



Global Green Growth Institute

The Council
Written Procedure
December 16, 2020

**Decision on Approving the Revised Charter of
the Office of Internal Audit and Integrity**

The Council,

Recalling Articles 2 and 4 of the Agreement on the Establishment of the Global Green Growth Institute, regarding the objectives and activities of the organization;

Recalling of Article 10 of the Financial Regulations, regarding the purpose, role and functions, scope, and reporting of internal oversight in GGGI;

Taking note of GGGI's efforts to ensure the independence of its internal oversight function in accordance with the International Standards for the Professional Practice of Internal Auditing;

Recalling the Council Decision on Approving the Tasks for the Management and Program Sub-Committee of the Council and the Audit Contact Points to Ensure the Independence of GGGI's Internal Audit Function [[C/2020/DC/2](#)] and its Annex, which states that the Audit Charter, if changes are proposed, are to be approved by the Council upon recommendation of the Management and Program Sub-Committee;

Taking note of the recommendation of the Management and Program Sub-Committee to approve the Revised Charter of the Office of Internal Audit and Integrity;

Approves the Revised Charter of the Office of Internal Audit and Integrity.

/End

Annex

1. Memo on the Revised Charter of the Office of Internal Audit and Integrity
2. Charter of the Office of Internal Audit and Integrity

Annex 1

Memo on the Revision of the Charter of the Office of Internal Audit and Integrity

Purpose

1. To ensure conformance with Standard 1010 of the International Standards for the Professional Practice of Internal Auditing (International Standards) and the Council Decision on Approving the Tasks for the Management and Program Sub-Committee of the Council and the Audit Contact Points to Ensure the Independence of GGGI’s Internal Audit Function [[C/2020/DC/2](#)] dated March 4, 2020, the Office of Internal Audit and Integrity (OIAI) submits the revised Charter, that reflects the recommendations from the Institute of Internal Auditors (IIA) and Council Decision, to the Management and Program Sub-Committee of the Council (MPSC) for review and endorsement, and subsequently to the Council for approval.

Revisions made to the Charter

2. The below components of the Charter were revised; **Table 1** is a full list of the amendments made (changes underlined), and each revision is labeled with one of the three types of revisions outlined.
 - **Type 1:** The Authority section of the Charter has been replaced with the wording contained in the section titled ‘Specific Guidelines on the Functional Role of the ACP’ in Annex 1 of the Council Decision [[C/2020/DC/2](#)], to reflect the updated function and authority of the Audit Contact Point (ACP), MPSC, and the Council.
 - **Type 2:** The previous Charter dated September 15, 2017 specified the MPSC as the main party that is responsible for overseeing the functional reporting by the Head of Internal Audit. Given that this function is now handled by the ACP, appropriate changes were made to the Charter where needed.
 - **Type 3:** The IIA periodically issues updates on its ‘Model Charter’ that reflects the latest changes in the International Standards. OIAI added the newly recommended updates in its Charter to ensure conformity.

Table 1: Details and Rationale of Revisions Made

Rationale	Previous Charter (dated Sep 15, 2017)	Revised Charter
Type 1	AUTHORITY OIAI’s internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all of GGGI’s records, physical properties, and personnel pertinent to carrying out any engagement. All GGGI staff are requested to assist OIAI in fulfilling its	AUTHORITY OIAI’s internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all of GGGI’s records, physical properties, and personnel pertinent to carrying out any engagement. All GGGI staff are requested to assist OIAI in fulfilling its roles and responsibilities. OIAI will also have

<p>roles and responsibilities. OIAI will also have free and unrestricted access to the MPSC.</p> <p>The Head of Internal Audit will report functionally to the MPSC and administratively to the DG.</p> <p>To establish, maintain, and assure that OIAI has sufficient resources to fulfill its duties, the MPSC will:</p> <ul style="list-style-type: none"> • Approve the OIAI’s annual budget and annual internal audit plan; • Receive communications from the Head of Internal Audit on the OIAI’s performance relative to its plan and other matters; • Decide on the appointment and removal of the Head of Internal Audit; and • Approve the remuneration of the Head of Internal Audit. <p>The Head of Internal Audit will communicate and interact directly with the MPSC, including in executive sessions and between Committee meetings as appropriate.</p>	<p>free and unrestricted access to the MPSC <u>via the Audit Contact Point (“ACP”)</u>.</p> <p>The Head of Internal Audit will report functionally to the MPSC <u>via ACP</u> and administratively to the DG.</p> <p><u>The following sets out the specific guidelines on the function and authority of the ACP, MPSC, and Council.</u></p> <p>A. <u>Approving the Charter</u> <u>In accordance with the International Standards (Standard 1010), the ACP ensures that the Charter recognizes the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing as mandatory elements. This is achieved through annual consultation with the Head of Internal Audit in Q3 of each year to ensure that the Charter remains relevant to GGGI’s most up-to-date operations and governance structure and conforms with the IIA’s mandatory requirements.</u></p> <p><u>If no changes are proposed to the Charter, the meeting minutes from the annual consultation between the Head of Internal Audit and ACP shall be presented to the MPSC and Council for the record.</u></p> <p><u>If changes are proposed to the Charter, the Charter is to be first signed by the Director-General and sent to the Council upon recommendation by the MPSC. Once the Council approval is given, the Charter needs to be signed by an appropriate representative of the Council. The Charter is only required to be signed when there is an amendment.</u></p> <p>B. <u>Approving the risk-based internal audit plan (“the Plan”)</u></p> <p><u>The Head of Internal Audit holds a consultation meeting with the ACP to discuss its annual audit plan in Q4 of each year. Upon submission of the Plan by the Head of Internal Audit in Q4 of each year, the ACP reviews and comments, where required, on OIAI’s</u></p>
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		<p><u>selection of internal audit projects within 15 working days. If no objections are raised by the ACP, the Plan is deemed as approved.</u></p> <p>C. <u>Approving the internal audit budget and resource plan</u></p> <p><u>The annual budget and resource plan are submitted as part of the Plan. Please refer to the steps detailed under (B) above.</u></p> <p>D. <u>Receiving communications from the Head of Internal Audit on the internal audit activity's performance relative to its plan and other matters</u></p> <p><u>The Head of Internal Audit holds regular meetings with the ACP (face to face or teleconference) throughout the year to discuss OIAI's internal audit activities. If there are any decision that require the Council's approval, the ACP submits a formal discussion request at the MPSC meeting to agree on the recommendation to be put forward to the Council for approval. MPSC submits the recommendation to the Council via GGGI Governance.</u></p> <p>E. <u>Approving decisions regarding the appointment and removal of the Head of Internal Audit</u></p> <p><u>At least 6 months before the Head of Internal Audit's contract end date, the ACP consults both Head of Internal Audit and GGGI Management regarding the appointment or removal of the Head of Internal Audit.</u></p> <p><u>The ACP ensures that there are no unjustified restrictions or limitations, and reviews and concurs on the appointment, replacement, or dismissal of the Head of Internal Audit. The ACP is partial in the appointment process of the Head of Internal Audit from selection to appointment. The Head of Human Resources ensures that the ACP gets unrestricted access to the HR information on the appointment of the Head of Internal Audit during the</u></p>
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		<p><u>selection process. Once the decision to appoint or remove the Head of Internal Audit is made, the ACP makes recommendations to the MPSC to draft a recommendation to the Council. MPSC submits the recommendation to the Council via GGGI Governance.</u></p> <p>F. <u>Approving the remuneration of the Head of Internal Audit</u></p> <p><u>At least once per year, the ACP reviews the performance of the Head of Internal Audit and concurs with the annual compensation and salary adjustment (if any) submitted. In the event of appointing/renewing the appointment of the Head of Internal Audit, ACP reviews the remuneration of the Head of Internal Audit and makes recommendations to the MPSC. MPSC submits the recommendation to the Council via GGGI Governance for approval. The Council or MPSC approvals are given only on appointment/ renewing the appointment of the Head of Internal Audit.</u></p> <p>G. <u>Making appropriate inquiries of Management and the Head of Internal Audit to determine whether there are inappropriate scope or resource limitations</u></p> <p><u>The Head of Internal Audit holds regular meetings (face to face or teleconference) with the ACP throughout the year to discuss any matters pertaining to limitation of scope or resources. The ACP ensures that any matters concerning limitation of scope or resources raised by the Head of Internal Audit are resolved immediately in consultation with GGGI Management.</u></p> <p>H. <u>Reviewing and providing clearance to all audit and review reports submitted by the Head of Internal Audit</u></p> <p><u>At the end of each internal audit engagement, the Head of Internal Audit submits the final draft report with Management's comments to the ACP for review. The ACP, based upon a review,</u></p>
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		<p><u>may provide comments for clarification or revision within three weeks of receiving the draft report. Once all comments are cleared, the Head of Internal Audit submits the final report to ACP for clearance and distribution to the MPSC.</u></p> <p><u>The Head of Internal Audit will communicate and interact directly with the MPSC, including in executive sessions and between Committee meetings as appropriate.</u></p>
Type 2	<p>INDEPENDENCE AND OBJECTIVITY The Head of Internal Audit will confirm to the MPSC at least annually, the organizational independence of OIAI. The Head of Internal Audit will disclose to the MPSC any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.</p>	<p>INDEPENDENCE AND OBJECTIVITY The Head of Internal Audit will confirm to the <u>MPSC via ACP</u> at least annually, the organizational independence of OIAI. The Head of Internal Audit will disclose to the <u>ACP</u> any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.</p>
Type 3	<p>ROLE AND SCOPE OF WORK</p>	<p>ROLE AND SCOPE OF WORK <i>The following wording has been added to the scope of OIAI's internal audit activities:</i></p> <ul style="list-style-type: none"> • <u>Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization.</u>
Type 2	<p>ROLE AND SCOPE OF WORK The Head of Internal Audit will report periodically to the DG and the MPSC regarding:</p>	<p>ROLE AND SCOPE OF WORK The Head of Internal Audit will report periodically to the DG and the <u>MPSC via ACP</u> regarding:</p>
Type 2	<p>RESPONSIBILITIES The Head of Internal Audit has the responsibility to:</p> <p>(a) Develop an annual internal audit plan using an appropriate risk-based methodology including any risks or control concerns identified by the DG and/or the Council, and submit that plan to the DG for approval and the MPSC for review and comments. Any significant interim changes of the plan must also be communicated to the DG and the MPSC;</p> <p>(b) Implement the internal audit plan, as approved, and provide periodic updates of OIAI's internal audit activities, including progress in carrying out the plan, scope limitations, if any, and results on a timely basis to the DG and the MPSC;</p>	<p>RESPONSIBILITIES The Head of Internal Audit has the responsibility to:</p> <p>(a) Develop an annual internal audit plan using an appropriate risk-based methodology including any risks or control concerns identified by the DG and/or the Council, and submit that plan to the DG for approval and the <u>ACP</u> for review and comments. Any significant interim changes of the plan must also be communicated to the DG and the <u>ACP</u>;</p> <p>(b) Implement the internal audit plan, as approved, and provide periodic updates of OIAI's internal audit activities, including progress in carrying out the plan, scope limitations, if any, and results on a timely basis to the DG and the <u>ACP</u>;</p>

<ul style="list-style-type: none"> (c) Review and adjust the internal audit plan, as necessary, in response to changes in GGGI's business, risks, operations, programs, systems, and controls; (d) Communicate to the DG and the MPSC any significant interim changes to the internal audit plan; (e) Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties; (f) Provide all final audit/review reports produced by OIAI to the DG and the MPSC. The final reports shall include observations, recommendations, and action plans from the process owners; (g) Present a comprehensive and independent annual OIAI activity report to the DG and the MPSC, 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 GGGI; (h) Follow up on the status of significant open observations and report periodically to the DG and the MPSC; (i) Document relevant information to support the conclusions and results of its work. The release of such records to external parties shall be in accordance with and subject to GGGI's Disclosure Policy. The document retention requirement will be consistent with GGGI's policy and any pertinent regulatory or other requirements; (j) Maintain staff resources with sufficient knowledge, skills, experience, and professional certifications to meet the 	<ul style="list-style-type: none"> (c) Review and adjust the internal audit plan, as necessary, in response to changes in GGGI's business, risks, operations, programs, systems, and controls; (d) Communicate to the DG and the <u>ACP</u> any significant interim changes to the internal audit plan; (e) Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties; (f) Provide all final audit/review reports produced by OIAI to the DG and the <u>ACP</u>. The final reports shall include observations, recommendations, and action plans from the process owners; (g) Present a comprehensive and independent annual OIAI activity report to the DG and the <u>ACP</u>, 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 GGGI; (h) Follow up on the status of significant open observations and report periodically to the DG and the <u>ACP</u>; (i) Document relevant information to support the conclusions and results of its work. The release of such records to external parties shall be in accordance with and subject to GGGI's Disclosure Policy. The document retention requirement will be consistent with GGGI's policy and any pertinent regulatory or other requirements; (j) Maintain staff resources with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter. All staff of
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	<p>requirements of this Charter. All staff of OIAI shall comply with the Continuing Professional Education (CPE) requirements to maintain their professional certifications;</p> <p>(k) Communicate to the DG regarding OIAI’s resource limitations;</p> <p>(l) Perform other duties that may be assigned by the DG and the MPSC such as advisory services, special audits, and investigations provided however that the OIAI shall not be requested to perform any duties that may conflict with the mandate, authority and/or independence of the OIAI;</p> <p>(m) Ensure that trends and emerging issues that could impact GGGI are communicated to the DG and the MPSC as appropriate;</p> <p>(n) Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld;</p> <p>(o) Establish and ensure adherence to policies and procedures designed to guide OIAI;</p> <p>(p) Ensure adherence to GGGI’s relevant regulation, rules, policies and procedures, unless such policies and procedures conflict with the Internal Audit Activity Charter. Any such conflicts will be resolved or otherwise communicated to the DG;</p> <p>(q) Review the Internal Audit Activity Charter periodically and submit updated charter to the DG and the MPSC for approval; and</p> <p>(r) Ensure conformance of OIAI with the Standards, with the following qualifications:</p> <ul style="list-style-type: none"> • If OIAI is prohibited by any applicable law or regulation from conformance with certain parts of the Standards, the Head of Internal Audit will ensure appropriate disclosures and 	<p>OIAI shall comply with the Continuing Professional Education (CPE) requirements to maintain their professional certifications;</p> <p>(k) Communicate to the DG and the <u>ACP</u> regarding OIAI’s resource limitations;</p> <p>(l) Perform other duties that may be assigned by the <u>GGGI Management</u> and the <u>ACP</u> such as advisory services, special audits, and investigations provided however that the OIAI shall not be requested to perform any duties that may conflict with the mandate, authority and/or independence of the OIAI;</p> <p>(m) Ensure that trends and emerging issues that could impact GGGI are communicated to the DG and the <u>ACP</u> as appropriate;</p> <p>(n) Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld;</p> <p>(o) Establish and ensure adherence to policies and procedures designed to guide OIAI;</p> <p>(p) Ensure adherence to GGGI’s relevant regulation, rules, policies and procedures, unless such policies and procedures conflict with the Internal Audit Activity Charter. Any such conflicts will be resolved or otherwise communicated to the DG;</p> <p>(q) Review the Internal Audit Activity Charter periodically and submit updated charter to the DG and the <u>ACP for approval by the DG and Council</u>; and</p> <p>(r) Ensure conformance of OIAI with the Standards, with the following qualifications:</p> <ul style="list-style-type: none"> • If OIAI is prohibited by any applicable law or regulation from conformance with certain parts of the Standards, the Head of Internal Audit will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
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	<p>will ensure conformance with all other parts of the Standards.</p> <p>If the Standards are used in conjunction with requirements issued by GGGI, the Head of Internal Audit will ensure that OIAI conforms with the Standards, even if OIAI also conforms with the more restrictive requirements of GGGI.</p>	<p>If the Standards are used in conjunction with requirements issued by GGGI, the Head of Internal Audit will ensure that OIAI conforms with the Standards, even if OIAI also conforms with the more restrictive requirements of GGGI.</p>
Type 2	<p>QUALITY ASSURANCE AND IMPROVEMENT PROGRAM</p> <p>OIAI will maintain a quality assurance and improvement program that covers all aspects of OIAI. The program will include an evaluation of OIAI’s conformance with the Standards and an evaluation of whether internal auditors apply the IIA’s Code of Ethics. The program will also assess the efficiency and effectiveness of OIAI and identify opportunities for improvement. The Head of Internal Audit will communicate to the DG and the MPSC on OIAI’s quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside GGGI.</p>	<p>QUALITY ASSURANCE AND IMPROVEMENT PROGRAM</p> <p>OIAI will maintain a quality assurance and improvement program that covers all aspects of OIAI. The program will include an evaluation of OIAI’s conformance with the Standards and an evaluation of whether internal auditors apply the IIA’s Code of Ethics. The program will also assess the efficiency and effectiveness of OIAI and identify opportunities for improvement. The Head of Internal Audit will communicate to the DG and the <u>MPSC via ACP</u> on OIAI’s quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside GGGI.</p>

/End



CHARTER OF THE OFFICE OF INTERNAL AUDIT AND INTEGRITY

INTERNAL AUDIT ACTIVITY CHARTER – OFFICE OF INTERNAL AUDIT AND INTEGRITY

This Charter sets out the purpose, authority and responsibility of the Office of Internal Audit and Integrity (“OIAI”) in accordance with the International Standards for the Professional Practices of Internal Auditing (“Standards”) and Articles 9 and 10 of the GGGI Financial Regulations.

MISSION AND PURPOSE

The mission of OIAI is to assist the Director-General (“DG”) and the Management and Program Sub-Committee of the Council (“MPSC”) in the establishment of an effective system of internal oversight that is designed to improve the effectiveness, efficiency and integrity of GGGI’s operations. The OIAI’s activity and responsibilities are defined by the MPSC as part of their oversight role.

In line with its mission, OIAI is to provide independent, objective assurance and consulting services designed to add value and improve GGGI’s operations.

PROFESSIONAL STANDARDS

OIAI’s internal audit activity will govern itself by adherence to The Institute of Internal Auditors’ mandatory guidance including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the Standards. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of OIAI’s performance.

The Institute of Internal Auditors’ Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, OIAI’s internal audit activity will adhere to GGGI’s relevant policies and procedures.

AUTHORITY

OIAI’s internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all of GGGI’s records, physical properties, and personnel pertinent to carrying out any engagement. All GGGI staff are requested to assist OIAI in fulfilling its roles and responsibilities. OIAI will also have free and unrestricted access to the MPSC via the Audit Contact Point (“ACP”). The Head of Internal Audit will report functionally to the MPSC via ACP and administratively to the DG.

The following sets out the specific guidelines on the function and authority of the ACP, MPSC, and Council.

A. Approving the Charter

In accordance with the International Standards (Standard 1010), the ACP ensures that the Charter recognizes the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing as mandatory elements. This is achieved through annual consultation with the Head of Internal Audit in Q3 of each year to ensure that the Charter remains relevant to GGGI’s most up-to-date operations and governance structure and conforms with the IIA’s mandatory requirements.

If no changes are proposed to the Charter, the meeting minutes from the annual consultation between the Head of Internal Audit and ACP shall be presented to the MPSC and Council for the record.

If changes are proposed to the Charter, the Charter is to be first signed by the Director-General and sent to the Council upon recommendation by the MPSC. Once the Council approval is given, the

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Charter needs to be signed by an appropriate representative of the Council. The Charter is only required to be signed when there is an amendment.

B. Approving the risk-based internal audit plan (“the Plan”)

The Head of Internal Audit holds a consultation meeting with the ACP to discuss its annual audit plan in Q4 of each year. Upon submission of the Plan by the Head of Internal Audit in Q4 of each year, the ACP reviews and comments, where required, on OIAI’s selection of internal audit projects within 15 working days. If no objections are raised by the ACP, the Plan is deemed as approved.

C. Approving the internal audit budget and resource plan

The annual budget and resource plan are submitted as part of the Plan. Please refer to the steps detailed under (B) above.

D. Receiving communications from the Head of Internal Audit on the internal audit activity’s performance relative to its plan and other matters

The Head of Internal Audit holds regular meetings with the ACP (face to face or teleconference) throughout the year to discuss OIAI’s internal audit activities. If there are any decision that require the Council’s approval, the ACP submits a formal discussion request at the MPSC meeting to agree on the recommendation to be put forward to the Council for approval. MPSC submits the recommendation to the Council via GGGI Governance.

E. Approving decisions regarding the appointment and removal of the Head of Internal Audit

At least 6 months before the Head of Internal Audit’s contract end date, the ACP consults both Head of Internal Audit and GGGI Management regarding the appointment or removal of the Head of Internal Audit.

The ACP ensures that there are no unjustified restrictions or limitations, and reviews and concurs on the appointment, replacement, or dismissal of the Head of Internal Audit. The ACP is partial in the appointment process of the Head of Internal Audit from selection to appointment. The Head of Human Resources ensures that the ACP gets unrestricted access to the HR information on the appointment of the Head of Internal Audit during the selection process. Once the decision to appoint or remove the Head of Internal Audit is made, the ACP makes recommendations to the MPSC to draft a recommendation to the Council. MPSC submits the recommendation to the Council via GGGI Governance.

F. Approving the remuneration of the Head of Internal Audit

At least once per year, the ACP reviews the performance of the Head of Internal Audit and concurs with the annual compensation and salary adjustment (if any) submitted. In the event of appointing/renewing the appointment of the Head of Internal Audit, ACP reviews the remuneration of the Head of Internal Audit and makes recommendations to the MPSC. MPSC submits the recommendation to the Council via GGGI Governance for approval. The Council or MPSC approvals are given only on appointment/ renewing the appointment of the Head of Internal Audit.

G. Making appropriate inquiries of Management and the Head of Internal Audit to determine whether there are inappropriate scope or resource limitations

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The Head of Internal Audit holds regular meetings (face to face or teleconference) with the ACP throughout the year to discuss any matters pertaining to limitation of scope or resources. The ACP ensures that any matters concerning limitation of scope or resources raised by the Head of Internal Audit are resolved immediately in consultation with GGGI Management.

H. Reviewing and providing clearance to all audit and review reports submitted by the Head of Internal Audit

At the end of each internal audit engagement, the Head of Internal Audit submits the final draft report with Management's comments to the ACP for review. The ACP, based upon a review, may provide comments for clarification or revision within three weeks of receiving the draft report. Once all comments are cleared, the Head of Internal Audit submits the final report to ACP for clearance and distribution to the MPSC.

The Head of Internal Audit will communicate and interact directly with the MPSC, including in executive sessions and between Committee meetings as appropriate.

INDEPENDENCE AND OBJECTIVITY

The Head of Internal Audit will ensure that OIAI remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Head of Internal Audit determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment.

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Head of Internal Audit will confirm to the MPSC via ACP at least annually, the organizational independence of OIAI. The Head of Internal Audit will disclose to the ACP any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

ROLE AND SCOPE OF WORK

The assurance activities performed by OIAI include the traditional internal audit engagements namely financial, compliance, system security, operational, and due diligence audits as well as consulting engagements such as performance reviews, assessment services and any other agreed-upon procedures.

The scope of OIAI's internal audit activities encompasses, but is not limited to:

- Risks relating to the achievement of GGGI's strategic objectives are appropriately identified and managed;
- The actions of GGGI's executives, directors, staff members, and contractors are in compliance with GGGI's policies, procedures, rules, regulations, applicable laws, and governance standards;
- The results of operations or programs are consistent with established goals and objectives;

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- Operations or programs are being carried out effectively and efficiently;
- Established processes and systems enable compliance with GGGI's regulations, rules policies, procedures, and other external laws and regulations that could significantly impact GGGI's internal operations;
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity;
- Resources and assets are acquired economically, used efficiently, and protected adequately; and
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization.

The Head of Internal Audit will report periodically to the DG and the MPSC via ACP regarding:

- The OIAI's purpose, authority, and responsibility;
- The OIAI's plan and performance relative to its plan;
- The OIAI's conformance with the IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues;
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the ACP;
- Results of audit engagements or other activities; and
- The OIAI's resource requirements.

The Head of Internal Audit also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. OIAI may perform advisory and related client service activities, the nature and scope of which will be agreed with the auditee, provided the OIAI does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

RESPONSIBILITIES

The Head of Internal Audit has the responsibility to:

- (a) Develop an annual internal audit plan using an appropriate risk-based methodology including any risks or control concerns identified by the DG and/or the Council, and submit that plan to the DG for approval and the ACP for review and comments. Any significant interim changes of the plan must also be communicated to the DG and the ACP;
- (b) Implement the internal audit plan, as approved, and provide periodic updates of OIAI's internal audit activities, including progress in carrying out the plan, scope limitations, if any, and results on a timely basis to the DG and the ACP;
- (c) Review and adjust the internal audit plan, as necessary, in response to changes in GGGI's business, risks, operations, programs, systems, and controls;
- (d) Communicate to the DG and the ACP any significant interim changes to the internal audit plan;
- (e) Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the

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- documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties;
- (f) Provide all final audit/review reports produced by OIAI to the DG and the ACP. The final reports shall include observations, recommendations, and action plans from the process owners;
 - (g) Present a comprehensive and independent annual OIAI activity report to the DG and the ACP, 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 GGGI;
 - (h) Follow up on the status of significant open observations and report periodically to the DG and the ACP;
 - (i) Document relevant information to support the conclusions and results of its work. The release of such records to external parties shall be in accordance with and subject to GGGI's Disclosure Policy. The document retention requirement will be consistent with GGGI's policy and any pertinent regulatory or other requirements;
 - (j) Maintain staff resources 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;
 - (k) Communicate to the DG and the ACP regarding OIAI's resource limitations;
 - (l) Perform other duties that may be assigned by the GGGI Management and the ACP such as advisory services, special audits, and investigations provided however that the OIAI shall not be requested to perform any duties that may conflict with the mandate, authority and/or independence of the OIAI;
 - (m) Ensure that trends and emerging issues that could impact GGGI are communicated to the DG and the ACP as appropriate;
 - (n) Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld;
 - (o) Establish and ensure adherence to policies and procedures designed to guide OIAI;
 - (p) Ensure adherence to GGGI's relevant regulation, rules, policies and procedures, unless such policies and procedures conflict with the Internal Audit Activity Charter. Any such conflicts will be resolved or otherwise communicated to the DG;
 - (q) Review the Internal Audit Activity Charter periodically and submit updated charter to the DG and the ACP for approval by the DG and Council; and
 - (r) Ensure conformance of OIAI with the Standards, with the following qualifications:
 - If OIAI is prohibited by any applicable law or regulation from conformance with certain parts of the Standards, the Head of Internal Audit will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.

INTERNAL AUDIT ACTIVITY CHARTER – OFFICE OF INTERNAL AUDIT AND INTEGRITY

- If the Standards are used in conjunction with requirements issued by GGGI, the Head of Internal Audit will ensure that OIAI conforms with the Standards, even if OIAI also conforms with the more restrictive requirements of GGGI.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

OIAI will maintain a quality assurance and improvement program that covers all aspects of OIAI. The program will include an evaluation of OIAI's conformance with the Standards and an evaluation of whether internal auditors apply the IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of OIAI and identify opportunities for improvement. The Head of Internal Audit will communicate to the DG and the MPSC via ACP on OIAI's quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside GGGI.

APPROVAL / SIGNATURES



Director-General

Date: October 19, 2020



On behalf of the Council

Date: January 27th, 2021

