

# INTERNATIONAL LIVESTOCK RESEARCH INSTITUTE

## Internal Audit Charter

Internal Audit Unit  
March 2011

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## 1. Introduction

The International Livestock Research Institute (ILRI) Internal Audit Charter primarily aims to:

- establish internal audit activity's position within the organization;
- authorize access to records, personnel, and physical properties relevant to the performance of engagements; and
- define the scope of internal audit activities.

## 2. Establishment of the Internal Audit Function

It is the policy of ILRI to support the Internal Audit function as an independent, objective, assurance and advisory activity to examine and evaluate the activities of the Institute as a service to management and the Board of Trustees.

## 3. Mission and scope of work

The mission of the Internal Audit Unit is to provide independent, objective assurance and advisory services designed to add value and improve the Institute's operations. It helps the Institute management accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, control and accountability processes. Internal Audit furnishes management with analyses, recommendations, counsel, and information concerning the activities reviewed.

Internal Audit provides assurance services by reviewing business units within the Institute at appropriate intervals to determine whether the functions of planning, organizing, directing, and controlling are efficiently and effectively carried out according to management instructions, policies, and procedures, and in a manner consistent with the objectives of the Centre. To this end, Internal Audit shall assess whether:

- Risks are appropriately identified and managed;
- Interaction with the various governance groups occurs as needed;
- Significant financial, managerial and operating information is accurate, reliable and timely;
- Employees'/business unit actions are in compliance with Institute policies, standards, procedures;
- Resources are acquired economically, used efficiently and adequately protected;
- Programs, plans and objectives are achieved or timely adjustments are made by management where this is no longer possible;
- Quality and continuous improvement are fostered in the Institute's control process; and
- significant legislative or regulatory issues impacting the Institute are recognized and addressed properly.

Opportunities for improving management control, value for money, revenue enhancement and the Institute's Image may be identified during audits.

The Internal Audit Unit also provides advisory services to assist management in meeting its objectives. Examples of such services may include facilitation, training and research services on prospective issues facing the Institute or on external developments with regard to governance, risk management, internal control and value for money, or accountability processes.

#### **4. Accountability**

The Internal Audit Manager, in the discharge of his/her duties, shall be accountable functionally to the Institute's Audit and risk committee and administratively to the Director General to:

- Provide assessments on the adequacy and effectiveness of the Institute's processes for controlling its activities and managing its significant risks;
- Report significant issues related to risk management and internal control processes, including potential improvements to those processes, and provide recommendations and follow up the status of implementation by the institute through to their resolution;
- Report the results of advisory services to the center;
- Provide information periodically on the status and results of the annual audit plan and the sufficiency Of the Internal Audit Unit's resources; and
- Coordinate with, and assess the scope of, other control and monitoring functions and review activities (such as external and Institute-commissioned review, external audit, impact evaluation, risk management committees, security offices, legal offices and biosafety and environmental committees).

#### **5. Independence**

Internal Audit personnel report to the Internal Audit Manager who reports administratively and functionally to the Director General and the Audit and Risk Committee respectively of the Board of Trustees

#### **6. Responsibility**

The Internal Audit Manager and staff of the Internal Audit Unit have responsibility to

- Develop flexible rolling medium term and annual audit plans, providing for review of Institute business units at appropriate intervals, using appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the Director General for review and approval and (through the Audit and Risk committee) for review and endorsement/approval by the Board

- Implement the annual audit plan, as approved, including, as appropriate, any special tasks or projects requested by management and the Audit Committee. Major changes to the plan should be agreed with management and the Audit Committee.
- Maintain professional audit staff, supplemented by short term expert consultancies, which collectively have sufficient knowledge, skills, experiences and professional certifications to meet the requirements of this charter.
- Establish a quality assurance program by which the Head of Internal Audit assures the operation of internal auditing activities.
- Evaluate and assess significant new or changing operations, processes and systems coincident with their development, implementation of past audit recommendations.
- Keep Institute management and the Audit Committee informed of emerging trends and successful practices in internal auditing.
- Provide a list of significant measurement goals and results to the Audit committee.
- Assist in the investigation of significant suspected fraudulent activities within the center and notify management and the Audit Committee of the results.
- Consider the scope of work of the external auditors and regulators as appropriate, for the purpose of providing optimal audit coverage to the Institute at a reasonable overall cost.
- Issue periodic reports to the Director General and the Audit Committee summarizing results of audit activities and status of implementation of past audit recommendations.

## 7. Authority

The Internal Audit Manager and staff of the Internal Audit Unit are authorized to;

- Have unrestricted access to all functions, record, property and personnel as pertains to an on-going assignment. Documents and information given to internal auditors are handled in the same prudent manner as by those employees normally accountable for them.
- Have full and free access to the Audit Committee and Board Chair.
- Allocate authorized resources, set frequencies, select subjects, determine scopes of work and apply the techniques required to accomplish the audit objectives.
- Obtain the necessary assistance after consultation with the DG, of personnel in units of the Institute where they perform audits, as well as other specialized services.

The Internal Audit Manager and staff of the Internal Audit Unit are not authorized to:

- perform any operational duties for the Institute.
- Initiate or approve accounting transactions external to the Internal Audit Unit.
- Direct the activities of any Institute staff not employed by the Internal Audit Unit, except to the extent such staff has been appropriately assigned to auditing teams or to otherwise assist the internal auditors with the approval of the Director General.

## **8. Standards of audit Practice**

The Internal Audit Manager and staff of the Internal Audit Unit shall adhere to the Institute of Internal Auditors' *Code of Ethics and International Standards for the Professional Practice of Internal Auditing*.