

OFFICE OF INTENAL AUDIT AND OVERSIGHT

Audit Charter

Mission

1. To provide the Governing Body and the Director General with an independent, objective assurance activity designed to add value and improve the Office's operations. Internal Audit and Oversight (IAO) assists the Office in achieving its objectives by utilizing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Mandate

2. Internal Audit and Oversight's activities are described in Section XIV of the Financial Rules and in Circular No.11 Series 2 - "The Office of Internal Audit and Oversight", with which this Charter fully conforms.

Scope of work

3. The oversight provided by IAO covers internal audit, inspection, monitoring and the evaluation of the adequacy and effectiveness of the Office's system of internal control, financial management and use of assets, as well as investigation of financial or administrative misconduct and other irregular activities.
4. IAO assesses the operations of the Office to provide periodic appraisals of the:
 - the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
 - the effectiveness of the management controls and system used to account for and safeguard the Office's assets, and as appropriate, verify the existence of assets;
 - the internal control systems established to ensure compliance with the Office policies and procedures;
 - the operations of the Office to ensure that the necessary internal controls are in place to utilize its resources effectively and efficiently.
5. IAO will prepare reports on the results of its audits and provide recommendations for improvement which will be discussed with the management of the entity under audit. The Office of the Treasurer and Financial Comptroller takes the lead role in following-up with responsible managers to ensure that corrective actions have been

taken to address issues raised in internal audit reports. IAO will monitor implementation and conduct follow-up audits as and when necessary.

6. IAO will provide advisory services to the Office as and when requested.
7. Under normal circumstances, internal audit work is carried out by members of IAO. In cases of special need, IAO resources may be supplemented by the assistance of other suitable staff within the Office, or by the engagement of external consulting services.

Authority

8. When conducting assignments IAO personnel have the following authorities:
 - The determination of areas subject to audit and the determination of audit scope, the allocation of resources, and the determination of the audit techniques to be utilised in achieving internal audit objectives.
 - Full, free and prompt access to all records, documents, personnel and physical assets relevant to the subject under review.
 - The right to communicate directly with all levels of staff and management in order to discharge IAO's responsibilities.
 - The right to request any staff member to furnish all information and explanations that IAO deem necessary to discharge its responsibilities.
9. The Chief Internal Auditor (CIA) and personnel of IAO are not authorised to be involved in the day to day operational or managerial activities of the Office, in order to maintain an impartial, unbiased attitude and avoid conflicts of interest.

Accountability and independence

10. The CIA is appointed, and may only be terminated, by the Director-General after consultation with the Governing Body.
11. The CIA reports to and is accountable directly to the Director-General.
12. IAO operates independently from other parts of the ILO.

Responsibility of the CIA

13. The CIA is responsible for the work of IAO and is required to:

- Effectively manage the IAO to ensure it adds value to the Office.
- Submit an annual report to the Director General for presentation to the Governing Body, reflecting the results of audit work performed, and reporting on the results of corrective actions taken by management to address matters arising in previous audit reports. Any significant risk exposures, control issues and governance issues identified by IAO will be included in the annual report.
- Submit a biennial internal audit work plan, based on the results of a risk assessment of the Office performed by IAO to the Director General for review and approval. Should changing circumstances indicate a reprioritization of audit effort during the biennium, the audit plan is amended accordingly, and the Director General is informed.
- Ensure that all IAO activities comply with the Internal Audit Standards and Practice Advisories issued by the Institute of Internal Auditors.
- Ensure that investigatory work is carried out in conformity with the Uniform Guidelines for Investigations as adopted, and updated by the Conference of International Investigators of the United Nations Organizations and Multilateral Financial Institutions.
- Adopt best practices in discharging the Internal Audit and Oversight function, and keep management informed of emerging trends in best practice.
- Ensure that IAO is staffed with professional and support staff, with sufficient skills, experience and other competencies needed to fulfil the mandate of IAO and to maximise the efficiency and effectiveness with which those resources are used.
- Ensure that internal audit assignments are performed with proficiency and due professional care.
- Liaise with the External Auditor to foster a cooperative and professional working relationship, optimize audit coverage while as far as possible avoiding the duplication of audit efforts. The CIA shall also share with the External Auditor information such as internal and external audit work plans and all reports produced by both IAO and the External Auditor.

- Ensure that a quality assurance and improvement programme that covers all aspects of IAO activities is established.

Amendment of Internal Audit Charter

14. The Chief Internal Auditor is responsible for applying this Charter and keeping it up to date. This Charter is approved by the Governing Body, after consultations with the Director-General.
15. Any amendment of this Charter is subject to the approval of the Governing Body after consultations with the Director-General.