of management. Specifically, the Internal Audit's scope of activities is to ascertain that the processes for controlling operations are adequate and functioning correctly to ensure that:
- the University's resources are adequately protected;
  - Significant financial, managerial and operating information is accurate and reliable;
  - Employees' and University actions are in compliance with policies, standards, procedures and applicable laws and regulations.

### **4. Responsibilities**

- 4.1 The Internal Audit has responsibility for:
- Developing and maintaining a strategic internal audit plan covering the period of appointment as Internal Auditors, based on significant exposures to loss or failure per the University's Risk Register and, following consultation with the President, submit the internal audit plan to the Audit & Risk Committee for approval and communication to Governing Authority;
  - Developing annual internal audit plans based on significant exposures identified in the strategic audit plan and, following consultation with the President, to submit such plans to the Audit & Risk Committee for approval and communication to Governing Authority;
  - Considering the scope of work and liaising with external auditors appointed by Governing Authority for the purpose of providing optimal audit coverage;
  - Implementing the internal audit plans as approved, including any value for money auditing and special projects assigned by the Audit & Risk Committee, the Governing Authority or required by senior management of the University;
  - Disseminating best practice guidelines;
  - Reporting to the Audit & Risk Committee and the President significant issues relating to processes for controlling the activities of the University and providing information concerning such issues through to resolution;

- Issuing reports in a timely manner to the Audit & Risk Committee addressing the results of internal audits conducted, summarising observations and recommendations made, and management responses to the internal audit findings;
- Monitoring and reporting to the Audit & Risk Committee and management on progress towards the implementation of agreed internal audit recommendations;
- Meeting with the Audit & Risk Committee at least four times per annum, first to obtain approval of the Internal Audit Plan and subsequently to present internal audit reports to the Audit & Risk Committee;
- Evaluating and assessing controls coincident with the introduction of major changes to University systems;
- Providing technical assistance to management to assist in any investigation into suspected fraudulent activity within the University.

## **5. Standards and Approach**

- 5.1 The Internal Audit will carry out its work professionally and ethically having regard to the Standards for the Professional Practice of Internal Auditors, published by the Chartered Institute of Internal Auditors and the Auditing Practices Board.
- 5.2 In order to demonstrate that due professional care has been taken in performing its work, the Internal Audit will retain comprehensive records of activity showing that the work undertaken has been performed in accordance with accepted standards of best practice.

## **6. Authority and Access**

- 6.1 The Internal Audit derives its authority from the President and the Governing Authority through its Audit & Risk Committee.
- 6.2 The Internal Audit has the right of access to, or enquiry into, all of the University's records, information and assets which it considers necessary to fulfil its responsibilities. Additionally, the Internal Audit has right of access to subsidiary and associated companies of the University and any other body controlled or funded by the University.
- 6.3 The Internal Audit will have direct access to the Chairperson of the Audit & Risk Committee and to the President in the performance of the internal audit function. The Internal Audit will have access to the Governing Authority through its Audit & Risk Committee.
- 6.4 The Internal Audit will be afforded the full cooperation of all employees and agents of the University in carrying out the internal audit function.

## **7. Independence**

- 7.1 The Internal Audit has no operating responsibilities and will remain independent of the activities being examined. However, if deemed appropriate by the President, 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.
- 7.2 To provide for the independence of the Internal Audit Function, the Internal Audit reports directly to the Audit & Risk Committee and the President and administratively to the Corporate Secretary. In addition, where required the Internal Audit has unrestricted access to the Chairman of the Audit & Risk Committee and the Chancellor of the University.

## **8. Internal Audit Process**

- 8.1 The Internal Audit process has been developed by the Internal Audit and the Governing Authority Audit & Risk Committee in order to optimise the impact of the internal audit function at the University. The Internal Audit will carry out its work in accordance with the following process:
- Each year an internal audit programme is developed by the Internal Audit. Following consultation with the President, the internal audit plan is submitted to the Audit & Risk Committee for consideration and approval;
  - Prior to commencement of the internal audit work, the Internal Audit will discuss the intended scope of the planned review with the member of the University's Executive Committee responsible for the function to be audited. Where there is more than one member of the Executive Committee's functional area involved in the audit, a lead contact should be designated and their role will be to ensure effective liaison at all stages of the audit engagement;
  - Prior to the commencement of the Internal Audit review of a specific area, the Internal Audit and the relevant manager will agree a timeframe to provide for the following :
    - Response times by staff to Internal Audit queries during the audit;
    - Upon receipt of responses the timeframe within which Internal Audit will complete the draft review;
    - Timeframe within which management responses on the Internal Audit report are to be provided to Internal Audit;
    - Internal Audit will normally complete the draft report incorporating management responses within one calendar month;

- Draft Internal Audit Reports to be issued by Internal Audit to operational management for management responses to be included in the report. If it is considered appropriate the Internal Audit may revise the report based on feedback received from management.
- Where there is agreement on the implementation of recommendations arising from the review, management responses will include a timeframe for their implementation. Where agreement is not reached on the implementation of recommendations, then the management responses must include a reason for their proposed non-implementation.
- Upon receipt of management responses, the report is forwarded by Internal Audit to the relevant line manager who is a member of Executive Committee (the report sponsor) for his/her review. At the same time, the Internal Audit will submit the report to the Corporate Secretary.
- The Corporate Secretary will arrange to have the final draft report tabled at Executive Committee following consultation with the report sponsor to confirm that the report is ready for issue to Executive Committee.
- Once the draft report is reviewed by the Executive Committee, and the management responses accepted, the Report can be finalised. The Corporate Secretary will inform the Internal Audit of the outcome of the Executive Committee so that they may issue the final report to the Governing Authority Audit & Risk Committee.
- The Executive Committee member with responsibility for the area audited will attend the meeting of the Audit & Risk Committee at which the relevant report is being considered. This facilitates liaison between the Audit & Risk Committee and senior management on the findings of the report and operational improvements which need to be undertaken. Additionally, as part of this auditee engagement process, the Audit & Risk Committee will elicit views and opinions on the audit process, the quality of work, the extent to which audit expectations were met or not, the communications process and the value of findings and recommendations.
- Once the internal audit report has been presented to the Audit & Risk Committee it will be disseminated by Internal Audit to those included on the circulation list. Any such circulation list must include the President, members of the Internal Audit Review Group and the Audit & Risk Committee;
- The Audit & Risk Committee will report at least annually to the Governing Authority on the findings of reports.
- The Corporate Secretary will seek a report from the relevant manager to establish the status of implementation of recommendations twelve-months following finalisation of the internal audit report. The reasons for the non-implementation of the recommendation will be included in the report.

- Upon receipt of a number of reports, the Corporate Secretary will convene a meeting of the Vice President, Academic & Student Engagement (Chair); Deputy President Chief Operating Officer & Registrar, the Director, Management Planning & Reporting, the Director, HR and the Corporate Secretary (the Review Group) to consider the reports. Outstanding recommendations will be considered and addressed by the Review Group. The Review Group's agreed actions and accompanying timelines regarding outstanding recommendations will be reported back to the Audit & Risk Committee and the Internal Audit.
- Where it is not possible to reach a solution to enable the implementation of an Internal Audit recommendation or where the decision is made not to implement the recommendation for whatever reason, then the reason/explanation will be conveyed in the first instance to Internal Audit for comment and subsequently to the President for final consideration and decision by the Corporate Secretary on behalf of the Review Group. The decision of the President will be conveyed to the Audit & Risk Committee and the Internal Audit by the Corporate Secretary.
- Key findings, recommendations and management responses from the various Internal Audit reviews that have wider applicability to internal controls on a corporate-wide basis will be submitted to the Executive Committee on an annual basis by the Corporate Secretary.
- The Internal Audit will undertake follow-up reviews of a sample of recommendations deemed implemented and will report back to the Audit & Risk Committee on same.
- The Audit & Risk Committee will review the work performed by Internal Audit on an annual basis to ensure value for money.