

LÉARGAS THE EXCHANGE BUREAU**INTERNAL AUDIT CHARTER****Policy**

It is the policy of Léargas to have and support the development of an Internal Audit process.

This Audit Charter sets out the purpose, authority and responsibilities of the Internal Audit function within Léargas

Purpose of Internal Audit

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

The objective of internal auditing is to assist managers in the effective discharge of their responsibilities by furnishing them with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed and by promoting effective control at reasonable cost. In this way, the function provides assurance to the Finance and Audit Committee as to the adequacy of the Léargas internal control system.

It is authorised to carry out a comprehensive programme of audits in all areas of the organisation.

The Internal Audit function is authorised to have full and complete access, for audit purposes, to all records (either manual or electronic), physical properties, and personnel of the organisation. All Léargas staff are expected to cooperate fully with the Internal Audit function.

Authority and Access

The Internal Audit function will be provided by external consultants and will derive its authority from the Finance and Audit Committee. It will undertake its work programme under the general supervision and guidance of the Finance and Audit Committee.

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Independence

The Internal Audit function should be independent of the activities it audits. However, it may review systems under development and may offer advice on appropriate controls, without prejudicing its right to subsequently audit such systems.

In conducting its work, the Internal Audit function shall not subordinate its judgement to that of other people, or be otherwise influenced by outside factors.

Roles and Responsibilities

- The Internal Audit function is responsible for establishing that the accounting systems, procedures and controls operated by Léargas, as appropriate, are being complied with and are capable of realising policy objectives in an economic, efficient and effective manner.
- The Internal Audit function will produce an annual work plan based on a risk assessment of all areas under its remit. The plan will be approved by the Finance and Audit Committee.
- The Internal Audit function will in general, adopt a systems based approach to its audits supplemented, where appropriate by the use of transaction testing, vouching and verification methods on a sample basis.
- It will conduct its work in accordance with the standards and guidelines published by the Institute of Internal Auditors and with internal audit standards of the Department of Finance.
- Subject to obligations under Freedom of Information legislation, the Internal Audit function will ensure that all information and records reviewed and obtained during an audit are kept confidential.
- The Internal Audit function will be responsible for reviewing, appraising and making recommendations regarding the following: -
 - The design and operation of all systems and procedures (financial, managerial etc.) which are intended to control Leargas 's operations including those used by management to measure the extent to which programmes and other operations run by Leargas are successful in the achievement of organisational objectives;
 - The adequacy, reliability and integrity of the information being provided for decision-making and for accountability, and the extent to which this information is used;

- The degree of compliance with (a) legislation (domestic and international, e.g. E.C.) and other requirements laid down centrally (e.g. by the departments and by the Commission) and (b) management plans, procedures and policies;
- The acquisition and disposal of assets and the safeguarding of assets and interests from losses, including those arising from fraud, malpractice and irregularity;
- The arrangements for the economic and efficient use of resources and for avoiding waste;
- It will contribute to the development of a Risk Management Strategy in Leargas.
- The Internal Audit function will communicate as necessary with the staff of the external auditors who audit Léargas.

Reporting

The Internal Audit Function is responsible for communicating the results of its reviews to management and to the Finance and Audit Committee in written reports. Interim reports, oral or written, may also be made if they are considered desirable or necessary.

The Internal Audit function will report on an annual basis to the Finance and Audit Committee on the work of the function for the year, and as required.

Post Audit Action

It is the responsibility of management and ultimately of the Board and not that of the Internal Audit Function to ensure that appropriate action is taken when internal audit reports are issued. The manager of the activity or area receiving the internal audit report will respond, within an agreed time scale, to all audit review findings and recommendations and will initiate appropriate actions to address matters raised.

The Internal Audit function will maintain a follow up process to monitor implementation of agreed actions following audits. The Finance and Audit Committee will be kept informed of progress made in implementing recommendations and on any other significant issue affecting internal control.