



# Suva City Council Internal Audit Charter

## I. INTRODUCTION

This Charter describes the guiding principles of managing Internal Auditing for Suva City Council (SCC). SCC is committed to ensuring that activities of the Council and its staff are in accordance with all applicable laws, regulations, all relevant internal rules, policies and procedures, and the highest ethical standards.

Internal Auditing is an independent and objective assurance and consulting activity designed to add value and improve the operations of the Suva City Council. It assists the Council in accomplishing its oversight responsibilities, by bringing a systematic, control, and governance processes.

## II. ROLE

The charter defines the nature, role and responsibilities and authority of the Internal Audit and Risk Management Service within the Suva City Council.

To assist the Councils in fulfilling its oversight, foresight and insight responsibilities for:

- 1) the integrity of the Councils financial statements;
- 2) the council's compliance with legal and regulatory requirements;
- 3) the independent auditor's qualifications and independence, and
- 4) the performance of the company's internal audit function and independent auditors.

## III. PROFESSIONAL STANDARDS

The Internal Auditing shall govern themselves by adherence to the Institute of Internal Auditors' "Code of Ethics". The institute's "*International Standards for the Professional Practice of Internal Auditing*" (Standards) shall constitute the operating procedures for the department. These two documents constitute an addendum to the charter. The Institute of Internal Auditors' "Practice Advisories" will be adhered to as applicable. In addition, Internal Auditing will be adhered to Suva City Council's policies and procedures and Internal Auditing's Procedures Manual. The Procedures Manual shall include attribute, performance, and implementation standards to guide the Department.



#### **IV. AUTHORITY**

Authority is granted for full, free and unrestricted access to any and all of SCC records, physical properties, and personnel relevant to any function under review. All employees are requested to assist Internal Auditing in fulfilling their staff function. Internal Auditing shall also have full free and unrestricted access to the Lord Mayor, and the Audit Committee.

Documents and information given to the Internal Auditing during a periodic review will be handled in the same prudent and confidential manner as by those employees normally accountable for them.

#### **V. INDEPENDENCE**

All internal audit activities shall remain free of influence by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing or report content to permit maintenance of an independent and objective mental attitude necessary in rendering reports.

Internal Auditors shall have no direct operational responsibility or authority over any of the activities they review. Accordingly, they shall not develop nor install systems or procedures, prepare records or engage in any other activity which would normally be audited.

#### **VI. AUDIT SCOPE**

The Scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management process, system of internal control structure, and the quality of performance in carrying out assigned responsibilities to achieve the organisation's stated goals and objectives. It includes:

- Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information;
- Reviewing the systems established to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports and whether the organization is in compliance;
- Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- Reviewing and appraising the economy and efficiency with which resources are employed;
- Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals whether the operations or programs are carried out as planned;
- Reviewing specific operations at the request of the Finance & Audit Committee or management, as appropriate;



- Monitoring and evaluating the effectiveness of the organisation's risk management system;
- Reviewing the quality of performance of external auditors and the degree of coordination with internal audit;
- Review the internal control statement by senior management and the related opinion by the prove auditor for audit planning;
- Support management to understand its exposure to risks and advise on risk management principles/methods,
- Conducts review on projects upon completions.

## **VII. AUDIT PLANNING**

Annually, the Internal Auditor shall submit to senior management and the relevant Committee a summary of the audit work schedule, staffing plan, and schedule budget for the following fiscal year. The audit work schedule is to be developed based on a prioritization risk-based approach. Any significant deviation from the formally approved work schedule shall be communicated to senior management and the relevant Committee through periodic activity reports.

## **VIII. AUDIT REPORTING FRAMEWORK**

All Internal Audit activity is undertaken to assist management fulfill their objectives of delivering services and contributing to the overall objectives of the Council. Outputs from the Internal Audit work range from informal advice to formal written reports. The Internal Audit Report process allows auditee management to have opportunity to agree the factual accuracy of report content and to discuss the appropriateness of the findings. Final reports are issue to auditee management and include action plans identifying agreed recommendations showing responsibilities and action dates. A copy of each audit report and a summarization will be forwarded to Town Clerk and the Chairman of the Audit Committee.

In addition to meetings about individual pieces of work, regular liaison meetings are held with each Business Unit Heads or their nominee to discuss at a summary level, any issues or themes arising and to agree the timing and content of planned work. In case where a response is required, management of the audited area should respond, in writing within fourteen days of publication to Internal Auditing and those on the distribution list.

Internal Auditing shall be responsible for appropriate follow-up on audit recommendations and implementations. All significant findings will remain in an open issues file until cleared by the Internal Auditor, Town Clerk/CEO or the Finance & Audit Committee.

Internal Audit will report to the Town Clerk/CEO in accordance with reporting timetable with the Committee.



## **IX. QUALITY OF SERVICE**

The Internal Audit Unit operates in accordance with standards of best practice applicable to internal audit as stated in Section III of this Charter.

Quality questionnaires are issued to auditees at the end of each audit review. Completed questionnaires are recorded and monitored against Internal Audit's Performance Indicator for Customer Satisfaction. Regular liaison meetings are also held with Senior Management across the Council to discuss quality issues.

A suite of performance indicators and targets has been developed to monitor the quality of the service provided. These indicators are subject to review within the Council's Performance Management System.

External review of the work of Internal Audit takes place through the following mechanisms:

1. The Council's External Auditors who keep the performance of Internal Audit under continuous review to enable reliance to be placed on its work as part of the statutory external audit of the Council's accounts;
2. The use of benchmarking to compare performance with other Councils across the country,
3. External assessment of Internal Audit against the IIA Code of Ethics on a regular basis.

## **X. REVIEW AND APPROVAL OF CHARTER**

The Internal Auditor should periodically assess whether the purpose, authority, and responsibility, as defined in this charter, continue to be adequate to enable the internal auditing activity to accomplish its objectives. The result of this periodic assessment should be communicated to Senior Management and the Councilors.

## **XI. IMPLEMENTATIONS**

Management is to provide more detailed policies, procedures, and guidance consistent with the provision of this charter, as appropriate.