



Internal Audit Charter

Functional Area:	Internal Audit
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Approved by:	Board of Trustees
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Related Policies and Procedures	<ul style="list-style-type: none"> - Audit Committee Charter - Code of ethics
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Rationale of the revision	To comply with changes introduced by the new IIA standards effective from January 01, 2017 which will align the center practice to the standards set in the March 207 released model of IA charter.

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Definition

The purpose of AfricaRice’s internal audit function is to provide independent, objective assurance and consulting services designed to add value and improve the center’s operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The internal audit unit helps AfricaRice 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 Head of Internal Audit and staff of the Unit shall adhere to the following: (i) relevant AfricaRice policies and procedures (ii) the International framework for the Professional Practice of Internal Auditing, including the Core Principles for the Professional Practice of Internal Auditing, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing, and (iii) Code of Ethics that will govern its activities.

Authority

The Head of Internal Audit will report functionally to the Board of Trustees through the Audit Committee and administratively (i.e., day-to-day operations) to the Director General. To establish, maintain, and assure that the internal audit of AfricaRice has sufficient authority to fulfill its duties, the Audit Committee will:

- Approve the internal audit charter;
- Approve the risk-based internal audit plan;
- Approve the internal audit budget and resource plan;
- Receive communications from the Head of Internal Audit on the internal audit performance relative to its plan and other matters;
- Ensure that there are no unjustified restrictions and limitations and review and concur in the appointment, replacement and dismissal of the Head of the Internal function
- At least once per year, review the performance of the Head of Internal Audit and concur with the annual compensation and salary adjustment.

- Ensure that there are no unjustified restrictions or limitations of scope or resource.

The Head of Internal Audit will have unrestricted access to, communicate and interact directly with the Audit Committee.

The Audit Committee authorizes the internal audit unit to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Obtain assistance from the necessary personnel of the center, as well as other specialized services from within or outside AfricaRice, in order to complete the engagement.

Independence and objectivity

The Head of Internal Audit 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 Head of Internal Audit determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to the Audit Committee.

Internal auditors 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 judgment on audit matters to others.

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

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for AfricaRice or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any AfricaRice employee not employed by the internal audit unit, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the Head of Internal Audit 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:

- 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 Head of Internal Audit will confirm to the Audit Committee, at least annually, the organizational independence of the internal audit unit.

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

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 Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for AfricaRice. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of AfricaRice strategic objectives are appropriately identified and managed;
- The actions of the center’s officers, directors, employees, and contractors are in compliance with AfricaRice policies, procedures, and applicable laws, regulations, and governance standards;
- The results of operations or programs are consistent with established goals and objectives;
- Operations or programs are being carried out effectively and efficiently;
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact AfricaRice;
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity;
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The Head of Internal Audit will report periodically to senior management and the Audit Committee 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 Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to AfricaRice.

The Head of Internal Audit 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 related client service activities, the nature and scope of which will be agreed with the client, provided the internal audit unit does not assume management responsibility.

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.

Responsibilities

The Head of Internal Audit has the responsibility to:

- Submit, at least annually, to senior management and the Audit Committee a risk-based internal audit plan for review and approval;
- Communicate to senior management and the Audit 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 center's business, risks, operations, programs, systems, and controls;
- Communicate to senior management and the Audit 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;
- Follow up on engagement findings and corrective actions, and report periodically to senior management and the Audit Committee any corrective actions not effectively implemented;
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld;
- Ensure the internal audit unit 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 AfricaRice are considered and communicated to senior management and the Audit Committee as appropriate;
- 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 AfricaRice 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 Committee;
- Ensure conformance of the internal audit function with the Standards, taking into consideration the following qualifications:

- If the internal audit unit is prohibited by law or regulation from conformance with certain parts of the Standards, the Head of Internal Audit will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
- If the Standards are used in conjunction with requirements issued by the CGIAR, the Head of Internal Audit will ensure that the internal audit function conforms to the Standards, even if the internal audit function also conforms to the more restrictive requirements of the CGIAR.

Quality Assurance and Improvement Program

The internal audit [department/activity] will maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include an evaluation of the internal audit'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 Head of Internal Audit will communicate to senior management and the Audit Committee on the internal audit function's quality assurance and improvement program, 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 CGIAR system organization.