

GLOBAL GREEN GROWTH INSTITUTE CHARTER FOR OFFICE OF INTERNAL AUDIT AND INTEGRITY

(As of September 11, 2013)

INTRODUCTION

Under the direction of the Audit and Finance Sub-Committee of the Council, the Office of Internal Audit and Integrity (OIAI) is established in the Global Green Growth Institute (GGGI) to strengthen the functioning and credibility of the organization. OIAI has the operational independence, objectivity and authority to conduct internal audits, inspections, evaluations, investigation, and other monitoring activities. This Charter sets out the purpose, authority and responsibility of OIAI, consistent with Article 9 (Internal Oversight) of the Financial Regulations.

MISSION

The mission of OIAI is to assist the Council in fulfilling its internal oversight responsibilities at GGGI. The role of OIAI is to support GGGI in accomplishing its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of governance, operating practices, risk management and internal control activities. As such, OIAI also focuses on raising awareness of risks and controls, providing advice to the Secretariat in developing control solutions, and monitoring the implementation of corrective actions to mitigate risks and strengthen internal controls.

ORGANIZATION

OIAI is led by the Chief Internal Auditor (CIA) who reports functionally to the Audit and Finance Sub-Committee of the Council and administratively to the Director-General. CIA's performance will be evaluated by the Chair of the Audit and Finance Sub-Committee of the Council and the Director-General. The Chair of Audit and Finance Sub-Committee will approve all decisions regarding the performance evaluation, appointment, or removal of CIA as well as CIA's annual compensation and salary adjustment. CIA will communicate and interact directly with the Audit and Finance Sub-Committee of the Council.

AUTHORITY

Based on the authority given by the Audit and Finance Sub-Committee of the Council and the Director-General, OIAI function is authorized to:

- (a) Have full, free, and unrestricted access to all GGGI activities, records, documents, properties, and personnel pertinent to carry out its roles and responsibilities

Documents and information provided to OIAI will be handled in the same prudent and confidential manner as by those staff normally accountable for them

- (b) Obtain the necessary assistance of personnel within GGGI as well as other specialized services from within or outside of GGGI. All staff members, including consultants and contractors, of GGGI are required to assist OIAI in fulfilling its roles and responsibilities
- (c) Have free and unrestricted access to the Audit and Finance Sub-Committee of the Council

INDEPENDENCE AND OBJECTIVITY

OIAI is an objective assurance and advisory function designated to add value to the operations of GGGI by independently evaluating its operation and providing recommendations for improvement.

- (a) OIAI will remain free from interference by any element in GGGI, including selection of audit subject, scope, procedures, techniques, frequency, timing, or report content to permit maintenance of necessary independent and objective attitude.
- (b) OIAI will have no direct operational duty, responsibility or authority over any of the activities of GGGI that may be subject to review of OIAI. Accordingly, except in relation to the conduct of its own activities, OIAI will not implement internal controls, develop policies and procedures, install systems, prepare records, or engage in any other activities that may impair OIAI's judgments.
- (c) OIAI shall exhibit the highest level of professional integrity and objectivity in gathering, evaluation, and communicating information about the activity or process being examined. OIAI shall make a balanced assessment of all the relevant circumstances and not be unduly influenced by its own interests or by others in forming judgments.

SCOPE OF WORK

The scope of OIAI activity encompasses the examination and evaluation of the adequacy and effectiveness of GGGI's governance, operations, information systems, and internal processes as well as the quality of performance in carrying out assigned responsibilities to achieve GGGI's mission and objectives. This includes, but is not limited to, monitoring and investigation of:

- (a) Financial, physical and human resources in relation to their economic acquisition, efficient utilization and adequate protection
- (b) Reliability, integrity and timeliness of financial, managerial and operational information
- (c) Effectiveness and efficiency of GGGI programs and operations
- (d) Existence and adequacy of the Secretariat's annual risk assessment process

- (e) Adequacy and effectiveness of ongoing internal control system, procedures and other relevant monitoring activities by process owners.
- (f) Compliance with laws, regulations, policies, procedures, contracts, agreements, directives and resolutions from the Council, other legislative mandates and related administrative directives, and approved recommendations of external oversight bodies.
- (g) Misconduct including, but not limited to, fraud, corruption, or abuse of authority.

RESPONSIBILITIES

OIAI has the responsibility to:

- (a) Develop a flexible annual Internal Audit Plan using an appropriate risk-based methodology (“Risk Assessment”), including any risks or control concerns identified by the Secretariat and/or the Council, and submit that plan to the Director-General and the Audit and Finance Sub-Committee of the Council for review and approval. Any significant interim changes of the plan must be communicated to the Director-General and the Chair of Audit and Finance Sub-Committee of the Council.
- (b) Implement the Internal Audit Plan, as approved, and provide periodic updates of OIAI activities, including progress in carrying out the plan, scope limitations, if any, and results on a timely basis to the Director-General and the Chair of Audit and Finance Sub-Committee of the Council.
- (c) Receive complaints via the whistleblower channel (in accordance with the whistleblower policy), assess complaints to determine who to report to and whom to conduct investigation, and, where appropriate, investigate alleged integrity violations and misconduct.
- (d) Provide all final audit/review reports produced by OIAI to the Director-General and the Chair of Audit and Finance Sub-Committee of the Council. The final reports shall include observations, recommendations, and action plans from the process owners.
- (e) Present a comprehensive and independent annual OIAI activity report, summarizing results of all audits and investigations performed for the year and recommendations made by OIAI as well as action plan/corrective actions taken by the Secretariat, to the Director-General and the Chair of Audit and Finance Sub-Committee of the Council.
- (f) Follow up on the status of significant open observations and report periodically to the Director-General and the Chair of Audit and Finance Sub-Committee of the Council.
- (g) Maintain a professional relationship with, and facilitate the activities of, GGGI’s external auditors. Consider the scope of work of the external auditors and regulators, as appropriate, and provide optimal internal audit coverage to GGGI.
- (h) Establish, foster and maintain working relationship throughout the GGGI network to ensure effective workflow and an operational excellence mindset.
- (i) Perform other duties that may be assigned by the Director-General and the Audit and Finance Sub-Committee of the Council such as advisory services, special audits, investigations, etc.

- (j) Document relevant information to support the conclusions and results of its work. OIAI will obtain the approval of the Director-General, the Chair of Audit and Finance Sub-Committee of the Council and/or legal counsel prior to releasing such records to external parties, as appropriate. The document retention requirement will be consistent with GGGI's guidelines and any pertinent regulatory or other requirements.
- (k) Maintain staff resources (both internal and external) with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter. All staff of OIAI shall comply with the Continuing Professional Education (CPE) requirements to maintain their professional certifications.
- (l) Keep the Audit and Finance Sub-Committee of the Council periodically informed of emerging trends and successful practices in internal auditing.
- (m) Review the Internal Audit Charter periodically with the Audit and Finance Sub-Committee of the Council and update as necessary.
- (n) Conduct all OIAI activities with proficiency and due professional care.

PROFESSIONAL STANDARDS

In meeting the responsibilities of OIAI, OIAI shall work in accordance with the *Definition of Internal Auditing* and the *Code of Ethics* and comply, as appropriate, with the *International Standards for the Professional Practices of Internal Auditing (Standards)* from the Institute of Internal Auditors. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and investigation. OIAI will periodically report to the Audit and Finance Sub-Committee of the Council the results of assessments of the OIAI's compliance with these Standards.

Approved: Howard Samson
Director-General

Date: 12/9/13

Approved: [Signature]
Chair of the Audit and Finance Sub-Committee of the Council

Date: 13/9/2013