***Approved by Executive Order***

***of the REC Caucasus No.01/07-2024-REC Caucasus***

***of February 12, 2024***

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# THE REGIONAL ENVIRONMENTAL CENTRE FOR THE CAUCAUS

### Terms of Reference for Internal Auditor

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| **Job Title:** | | **Internal Auditor (*part time*)** | | | | |
| **Division/Department:** | | | RECC Internal Audit Unit | | | |
| **Duty Station:** | | Tbilisi, Georgia | | | | |
| **Expected Start Date of Assignment:** | | | | April 1, 2024 | **Duration:** | Up to 1 April 2025 |
| **Reports to:** | Supervisory Board of RECC | | | |  | |
| **General Description of task(s) and objectives to be achieved**  The Internal Audit Terms of Reference (ToR) describes the framework within which the Internal Audit Service is delivered. It is intended to act as a guide for directors and staff throughout the operating activity.  Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes | | | | | | |
| **Specific objective of the assignment**  The primary role of Internal Audit is to help the Board and Executive Management to protect the assets, reputation and sustainability of the organization. In particular, the role includes upholding effectiveness of donor-funded activities. Internal Audit’s key objective is to provide reliable, valued and timely assessment to the Board and Executive Management on the effectiveness of the system of internal controls mitigating current and evolving key risks and in so doing assist the organization to enhance the effectiveness of the risk management culture within the organization. Internal Audit’s work also helps the Board and Executive Management assess whether the organization’s processes and actions are in line with its values, ethics, risk appetite, risk culture and other policies. | | | | | | |
| **Duties, Responsibilities and Scope of Work**  Internal Audit provides independent, objective assurance to the Board through the Audit Committee and the Executive. This helps to ensure that adequate, effective and sustainable control processes are in operation to manage all material risks across the organization and contributes to the continuous improvement of the risk management and control process.  Internal Audit’s scope is unrestricted. All activities of organization are included in the scope of Internal Audit’s responsibility. | | | | | | |
| **Reporting**  Internal Audit produces a formal, Annual Opinion on the adequacy, effectiveness and sustainability of the control processes to the Audit Committee for submission to the Board.  To provide this Opinion, Internal Audit:  1. Determines Audit Needs by reference to the organization’s Strategic Objectives;  2. Identifies and assesses the risks around those processes which operate to achieve the objectives;  3. Evaluates the adequacy, effectiveness and sustainability of controls, both financial and non-financial, around those points in the processes which, were they to fail, would have a material impact on the organization;  4. Reviews the adequacy and effectiveness of the control processes in place covering significant change projects and, based on an assessment of risk, reviews the adequacy of the underlying control framework being implemented;  5. Considers the controls that Management have in place over key outsourced relationships, and performs assurance activities at those third parties as appropriate;  6. Reviews the appropriateness of Management action in relation to risks where the current mitigation controls are considered to be inadequate;  7. Considers the controls in place to mitigate risks of poor customer outcomes; and  8. Considers Management’s reporting on the risk management and control culture of the organization.    As with all risk types, assessment of internal controls to mitigate fraud risk are included within Internal Audit's scope. Therefore, Internal Audit procedures are designed with fraud risk in mind, but should not be relied upon to detect fraud; it is Management’s responsibility to design systems of control to prevent and detect fraud.  Internal Audit prepares an Annual Audit Plan that is approved by the Audit Committee. This Plan is flexible in so far as it is updated to reflect any changes to the organization’s risk profile during the year, and any resultant amendments to the Plan are formally approved by the Audit Committee, which meets at least three times a year.  During the year, Internal Audit reports to each Audit Committee on the operation of the control processes and Management’s progress in addressing issues identified. All outstanding issues and their status are reported to the Executive Risk Committee. In addition, every month Internal Audit reports the progress of all Management actions to the individual Directors responsible for resolution via the Monthly Control Report.  Reports to the Audit Committee are drawn from the results of individual audits in the period. Internal Audit reports the issues emerging from, and the findings of, each audit to relevant Management and obtains their commitment to undertake appropriate remedial action. | | | | | | |
| **Independence and Objectivity**  Internal Audit remains independent of the activities that it audits to ensure objective judgement.  The Head of Internal Audit proactively prevents impairments to Internal Audit’s independence and objectivity by:  1. Ensuring the Internal Audit team takes no responsibility for the design and implementation or operation of controls;  2. Audit team members attending, but not being a member of, Executive meetings;  3. Not auditing operations that Internal Audit have been responsible for in the prior 12 months; and  4. Addressing any personal conflicts of interest that might arise through using alternative team members.  Any events that arise during the delivery of audits which might impair independence or objectivity such as scope limitation, restrictions on access to records or staff, or resource limitations will be reported to the Audit Committee Chairman and subsequently the Audit Committee.  The Head of Internal Audit has a direct reporting line to the Chairman of the Audit Committee and recourse directly to the Director.  The appointment or termination of the appointment of the Head of Internal Audit must be approved by the Audit Committee.  On an annual basis, within the Internal Audit Annual Opinion, the Head of Internal Audit will confirm the ongoing independence and objectivity of the Internal Audit Service. | | | | | | |
| **Standards**  Internal Auditor adheres to International Standards on Internal Auditing and to standards of best professional practice as published by the major accountancy bodies. | | | | | | |