UNIVERSITY OF GHANA

INTERNAL AUDIT DIRECTORATE

INTERNAL AUDIT CHARTER

February 2019

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Foreword

The University recognizes the Internal Audit Directorate as a strategic unit to promote governance, assess risk management practices, and improve internal controls. An organization is as good as the quality of its internal audit unit. The Statutes of the University of Ghana highlight at Statute 8(1) that, "the University shall be managed and administered in accordance with sound and internationally acceptable practices, benchmarks, principles and ideas on university management and administration, including the principles of academic and financial integrity, confidentiality, accountability, transparency, fairness and equality of opportunity".

As a result, this Internal Audit Charter has been developed and approved by Council to set out the policies and procedures for carrying out the internal audit function of the University. The Council of the University has approved the Charter and wishes to inform all employees of its existence and that it must be complied with at all times. All officers and units shall in accordance with the Charter and decisions of the Council, undergo internal audit processes in strict adherence to the requirements stated therein. Thus, employees who contravene the Charter will be considered to be in breach of their duties towards the University and Council, and will be considered for disciplinary action. This will also apply to employees who are aware of deliberate deviations from the Charter by others and become complicit by not reporting their concerns or knowledge to the relevant University Authorities or any member of Council.

Professor Ebenezer Oduro Owusu
Vice-Chancellor
February 15, 2019

1. General Provisions

1.1 Introduction

The University of Ghana was established under the provisions of the University of Ghana Act, 1961 (Act 79) now repealed and replaced with the University of Ghana Act, 2010 (Act 806). The University is regulated by the University of Ghana Act, 2010 (Act 806) and the Statutes enacted in accordance with the Act by the Council of the University. The internal audit function is laid down in Statute 14 of Act 806. Section 16 of the Internal Audit Agency Act, 2003 (Act 658) and Section 83 of the Public Financial Management Act, 2016 (Act 921) stipulate the need to establish an internal audit function in a covered entity and the responsibilities of such a unit. Section 2.4 (c) and Policy 1900 of the University of Ghana Financial Regulation and Governance Manual also spell out the role of the Internal Audit Directorate.

Consequently, this Charter has been developed to comply with the following:

i. University of Ghana Act, 2010 (Act 806).

ii. Internal Audit Agency Act, 2003 (Act 658).

iii. Public Financial Management Act, 2016 (Act 921).

iv. University of Ghana Financial Regulation and Governance Manual.

v. Guidelines for the Effective Functioning of Audit Committees in the Public Sector of Ghana.

vi. International Standards for the Professional Practice of Internal Auditing (Standards).

1.2 Purpose, Authority & Responsibility

1.2.1 Purpose of the Internal Audit Charter (The Charter)

The Internal Audit Charter is a formal document that defines the purpose, authority, and responsibility of the Internal Audit Directorate of the University. The Charter establishes the position of the Internal Audit Directorate within the University, including the functional and administrative reporting relationship with Council and/or the Audit Committee and the Vice-Chancellor. It authorizes access to records, personnel, and physical properties relevant to the performance of engagements, and defines the scope of internal audit activities. The final approval of the Charter resides with the Council.

1.2.2   The University Council

The Council is responsible for the strategic direction and governance of the University. In relation to internal audit, the Council ensures that:

    i. The right control environment is created.

    ii. The Internal Audit Directorate is well resourced.

    iii. The Internal Audit Directorate has a Director and the right leadership.

    iv. The internal audit activity is carried out in compliance with relevant laws, standards or code of best practices.

    v. The Internal Audit Directorate receives the necessary support.

    vi. The Audit Committee is established and functioning effectively.

1.2.3   The Vice-Chancellor

The Vice-Chancellor is responsible for:

    i. Establishing an effective system of risk management, internal control and internal audit in respect of the resources and transactions of the University.

    ii. Reporting on the status of implementation of the recommendations of the Auditor-General and those made by Parliament on findings of the Auditor-General and recommendations of the Public Accounts Committee of Parliament.

1.2.4   The Audit Committee

The Audit Committee is responsible for ensuring that the Vice-Chancellor pursues the implementation of any recommendation contained in:

    i. The internal audit reports of the Internal Audit Directorate.

    ii. Parliament's decision on the Auditor-General's report.

    iii. Auditor-General's and/or external auditor's Management Letter.

    iv. The report of any other internal monitoring unit of the University concerned particularly with financial matters raised.

1.2.5   Director of Internal Audit

The Director of Internal Audit is the Chief Audit Executive of the University. The Director of Internal Audit reports administratively to the Vice-Chancellor and functionally to the Audit Committee. The Director of Internal Audit is responsible for:

i. Conducting skills gap assessment covering all aspects of the operations of the Directorate to design, develop and implement a capacity building programme involving both classroom and on-the-field training.

ii. Improving the existing structure of the Directorate and enhancing the ability of the staff to perform assignments in line with the principles in the International Professional Practices Framework (IPPF) as well as best practice.

iii. Designing, developing and implementing an Internal Audit Charter for the University including standard working papers, tools and templates to help improve the quality of the Directorate's activities and deliverables.

iv. Using the manual to improve the existing audit approach and methodology and train the staff of the Directorate to efficiently migrate to the new audit approach.

v. Collaborating with the Audit Committee, the Vice-Chancellor and Senior Management to determine and agree on the University's key strategic risks, and develop a risk-based plan for the Directorate, as well as an operational plan for the next financial year.

vi. Effectively executing the approved internal audit plan in line with the timelines in the approved operational plan and submit regular status updates to the Audit Committee.

vii. Presenting the results of internal audit reviews conducted during the period to the Audit Committee and other relevant committees.

viii. Attending other Senior Management/Administrative meetings where appropriate to discuss internal audit plans and activities, including significant weaknesses, recommendations and status of corrective actions.

ix. Supervising the day-to-day activities of the Directorate.

x. Overseeing closure of audit findings and monitor implementation of key initiatives arising from outcome of internal audit reviews.
Implementing a full Quality Assurance and Improvement Program (QAIP) to enable an evaluation of the internal audit function's conformance with the IIA Standards, application of the Code of Ethics, assessing the efficiency and effectiveness of the internal audit function and identifying opportunities for improvement.

xi. Conducting special investigations as necessary.

xii. Regularly evaluating the adequacy and effectiveness of the University's internal control framework.

xiii. Assisting the Vice-Chancellor and the Council to establish effective fraud prevention measures and provide initial or full investigation of suspected fraud.

xiv. Collaborating with other relevant units such as Finance to provide audit support during the financial audit period and ensure that the findings from the financial audit are regularly monitored and resolved.

xv. Reporting suspected fraud committed by the Vice-Chancellor and members of Senior Management.

1.2.6 Organisational Structure

The chart below is the approved organizational chart for the operations of the Directorate.
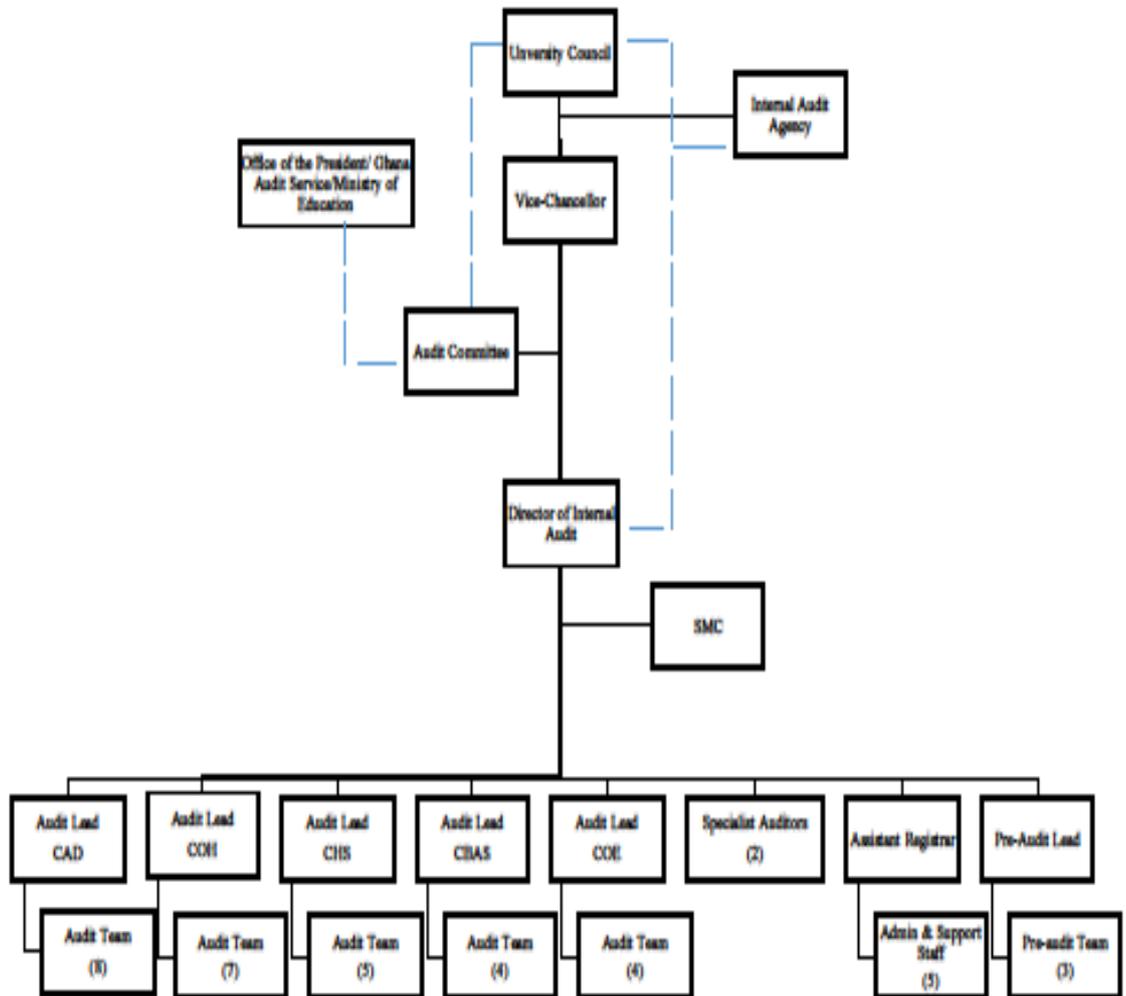
Note: The SMC means Senior Management Committee which comprises of the Director, senior members and audit leads.

1.3 Approval & Amendments

i. The Council shall approve the Charter on the recommendation of the University's Audit Committee.

ii. The Audit Committee shall review the Charter at least on an annual basis.

iii. The Audit Committee shall be consulted on amendments to the Charter.

2. Internal Audit Function

2.1 Mission and Vision

The Directorate exists to provide an independent objective assurance and consulting services to the University, designed to add value, improve risk management, governance, control processes and operations, through systematic, proficient, disciplined and appropriate audit approaches.

The Directorate operates with a vision to become a-must-use internal audit unit, for the University and other institutions in Ghana and beyond, for assurance, consulting and mentoring services.

2.2 Internal Audit Strategy

The Directorate will use the risk-based audit approach in all engagements from the development of annual audit plans to audit execution and reporting. The Directorate will use a decentralized audit strategy where audit teams will be assigned to the Colleges and Central Administration of the University. Separate audit reports would be issued to the auditee and then a consolidated audit report would be issued to the College for the attention of the Provost. The reports of the Colleges and the Central Administration would be consolidated to develop the audit report for the entire University for all related audit areas.

The Directorate would work to achieve the strategic priorities, objectives and key actions set in its strategic plan. A revised strategic plan would be drawn up for subsequent years any time a prior strategic plan expires and requires a major revision.

2.3 Mandatory Guidance

This section of the Charter deals with the Attribute Standards required of the Directorate.

2.3.1 Value Preposition of the Internal Audit Directorate

The Directorate is required by the Standards to provide independent, objective assurance and consulting services designed to add value and improve the University's operations. The Directorate must help the University to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

2.3.2 Powers and Rights of the Directorate

Staff of the Directorate shall, in the performance of their duties, have the authority to:

i.   Access University premises at a reasonable time.

ii. Access all assets, records, documents and correspondence relating to any financial and other transactions of the University.

iii. Require and receive such explanations as are necessary concerning any matter under examination.

iv. Require any employee of the University to account for cash, stores or any other University property under his or her control.

v.   Access records belonging to third parties, such as contractors, when required.

vi. Have their reports considered and recommendations implemented by appropriate persons, bodies, committees and units of the University.

vii. Audit the accounts of all organizations required to submit financial statements to the University.

2.3.3 Delimitation of the Directorate

In performing their work, staff of the Directorate shall have neither direct authority over nor responsibility for any of the activities reviewed. Staff shall not develop and install procedures, prepare records, make management decisions, or engage in any other activity that could be reasonably construed to compromise their independence. Therefore, internal audit reviews and appraisals do not, in any way, relieve other University personnel of their assigned responsibilities.

2.3.4 Types of Engagements

The Directorate offers assurance, non-assurance and consulting services to the University and other external organisations including the following:

i. **Pre-Auditing**

The Directorate will continue to handle pre-audit till the ethical and control environment required from Finance staff is at the unquestionable assurance level.

ii. **Post-Auditing**

Post-audits (mainly assurance in nature) which form part of the Directorate's annual plan cover financial, compliance, operational, risk assessment, forensic/investigative, performance audit, value-for-money audit and information technology audit.

iii. **On-Demand/Request Auditing**

The Directorate receives several requests for audits of projects, associations, forensic/investigative, performance audit, value-for-money audit and other assurance engagements from both internal and external stakeholders.

iv. **Consulting Services**

The Directorate is consulted by Senior Management and other staff of the University on a broad range of issues. We are also represented on boards and committees at all levels of the University.

v. **Mentoring Services**

The internal audit units of other state institutions, affiliated colleges and other universities come to understudy the Directorate and seek its mentorship.

2.3.5 Code of Ethics

The Directorate shall adhere to all the fundamental principles proposed by the Institute of Internal Auditors (Global and Local). All staff of the Directorate are required to abide by the underlisted code of ethics.

i. **Independence**

The freedom from conditions that threaten the ability of the staff to carry out internal audit responsibilities in an unbiased manner.

ii. **Objectivity**

An unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work output and that no quality compromises are made. Objectivity requires that staff do not subordinate their judgment on audit matters to others.

iii. **Proficiency & Due Professional Care**

Engagements must be performed with proficiency and due professional care. Staff must possess the knowledge, skills, and other competencies needed to perform their individual

responsibilities. The Directorate collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.

Staff must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility. In exercising due professional care, staff must consider the use of technology-based audit and other data analysis techniques.

iv.   Confidentiality

Staff shall respect the value and ownership of information they receive and shall not disclose information without authority unless there is a legal or professional obligation to do so. Staff shall be prudent in the use and protection of information acquired in the course of their duties. Staff shall not use information for any personal gain or in any manner that would be contrary to any Act or Standard.

v.   Continuing Professional Development

Staff must enhance their knowledge, skills, and other competencies through continuing professional development.

vi.   Conflict of Interest

Staff must not participate in any activity or relationship that may impair or is likely to be taken to impair unbiased assessment, including an activity or a relationship that may be in conflict with the interests of the Directorate.

vii.   Gifts and Hospitality

Staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work, that would cause them to reach a position whereby they might be or might be deemed by others to have been influenced in making a professional decision as a consequence of accepting such hospitality. Staff shall not accept anything or any favour that may impair or might be taken to affect their professional judgment.

viii.   Courtesy and Consideration

Staff shall be respectful and regard the privacy and interest of others in the course of their work. As far as it is possible, staff shall respect each other and endeavor to work in peace and harmony.

ix.   Reputation

Staff shall not knowingly be a party to any illegal activities or engage in acts that discredit the work of the Directorate. Staff shall not demand or take a bribe, gratuity, recompense or

reward for the neglect, omission, commission or performance of duty. Staff shall not wilfully fail to report any abuse or irregularity that comes to their notice in the course of the performance of their duties or willfully suppress any information or explanation. Disciplinary action shall be instituted against any staff for breach of this policy.

x. Quality Assurance Improvement Programme

The Directorate shall employ an ongoing and periodic internal and external assessment approach to assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.

2.3.6 Core Values

The Directorate shall be guided by core values which are consistent with the requirements of the (IPPF) of the Institute of Internal Auditors and relevant Acts in Ghana. The core values expected of every staff are:

i. **Independence**

   The Directorate shall be independent, unbiased and objective in performing its work.

ii. **Integrity**

   The Directorate shall demand the highest professional standards of staff to earn the respect of others.

iii. **Professionalism and Competence**

   The Directorate shall perform work for which it has the knowledge, skills and competencies.

iv. **Confidentiality**

   The Directorate shall respect the value and ownership of information and not disclose information without authority unless there is a legal or professional obligation to do so.

3   Policies & Regulations

3.1   Purpose of the Policies & Regulations

The objectives of the policies and regulations are to document the standards, guidelines, and procedures to assist staff of the Directorate to provide the University with an independent and objective assessment. In addition, the policies and regulations will help staff to provide assurance to Council, Senior Management, Audit Committee and the Internal Audit Agency of the quality of the University's internal control, risk assessment, governance processes, and make appropriate recommendations and suggestions for continuous improvement.

3.2   Management of the Internal Audit Function

The Director of Internal Audit must effectively manage the internal audit activity to ensure it adds value to the University. The internal audit activity adds value to the University and its stakeholders when it considers strategies, objectives, and risks; strives to offer ways to enhance governance, risk management, and control processes; and objectively provides relevant assurance.

The internal audit activity is effectively managed when:

a. It achieves the purpose and responsibility included in the internal audit Charter.

b. It conforms to the Standards.

c. Individual staff members conform to the Code of Ethics and the Core Values.

d. It considers trends and emerging issues that could impact the organization.

3.3   Orientation & Mentoring

Purpose

This policy will ensure newly appointed staff and interns are given adequate orientation and all staff are effectively mentored to promote succession planning and the current concerns of the Directorate.

Policies

i. All newly appointed staff shall undergo an orientation for one week.

ii. Audit leads and supervisors shall mentor team members and provide appropriate leadership, review and supervision.

iii. Newly appointed Audit Leads and Supervisors shall undergo orientation and be mentored by existing staff in those roles.

iv. The Senior Management Team may include the orientation and mentoring needs of the Directorate on their agenda at least once every quarter.

3.4 Training & Development

Purpose

This provides the nature, extent and activities required to train and develop the competencies of staff to deliver professional and quality service.

Policies

i. Staff with tendencies to be trained and developed would be engaged.

ii. Staff would be promptly and fairly promoted once they meet the criteria contained in the conditions and scheme of service.

iii. Staff would be rotated on assignments and between the Colleges and the Central Administration at least every two years.

iv. Staff appraisal will be effectively executed, training needs identified, and training planned and budgeted for adequately.

v. Training needs identified from any external Quality Assurance Improvement Assessment will be resolved by in-house and off-site workshops and conferences.

vi. Every staff would be expected to attend at least two relevant and off-site CPDs of their choice in a year, subject to availability of funds.

vii. The Directorate shall host an in-house training for all staff bimonthly at the least.

viii. The Directorate shall sponsor at least four staff to attend the annual conferences of the Internal Audit Agency, Institute of Internal Auditors (Ghana) and the Institute of Chartered Accountants (Ghana).

ix. The Directorate shall budget for appropriate number of travel slots for staff to attend the annual conference of the Institute of Internal Auditors (Global) and other international internal audit conferences.

x. The Directorate shall sponsor staff to benefit from staff exchange programmes with both local and external institutions based on availability of funding and the Directorate would host inbound staff exchanges if required.

xi. Staff would be motivated with reduced workload and study leaves to pursue relevant professional and higher qualifications. (Subject to the University's Training and Development Policy).

xii. Staff would be required to write reports, make available materials and teach other staff on their return from trainings, conferences and exchanges.

xiii. The Directorate would procure the necessary software, equipment and resources required to facilitate work and develop staff.

3.5 Annual Audit Planning

Purpose

This provides the requirement to develop an annual audit plan, get it approved, monitored, performance-reviewed and reported to the Internal Audit Agency, Audit Committee and the Vice-Chancellor.

Policies

i. The Director of Internal Audit has the responsibility to develop a flexible annual audit plan using risk-based methodology, including any risks or control concerns identified by management.

ii. The annual audit plan must be developed by identifying the risk profile of each unit contained in the University's Risk Register(s), requirements of Act 921, findings and recommendations of the Auditor-General and/or external auditors, input of Council, Vice-Chancellor, Audit Committee, other committees and previous internal audit findings and recommendations and those of any other monitoring unit.

iii. The draft annual audit plan must be ready by June 30th each year.

iv. The draft annual audit plan must be discussed within the Directorate at a general staff meeting.

v. The agreed draft annual plan should be sent to the Vice-Chancellor for approval.

vi. The approved annual report should be tabled before the Audit Committee for review and approval.

vii. The final approved and signed annual audit plan must be distributed to the Audit Teams and a copy sent to the Internal Audit Agency before the new academic year begins.

3.6 Pre-Engagement Preliminary Activities

Purpose

This provides the preliminary or initial activities expected of staff on an assigned engagement.

Policies

  i. The audit lead must ensure that each team member has completed the ethical compliance and competencies form to determine the suitability of the person on the team.

  ii. Any person who fails the above test, shall be reassigned another task they are fit to perform.

  iii. If the area has previously been audited, a copy of the previous audit report and copies of the permanent files shall be obtained from the audit file for the area/auditee.

  iv. Staff may have a discussion with the previous person who conducted the audit to gain greater understanding, assess risk and decide on audit procedures to adopt.

  v. Staff must inspect the risk register of the auditee to confirm, amend or change the key issues to be examined in the audit.

  vi. Staff must retrieve the Integrated Tertiary Software (ITS) report for the audit (if applicable).

  vii. Staff must use the recommended data analytic tool (e.g. the IDEA software) to assess risk, conduct analytical procedures and draw preliminary understanding of the audit.

  viii. A copy of the report in the above guidelines must be kept as a working paper.

  ix. Staff must document in writing their understanding of the audit and the key issues to be raised.

  x. Where applicable, a copy of the agreement or documentation on the audit must be obtained, studied, documented and a copy of the write-up and said document filed.

3.7 Risk Assessment & Management

Purpose

This provides guidelines on risk assessment and management, and procedures to evaluate effectiveness and to contribute to the improvement of risk management processes of the University.

Policies

i. Staff must assess the effectiveness of risk management by units of the University by considering how the unit:

> a) aligns its organizational objectives with and, supports the University's mission.
>
> b) Identifies and assesses significant risks.
>
> c) Selects appropriate risk responses and aligns risks with the University's risk appetite.
>
> d) Captures and communicates relevant risk information in a timely manner across the University, enabling staff, Senior Management, and the Council to carry out their responsibilities.

ii. Staff must request and inspect the risk register of the auditee and inquire about the risk management practices.

iii. Staff must liaise with the Chief Risk Officer if necessary to appreciate risk management issues likely to affect the audit.

iv. Staff must evaluate risk exposures relating to the University's governance, operations, and information systems regarding the:

> a) Achievement of the University's strategic objectives.
>
> b) Reliability and integrity of financial and operational information.
>
> c) Effectiveness and efficiency of operations and programs.
>
> d) Safeguarding of assets.
>
> e) Compliance with laws, regulations, policies, procedures, and contracts.

v. In every audit, staff must evaluate the potential for the occurrence of fraud and how the University manages fraud risk.

vi. During consulting engagements, staff must address risk consistent with the engagement's objectives and be alert to the existence of other significant risks.

vii. Staff must incorporate knowledge of risks gained from consulting engagements into their evaluation of the University's risk management processes.

viii. When assisting management in establishing or improving risk management processes, the Directorate must refrain from assuming any management responsibility by actually managing risks.

3.8 Internal & External Collaboration

Purpose

This provides the guidelines and mindset required of staff pertaining to expected collaborations which could affect the nature, extent and timing of audit procedures.

Policies

i. The Director of Internal Audit should share information, coordinate activities, and consider relying upon the work of other internal and external assurance and consulting service providers, to ensure proper coverage and minimize duplication of efforts.

ii. The Directorate must work cordially and share information with the Chief Risk Officer of the University.

iii. The Directorate must collaborate and share information with the external auditors and obtain a copy of the annual management letter.

iv. The Directorate must collaborate with heads of units to understand their audit needs.

v. The Audit Implementation Follow-up Teams must work closely with the Finance Directorate, University of Ghana Computing Systems (UGCS) and other units of the University.

vi. The Directorate must strive to earn the trust and confidence of both internal and external whistleblowers.

However, such collaboration must not impair independence, lead to suppression of findings, victimization or avoidance of certain assignments to protect any staff of the University.

3.9 Engagement Planning

Purpose

This provides the minimum factors to be considered at the planning stage of each engagement to ensure the development of a risk-based audit plan and the possible achievement of an effective audit performance outcome.

Policies

i. Staff must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations.

ii. Staff must request must consider the University's and/or unit's strategies, objectives, and risks relevant to the engagement.

iii. Staff, in planning the engagement, must consider:

    a) The strategies and objectives of the activity being reviewed and the means by which the activity controls the unit's performance.

    b) The significant risks to the activity's objectives, resources, and operations and the means by which the potential impact of risk is kept to an acceptable level.

    c) The adequacy and effectiveness of the activity's governance, risk management, and control processes compared to a relevant framework or model.

    d) The opportunities for making significant improvements to the activity's governance, risk management, and control processes.

iv. Staff, in planning an engagement for parties outside the organization, must establish a written understanding with the party about objectives, scope, respective responsibilities, and other expectations, including restrictions on distribution of the results of the engagement and access to engagement records.

v. Staff must establish an understanding with consulting engagement clients about objectives, scope, respective responsibilities, and other client expectations. For significant engagements, this understanding must be documented.

vi. Staff must establish the objectives for each engagement.

vii. Staff must conduct a preliminary assessment of the risks relevant to the activity under review. Engagement objectives must reflect the results of this assessment.

viii. Staff must consider the probability of significant errors, fraud, noncompliance, and other exposures when developing the engagement objectives.

ix. Staff must establish the scope of the audit at the planning stage.

x. The established scope must be sufficient to achieve the objectives of the engagement.

xi. Staff must determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints, and available resources.

xii. The constitution of the audit team for the engagement must be finalised at this stage.

xiii. Staff must develop and document work programs that achieve the engagement objectives.

xiv. Work programs must include the procedures for identifying, analyzing, evaluating, and documenting information during the engagement.

xv. The work program must be approved prior to its implementation, and any adjustments approved promptly.

3.10 Entry Conference

Purpose

This provides guidelines on procedures required for an entry conference for an engagement, to promote an effective cooperation from the unit/auditee and achieve a value-added audit outcome.

Policies

i. An entry conference must be held for all engagements to gather information about the mission, vision, critical processes, and control procedures of the unit.

ii. The Audit Team must notify the unit/auditee about the entry conference via email or memo and the notice must specify the purpose, agenda, date, time, venue and the persons to be present for the meeting.

iii. The following issues, at least, must be discussed and/or included during the entry conference meeting:

   a. The Terms of Reference of the engagement.

   b. The audit focus.

   c. The purpose of an audit and how audits help improve the University's controls and operations.

   d. Review of the objective(s) and scope of the audit by encouraging management of the unit to discuss any aspect of the audit.

   e. Ask for suggestions of potential auditee problem areas within the audit scope. This communicates an intention of being helpful rather than critical.

   f. Determine what assistance from personnel other than those attending the opening conference is needed to answer detailed questions concerning the functions to be performed. Contact should be made via the "Chain of Command" until an understanding with the appropriate person is established.

g. Explain how audit concerns (observations) are handled. Explain that concerns will be reviewed with the designated auditee at the time they arise and identify who will be responsible for reviewing the audit concerns.

h. Explain that the purpose of discussing each audit concern is to verify that both the facts defined in the concern and the impact of the concern are accurate. Some findings may be resolved verbally.

i. Establish how frequently the head of the unit/auditee wants to be updated on audit progress and findings.

j. Explain that they will review the draft audit report in detail at the exit conference.

k. Explain that a copy of the final audit report will be sent to their reporting line up to and including Senior Management, Audit Committee and other relevant persons.

l. Inquire about working hours, working area, access to records, and any other information that details the office routines. This information may have considerable influence on the cooperation extended to the audit staff.

m. Identify information needed to complete the audit procedures.

n. Establish a tentative schedule for the audit process.

o. Ask if there are any questions concerning anything discussed at the opening conference or any questions in general about the auditor or audit approach that will assist the auditees in their understanding of the engagement.

p. Inquire of any areas within their operations that they feel are more susceptible to fraud or over which they have concerns.

q. Ask about any fraudulent activity that has occurred in the unit within the last two years.

r. Inquire about how risk is managed and obtain copy of the risk register.

s. Minutes must be taken, included as part of the working papers and circulated to those present at least a week after the meeting.

3.11 Fieldwork/ Performing the Engagement

Purpose

This provides guidelines for fieldworks and procedures to adopt to obtain sufficient and appropriate evidence to serve as the basis for the audit opinion.

Policies

i. Staff must identify, analyze, evaluate, and document sufficient information to achieve the engagement's objectives.

ii. Staff must identify sufficient, reliable, relevant, and useful information to achieve the engagement's objectives.

iii. Staff must base conclusions and engagement results on appropriate analyses and evaluations of evidence.

iv. Staff must document sufficient, reliable, relevant, and useful information to support the engagement results and conclusions.

v. Engagements must be properly supervised at each stage to ensure objectives are achieved, quality is assured, and staff is developed.

vi. Each staff must be assigned specific tasks for each stage of the engagement, they must be notified and briefed accordingly, and this must be documented.

vii. The Audit Observation Form must be used to document all audit observations or issues.

viii. A separate sheet or page must be used for each of the observations or issues and included in the working papers with copies of the supporting documents.

ix. The Audit Observation Form should be used whenever there is a possible:

    a) opportunity for operational improvement

    b) discrepancy

    c) error

    d) irregularity

    e) weakness or

    f) deviation from UG Financial Regulation and Governance, best practice internal control standards, regulations, or laws.

x. The main sections to be indicated on the Audit Observation Form are:

    a) The Criteria

    b) The Condition

    c) The Cause

    d) The Implications

    e) Recommendations

    f) Initial Response of the auditee (if any).

xi. During the course of the audit, conditions may arise which warrant revising the audit procedures, scope, or budgeted hours. The staff should evaluate the

situation, make timely recommendations to the audit lead, and obtain approval before incorporating any changes.

xii. Staff may use any or combination of the following audit procedures for an engagement:

    a) Inspection of records or assets

    b) Inquiry

    c) Observation

    d) Analytical procedures

    e) Recalculation

    f) Reperformance

    g) External confirmations

    h) Walkthrough test

    i) Management response

xiii. The audit evidences or procedures for the entire engagement may be documented by using the format shown in the appendix (4.2 Template).

xiv. The following procedures may be employed:

    a) Gaining an understanding of the activity, system, or process under review and the prescribed policies and procedures; supplementing and continuing to build upon the information already obtained in the risk assessment process.

    b) Observing conditions or operations.

    c) Interviewing people.

    d) Examining assets and accounting, business, and other operational records.

    e) Analyzing data and information.

    f) Reviewing systems of internal control and identifying internal control points.

    g) Evaluating and concluding on the adequacy (effectiveness and efficiency) of internal controls.

    h) Conducting compliance testing.

    i) Conducting substantive testing.

    j) Determining if appropriate action has been taken regarding significant audit concerns and corrective actions reported in prior audits.

3.12 Audit Documentation & Working Papers

Purpose

This provides guidelines for working papers and audit documentation to promote audit reviews, quality control and attest that sufficient and appropriate evidence has been obtained.

Policies

i. Staff must maintain sufficient and appropriate working paper and documentation for each engagement.

ii. The conclusions and the reasons for how those conclusions were reached must be documented.

iii. The disposition of each audit observation identified during the audit and its related corrective action should be documented on an Audit Observation Form.

iv. Working papers should be completed throughout the audit by the assigned staff.

v. Working papers must be reviewed by the audit lead and the audit supervisor.

vi. Working papers should be concise, clear and understandable.

vii. Audit documentation must record only what is essential; and they should ensure that each working paper included serves a purpose that relates to an audit procedure.

viii. Working papers that are created and later determined to be unnecessary may be deleted.

ix. The working papers to be documented for each engagement might include:

    a) Planning documents and audit procedures

    b) Controls questionnaires, flowcharts, checklists, and narratives

    c) Notes and minutes resulting from interviews

    d) Organizational data, such as charts and job descriptions

    e) Copies of important documents

    f) Information about operating and financial policies

    g) Results of control evaluations

    h) Letters of confirmation and representation

    i) Analysis and test of transactions, processes, and account balances

    j) Results of analytical review procedures

    k) Audit reports and management responses

    l) Audit correspondence that documents the audit conclusions reached.

x.   An experienced auditor reviewing the working papers, should be able to identify what he/she sets out to do, what was done, what was found, and what was concluded on.

xi.   Scanned or photocopied documents should include a reference to the source, and the purpose of the document when relevant to understanding or appreciating the actual audit work performed.

xii.   Working papers can be either soft or hard copies. Soft copies must be kept in a well labelled folder for easy identification and backed-up on an external drive.

3.13 Evaluation and Review of Evidence

Purpose

This provides guidelines for review of evidence to promote audit quality.

Policies

i.   The terms of reference for each engagement shall be reviewed and approved by the Director of Internal Audit.

ii.   The engagement plan shall be reviewed by the Director of Internal Audit.

iii.   Audit leads shall review and evaluate the evidence gathered by their team members.

iv.   The Director of Internal Audit shall review and evaluate evidence contained in the working papers before the draft audit report is issued.

v.   The adequacy and sufficiency of working papers and audit documentation shall be reviewed by the Director of Internal Audit.

3.14 Exit Conferences

Purpose

This provides guidelines for the conduct of exit conference to improve cooperation and create appropriate control environment to implement audit recommendations.

Policies

i.   The audit team must use an exit conference to avoid any misunderstandings or misinterpretations of fact by providing the opportunity for the auditee to clarify specific items and to express views on the corrective action and other information presented in the draft report.

ii.   The invitees should include the audit participants and the Head of the Unit.

iii. The Audit Lead should contact audit participants to determine a suitable time and location for the exit conference.

iv. At a minimum, the audit team should be prepared to discuss the audit including what they did (objective, scope, procedures), what risks were perceived, how they anticipate the corrective action will address the associated risk, and other concerns identified in the audit supported by the Audit Observation Forms.

v. Changes suggested by the auditee at the exit conference require review by the audit lead.

vi. If additional wording changes are needed, a revised draft will be provided to the auditee.

vii. If the auditee is in agreement with the wording and recommendations, the audit lead should obtain the auditee's signature on the draft report at the exit conference.

viii. If the auditee is not in agreement with the finding and/or recommendation, the audit would continue to seek an agreement through the unit's reporting line up to the Director of Internal Audit.

ix. If the auditee, to whom the report is being directed, does not accept the recommendation or is unwilling to accept the risk of implementing the recommendation, the audit lead must report the finding and the related risk within the final report.

x. If revisions are made to the draft report after the exit conference, the revised draft should be sent to the auditee and agreement with those changes should be obtained via signature or email prior to issuance of the report.

3.15 Audit Reporting

Purpose

This provides guidelines for audit reporting to promote quality assurance and audit impact.

Policies

i. The Director of Internal Audit is responsible for issuing the final audit report to parties who can ensure that the results are given due consideration.

ii. All audit report must conform in all material respect to the audit report template.

iii. Final communication of engagement results must include applicable conclusions, as well as applicable recommendations and/or action plans.

iv. The opinion should be clearly stated.

v. Audit report must be accurate, objective, clear, concise, constructive, complete, and timely.

vi. If a final audit report contains a significant error or omission, the Director of Internal Audit must communicate corrected information to all parties who received the original report.

vii. When releasing engagement results to parties outside the organization, the communication must include limitations on distribution and use of the results.

viii. The Vice-Chancellor and the Audit Committee must be issued copies of all audit reports except in exceptional request audits.

ix. Copies of audit reports would be sent to the Internal Audit Agency and/or the Auditor-General (if applicable) as required by Act 658.

x. The Director of Internal Audit shall speak to audit reports in any meeting if required.

3.16 Confidentiality

Purpose

This provides guidelines on the confidentiality required of staff to promote acquisition of evidence and foster cooperation from all staff of the University.

Policies

i. Staff shall respect the value and ownership of information they receive and shall not disclose information without authority unless there is a legal or professional obligation to do so.

ii. Staff shall be prudent in the use and protection of information acquired in the course of their duties.

iii. Staff shall not use information for any personal gain or in any manner that would be contrary to this Charter or detrimental to the legitimate and ethical objectives of the University.

iv. Any other dissemination of working papers or correspondence contents must be approved by the Director of Internal Audit.

v. All paper documents generated in the course of performing audit work to be disposed of must be shredded.

vi. The following standard e-mail disclaimer must be used for all official messages sent by any staff:

"This electronic mail message and any attached files contain information intended for the exclusive use of the individual or entity to which it is addressed and may contain information that is proprietary, privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any viewing, copying, disclosure or distribution of this information may be subject to legal restriction or sanction. Please notify the sender, by electronic mail or telephone, of any unintended recipients and delete the original message without making any copies".

vii. Access to audit reports and management communications is restricted to only authorized audit staff.

viii. All efforts should be made to keep reports protected from the public and users who are not expected to see them.

ix. Audit reports should not be voluntarily disclosed outside of the University and should only be released at the express direction of the Vice-Chancellor or upon presentation of a valid court order.

x. All staff shall be made to sign a Code of Secrecy on the first day of employment and the signed code put on their staff file.

xi. All current staff shall sign the Code of Secrecy on the first day this Charter comes into effect.

3.17 Follow-up on Audit Recommendations

Purpose

This provides the guidelines for carrying out follow-ups of recommendations to promote their implementation and eliminate any control weaknesses.

Policies

i. The Director of Internal Audit must establish and maintain a system to monitor the disposition of audit recommendations to management.

ii. The Director of Internal Audit must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

iii. Where applicable, all audit reports must include a section on the status of implementation of prior audit and other recommendation.

iv. The Director of Internal Audit must issue a quarterly report to the Audit Committee on the status of implementation of both internal and external audit recommendations.

v. The Audit Recommendation Implementation Status Form shall be used.

3.18 Fraud Investigation

Purpose

This provides guidelines for fraud investigation to promote an effective audit.

Policies

i. The Directorate will operate an open whistle-blowing culture across the University for employees, students and external stakeholders to provide information on fraud.

ii. Fraud shall be investigated as soon as it is known or suspected.

iii. The Directorate may collaborate with other units or bodies within or outside the University to investigate fraud.

iv. Staff must test for fraud in all engagements.

v. Fraud perpetrated by the Vice-Chancellor shall be reported to the Director-General of the Internal Audit Agency and/or the Auditor-General.

vi. Fraud perpetrated by other staff may be reported to the Vice-Chancellor before being investigated, or investigated and reported to the Vice-Chancellor depending on the nature of the matter and the extent to which the Vice-Chancellor might want to protect the perpetrator.

3.19 Quality Assurance Improvement Programme

Purpose

This provides guidelines on implementing appropriate quality assurance improvements to promote audit effectiveness and efficiency.

Policies

i. The Director of Internal Audit shall develop and maintain a Quality Assurance and Improvement Programme that covers all aspects of the internal audit activity.

ii. The Directorate shall institute both internal and external assessment for quality assurance improvements.

iii.   Internal assessments shall be conducted at least once every two years by a team of faculty and staff of the University with sufficient knowledge of internal audit practices.

iv.   External assessments shall be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the University.

v.   The Director of Internal Audit shall communicate the results of the quality assurance and improvement assessment to the Vice-Chancellor, Council and/or Audit Committee.

vi.   An assessment report must include the following areas:

    a) The scope and frequency of both the internal and external assessments.

    b) The qualifications and independence of the assessor(s) or assessment team, including potential conflicts of interest.

    c) Conclusions of assessors.

    d) Corrective action plans.

3.20 Pre-Auditing

Purpose

This provides guidelines for the conduct of pre-audits to promote value for money, cost control, and to blockage of financial leakages.

Policies

i.   The Directorate shall continue to be responsible for pre-audits until the University transfers the function to the Finance Directorate.

ii.   A record of all pre-auditing shall be maintained by the Pre-Audit Lead.

iii.   All requests for pre-audit must be accompanied by the appropriate documents and a Value Added Tax invoice (if applicable).

iv.   The Pre-Audit team may employ physical verification.

v.   A record of savings made as a result of objecting some requests shall be maintained by the Pre-Audit Lead.

vi.   The Directorate shall pursue an online pre-audit process for the University.

vii.   Pre-audit shall be done with reference to the budget line on the request and accompanied by the appropriate approvals and authorization.

3.21 Mentoring Services

Purpose

This provides guidelines for accepting an institutional mentee by the Directorate to promote the image of the University.

Policies

i. A request for mentorship shall be in writing addressed to the Vice-Chancellor.

ii. The terms of the mentorship shall be developed by the Director of Internal Audit and approved by the Vice-Chancellor.

iii. Appropriate fee may be charged if applicable.

iv. A report of the mentorship shall be submitted by the Director of Internal Audit one month after the programme to the Vice-Chancellor and the head of the mentee institution.

4   Appendices

4.1 Definition of Terminologies

Internal control audits determine whether the unit is conducting its financial and business processes under an adequate system of internal control, as required by the University Financial Regulations and Governance, Act 921, and best practice.

Compliance audits determine the adequacy of a unit's system(s) designed to ensure compliance with University policies, procedures and external requirements. Audit recommendations typically address the need for improvements in procedures and controls intended to ensure compliance with applicable regulations.

Financial audits address the accounting for, and reporting of financial transactions, including commitments, authorizations, receipt and disbursement of funds. The purpose of this type of audit is to verify that sufficient controls exist over assets, liabilities, revenues, and expenditures and that there are adequate controls over the acquisition and use of resources.

Information technology (IT) audits address the internal control environment of automated information processing systems and how people use those systems. IT audits typically evaluate system input, output, and processing controls; backup and recovery plans; system security; and computer facilities.

Operational audits examine the use of unit resources to evaluate whether those resources are being used in the most efficient and effective ways to fulfill the unit's mission and objectives. An operational audit can include elements of a compliance audit, a financial audit, and an IT audit.

Investigative audits focus on alleged civil or criminal violations of state laws or violations of University policies and procedures that may result in prosecution or disciplinary action. Allegations of theft or misuse of University assets, white-collar crime, and conflicts of interest are examples of issues addressed by investigative audits.

Consulting projects may range from formal engagements defined by written agreements, to advisory activities, such as participating in standing or temporary management committees, boards or project teams.

Accurate communications are free from errors and distortions and are faithful to the underlying facts.

Objective communications are fair, impartial, and unbiased and are the result of a fair-minded and balanced assessment of all relevant facts and circumstances.

Clear communications are easily understood and logical, avoiding unnecessary technical language and providing all significant and relevant information.

Concise communications are to the point and avoid unnecessary elaboration, superfluous detail, redundancy, and wordiness.

Constructive communications are helpful to the engagement client and the organization and lead to improvements where needed.

Complete communications lack nothing that is essential to the target audience and include all significant and relevant information and observations to support recommendations and conclusions.

Timely communications are opportune and expedient, depending on the significance of the issue, allowing management to take appropriate corrective action.

Confidential information is information of a proprietary or sensitive nature about the University, its students, contracted agents, and employees

Quality assurance and improvement program is designed to enable an evaluation of the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

4.2 Templates

4.2.1 Audit Evidence or Procedure Documentation Form

University of Ghana	
Internal Audit Directorate	
Audit Procedures Documentation Form	
Audit Objective:	
Audit Scope:	
Audit Lead:	Start Date of Fieldwork: End Date of Fieldwork:
Step 1: Title	
Procedure (s) Performed:	
Result/Conclusion	
Done By:	
Reviewed By:	
Date:	
Step 2: Title	
Procedure (s) Performed:	
Result/Conclusion	
Done By:	
Reviewed By:	
Date:	
Step 3: Title	
Procedure (s) Performed:	
Result/Conclusion	
Done By:	
Reviewed By:	
Date:	
Step 4 to XXX: Title	
Procedure (s) Performed:	
Result/Conclusion	
Done By:	
Reviewed By:	
Date:	
Reviewed/ Remarks by Director of Internal Audit:	
Date:	

4.2.2 Code of Secrecy

During the course of any job duties, staff of the Internal Audit Directorate (IAD) may have access to information that is sensitive, non-public, or protected by State Privacy Statutes. All information contained in audit work-papers and audit reports or disclosed to audit staff is confidential. It is the policy of the IAD not to disclose to anyone outside the University, the contents of any audit work-papers, audit reports, or other information made available by the University. I would not directly or indirectly communicate or reveal to any person, any matter, which shall be brought under my consideration or shall come to my knowledge in the discharge of my official duties except as may be required for the discharge of my official duties or as may be specially permitted by law.

I have received, read, and understood the Internal Audit Directorates' confidentiality policy.

I understand that it is a condition of my employment to adhere to the confidentiality policy, and that violation of this work rule may result in disciplinary action including dismissal.

_____   _____

Signature   Date

Name of Staff:

_____   _____

Signature   Date

(Director of Internal Audit)

4.2.3 Competencies Review Form

Use soft version

4.2.4 Ethical Review Form

Use soft version

4.2.5 Audit Time Sheet

Use soft version

4.2.6 Audit Finalisation Checklist

University of Ghana				
Internal Audit Directorate				
Audit Finalisation Checklist				
Title of Audit:				
Audit Objective:				
Audit Scope:				
Audit Lead:				
Area	**Response**			
	Yes	**No**	**Partial**	**Remarks**
Competency Test of each team member				
Ethical review test of each team member				
Audit Time sheet				
All Audit Observation Forms				
Terms of Reference				
Minutes of Entry Conference				
Minutes of Exit Conference				
Copies of appropriate documents				
Audit working papers are completed				
Obtained copy of prior audit report				
Obtained copy of prior audit files				
Copy of Prior Audit Recommendation Implementation Report				
Draft audit report has been issued and discussed with auditee				
Appropriate recipients of the report have been included in the distribution list				
Audit Report signed				
Report is free from errors and grammatical mistakes				
Recommendations are appropriate				
Management responses received				
Reviews have been done				
Audit conforms to the Audit Charter				
Completed By:				
Date:				
Director of Internal Audit:				
Date:				

4.2.7 Audit Recommendation Implementation Status Form

No.	Finding	Recommendation	Year/Title of Audit	Status of Implementation	Verified By and Date
1					
2					
Xxx					

Reviewed By: Date: