



Northern Ireland Audit Office

Internal Audit Charter

Approved May 2020



Internal Audit Charter

Purpose

This charter establishes the purpose, authority and responsibilities for the internal audit service for the Northern Ireland Audit Office (NIAO).

The establishment of a charter is a requirement of the IIA IPPF and PSIAS and approval of the charter is the responsibility of the Audit & Risk Assurance Committee (the Committee).

Definition of Internal Audit

“An independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

Institute of Internal Auditors

Internal audit is a key part of the assurance cycle for your organisation and, if used appropriately, can assist in informing and updating the risk profile of the organisation.

The internal audit service will plan and perform its work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing on how these arrangements help you to achieve your objectives.

Contacts

The internal audit service is provided by Haines Watts. Your key internal audit contacts are as follows:

	Director	Manager
Name	Lee Glover	David Long
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Independence & Ethics

To provide for the independence of the internal audit team, our personnel report directly to Lee Glover, Director (acting as your Head of Internal Audit).

The independence of Haines Watts as your provider is assured by reporting to Kieran Donnelly, Comptroller and Auditor General, with day to day responsibility for the management of our relationship handled by Rodney Allen, Director - Corporate Services, and Joe Campbell, Audit Manager, with Lee Glover having direct and unrestricted access to Dr Noel Hyndman, Committee Chairman, to whom any immediate concerns can be escalated should it be required.

Conflicts of interest may arise where Haines Watts provides services other than internal audit or key suppliers, customers and stakeholders. Haines Watts Group provides access to a wide range of expertise that may be beneficial to our clients and it is therefore important to facilitate this support whilst ensuring we demonstrate independence.

Where there is potential for perceived conflict, measures will be taken to avoid or manage such situations in an open and transparent manner, so that there is no real threat or impairment to our independence in providing the internal audit service.

Authority & Responsibilities

In providing the internal audit service, Haines Watts is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the Committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.
- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

In providing the internal audit service, Haines Watts is not authorised to:

- Perform any operational duties associated with the organisation.
- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by Haines Watts unless specifically seconded to internal audit.

In providing the internal audit service, Haines Watts has responsibility to:

- Undertake an Audit Needs Assessment in conjunction with management and Committee to develop a flexible and risk based Internal Audit Strategy and Annual Audit Plan for Committee consideration and approval prior to commencement.
- Implement the Annual Audit Plan as approved, including additional tasks requested by management and Committee.
- Ensure the internal audit team consists of professional audit staff of sufficient knowledge, skills, and experience.
- Establish a Quality Assurance & Improvement Program to ensure the quality and effective operation of internal audit.
- Perform advisory activities where appropriate, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, governance processes and internal control.
- Highlight control weaknesses and recommend corrective actions to management.
- Undertake follow up reviews to ensure management has implemented agreed recommendations.
- Provide Committee with regular performance information concerning the internal audit service.
- Liaise as appropriate with the external auditor to provide optimal assurance.

Protocol & Performance

We have discussed client care, standards and protocol and propose the following:

- Fieldwork to be undertaken in accordance with agreed dates specified within the Annual Audit Plan with any key issues discussed immediately.
- Client Manager to contact client to confirm logistical arrangements at least two weeks before the planned fieldwork date.
- Draft Audit Briefs (terms of reference) to be issued by Haines Watts two weeks in advance of fieldwork visit.
- Hold feedback meetings to discuss findings at end of visit with each auditee and contract manager or within a reasonable time frame.
- Draft Reports will be issued by Haines Watts within two weeks post feedback meeting(s) or receipt of final evidence to agreed distribution list.
- Management responses to Draft Reports to be provided within two weeks; agreed through executive team before being provided to internal audit.
- Final Reports will be issued by Haines Watts within five working days of agreed management to agreed distribution list.
- Response to general enquiries for assistance within 2 working days.
- Response to emergencies such as concerns of potential fraud with 1 working day.
- Completion of internal audit plan by the end of the financial year.

In order to deliver our services to the right quality and standard we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan.

We will implement and regularly report to Committee against Key Performance Indicators (KPIs) which monitor the delivery of our service.

Reporting

Progress or individual assignment reports will be issued in draft for comment by management and subsequently issued as a final report to both management and Committee. The final report will contain an action plan agreed with management to address any weaknesses of significance identified by internal audit.

At the financial year end, we will provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and internal control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the board is a reasonable assurance that there are no major weaknesses in risk management, governance and internal control processes.

The reports and opinions of internal audit are part of the framework of assurance that assist Board in taking decisions, managing risk and should inform your Annual Governance Statement.

Data Protection

NIAO authorises Haines Watts to have access to all necessary documentation needed to carry out our duties.

Haines Watts has a Data Protection Policy and suitable suite of Information Governance procedures in place which all staff are required to comply with; non-compliance is treated as gross misconduct.

Internal audit files need to include sufficient, reliable and relevant evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. NIAO agrees that Haines Watts may share information from our files with their external auditors to ensure the optimal use of audit resources. The external auditor is solely responsible for any conclusions they may reach based upon the review of internal audit work. It is also acknowledged by NIAO that Haines Watts may have a legal or ethical obligation to share information.

Fraud

The Committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the Committee recognises that internal audit is not responsible for identifying fraud; however internal audit will assess the risk of fraud and be aware of the risk of fraud when planning and undertaking its work.



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