

# Department of Rural and Community Development

## Internal Audit Unit Charter

### 1.0 Introduction

This Charter sets out the purpose, authority and responsibilities of the Internal Audit Unit in the Department of Rural and Community Development. The policy framework for this Charter is informed by the revised Internal Audit Standards as published by the Department of Public Expenditure & Reform in January 2018. Key provisions of that document concern:

- The *Mission of Internal Audit* is to enhance and protect organisational value by providing risk based and objective assurance, advice and insight.
- *Key Principles and Rules of Conduct of Internal Audit* concern Integrity, Objectivity, Confidentiality and Competency.

The Department of Rural and Community Development is fully committed to an effective Internal Audit function consistent with the guidance and requirements set out in the revised IA standards. To this end, this Charter sets out critical commitments across key areas identified. These concern the Purpose, Responsibilities and Authority of the Internal Audit function, as well as matters such as Independence, Quality Assurance and Improvement,

### 2.0 Purpose of Internal Audit

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the Department's operations. It will help the Department accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

### 3.0 Responsibilities

The Internal Audit will operate as an independent advisory service in the Department and outside of this shall have no operational role. Responsibility for internal control shall rest with managers, who without regard to audit activity shall ensure that appropriate and adequate control arrangements exist in their areas of responsibility.

The role of Internal Audit shall be to appraise the adequacy and effectiveness of those arrangements and to make recommendations for improvements as appropriate. Accordingly Internal Auditors will not engage in any activity that may impair their judgement, such as

implementing internal controls, developing procedures, installing systems or preparing reports.

The Internal Audit Unit shall liaise, as necessary and appropriate, with external auditors, including the Office of the Comptroller and Auditor General.

#### **4.0 Authority**

Internal Audit operates with the direct authority of the Accounting Officer and under the general oversight and guidance of the Audit Committee, whose role and responsibilities are documented by a separate charter.

The Internal Audit Unit is authorised to have full access to Departmental records (manual and electronic), physical properties and personnel relevant to the carry out of a review. It is responsible for affording to records and others materials entrusted to its care, the same protections afforded by staff in whose care they normally are retained.

Where access to documentation is stipulated in contracts/agreements between the Department and third parties, Internal Audit Unit may also have access to such documentation where it is relevant to the carrying out of its functions.

Management and staff are required to co-operate fully with Internal Auditor's requirements. Prior notice of the proposed commencement of an audit will normally issue to Heads of Divisions.

#### **5.0 Scope**

The Internal Audit Unit will evaluate and contribute to the improvement of the Department's governance, risk management and control processes using a systematic, disciplined and risk based approach. In general it will adopt a risk based and systems approach to its audit, supplemented, where appropriate, by the use of traditional transaction-testing, vouching and verification methods.

The Head of the Internal Unit will prepare an annual Internal Audit Plan for review by the Audit Committee and approval by the Accounting Officer.

The Internal Audit Unit will be responsible for reviewing and appraising the following:

- The design and operation of all systems and procedures (financial, managerial, etc.) which are intended to control the Department's operations, including those used by management to measure the effectiveness of programmes and other activities of the Department.
- The adequacy, reliability and integrity of the information systems used to monitor the Department's activities and to ensure accountability;

- The degree of compliance with legislation (domestic and international), other mandatory requirements laid down centrally, (e.g. by the Department of Public Expenditure and Reform) and (b) management plans, procedures and policies;
- The acquisition and disposal of assets and the safeguarding of assets and interest from losses; including those arising from fraud, malpractice and irregularity; and
- Arrangements for the economic and efficient use of resources and for avoiding waste.

Internal Audit is responsible for ensuring the confidentiality and safekeeping of all records and information accessed in the course of its work.

## **6.0 Reporting Arrangements**

The Head of the Internal Audit Unit will report to the Accounting Officer.

The Head will report to the Audit Committee on a regular basis, as agreed in the context of an annual Audit Plan, and in particular circumstances, as requested by the Accounting Officer and/or the Audit Committee. Audit reports prepared by the Internal Audit and noted by the Audit Committee will be submitted to the Accounting Officer by the Head of the Internal Audit Unit. That Committee may, where it deems it appropriate, provide observations on reports to the Accounting Officer.

The Head of Internal Audit Unit will undertake other such audit reviews, as may be requested by the Accounting Officer from time to time.

## **7.0 Quality Assurance and Improvement**

The Head of Internal Audit will develop and maintain a quality assurance and improvement programme that covers the internal audit activities. As part of such a programme, both Internal Audit's function and Charter will be subject to periodic internal and external review.

Consistent with the Internal Audit Standards published by the Department of Public Expenditure and Reform (01/2018) an internal review will take place every three years and the external reviews every five years.

## **8.0 Conflict of Interest**

Where a potential conflict of interest may arise for him/herself or any staff member of the Internal Audit Unit, the Head of Internal Audit will advise the Accounting Officer of that fact and comply with any instructions arising. The Internal Audit Committee will be advised of any such conflict of interest and remedial actions taken,

## **9.0 Review**

This Charter will be subject to review once every three years.

*Kevin McCarthy*

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Kevin McCarthy

Secretary General

Department of Rural and Community Development

*18/4/2018*

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Date

*Gerry Kearney*

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Gerry Kearney

Audit Committee Chairperson

Department of Rural and Community Development

*20/4/18.*

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Date