

## Buddhist and Pali University of Sri Lanka

### Internal Audit Charter

#### INTRODUCTION:

Internal Auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the Buddhist and Pali University of Sri Lanka.

It assists the University in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the University's governance, risk management and internal control.

#### ROLE:

The internal audit department is established by the Council and its subcommittee Audit and Management Committee, as highest level of governing bodies. The internal audit activity's responsibilities are defined by the Council through the Audit and Management Committee as part of their oversight role. The internal audit activity will adhere to relevant policies and procedures and the Institute of Internal Auditors' mandatory guidance including,

- The Definition of Internal Auditing
- The Code of Ethics
- The International Standards for professional practice of Internal Auditing

This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

#### AUTHORITY:

The internal audit activity, is authorized full, free, and unrestricted access to any and all of records, physical properties, and personnel pertinent to carrying out any engagement.

Internal audit will maintain strict accountability for confidentiality and safeguarding records and information which is obtained. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities.

#### ORGANIZATION:

The Assistant Internal Auditor (as a Chief Audit Executive (CAE) in the Internal Audit Department) will report **functionally** to the Council through the Audit and Management Committee and **administratively** (i.e. day to day operations) to the Senior Management (Vice-Chancellor, Deans, Registrar, Bursar and other respective Head of the Departments).

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The Audit and Management Committee will recommend and the Council will

- Approve the internal audit charter.
- Approve the risk based annual internal audit plan.
- Approve the internal audit resource plan and HR training and development plan.
- Receive communications from the Assistant Internal Auditor (CAE) on the internal audit activity's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the internal audit staff.
- Make appropriate inquiries of management and the Assistant Internal Auditor (CAE) to determine whether there are inappropriate scopes or resource limitations.

The Assistant Internal Auditor (CAE) will communicate and interact directly with the Audit and Management Committee and whenever necessary the Council including in executive sessions and between those meetings as appropriate.

**INDEPENDENCE AND OBJECTIVITY:**

The internal audit activity will remain free from interference by any element in the University, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

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

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Assistant Internal Auditor (CAE) will confirm to the Council through Audit and Management Committee, at least annually, the organizational independence of the internal audit activity.

**RESPONSIBILITY:**

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the University's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the University's stated goals and objectives. This includes:

- Evaluating risk exposure relating to achievement of the University's strategic objectives.

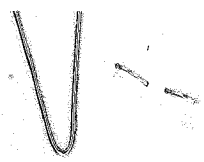
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- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the university.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Monitoring and evaluating governance processes.
- Monitoring and evaluating the effectiveness of the organization's risk management processes.
- Evaluating the quality of performance of external auditors and the degree of coordination with internal audit.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization.
- Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Audit and Management Committee or the Council.
- Evaluating specific operations at the request of the Audit and Management Committee or the Council, as appropriate.

**INTERNAL AUDIT PLAN:**

At least annually, the Assistant Internal Auditor (CAE) will submit to the Council through Audit and Management Committee an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as resource requirements for the next calendar year. The Assistant Internal Auditor will communicate the impact of resource limitations and significant interim changes to the Audit and Management Committee and governing body. The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology. The Assistant Internal Auditor (CAE) will review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan will be communicated to the Audit and Management Committee through periodic activity reports.

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**REPORTING AND MONITORING:**


A written report will be prepared and issued by the Assistant Internal Auditor (CAE) following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the Audit and Management Committee. The internal audit report may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. The internal audit activity will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Audit and Management Committee and the Council.

**QUALITY ASSURANCE AND IMPROVEMENT PROGRAM:**

The internal audit activity will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity's conformance with applicable Internal Auditing 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.

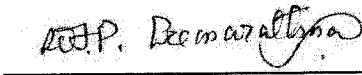
**Internal Audit Activity charter**

Prepared this 20<sup>th</sup> day of July, 2022.

  
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Assistant Internal Auditor

Recommended this by 127<sup>th</sup> Audit and Management Committee held on 05<sup>th</sup>  
day of July, 2022

  
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Chairman of the Audit and Management Committee

Approved this 427 Council held on 26<sup>th</sup> day of July, 2022

  
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Vice-Chancellor

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