

EGERTON



UNIVERSITY

**EGERTON UNIVERSITY INTERNAL AUDIT
CHARTER**

SEPTEMBER 2024

1. Purpose and Mission

The purpose of Egerton University's Internal Audit Department is to provide independent, objective assurance and advisory services designed to add value and improve Egerton University's operations.

The mission of Internal Audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The Internal Audit Department helps Egerton University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of Governance, Risk Management, and control processes.

2. Core Values

- i. Professionalism
- ii. Integrity
- iii. Transparency
- iv. Accountability

3. Standards for the Professional Practice of Internal Auditing

The internal audit department will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors,' International Professional Practice Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing. The Chief Internal Auditor will report periodically to the Audit, Governance and Risk Management Committee of Egerton University Council regarding the Internal Audit Department's conformance to the Code of Ethics and the Standards.

4. Authority

The Chief Internal Auditor will report functionally to the Audit, Governance and Risk Management Committee of the Egerton University Council and administratively to the Vice Chancellor. To establish, maintain, and ensure that Egerton University's Internal Audit Department has sufficient authority to fulfil its duties, the Audit, Governance and Risk Management Committee will:

- i. Approve the Internal Audit Department's Charter.
- ii. Approve the Risk-Based Internal Audit Plan.
- iii. Receive communications from the Chief Internal Auditor on the Internal Audit Department's performance relative to its plan and other matters.
- iv. Make appropriate inquiries of University Management Board and the Chief Internal Auditor to determine whether there is inappropriate scope or resource limitations

The Chief Internal Auditor will have unrestricted access to, and communicate and interact directly with the Audit, Governance and Risk Management Committee of Council.

The Audit, Governance and Risk Management Committee authorizes the Internal Audit Department to:

- i. Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- ii. Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- iii. Obtain assistance from the necessary personnel of Egerton University, as well as other specialized services from within or outside Egerton University in order to complete the engagement.

5. Independence and Objectivity

The Chief Internal Auditor will ensure that the Internal Audit Department remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Chief Internal Auditor determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal Auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal Auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- i. Assessing specific operations for which they had responsibility within the previous year.
- ii. Performing any operational duties for Egerton University or its colleges and campuses.
- iii. Initiating or approving transactions external to the Internal Audit Department.
- iv. Directing the activities of any Egerton University employee not employed by the Internal Audit Department, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the Chief Internal Auditor has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors will:

- i. Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- ii. Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- iii. Make balanced assessments of all available and relevant facts and circumstances.
- iv. Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The Chief Internal Auditor will confirm to the Audit, Governance and Risk Management Committee of Council, at least annually, the organizational independence of the Internal Audit Department.

The Chief Internal Auditor will disclose to the Audit, Governance and Risk Management Committee of Council any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

6. Scope of Internal Audit Activities

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit, Governance and Risk Management Committee of Council, University Management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for Egerton University. Internal audit assessments include evaluating whether:

- i. Risks relating to the achievement of Egerton University's strategic objectives are appropriately identified and managed.
- ii. The actions of Egerton University's officers, employees, and contractors follow Egerton University's policies, procedures, and applicable laws, regulations, and governance standards.
- iii. The results of operations or programs are consistent with established goals and objectives.
- iv. Operations or programs are being carried out effectively and efficiently.
- v. Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Egerton University.
- vi. Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- vii. Resources and assets are acquired economically, used efficiently, and protected adequately.

The Chief Internal Auditor will report periodically to Audit, Governance and Risk Management Committee of Council regarding:

- i. The Internal Audit Department's purpose, authority, and responsibility.
- ii. The Internal Audit Department's performance relative to its plan.
- iii. The Internal Audit Department's conformance with the Institute of Internal Auditors Code of Ethics and Standards and action plans to address any significant conformance issues.
- iv. Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit, Governance and Risk Management Committee of Council.
- v. Results of audit engagements or other activities.

- vi. Resource requirements.
- vii. Any response to risk by University Management that may be unacceptable to Egerton University.

The Chief Internal Auditor also coordinates activities, where possible, and considers relying upon the work of other Internal and External assurance and consulting service providers as needed. The Internal Audit Department may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the Internal Audit Department does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

7. Responsibility

The Chief Internal Auditor has the responsibility to:

- i. Submit, at least annually, to the Audit, Governance and Risk Management Committee of Council risk-based internal audit plan for review and approval.
- ii. Communicate to the Vice Chancellor and the Audit, Governance and Risk Management Committee of Council the impact of resource limitations on the internal audit plan.
- iii. Review and adjust the internal audit plan, as necessary in response to changes in Egerton University's business, risks, operations, programs, systems, and controls.
- iv. Communicate to the Audit, Governance and Risk Management Committee of Council any significant interim changes to the internal audit plan.
- v. Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- vi. Follow up on engagement findings and corrective actions, and report periodically to the Audit, Governance and Risk Management Committee of Council any corrective actions not effectively implemented.
- vii. Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- viii. Ensure the Internal Audit Department collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Internal Audit Charter.
- ix. Ensure trends and emerging issues that could impact Egerton University are considered and communicated to the University Management and the Audit, Governance and Risk Management Committee of Councils appropriate.
- x. Ensure emerging trends and successful practices in internal auditing are considered.
- xi. Establish and ensure adherence to policies and procedures designed to guide the

Internal Audit Department.

- xii. Ensure adherence to Egerton University's relevant policies and procedures unless

such policies and procedures conflict with the Internal Audit Charter. Any such conflicts will be resolved or otherwise communicated to the Vice Chancellor and the Audit, Governance and Risk Management Committee of Council.

Ensure conformance of the Internal Audit Department with the Standards, with the following qualifications:

- a) If the Internal Audit Department is prohibited by law or regulation from conformance with certain parts of the Standards, the Chief Internal Auditor will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
- b) If the Standards are used in conjunction with requirements issued by the Government of Kenya, the Chief Internal Auditor will ensure that the Internal Audit Department conforms to the *Standards*, even if the Internal Audit Department also conforms to the more restrictive requirements of the Government of Kenya.

8. Quality Assurance and Improvement Program

The Internal Audit Department will maintain a quality assurance and improvement program that covers all aspects of the Internal Audit Department. The program will include an evaluation of the Internal Audit Department's conformance with the *Standards* and an evaluation of whether Internal Auditors applies the institute of Internal Auditors Code of Ethics. The program will also assess the efficiency and effectiveness of the Internal Audit Department and identify opportunities for improvement.

The Chief Internal Auditor will communicate to the Audit, Governance and Risk Management Committee of Council on the Internal Audit Department's quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside Egerton University.

9. Amendment of Charter

The Chief Internal Auditor is responsible for maintaining the Internal Audit Charter in its current state. Amendment to the charter is subject to approval by the Audit, Governance and Risk Management Committee.

10. Authorization and Approval

The internal Audit Charter has been authorized and approved by;

Chair of the Audit Committee

Date 15/10/24

Signature Brew

Name Brenda Lubisia

Vice Chancellor

Date 22/10/2024

Signature Isaac O. Kibwage

Name Isaac O. Kibwage