



GROWTH NETWORKS UGANDA LIMITED
(GRONET)
INTERNAL AUDIT POLICY

FIRST EDITION 2016

i) INTRODUCTION

This Policy provides a framework for the conduct of GRONET internal audit and has been approved by the Board. The policy primarily aims to define and establish;

- The role of GRONET's internal audit department
- The objectives and scope of the internal audit department
- The internal audit department's position within GRONET, its access to various records, departments and activities, its responsibility and accountability.

ii) PURPOSE/ROLE OF INTERNAL AUDIT

The role of the internal audit department is to assist the management of GRONET in working towards its vision and mission, largely but not exclusively, by providing independent assurance to the Board and management on the adequacy, efficiency and effectiveness of internal control, risk management and providing independent and objective advice on operations and performance, employing risk based auditing methods. All work performed by internal audit shall take into consideration GRONET's vision, values and mission. The Board and management may request that, internal audit provides independent assurance over financial systems and controls, as well as other operational and management controls that facilitates the fulfillment of the organizational and Donor objectives.

iii) PROFESSIONAL STANDARDS AND CODE OF ETHICS

The professional and ethical practices of the internal audit department are driven by the guidance and standards of the institute of the internal auditors. In addition, internal audit department will adhere to GRONET's policies and procedures to the extent that they are congruent with the standards and do not conflict with internal audit departments' independence. Specifically internal audit department staffs govern themselves and the department by adherence to the institute of internal auditors "Code of Ethics" which is an addendum to this chapter. Documents and information given to internal audit department in the course of work will be handled in the same prudent and confidential manner as is required of those employees normally accountable for them. Confidential information will only be disclosed under supervision, where there is a legal or professional requirement to do so. Likewise, internal audit department assessment reports may only be shared with external parties with prior senior management approval.

iv. AUTHORITY

The audit committee through the President shall grant the internal audit department full, free and unrestricted access to any and all of GRONET's records, physical property and personnel relevant to any area under review. All personnel should assist the internal audit department in fulfilling their function. The internal audit department's focus shall include all business units within GRONET.

V. INDEPENDENCE AND OBJECTIVITY

All internal audit activity will remain free from undue influence by any element in the organization, including matters of audit assessment selection, scope, procedures, frequency, timing or content of reports. This is in order to maintain a necessary independent and objective attitude at all times.

The Head of internal audit reports functionary, directly, and without restriction, to the audit committee and administratively to the President i.e. the reporting relationship of the head of internal audit shall be a solid line with the audit committee and a dotted line with the President. The Head of internal audit shall meet the audit committee at least twice a year without members of senior management present, to provide the opportunity for full and frank discussions and he is authorized and directed to report to the audit committee, external auditors or regulating agency as necessary, any issues not being handled appropriately.

The Head of internal audit shall confirm to the Board, at least annually, the organizational independency of internal audit activity.

To avoid any conflict of interest, individual auditors will refrain from assessing specific operations for which they have been responsible at least during the assessment period and within the previous year.

Vi. KEY RESPONSIBILITIES

The responsibilities set out below serve as a minimum. Internal audit may take other actions that are reasonably related to its purpose or assigned to internal audit by the audit committee/ President.

1. SCOPE OF INTERNAL AUDIT ACTIVITIES

- Conduct routine internal audits of all business processes on the basis of risk to the organization, providing independent assurance on effective controls to meet GRONET's internal policies, key legal requirements including Donor regulations.
- Follow up of status of collective actions of all recommendations made by internal audit, external auditors and Donor editors.
- Evaluating specific operations at the request of the Board or the President as appropriate.

2. FRAUD AND FRAUD RISK

It is management's responsibility to design internal controls to prevent, detect, and mitigate fraud. Internal auditors aim to support management's efforts to establish a culture that embraces ethics, honesty, and integrity and to assist management with evaluation of internal controls used to detect or mitigate fraud, evaluate the organization assessment of fraud risk, and are involved in any fraud investigations. Under this authority, internal audit may be responsible for;

- Monitoring reported Frauds and ensuring timely and relevant management follow up.
- Performing preliminary reviews into suspected Frauds to determine validity of allegations.
- Performing reviews into suspected Frauds reported under the supervision of a partner in business.

- Providing training and guidance to local management on recommended antifraud controls.

3.REPORTING

For internal audit assessments, written report will be prepared following the conclusion of each assignment and distributed to staff as appropriate. Reports will be easy to navigate and should include executive summary, individual recommendations and an implementation program from management of audited areas. Key matters will also be separately highlighted to senior management. For other assignments, a report will be made to management in a format considered appropriate.

Reporting to the audit committee

- Risk assessment plan and the internal audit assessment plan for the year.
- Internal audit staffing and resource plan for the year.
- Summary of key findings trends and status of collective actions by management on reported incidents from internal audit assessments, Donor audits, external audits and suspected Frauds investigations. Status of current year audit assessments.
- A summary of trends in significant risk exposures and control issues, including Fraud risks.
- By exception, any issues not being handled appropriately by management.
- Other matters needed or requested by the Board/ President.

vii. PERIODIC REVIEW OF POLICY

The internal audit policy will be assessed annually by the Head of internal audit who shall present to the President/ audit committee their findings regarding compliance with the policy and any updates that need to be made. The contents of this policy should only be changed with the President/ audit committee's approval, and if such changes should reflect generally accepted practice, as advised by the institute of internal auditors.