**MCAST Internal Audit Office**

**(MIAO)**

**Charter**

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Version 5

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Acronyms

MCAST – Malta College of Arts Science and Technology

MIAO – MCAST Internal Audit Office

CEO – Chief Executive Officer

MIAC – MCAST Internal Audit Committee

IPPF – International Professional Practices Framework

BoG – Board of Governors

ECEIIA – European Confederation of Institutes of Internal Auditing

IPPF – Internal Professional Practices Framework

IIA – Institute of Internal Auditors

**MCAST’s Internal Audit Office (MIAO)**

1. **Preamble.**
   1. **Set-up**: The MIAO was set-up by a resolution of the MCAST Board of Governors at its sitting no. 187 held on 28th September 2017.
   2. **Definition.**

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. (ECEIIA).

* 1. **Reporting protocol**.

The MIAO administratively reports to the MCAST’s President of the Board of Governors and operationally to the Chair of the MCAST’s Internal Audit Committee.

The MIAO periodically holds meetings with the Principal & CEO and Deputy Principals in order to keep them informed on the ongoing internal audit functions, both of the assurance and consultation type.

The MIAO will report the internal audit findings to the President of the MCAST BoG and the Principal & CEO and draw the attention of the MCAST Internal Audit Committee and of the MCAST governing bodies to key issues and recommendations.

1. **Mission**

To provide the MCAST President and the Board of Governors, directly and /or

through the MCAST Internal Audit Committee, with an independent, objective

assurance and consulting service designed to add value and improve the College’s

operations. To help MCAST accomplish its objectives by bringing a systematic

disciplined approach to evaluate and improve the effectiveness of risk management,

control and governance processes.

1. **Authority**

The MIAO has the Board of Governors’ authority to access all documents, records,

personnel and physical properties which it considers relevant to the internal audit

assignments and necessary to fulfil its responsibilities including investigations. There

is an obligation on all staff to provide all necessary assistance.

1. **Independence and Objectivity**

The MIAO Independence is required in order to maintain its freedom from conditions

that threaten the ability of internal audit to carry out its responsibilities in an impartial,

fair and unbiased manner.

The Chief Internal Auditor reports, administratively, to the MCAST’s President of

the Board of Governors and operationally to the Chair of the MCAST’s Internal Audit

Committee and has direct access to the Principal & CEO.

To ensure independence and objectivity, the MIAO will not assume any management

responsibility for the development, implementation or operation of systems, however

can offer consultation services of an advisory nature.

The Internal Audit Office will exercise professional judgement to determine the scope

of its work and the communication of its finding.

1. **Scope of the MIAO**

The scope of the MIAO incorporates all the management control systems and

functions, including the financial ones, as identified by the audit needs assessment

process including the Risk Register. It includes all the activities in which the College,

and its subsidiaries, has a financial and operational interest. This comprises all the

College’s operations, resources, staff, services and responsibilities to other bodies.

The scope includes the review of controls, including investment procedures that protect

MCAST in its dealings with organisations such as subsidiaries, including associated

companies, student unions and joint ventures.

The mission and scope of the MIAO is further detailed as follows:

1. an assurance, and
2. a consultation

functions in order to add value to and advance the mission of MCAST.

**5.1 Assurance Function**

The MIAO major role is to conduct evaluations and provide reasonable assurance that

risk management, control and governance systems are functioning as intended and will

enable the entity’s objectives and goals to be met. Attention should be given to

compliance with legislations, regulations, directives, circulars and policies. The

different types of the assurance function carried out by the MIAO include the

following:

1. Full Internal Audit: i.e. planned audit;
2. Spot Checks: unannounced;
3. Follow-up: on recommendations made in previous assurance and consultation functions, as follows:
   1. Critical & High Risk: within 3 months,
   2. Medium Risk: within 6 months,
   3. Low Risk: within 12 months.
4. Investigation: either:
   1. On direction of the President of the MCAST Board of Governors, or
   2. When during an assurance and consultation audit function there is evidence of a breach of regulations, policies and guidelines, gross misconduct, misuse and/or misappropriation of resources, or
   3. When the Head of the IAO deems that a full investigation is required as a result of substantive information within the MIAO.

The Planned Full Internal Audits includes;

1. Financial audits,
2. Compliance audits,
3. Performance audits,
4. Risk management,
5. Quality audits,
6. Information Systems audits,
7. Management audits,
8. Corporate governance audits,
9. Program audits,
10. Project audits,
11. Any other type of internal audits and related assignments.

**5.2 Consultation** **Function**

The MIAO shall participate or provide guidance and support as may be required in

the following:

1. Participation in Government task forces;
2. Acts as consultants on current and proposed operation policies and procedures to ensure that adequate internal controls are considered;
3. Provide services in a consultative role as requested by management when such requests are consistent with the professional expertise of the auditors and the maintenance of an appropriate level of independence.
4. **Objectives and Responsibilities**

The MIAO’s objectives and responsibilities are MCAST-wide and includes all of the

College’s functions, operations, departments and/or units.

The objectives and responsibilities are aimed to improve the effectiveness of risk

management, control procedures and governance processes through the reasonable

assessment of:

1. Alignment of the organisational objectives with the MCAST’s mission;
2. Compliance with laws. regulations, contracts and established policies, procedures and good practice;
3. Identification, assessment and management of operational risks;
4. Effectiveness and efficiency of the College’s operations;
5. Reliability and integrity of operational, including financial, information;
6. Adequacy, reliability and application of the internal control systems;
7. Safeguarding of MCAST’s assets from irregularity, misappropriation, corruption and fraud.
8. Any other objective and / or responsibility that may be necessary from time to time.

Other responsibilities include, through the assurance and consultation function without assuming management responsibility, to make recommendations to the effect that:

1. MCAST operations are executed with sufficient internal controls, good business judgement and high ethical standards;
2. Accounting and administrative controls are effective and efficient;
3. Financial, managerial and operational information is accurate, reliable and timely;
4. MCAST assets are safeguarded;
5. Risks are identified and managed in a timely manner;
6. MCAST employees’ actions are in full compliance with documented policies, standards, guidelines, procedures, regulations and applicable laws;
7. Legislative or regulatory issues impacting MCAST are recognised and tackled properly.
8. Evaluate whether the existing and the documented policies and guidelines, procedures and practices are functional and effective;
9. Provide guidance on control aspects of new systems and procedures,
10. Appraise the adequacy and effectiveness of internal control,
11. Verify the existence of MCAST assets and ensure that proper safeguards are in place to protect from loss,
12. Assess the integrity of the MCAST information systems and where applicable recommend security improvements,
13. Perform investigations as requested by the President of the MCAST Board of Governors,
14. Issues periodic reports to the MCAST Internal Audit Committee or to the President of the MCAST Board of Governors, summarising the results of the MIAO and its internal auditing engagements,
15. Develop, maintain and implement a flexible annual Internal Audit plan, including the identification of risks or control concerns,
16. Try to maintain the MIAO abreast with European and International Standards for the professional practice and delivery of internal auditing duties.
17. Any other recommendation that may be necessary from time to time.

The MIAO may conduct any special reviews or consultation activities requested by the

President, the Board of Governors, the Internal Audit Committee and the Principal &

CEO provided such work does not compromise the MIAO’s objectivity and

independence.

**7. Staffing**

MCAST Internal Audit Committee and the MCAST Board of Governors ensures that

the Internal Audit Unit is appropriately staffed with regards to quantity and quality of

human resources, necessary to ensure proper coverage of the MCAST organisation

within a five year cycle. In terms of skills, it must be ensured that the MIAO possesses

those management skills and internal audit skills necessary to enable it to perform its

functions in the most professional manner, reflecting the international trends and best

practices.

Where the Internal Audit Unit’s skills are lacking, external expertise may be resorted to as necessary.

The MIAO’s adherence to this Charter is directly related to the allocation of the

required resources.

The qualifications and experience of the Chief Internal Auditor will commensurate with

the core operations of MCAST, including technical, vocational education, management

and administrative aspects and as determined by the MIAC and the MCAST’s BOG.

If the internal audit function is outsourced, the audit firm must prove that they are

compliant with IPPF Standard 1312 External Assessment.

1. **Professional Standards**

MIAO’S work is performed, were possible and as applicable, in adherence with the professional Standards of the IPPF (IIA:UK) and with due professional care and mandatory requirements of the IA&ID.