



Internal Audit Service

Internal Audit Charter V4.0

**THE QUEEN'S
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**UNIVERSITY
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Daily Mail University of the Year Awards

**SCOTTISH UNIVERSITY
OF THE YEAR
2024**

Daily Mail University of the Year Awards

**EUROPEAN ENTREPRENEURIAL
UNIVERSITY OF THE YEAR
2023**

Triple E Awards

Version Control and History

Title	Description	Author	Approval
IAS Terms of Reference V1.0	First version published on the University's website detailing objectives, scope and approach.	Head of Internal Audit 2008	Chief Financial Officer 2008 Audit & Risk Committee 2008
IAS Internal Audit Charter V2.0	Major redraft to ensure full compliance with the International Standards for the Professional Practice of Internal Auditing.	Head of Internal Audit July 2020	University Secretary & Compliance Officer August 2020 Audit and Risk Committee September 2020
IAS Internal Audit Charter V3.0	Minor amendments made to reflect the new role of University Compliance Officer.	Head of Internal Audit April 2022	University Compliance Officer May 2022 Audit and Risk Committee May 2022
IAS Internal Audit Charter V4.0	Major redraft to ensure full compliance with the Global Internal Audit Standards and Internal Audit Code of Practice	Head of Internal Audit April 2025	University Compliance Officer May 2025 Audit and Risk Committee May 2025



Contents

1. Mission	1
2. Purpose	1
2.1 Commitment to Adhering to the Global Internal Audit Standards	1
3. Mandate	2
3.1 Authority	2
3.2 Independence, Organisational Position, and Reporting Relationships	2
3.3 Changes to the Mandate and Charter	3
4. Audit & Risk Committee Oversight	3
5. Head of Internal Audit Roles and Responsibilities	4
5.1 Ethics and Professionalism	4
5.2 Objectivity	4
5.3 Managing the Internal Audit Function	5
5.4 Communications with ARC and Senior Management	5
5.5 Quality Assurance and Improvement Programme	6
6. Scope and Types of Internal Audit Services	6



1. Mission

The internal audit function forms a key part of the University's overall governance arrangements and provides its assurance and advisory service to the whole organisation, including Court and all levels of management. The internal audit function reports to Court, the Principal and the Audit & Risk Committee, thereby providing them with an evidence based annual assurance on the arrangements for risk management, internal control, governance, and value for money.

The mission of the internal audit function is as follows:

- To deliver a leading, high quality internal audit service to the University of Strathclyde;
- To provide the Principal and Court, through the Audit & Risk Committee, with an effective, independent and objective assurance and advisory service to evaluate and improve the adequacy and effectiveness of the University's risk management, internal control and governance processes; and
- To strive to provide quality advice that adds value and assists management achieve their objectives and in turn contributes to the achievement of the University's strategic objectives.

2. Purpose

The purpose of the internal audit function is to strengthen the University of Strathclyde's ability to create, protect, and sustain value by providing the Audit & Risk Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances the University of Strathclyde's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with The IIA's Global Internal Audit Standards and, where applicable, the Internal Audit Code of Practice effective January 2025, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the Audit & Risk Committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

2.1 Commitment to Adhering to the Global Internal Audit Standards

The internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The Head of Internal Audit will report annually to the Audit & Risk Committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement programme.



3. Mandate

3.1 Authority

The Audit & Risk Committee grants the internal audit function the mandate to provide the Audit & Risk Committee, Court and senior management with objective assurance, advice, insight, and foresight.

The internal audit function's authority is created by its direct reporting relationship to the Audit & Risk Committee. Such authority allows for unrestricted access to the board.

The Audit & Risk Committee authorises the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of University of Strathclyde and other specialised services from within or outside University of Strathclyde to complete internal audit services.

All University employees and third parties are requested to assist the internal audit function in fulfilling its roles and responsibilities. The internal audit function has free and unrestricted access to the Audit and Risk Committee, the Convenor of Court, the University Treasurer and the Principal.

The Head of Internal Audit should have the right to attend and observe all or part of committee meetings and any other key management decision-making fora. This enables the internal audit function to understand better the strategy of the business, key business issues and decisions, and to adjust internal audit priorities where appropriate. It also facilitates a better working relationship with executive committee members.

The internal audit function will comply with all reasonable requests from the external auditors, the Scottish Funding Council and research funding bodies for access to any information, files or working papers obtained or prepared during audit work that are required to discharge their own responsibilities.

3.2 Independence, Organisational Position, and Reporting Relationships

The Head of Internal Audit will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. Internal Audit will have unrestricted access to all areas of the organisation and information. The Head of Internal Audit will report functionally to the Audit & Risk Committee and administratively (for example, day-to-day operations) to the University Compliance Officer. This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the Audit & Risk Committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The Head of Internal Audit will confirm to the Audit & Risk Committee, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the Head of Internal Audit will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence.



The Head of Internal Audit will disclose to the Audit & Risk Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfil its mandate.

3.3 Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the Head of Internal Audit, Audit & Risk Committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant acquisition or reorganisation within the organisation.
- Significant changes in the Head of Internal Audit, Audit & Risk Committee, and / or senior management.
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.
- Significant changes to regulatory or best practice expectations specifically for internal audit. For example, the Internal Audit Code of Practice and Public Sector Internal Audit Standards.

4. Audit & Risk Committee Oversight

To establish, maintain, and ensure that the University of Strathclyde's internal audit function has sufficient authority to fulfil its duties, the Audit & Risk Committee will:

- Discuss with the Head of Internal Audit and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure the Head of Internal Audit has unrestricted access to, communicates, and interacts directly with the Audit & Risk Committee, including in private meetings without senior management present.
- Discuss with the Head of Internal Audit and senior management other topics that should be included in the internal audit charter.
- Participate in discussions with the Head of Internal Audit and senior management about the "essential conditions" described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter annually with the Head of Internal Audit to consider changes affecting the organisation, such as the employment of a new Head of Internal Audit or changes in the type, severity, and interdependencies of risks to the organisation; and approve the internal audit charter annually.
- Approve the risk-based internal audit plan.
- Approve the internal audit function's resources and budgets. As per Principle 10 of the Internal Audit Code of Practice ensure that the internal audit function has the appropriate tools and technology to support its impact and effectiveness,
- Collaborate with senior management to determine the qualifications and competencies the organisation expects in a Head of Internal Audit, as described in the Global Internal Audit Standards.
- Authorise the appointment and removal of the Head of Internal Audit.



- Approve the remuneration of the Head of Internal Audit in line with the University's framework for remuneration of staff.
- Review the Head of Internal Audit's performance.
- Receive communications from the Head of Internal Audit about the internal audit function including its performance relative to its plan.
- Ensure a quality assurance and improvement programme has been established and review the results annually.
- Make appropriate enquiries of senior management and the Head of Internal Audit to determine whether scope or resource limitations are inappropriate.

5. Head of Internal Audit Roles and Responsibilities

5.1 Ethics and Professionalism

The Head of Internal Audit will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

5.2 Objectivity

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

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

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

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for University of Strathclyde or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any University of Strathclyde employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the Head of Internal Audit, Audit & Risk Committee, management, or others.



- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

5.3 Managing the Internal Audit Function

The Head of Internal Audit has the responsibility to:

- At least annually, develop a risk-based internal audit plan that considers the input of the Audit & Risk Committee and senior management. Discuss the plan with the Audit & Risk Committee and senior management and submit the plan to the Audit & Risk Committee for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Audit & Risk Committee and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in University of Strathclyde's business, risks, operations, programmes, systems, and controls.
- Communicate with the Audit & Risk Committee and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit & Risk Committee and senior management periodically and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfil the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the University of Strathclyde and communicate to the Audit & Risk Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to University of Strathclyde's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit & Risk Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Head of Internal Audit cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Audit & Risk Committee.

5.4 Communication with the Audit & Risk Committee and Senior Management

The Head of Internal Audit will report annually to the Audit & Risk Committee and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement programme, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.



- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit & Risk Committee.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond University of Strathclyde's risk appetite.
- Annual assurance opinion for use by the Audit & Risk Committee in their annual assurance and governance statement to Court.
- That the Audit & Risk Committee's annual report summarises the purpose and mandate of Internal Audit, the function's main activities, and a conclusion on internal audit's impact and effectiveness.

5.5 Quality Assurance and Improvement Programme

The Head of Internal Audit will develop, implement, and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function. The programme will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards and Code of Practice, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement.

The programme will also assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the Head of Internal Audit will communicate with the Audit & Risk Committee and senior management about the internal audit function's quality assurance and improvement programme, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside University of Strathclyde; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.

6. Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the organisation, including all University of Strathclyde's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Audit & Risk Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for University of Strathclyde.

To ensure compliance with the Scottish Funding Council (SFC) Financial Memorandum, the internal audit function must consider University of Strathclyde Students Association (USSA) as part of its annual audit needs assessment to assess whether there is a requirement for a review of its financial and other management control systems.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.



Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of University of Strathclyde's strategic objectives are appropriately identified and managed.
- The actions of University of Strathclyde's officers, directors, management, employees, and contractors or other relevant parties comply with the University's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programmes are consistent with established goals and objectives.
- Operations and programmes are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact University of Strathclyde.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.