

**Society of Saint Vincent de Paul**  
**Internal Audit Charter**  
**April 2021**

### **Purpose and Mission**

The purpose of the Society's Internal Audit function is to provide independent, objective assurance and consulting services designed to add value and improve the Society's operations. The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. The internal audit function helps the Society accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

### **Standards for the Professional Practice of Internal Auditing**

The Internal Audit function 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. The National Internal Auditor will report periodically to senior management and the Audit & Risk Committee regarding the Internal Audit function's conformance to the Code of Ethics and the *Standards*.

### **Authority**

Internal Audit derives its authority from the National Management Council (NMC) through the Audit & Risk Committee.

The National Internal Auditor will report functionally to the Audit & Risk Committee, with a direct reporting line to the Chair of the Audit & Risk Committee. The Internal Auditor will have free and unfettered access to the Chair of the Audit & Risk Committee. The Internal Auditor will report administratively (i.e. day-to-day operations) to the National Secretary.

To establish, maintain, and assure that the Society's Internal Audit function has sufficient authority to fulfill its duties, the Audit & Risk Committee will:

- Approve the Internal Audit function's Charter.
- Approve the risk-based Internal Audit Plan, and where appropriate, any budget/resource plan.
- Receive communications from the National Internal Auditor on the Internal Audit function's performance relative to its plan and other matters.
- Make appropriate enquiries of management and the National Internal Auditor to determine whether there is inappropriate scope or resource limitations.
- In consultation with the National Secretary and the National President approve the appointment of the National Internal Auditor and his/her removal where necessary.
- Carry out other responsibilities as set out in the Audit & Risk Committee's Terms of Reference.

The National Internal Auditor will have unrestricted access to, and communicate and interact directly with, the Audit & Risk Committee, including in private meetings without management present.

The Audit & Risk Committee, within the framework of the agreed audit plan, authorises the Internal Audit function to:

- Have full, free, and unrestricted access to all activities, functions, records, property, Members and personnel necessary to allow it to discharge its responsibilities, subject to accountability for confidentiality and safeguarding of records and information in accordance with the Society's Data Protection Policy and the requirements of the General Data Protection Regulation (GDPR).

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- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary Members and personnel of the Society, as well as other specialised services from within or outside the Society in order to complete audit engagements. All Members and personnel are required to assist the internal audit activity in fulfilling its roles and responsibilities.

### **Independence and Objectivity**

The National Internal Auditor will ensure that the Internal Audit function remains 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, and report content. If the National Internal Auditor determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

The Society's Internal Auditor(s) will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgement on audit matters to others.

The National Internal Auditor will have no direct management/operational responsibility or authority over any of the activities audited. Accordingly, the Internal Auditor will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgement, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for the Society.
- Initiating or approving transactions external to the Internal Audit function.
- Directing the activities of any Society Member/volunteer/employee not employed by or specifically assigned to assist the Internal Audit function.

If at any point, the National Internal Auditor has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors 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.

The National Internal Auditor will confirm to the Audit & Risk Committee, at least annually, the organisational independence of the Internal Audit function.

The National Internal Auditor will disclose to the Audit & Risk Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

As an employee of the Society, the National Internal Auditor is bound by the Society's Conflict of Interest Policy.

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### **Scope of Internal Audit Activities**

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 Audit & Risk Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the Society.

Internal audit assessments may include evaluating whether:

- Risks relating to the achievement of the Society's strategic objectives are appropriately identified and managed.
- The actions of the Society's Trustees, Members, Officers, employees, and contractors are in compliance with the Society's policies, procedures, and applicable laws, regulations, and governance standards.
- Operations and activities are being carried out effectively, efficiently and are consistent with established goals and objectives.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Society;
- 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.

The National Internal Auditor will report periodically to the Audit & Risk Committee and appropriate senior management regarding:

- The Internal Audit function's purpose, authority, and responsibility.
- The Internal Audit function's plan and performance relative to its plan.
- The Internal Audit function's conformance with The IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit & Risk Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the Society.

The National Internal Auditor also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed.

The Internal Audit function may perform advisory and consultancy services, the nature and scope of which will be agreed in advance with the Audit & Risk Committee or senior management, provided the Internal Audit function does not assume management responsibility.

Outside of the agreed audit plan, Internal Audit may undertake reviews at the request of the Chairperson of the Audit & Risk Committee, the National President, the National Treasurer and the National Secretary.

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.

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## **Responsibility**

The National Internal Auditor has the responsibility to:

- Submit, at least annually, to senior management and the Audit & Risk Committee a risk-based internal audit plan for review and approval.
- Communicate to senior management and the Audit & Risk Committee the impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan, as necessary, in response to changes in the Society's business, risks, operations, programmes, systems, and controls.
- Communicate to senior management and the Audit & Risk Committee any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Through the appropriate governance structures, follow up on engagement findings and corrective actions, and report periodically to senior management and the Audit & Risk Committee any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.
- Ensure trends and emerging issues that could impact the Society are considered and communicated to senior management and the Audit & Risk Committee as appropriate.
- Ensure that lessons learned through internal audit findings are disseminated throughout the Society.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the internal audit function.
- Ensure adherence to the Society's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Audit & Risk Committee.
- Ensure the Internal Audit function's adherence to the Society's Data Protection Policy and the requirements of the General Data Protection Regulation (GDPR).
- Ensure conformance of the internal audit function with the *International Standards for the Professional Practice of Internal Auditing*.

## **Quality Assurance & Improvement Programme**

The Internal Audit function will maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. The program will include an evaluation of the function's conformance with the Standards and an evaluation of whether internal auditors apply the IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the internal audit function and identify opportunities for improvement.

The National Internal Auditor will communicate to senior management and the Audit & Risk Committee on the internal audit function's quality assurance and improvement programme, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Society.

End.