



NATIONAL COMMISSION FOR SCIENCE AND TECHNOLOGY

Internal Audit Charter

September 2012

**NATIONAL COMMISSION
FOR SCIENCE AND
TECHNOLOGY**

Internal Audit Charter

September 2012

Measurements	1.
1.	2.
2.	3.
Time Frame (for completion)	

Signatures

JOB HOLDER	1.
DATE	2.

Director General	1.
DATE	2.

Chairperson, FAC	1.
DATE	2.

SECTION 2: PERSONAL DEVELOPMENT PLAN (this section should be completed during the Planning and Developing Stages of the Performance Cycle after the employee and supervisor / manager have agreed upon the desired areas of improvement and development. Mark with an "X" a maximum of three areas for development and write a Personal Development Plan based on these developmental objectives and the corresponding development activities, e.g. on-the-job training, coaching and mentoring, conferences, training, tertiary education, etc. Remember to include measurements and time frames for completion)

Possible areas for development	Mark with an "X"	Indicate what specific element/ s of competency is required
PD1:		
PD2:		
PD3:		
PD4:		
PD5:		
Development objective No. 1:		
Development activities (e.g. on the job training, coaching & mentoring, conferences, training, tertiary education, etc.)		
Measurements	1. 2. 3.	
Time Frame (for completion)		
Development objective No 2:		
Development activities (e.g. on the job training, coaching & mentoring, conferences, training, tertiary education, etc.)		
Measurements	1. 2. 3.	
Time Frame (for completion)		
Development objective No 3:		
Development activities (e.g. on the job training, coaching & mentoring, conferences, training, tertiary education, etc.)		

TABLE OF CONTENTS

	page
Acknowledgements	1
Acronyms	2
Overview	3
Objective	3
Independence and Objectivity	3
Scope	3
Authority	4
Responsibilities	4
Role of FAC with Respect to Internal Audit Function	4
Roles and Responsibilities- Internal Audit Function	5
Roles and Responsibilities- Head of Internal Audit	5
Donor funded programmes	6
Appointment of the Internal Auditor	6
Qualifications of the Internal Auditor	6
Training and development	6
Reporting	6
Standards	7
Appendix	8
Appendix I: Reporting Structure of NCST Internal	8
Appendix II- Performance Agreement	9

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SECTION 1: INDIVIDUAL WORK PLAN / KEY RESULT AREAS (The Key Result Areas, Weighting and Measures / KPIs should be agreed upon during the Planning Stage of the Performance Cycle)

Key result area	Weighting	Measures/ Key performance indicators
1.		
2.		
3.		
4.		
5.		
6.		
7.		
Weighting total must add up to 100%		100%

Appendix II- Performance Agreement

Job title:	
Grade:	
Full name of employee (Appraisee):	
Department:	
Date started in present position:	
Title of Supervisor/ Manager:	
Name of Supervisor/ Manager (Appraiser):	
Period of Agreement:	

Performance rating scale	Classification
1	Very Effective
2	Effective
3	Average
4	Poor

ACRONYMS

TERMS	DESCRIPTION
AAC	Appointment and Administration Committee
Act	Science and Technology Act No 16 of 2003
Audit Act	Public Audit Act No 6 of 2003
Audit Plan	Risk Based Annual Audit Plan
Board	NCST Board of Commissioners
Chairperson	Chairperson of the Finance and Audit Committee
Charter	Internal Audit Charter
DG	Director General
FAC	Finance and Audit Committee
HIA	Head of Internal Audit
IAF	Internal Audit Function
NCST/Organisation	National Commission for Science and Technology

OVERVIEW

Internal Audit Function (IAF) is one of the cornerstones of corporate governance, along with the Board of Commissioners, Committees of the Board, Senior Management, and External Auditors. Because of IAF's' unique position within the National Commission for Science and Technology (NCST), they provide the Board and Senior Management with valuable assistance by giving objective assurance on **Governance, Institutional Risk Management and Control Systems**.

Internal Audit Charter defines the relationships between IAF, Finance and Audit Committee and management. NCST has adopted a risk based audit process which directs the IAF to address strategic, operational, finance and sustainability issues in its quest to deliver value to the Organisation.

OBJECTIVE

The objective of the IAF is to provide an independent and objective assurance designed to evaluate and improve the effectiveness and efficiency of Governance, Institutional Risk Management and Controls practices within NCST.

The IAF is established by the Board through the Finance and Audit Committee (FAC). The IAF's responsibilities are defined by the FAC as part of their oversight role.

IAF shall be headed by the Head of Internal Audit (HIA) who reports functionally to the FAC and administratively to the Director General (DG). However, the FAC may decide to outsource the internal audit function to an independent firm of consultants in which case the IA will be reporting to the FAC.

INDEPENDENCE AND OBJECTIVITY

IAF shall be independent of the activities which it audits to ensure the unbiased judgement essential to its proper conduct and impartial advice to management.

To achieve this level of independence, the HIA shall report to the Finance and Audit Committee and shall have unrestricted access to the Chairperson of FAC.

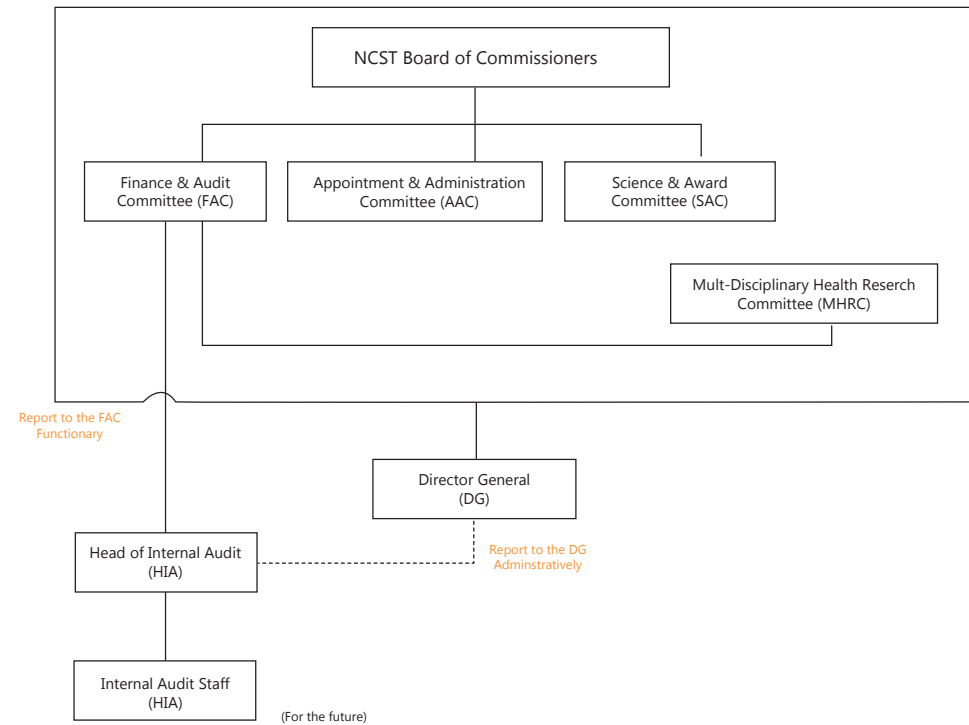
SCOPE

The scope of work of the IAF shall be to determine whether NCST's Governance, Institutional Risk Management and Control processes, as designed and represented by management, are adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable and timely.
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are economically acquired, efficiently used, and adequately protected.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in the NCST's control process.
- Significant legislative or regulatory issues impacting the NCST are recognized and addressed properly.
- Opportunities for improving controls, sustainability, and NCST's image are identified during audits and communicated to the appropriate level of management.

APPENDIX

Appendix I: Reporting Structure of NCST Internal Audit Function



The IAF shall report to the audit committee at least once every quarter.

STANDARDS

IAF shall follow internationally recognized framework for internal audit provided by The Institute of Internal Auditors and the Professional Practices Framework. This framework comprises the International Standards for the Professional Practice of Internal Auditing, Code of Ethics and Practice Advisories. NCST shall ensure all the relevant copies are available.

AUTHORITY

IAF shall be strictly accountable for confidentiality and safeguarding of records and information obtained in the course of its activities. IAF is authorised, in the course of its activities, to:

- Have unrestricted access to all activities, personnel, documents and records considered necessary for the performance of its functions.
- Require all management and members of staff to provide such information and explanations as may be needed within a reasonable period of time.
- Require that all Heads of Department inform IAF without delay of any significant incidents concerning risks and/or compliance with regulations and procedures.
- Have unrestricted access to the Finance and Audit Committee and its Chairperson.

RESPONSIBILITIES

Role of FAC with Respect to Internal Audit Function

As per the Finance and Audit Committee Charter set by the Board, the Roles of the FAC in respect of Internal Audit shall be to:

- Ensure that there is an effective risk based Internal Audit Function.
- Safeguard the independence of the IAF by ensuring the HIA reports functionally to the FAC and administratively to the DG.
- Review the planned internal audit activities and consider their adequacy as a basis for providing an independent and objective opinion on risk management, controls and governance. In particular, advise the Board on the adequacy of:
 - The Internal Audit Charter.
 - The effectiveness of the internal audit strategy and annual audit plan in addressing the NCST risks.
 - The resourcing of IAF.
 - The risk based annual audit plan.
 - The arrangements for and the results of the IAF quality assurance processes.
 - The adequacy of management's response to internal audit advice and recommendations, including the monitoring of the implementation of agreed action plans.
 - The independence of the HIA and the IAF from other executive activities undertaken in NCST.
- Ensure that the HIA has direct access and is accountable to the Finance and Audit Committee.
- Have final authority to review and approve the annual risk based audit plan and all major changes to the plan.
- Receive feedback from IAF on the effectiveness of NCST systems of internal control and risk management.
- Establish key performance indicators for the internal audit function that measure performance, independence and objectivity of the internal audit function.
- Review and monitor management's responsiveness to findings and recommendations made by the internal auditors as regards both completion and timeliness.
- Ensure appropriate procedures are in place for the appointment, replacement, reassignment or dismissal of the HIA and any external organization providing internal audit and assurance services to NCST.
- At least once per year, jointly with the Appointments and Administration Committee (AAC) review the performance of the HIA and concur with the annual compensation and salary adjustment.
- Review the effectiveness of the IAF, including compliance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

- Ensure the IAF establishes and maintains a quality assurance and improvement programme.
- On a regular basis, meet separately with the HIA to discuss any matters that the FAC or HIA believes should be discussed privately.
- Review with the DG and HIA the Internal Audit Charter, activities, staffing, and organizational structure of the internal audit function.

Roles and Responsibilities- Internal Audit Function

In order to effectively execute its roles and responsibilities, IAF shall have an indepth understanding of NCST strategy and operations. The role of NCST Internal Audit Function shall be to provide Assurance to Board (through FAC) and Management on:

- The efficiency and effectiveness of NCST Risk Management systems.
- The efficiency and effectiveness of NCST controls which protect the financial, physical, human and intellectual assets of NCST from any exposures resulting from various risks.
- Status of implementation of recommended actions to strengthen the risk management and control processes, and that the implementation has taken place within the agreed timelines.
- The efficiency, control and utilisation of donor funded programmes within NCST

IAF shall have unrestricted access to all activities undertaken throughout NCST, in order to review, appraise and report on:

- The effectiveness and efficiency of the risk management and controls systems implemented by Management.
- Recommendations on any improvements on risk management and controls which add value to NCST.
- The extent of compliance with and the effect (both financial and non financial) of non compliance with:
 - The Act, relevant laws and regulations.
 - Policies, standards, plans and procedures established by Management and adopted by the Board.
- The suitability, accuracy, reliability and integrity of financial and other management information, and the means used to identify, measure, classify and report such information.
- The extent to which NCST resources are accounted for and safeguarded from losses of all kinds, inefficient administration, poor value for money, fraud or other risks.
- The adequacy of NCST Business Continuity and Disaster Recovery Plans.
- The follow-up action taken by Management to remedy weaknesses identified by IAF and the FAC reviews, ensuring that good practice is identified and communicated widely.
- Any other specific assignments requested by the FAC (and the Board through FAC), DG, External Auditors and Senior Management, for which IAF has sufficient resource and capacity.

Roles and Responsibilities- Head of Internal Audit

The Head of Internal Audit shall be responsible for:

- Ensuring that IAF operates within the Internal Audit Charter.
- Enforcing independence of the IAF through the FAC.
- Developing a risk based annual audit plan based on the understanding of the significant risks to which NCST is exposed to.
- Discussing the audit plan with the DG and Senior management.
- Presenting the audit plan to the Finance and Audit Committee for approval.
- Providing periodical feedback to the FAC on the status and results of the implementation of the audit plan and its flexibility and effectiveness in responding to changing risks.
- Discussing any proposed changes to the audit plan with DG and Senior Management and updating the Chairperson of the FAC on the same.
- Providing regular assessments of, and opinions on, the adequacy and effectiveness of the NCST's systems of risk management and controls, based on the work of IAF.

- Reporting significant control issues and potential for improving risk management and control processes.
- Reporting to Management and the FAC on the status of implementation of recommended actions.
- Maintaining an effective and efficient Internal Audit structure capable of effectively executing the audit plan and responding to changes in the risk and control environments.
- Recruiting and maintaining professional audit staff who, together with any external resources employed, have sufficient knowledge, skills and experience to execute the audit plan.
- Attending the FAC meetings where the agenda is to discuss internal audit issues. The HIA shall minute the the meeting proceedings and discussions.
- Providing information to Finance and Audit Committee to assist it in the annual review of the effectiveness of NCST risk Management systems and controls.

Donor funded programmes

The NCST's Internal Audit Function shall also provide Internal Audit oversight to any donor funded programme within the NCST. The IAF shall provide this oversight in the same manner it oversees NCST's secretariat's operations. In doing so, the IAF will take into account the agreements between NCST and its funders and any other procedures that have been tailored and adopted for the effective implementation and management of the funded programme. Specifically, the Internal audit function will ensure;

- Efficient control and utilisation of donor funded programmes within NCST
- Share internal audit reports with funders through the Board
- Funders will have access to the HIA as and when necessary

APPOINTMENT OF THE INTERNAL AUDITOR

The internal auditor shall be recruited through an open and competitive process. For an in sourced internal audit function, the internal auditor's position shall be advertised at least in two local dailies of national circulation. The interviews shall be conducted by a joint committee of the Appointments Committee and the Finance and Audit Committee of the Board. The FAC shall recommend the best candidate to the Board of Commissioners for appointment. For outsourced internal audit, an open and competitive tendering process shall be used to recruit a firm to provide internal audit services. The FAC shall determine the term of the internal auditor's contract.

QUALIFICATIONS OF THE INTERNAL AUDITOR

The Internal auditor is required to hold appropriate professional qualifications and must be a Certified Internal Auditor (CIA) or Certified Public Accountant (CPA).

TRAINING AND DEVELOPMENT

The HIA shall prepare an annual training and development programme for the IAF to ensure it has adequate skills and competencies to meet the requirements of NCST.

REPORTING

IAF shall report functionally to the FAC and administratively to the DG. HIA shall regularly update the Chairperson of the FAC and the DG on the status of:

- Implementation of the audit plan.
- Management implementation of agreed actions arising from internal audits.
- State affairs of IAF.