



SPECTRUM MANAGEMENT AUTHORITY INTERNAL AUDIT CHARTER

1.0 MISSION STATEMENT AND PURPOSE

- 1.1 The mission of the Internal Audit Department is to enhance and protect organizational value by providing risk-based and objective assurance, advice and insight.
- 1.2 The purpose of Spectrum Management Authority's (SMA) Internal Audit Department is to provide independent, objective assurance and consulting services designed to add value and improve the SMA's operations.

2.0 STANDARDS OF AUDIT PRACTICE

- 2.1 The Internal Audit department will carry out its work in accordance with the mandatory elements of the Institute of Internal Auditor's (IIA) International Professional Practices Framework (IPPF) including its Standards, Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, and its Code of Ethics.
- 2.2 In addition, the internal audit activity will be guided by the FAA Act, Regulations, and Instructions; as well as relevant policies and procedures and the Internal Audit Manual published by the Ministry of Finance and the Public Service.

3.0 AUTHORITY

- 3.1 In carrying out its duties the Internal Auditor and staff of the Internal Audit Department are authorized to have full, free and unrestricted access to all functions, records, personnel, computer files, and property relevant to the performance of the audits.
- 3.2 Internal audit is free to review and evaluate all policies, procedures, and practices for the Authority activities, programs, projects or functions. However, the Internal Audit Department has no responsibility for establishing same.
- 3.3 The Department has **NO** authority over, nor direct responsibility for any of the activities that it audits. The work performed by the Audit Department does not in any way relieve other persons in the SMA of the responsibilities assigned to them.
- 3.4 The internal auditor will have unrestricted access to communicate and interact with the Audit and Risk Management Committee including private meetings without management present.
- 3.5 The Internal Auditor and staff of the Internal Audit Department are not authorized to perform any operational duties for the SMA.



SPECTRUM MANAGEMENT AUTHORITY INTERNAL AUDIT CHARTER

4.0 RESPONSIBILITY

- 4.1 At least annually, the Internal Auditor will submit to the Audit and Risk Management Committee (Board) a risk-based internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements.
- 4.2 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 any special task or project requested by the Audit and Risk Management Committee/Board.

The Internal Auditor will periodically review and adjust the audit plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems and controls. Any significant deviation from the approved internal audit plan will be communicated to senior management and the Board.

- 4.3 The Internal Auditor will ensure that resources are sufficient and effectively deployed to achieve the approved audit plan and communicate the impact of resource limitation to senior management and the Audit and Risk Management Committee (Board).
- 4.4 The Audit Department will issue quarterly reports to the Audit and Risk Management Committee and senior management summarizing results of audit activities.
- 4.5 Internal Audit will report to the Audit and Risk Management Committee and senior management on all cases of fraud, regardless of the amount.
- 4.6 Keep Audit and Risk Management Committee and senior management inform as appropriate of emerging trends and practices in internal auditing that may impact the SMA's operations.

5.0 INDEPENDENCE AND OBJECTIVITY:

- 5.1 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. It will remain free of conditions that threaten the ability of the internal audit department to carry out its activities in an unbiased matter.
- 5.2 The Internal auditor will maintain an unbiased mental attitude that allows him/her to perform audit engagements objectively. The internal auditor will exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined and will take the necessary precautions to avoid being unduly influenced by others in forming judgments.



SPECTRUM MANAGEMENT AUTHORITY INTERNAL AUDIT CHARTER

- 5.3 If independence or objectivity is impaired in fact or appearance, the Internal Auditor will disclose the details of the impairment, interference and relating implications to the appropriate parties.
- 5.4 The internal auditor 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.
- 5.5 The Internal Auditor will confirm the independence of the Internal Audit Activity to the Audit Committee at every Audit and Risk Management Committee meeting.

6.0 REPORTING STRUCTURE

- 6.1 The Internal Auditor will report functionally to the Audit and Risk Management Committee and administratively to the Managing Director.
- 6.2 The Audit and Risk Management Committee of the Spectrum Management Authority will establish, maintain and assure that the Internal Audit Department has sufficient authority to fulfil its duties by:
 - a) Approving the internal audit department's charter.
 - b) Approving the risk-based internal audit plan.
 - c) Receiving communications from the Internal Auditor on the Internal Audit department's performance relative to its plan and other audit matters.
 - d) Participating in discussions about and ultimately approve decisions regarding the appointment and removal of the Internal Auditor.
 - e) Make appropriate inquiries of the Internal Auditor to determine whether there is inappropriate scope or resource limitations.

7.0 SCOPE OF WORK

The scope of the internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the board/Audit and Risk Management Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for the Spectrum Management Authority.

- 7.1 Internal audit assessments include:
 - 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.
 - b) Evaluating whether significant financial, managerial, and operating information is accurate, reliable, and timely.
 - c) Ascertaining whether resources are acquired economically, used efficiently, and adequately protected and the extent to which government assets are accounted for and safeguarded from losses of any kind.

- d) Ascertain that any potential occurrence of fraud is evaluated, and fraud risk is managed.
- Audit of compliance with authorities:
 - a) Ascertain the extent to which, activities and actions of the SMA are in compliance with relevant laws and regulations, established policies and procedures, standards, the FAA Act, circulars and guidelines issued by the Ministry of Finance.
 - b) Follow up with recommendations from the Auditor General and the Integrity Commission to ensure compliance.
 - Value for Money/Operational/Performance Audits including:
 - a) Evaluating whether specific projects, operations or programs are carried out economically, efficiently, and effectively.
 - b) Ascertain the effectiveness of established policies and plans.
 - c) Appraising the quality of performance in carrying out assigned responsibilities.
 - Information Technology Audits
 - a) Review of information technology security practices to determine adequate protection of information assets and compliance with applicable policies, rules, and regulations.
 - b) Ascertain whether information technology governance supports the SMA strategies, objectives, and privacy frameworks.
 - Review of risk management processes to determine that they are effective and significant risks are appropriately identified and managed.
 - Special Audits as may be requested by the Board of Directors/Audit and Risk Management Committee.
- 7.2 The Internal Auditor will report periodically to the Audit and Risk Management Committee and Senior Management on the results of the work that the Department performs.
- 7.3 Opportunities for improving management control, efficiency, effectiveness and the SMA's image may be identified during the audits. These opportunities will be communicated to the appropriate level of management.
- 7.4 The Internal Audit Department may perform advisory and other consulting services to assist management in meeting its objectives. Consulting activities should **not** impair independence or objectivity and the nature of the engagement must be approved in writing by the audit committee.

8.0 ACCOUNTABILITY

The Internal Audit Department shall be accountable to the Audit and Risk Management Committee and senior management to:

SPECTRUM MANAGEMENT AUTHORITY INTERNAL AUDIT CHARTER

- a) Report significant issues related to the processes for controlling the activities of the SMA, including potential improvements to those processes.
- b) Provide information on the status and results of the annual audit plan and the sufficiency of internal audit resources.
- c) Coordinate activities where possible with other control and monitoring functions such as risk management, Auditor General's Department, Parent Ministry Internal Audit Unit.

9.0 REPORTING AND MONITORING:

- 9.1 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.
- 9.2 The Internal Audit Report will include management's responses and corrective actions taken or to be taken regarding specific findings and recommendations. In instances where management has failed to respond to the draft report the internal auditor may consider the assignment closed after submitting at least two (2) written requests for management comments. Where responses are not forthcoming the audit report should be finalized four weeks after holding the exit meeting.

Management's response, whether included within the original audit report or provided thereafter by management of the audited area should include a timetable for any corrective action to be taken and an explanation for any corrective action that will not be implemented.

- 9.3 The internal audit activity will be responsible for appropriate follow-up on engagement findings and corrective actions and report periodically to senior management and the audit committee any corrective actions not effectively implemented. All significant findings will remain in an open issues file until cleared.
- 9.4 All internal audit reports must be submitted to the Audit and Risk Management Committee

10.0 NATURE OF ASSURANCE AND CONSULTING SERVICES

Internal Audit Activity performs three types of projects:

- 10.1 **Audits** – are assurance services defined as examinations of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples include financial, performance, compliance and systems security engagements.
- 10.2 **Consulting services** - the nature and scope of which are agreed with the auditee, are intended to add value and improve the organization's governance, risk management, and control processes without the internal auditor assuming management responsibility and does not impair the internal auditor independence & objectivity. Such agreement should be formalized in writing.



**SPECTRUM MANAGEMENT AUTHORITY
INTERNAL AUDIT CHARTER**

10.3 **Investigations** – are independent evaluations of allegations generally focused on improper governmental activities including misuse of the Authority’s resources, financial irregularities, significant control weaknesses and unethical behaviour or actions.

11.0 REVIEW

The Internal Audit Charter shall be reviewed every two (2) years or at such intervals as the Audit and Risk Management Committee/Board may require.

Reviewed By:	<i>Audit and Risk Management Committee</i>
Date of Revision :	<i>February 9, 2024</i>
Recommended By:	<i>Corporate Governance and Human Resources Committee</i>
Date of Recommendation:	<i>March 19, 2024</i>
Approved By:	<i>Board of Directors</i>
Date Approved:	<i>April 4, 2024</i>
Managed By:	<i>Internal Auditor</i>

Revision Number	Revision Date	Date Approved	Approved By
1.0	September 16, 2019	December 5, 2019	Board of Directors
2.0	February 9, 2024	April 4, 2024	Board of Directors

Chairman of the Board of Directors

Company Secretary