



Society of St Vincent de Paul

Internal Audit Charter – 2016

STATEMENT OF POLICY

It is the policy of the NMC that the Society maintains adequate systems of risk management and internal control for maintaining accounting records, safeguarding assets and detecting fraud or other irregularities thereby ensuring, as far as it is practical, that the objectives of the Society are achieved and that applicable law is complied with.

In support of the above objective, the National Management Council supports the development and maintenance of a quality Internal Audit function that operates to the best international standards.

Internal auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the Society.

ROLE AND RESPONSIBILITIES

It is the responsibility of the National Management Council to establish a control environment which is economical, efficient and effective and which ensures:

- The work of the Society is conducted in an efficient and well-ordered manner in compliance with the Society's objectives, Rule, policies, plans, and procedures.
- Risks are effectively managed and that the assets and interests are properly accounted for and safeguarded from losses arising through any reason including fraud.
- The reliability and integrity of internal financial and other controls.
- That reliable financial information is available on which sound decisions can be made by those authorised to do so.



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- Compliance with relevant external legislation and regulations.
- Action on any matter referred to the National Secretary by the National Management Council either acting directly or through any Committee.
- That value is obtained across all activities.

Internal Audit forms part of the control environment by exercising an independent appraisal function charged with reviewing activities across all areas within the Society. It discharges its responsibilities by critically appraising on a risk focused basis the effectiveness of control and identifying and reporting inadequate controls to enable the National Secretary, and Officers, managers and members to strengthen them before any serious breakdown occurs.

Internal Audit does not relieve the Society of its responsibility for maintaining effective control, but provides an independent appraisal function to the National Management Council.

SCOPE AND AUTHORITY

Internal Audit derives its authority from the National Management Council through the Audit Committee.

Internal Audit is responsible to the Audit Committee while reporting administratively to the National Vice President as designated by the NMC. Internal Audit is authorised to examine any of the activities of the Society, and any associated companies/undertakings and has unrestricted access to all activities, records, property, members, personnel and officers of the Society necessary to allow it discharge its responsibilities. All members and staff are requested to assist the internal audit activity in fulfilling its roles and responsibilities.

Internal Audit is expected to operate with independence and authority, and be free from any interference in carrying out its responsibilities. Accordingly with strict accountability for confidentiality and safeguarding records and information, the National Internal Auditor has unrestricted access to the



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National Secretary, Head of Functions, National Committee Chairs, and the NMC as appropriate. IA can also carry out reviews at the request of the National Secretary and National Committee Chairs and provide advice and assistance in bringing controls/procedures to best practice.

INTERNAL AUDIT PLAN

At least annually, the National Internal Auditor will submit to the Audit Committee an internal audit plan for review and approval, including risk assessment criteria. The internal audit plan will include timing as well as budget and resource requirements for the next calendar year. The National Internal Auditor will communicate the impact of resource limitations and significant interim changes to senior management and the Audit Committee.

The internal audit plan will be developed based on a prioritisation of the audit universe using a risk based methodology, including input of senior management and the audit committee. Prior to submission to the Audit Committee for approval, the plan may be discussed with appropriate senior officers and management. Any significant deviation from the approved internal audit plan will be communicated through the periodic reporting process.

IMPLEMENTATION OF OBJECTIVES AND RESPONSIBILITIES

Based on its activity, Internal Audit is responsible for reporting significant risk exposures to the National Management Council through the Audit Committee as follows:

- Whether there is adequate surveillance of risks and related internal controls throughout the Society so that serious breakdowns are avoided.
- Whether the Society's system of risk management and internal control is both sound and effective so that its strategic objectives can be achieved, assets are safeguarded and its activity report can be accepted with confidence.

Internal Audit meets these requirements through the following procedures:

- Establishing and maintaining standards for the practice of effective internal auditing throughout the Society.
- Assisting members and staff throughout the Society to undertake regular risk and internal control reviews.
- Testing the Society's control systems for adequate effectiveness and compliance.
- Liaising with the External Auditors to avoid duplication or gaps in cover.
- Disseminating throughout the Society the lessons learned through internal audit findings.

Reporting to the Audit Committee on the adequacy of risk management and internal control throughout the Society and on the internal audit work planned for each ensuing year. It also assists the Audit Committee in evaluating the quality of performance of external auditors.

INDEPENDENCE

Internal Audit must preserve its independence and objectivity in relation to the activities and operations under examination. Accordingly, Internal Audit will not assume operating responsibilities and will remain independent of the activities it audits.

Without prejudice to this objective Internal Audit in conjunction with the National Secretary may selectively review systems under development and major capital projects and advise management and members generally on standards of control before implementation / project delivery.

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



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REPORTING AND MONITORING

Internal Audit has an obligation to ensure the confidentiality of all information and records accessed in the course of its work. Internal audit reports are confidential documents. Copies of detailed audit reports are sent to the auditee, the Audit Committee and distributed as appropriate.

The internal audit report may include auditee's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Auditee's response, whether included within the original audit report or provided thereafter should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The Internal Audit activity, through the Audit Committee if necessary, will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

PERIODIC ASSESSMENT

The National Internal Auditor is responsible for providing periodically a self-assessment on the internal audit activity as regards its consistency with the Audit Charter (purpose, authority, responsibility) and performance relative to its plan.

In addition, the National Internal Auditor will communicate to the Audit Committee on the Internal Audit activity's quality assurance and improvement program, including results of ongoing internal assessments conducted at least every five years.



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QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

The Internal Audit activity will maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. The programme assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

Approved by the National Audit Committee:

Date: 25th January 2016