



## **INTERNAL AUDIT CHARTER**

### **1. INTRODUCTION**

1.1 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 Authority. It assists Spectrum Management Authority in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management, internal control.

### **2. ROLE:**

2.1 The internal audit activity is established by the Board of Directors (the Board) and the Audit Committee. The internal audit activity's responsibilities are defined by the Board as part of their oversight role.

### **3. INDEPENDENCE AND OBJECTIVITY:**

3.1 The internal audit activity will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

3.2 Internal audit is set up as an independent appraisal activity within the Authority as a service to the Permanent Secretary and the Head of the Authority.

3.3 The internal auditors has no direct 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 the internal auditor's judgement.

3.4 The internal auditor will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. The internal auditor will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

### **4. PURPOSE:**

4.1 The objective of internal auditing is to assist all levels of management in the effective discharge of their responsibility by:

- performing audits in an objective and analytical manner, in accordance with international auditing standards; and
- furnishing management with analyses, recommendations and commentaries on the audit activities.

#### 4.1.1 The scope of internal audit should encompass:

- Audit of internal controls, including:
  - a) reviewing and appraising the soundness, adequacy and application of accounting, financial and other operating controls that comprise the internal control system for the entity; and
  - b) ascertaining the extent to which government assets are accounted for and safeguarded from losses of any kind.
- Audit of compliance with authorities:
  - a) ascertaining the extent of compliance with the FAA Act, relevant laws and regulations, established policies and procedures, and circulars and guidelines issued by the Ministry of Finance and Planning;
  - b) ascertaining the extent of compliance guidelines established by the Authority; and
  - c) following up with recommendations from the Auditor General and the Integrity Commission to ensure compliance;
- Value for Money Audits including:
  - a) determining whether specific projects or programmes were carried out economically, efficiently and effectively;
  - b) ascertaining the effectiveness of established policies and plans; and
  - c) appraising the quality of performance in carrying out assigned responsibilities.
- Audits of performance information, including assessing the relevance and reliability of management data developed within the entity.
- Audits as may be requested by the Board of Directors.

For all audit types:

- a) recommending necessary improvements; and
- b) following up the recommendations to ensure that they were implemented in a timely and effective manner.

## 5. AUTHORITY:

- 5.1 In accordance with the yearly audit plan and other directives from the Permanent Secretaries, the Internal Audit Unit is authorized to direct its audit plan as prescribed in this charter.
- 5.2 In carrying out its duties the Unit will have full, free and unrestricted access to records, personnel and physical properties relevant to the performance of the audits.

5.3 The internal auditor will have full and free access to relationship with, the Permanent Secretary and with the Audit Committee.

5.4 The Unit has **NO** authority over, nor responsibility for, the activities that it audits. The work performed by the Unit does not relieve operating managers of their responsibility to ensure proper controls.

**6. RESPONSIBILITIES:**

6.1 The Unit should carry out its work with due professional care, in accordance with international auditing standards.

**7. INTERNAL AUDIT PLAN:**

7.1 At least annually, the Internal Auditor will submit to senior management and the Board an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next fiscal year. The Internal Auditor will communicate the impact of resource limitation to senior management and the Board.

7.2 The internal audit plan will be developed based on prioritization of the audit universe using a risk-based methodology, including input of senior management and the Board. The internal auditor will review and adjust the plan, as necessary, in response to changes in the organizations risks, operations, programs, systems and controls. Any significant deviation from the approved internal audit plan will be communicated to senior management and the Board through periodic activity reports.

**8. REPORTING AND MONITORING:**

8.1 A written report will be prepared and issued by the Internal Auditor following the conclusion of each internal audit engagement and will be distributed as appropriate.

8.2 The internal audit report must include management's response and corrective actions taken or to be taken in regard to specific findings and recommendations. Management's response, whether included within the original audit report or provided thereafter (not more than thirty (30) days) by management of the audited area should include a time table for any corrective action to be taken and an explanation for any corrective action that will not be implemented.

8.3 The internal audit activity will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared. The internal auditor will periodically report to senior management and the Board on the internal audit unit's purpose, authority, and responsibility, as well as the unit's performance relative to its plan. Reports will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Board.

8.4 All internal audit reports must be submitted to the Audit Committee

**9. REVIEW**

The Charter shall be reviewed annually or at such intervals as the Board may require.

Recommended by the Internal Audit Committee: **September 16, 2019**

Reviewed by the Corporate Governance Committee: **November 12, 2019**

Approved by the Board of Directors: **December 5, 2019**