

# **QATAR UNIVERSITY**

## **Internal Audit and Compliance Department Charter**

### **INTRODUCTION**

Internal Audit and Compliance are an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of Qatar University (the University). They assist 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 and Compliance Department is established by the Board of Regents and its responsibilities are defined by the Audit and Compliance Committee of the Board of Regents as part of their oversight role.

The mission of the Internal Audit and Compliance Department is to help manage risks such as: financial, non-financial, compliance, operating, and other business and institutional risks, by measuring and evaluating the effectiveness of accounting, administrative and process controls, and recommending enhancements or corrective actions, if need be. The Internal Audit and Compliance Department will provide independent and objective assurance and consulting services designed to add value and improve the University's systems and processes.

Therefore, the objectives of the Internal Audit and Compliance Department will include, but not limited to:

- Reviewing and appraising the soundness, adequacy and application of accounting, administrative, and other operating controls, and promoting effective controls at reasonable cost.
- Determining compliance with applicable regulatory or contractual requirements.
- Recommending operating improvements and assuring that operations are in line with organizational goals.
- Assessing the reliability of management information utilized in decision-making processes.
- Evaluating the effectiveness of existing policies or assistance in the formulation thereof, when necessary.
- Determining whether appropriated funds are used efficiently and for the purposes for which they were appropriated.
- Assuring that University assets are properly recorded and adequately safeguarded against loss.

## REGULATORY FRAMEWORK

The Internal Audit and Compliance Department will govern itself by adherence to the Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing (Standards). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the Department's performance.

The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the Internal Audit and Compliance Department will adhere to the State Qatar laws and regulations, and to University's relevant policies and procedures. In the event that there is a conflict between the University's policies and procedures and the Standards, the University's policies and procedures will prevail. The Internal Audit and Compliance Department's Policies and Procedures manual and Standards will serve as the Department's standard operating procedures manuals.

## AUTHORITY

The Internal Audit and Compliance Department, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all of the University's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the Internal Audit and Compliance Department in fulfilling its roles and responsibilities. The Internal Audit and Compliance Department will also have direct communication and interaction with the Audit and Compliance Committee.

## ORGANIZATION

The Internal Audit and Compliance Department shall be composed of:

1. Director
2. Managers
3. Senior Auditors
4. Internal Auditors
5. Administrative Coordinator

The Director of Internal Audit and Compliance Department will report to the Audit and Compliance Committee and must have a requisite combination of the following competencies:

- Technical (Professional Standards, Reporting, Audit Planning, Investigations, etc.),
- Leadership (Decision Making, Coaching and Mentoring, Crisis Management & Resolution, etc.), and
- Behavioral (Attention to Detail, Teamwork, Analytical Thinking & Problem Solving, Reliability and Dependability, etc.)

The Director of Internal Audit and Compliance Department must have good interpersonal, and oral and written communication skills, as well as experience:

- Executing comprehensive audit programs,
- Conducting risk assessments,
- Developing policies and procedures,
- Hiring, training and coaching staff,
- Reporting to Executive Management and Audit and Compliance Committees

Decisions regarding the appointment and removal of the Director of Internal Audit and Compliance Department require the approval of the Audit and Compliance Committee.

## REPORTING LINE

The Director of Internal Audit and Compliance Department will communicate and interact directly with the Audit and Compliance Committee, including in executive sessions and between Audit and Compliance Committee meetings as appropriate.

## INDEPENDENCE AND OBJECTIVITY

The Internal Audit and Compliance Department 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 Audit and Compliance Department employees 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 their judgment.

Internal Audit and Compliance Department employees will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal Audit and Compliance Department employees 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 Director of Internal Audit and Compliance Department will confirm to the Audit and Compliance Committee, at least annually, the organizational independence of the Internal Audit and Compliance Department.

## RESPONSIBILITIES OF INTERNAL & AUDIT COMPLIANCE DEPARTMENT

The scope of Internal Audit and Compliance Department 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.
- 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 University's risk management processes.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the University.
- Reporting periodically on the Internal Audit and Compliance Department and Compliance Department'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 Compliance Committee.
- Evaluating specific operations at the request of the Audit and Compliance Committee or management, as appropriate.

With regards to compliance,

- Leading University efforts to identify and prioritize potential areas of compliance vulnerability and risk.
- Developing establishing, and maintaining an effective and broad-based compliance program designed to monitor, detect, and prevent areas of non-compliance and recommends corrective action when necessary to fully meet compliance regulations. This includes written policies and procedures as well as education and training to proactively promote full compliance with all aspects of the University's administrative and academic activities.
- Coordinating all compliance related activities among senior University administrators and at the colleges and departments.
- Developing and recommending corrective actions plans for risk mitigation. Therefore, ensuring that departments/units have appropriate policies and/or procedures in place to ensure effective compliance with applicable state laws and regulations and/or University policies and procedures.
- Directing and/or leading all University compliance program awareness, education, and training.
- Reporting violations or potential violations to management.
- Collaborating with other departments (Legal Counsel, Risk Management, Internal Audit, Human Resources, etc.) to direct compliance issues for investigation and resolution.

## RESPONSIBILITIES OF QU MANAGEMENT

In order to assure that financial information and other management information are reliable, that laws, regulations, and policies and procedures are complied with, that University resources are used efficiently and effectively, and that, the potential for irregularities is minimized, the President, Vice Presidents and departmental management are responsible for ensuring that:

- Adequate policies and procedures are in place, that

- Adequate systems of internal control are in place, that
- Compliance with State laws and regulations, and University policies and procedures are maintained, that
- Good business practices are implemented and followed across the University, and that
- Effective governance is established.

The President, Vice Presidents and departmental management will also ensure that:

- Employees' cooperate with internal auditors in the effective and efficient completion of audit assignments by timely providing relevant documents and information requested, that
- Management provides written responses within time frames requested by Internal Audit to audit report recommendations issued, and that
- Management implements recommendations or agreed-upon corrective actions timely.

## **RESPONSIBILITIES OF THE AUDIT & COMPLIANCE COMMITTEE**

The Audit and Compliance Committee will:

- Approve the Internal Audit and Compliance Department Charter.
- Approve the Internal Audit and Compliance Department Policies & Procedures.
- Approve the risk based Internal Audit and Compliance Plan.
- Assess the adequacy of resources of the Internal Audit and Compliance Department during the budget year and offer recommendations, if any, to the administration.
- Receive communications from the Director of Internal Audit and Compliance Department on the Department's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Director of Internal Audit and Compliance Department.
- Approve the performance reviews of the Director of Internal Audit and Compliance Department.
- Make appropriate inquiries of management and the Director of Internal Audit and Compliance Department and Compliance Department to determine whether there are inappropriate scope or resource limitations.
- Receive from the Director of Internal Audit and Compliance Department regular reports on the status of all open audit recommendations.

## **INTERNAL AUDIT AND COMPLIANCE DEPARTMENT PLAN**

At least annually, the Director of Internal Audit and Compliance Department will submit to senior management and the Audit and Compliance Committee an Internal Audit and Compliance Department plan for review and approval. The Internal Audit and Compliance Department plan will consist of a work schedule as well as budget and resource requirements for the next calendar year. The Director of Internal Audit and Compliance Department will communicate the impact of resource limitations and significant interim changes to senior management and the Audit and Compliance Committee.

The Internal Audit and Compliance Department plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input from senior management and the Audit and Compliance Committee. The Director of Internal Audit and Compliance Department will review and adjust

the plan, as necessary, in response to changes in the University's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved Internal Audit and Compliance Department plan will be communicated to senior management and the Audit and Compliance Committee through periodic activity reports.

## REPORTING LINES

All Internal Audit and Compliance Department reports will be issued and distributed to:

- The Audit and Compliance Committee
- The President of QU
- Applicable Vice President(s)
- Applicable Director(s)/Manager(s)

## REPORTING AND MONITORING

A written report will be prepared and issued by the Director of Internal Audit and Compliance Department or designee following the conclusion of each Internal Audit and Compliance Department engagement and will be distributed as appropriate. Internal Audit and Compliance Department results will also be communicated to the Audit and Compliance Committee.

The Internal Audit and Compliance Department report may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response, whether included within the original audit report or provided thereafter (i.e. within two weeks) by management of the audited area should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The Internal Audit and Compliance Department will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

The Director of Internal Audit and Compliance Department will periodically report to senior management and the Audit and Compliance Committee on the Internal Audit and Compliance Department's purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Audit and Compliance Committee.

## QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The Internal Audit and Compliance Department will maintain an in-house quality assurance and improvement program that covers all aspects of the Internal Audit and Compliance Department. The program will include an evaluation of the Internal Audit and Compliance Department's conformance with the Definition of Internal Auditing and the Standards and any applicable standards, and an evaluation of whether Internal Audit and Compliance Department employees apply the Code of Ethics. The program



also assesses the efficiency and effectiveness of the Internal Audit and Compliance Department and identifies opportunities for improvement.

The Director of Internal Audit and Compliance Department will communicate to senior management and the Audit and Compliance Committee on the Internal Audit and Compliance Department's quality assurance and improvement program, including results of internal self-assessments followed by external peer reviews, which may be conducted at least every five years.

**COORDINATION WITH STATE AUDIT BUREAU AND EXTERNAL AUDITORS**

The Internal Audit and Compliance Department, State Audit Bureau and External Auditors' work shall be coordinated to ensure adequate audit coverage and to avoid duplication of efforts.

**REVIEW AND UPDATE OF THE INTERNAL AUDIT CHARTER**

The Internal Audit and Compliance Director is responsible for regular review and update of the Internal Audit Charter. All amendments to the Charter shall be subjected to the approval of the Audit and Compliance Committee.

**Internal Audit and Compliance Department Charter**

Approved this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

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Chairman of the Audit and Compliance Committee