



CDC L'INVESTISSEUR

**Internal Audit charter**



# **1. Charter's objective**

Recommended by the “International Institute of Internal Auditors” (IIA) and adapted by the profession, the internal audit charter is an act of trust which defines the conditions for carrying out audit assignments, by setting the rights and obligations of the internal auditors and by offering the necessary guarantees to the auditors, the auditees and the general management of CDC.

# **2. Charter's domain of application**

The audit charter is a methodological framework and a communication tool that expresses both professional rules and ethics to which internal auditors refer and the legitimacy of the internal audit function.

Internal audit standards require that “the mission, powers and responsibilities of internal audit must be formally defined in a charter, be consistent with the standards and accordingly approved by the board of directors or the supervisory committee”.

# **3. Charter's content**

## **3.1. Definition of internal audit (standard 1010)**

“Internal Audit is an independent activity's objective that gives an organization assurance on the degree of control of its operations, provides advice on how to improve them, and helps to create added value.

It helps this organization to achieve its objectives by evaluating, through a systematic and methodical approach, its risk management, control and governance processes, and by making proposals to strengthen their effectiveness”.

Universalité ✓  
Indépendance ✓  
Objectivité ✓  
Périodicité ✓

From this definition follows certain principles falling within the standards of practice of the function, namely:

**Universality** of internal audit is its degree of penetration into all of CDC's activities and functions. It is also the exercise of the function in its various aspects: the audit compliance and regularity, efficiency audit and strategic audit or “management audit”.

**Independence** is an essential condition for the performance of the internal audit function. It is acquired through the attachment of the function to the highest hierarchical level and the most extensive powers with which auditors must be vested (the unrestricted right to control, information, access to documents and CDC property and facilities). Auditors must also, in this context, be freed from operational tasks so that they are completely independent of the activities and areas audited.

**Objectivity** requires the auditor to carry out his assignments and present his conclusions with complete independence, intellectual honesty, loyalty and impartiality. For this, he must not be in a position where he is both a judge and a party. Without the auditor having to interfere directly in the organization, this principle of objectivity is not affected when he recommends control mechanisms for management systems or when he gives an opinion prior to the implementation in place of certain procedures.

**Periodicity** marks the punctual and discontinuous nature of the intervention of the auditors based on an annual or multiannual audit program or plan. Audit assignments should therefore not be confused with control tasks incumbent on the hierarchical chain which are permanent and come under the internal control.

### 3.2. Internal Audit's objectives

Internal audit aims to provide all levels of the hierarchy with information enabling them to effectively control the operations under their responsibility.

It also aims to impose methodological consistency on all decision-making, characterized by:

- > Considering all relevant information whose reliability must be checked.
- > The identification and quantification of the risks inherent in each of the choices examined.
- > The effective comparison of the various possible choices, the objective analysis of which must be verified.

### **3.3. Informations**

The internal auditor participates in the coordination and information meetings as well as those related to his annual program or his functional competence, organized by general management or by any other entity.

The internal auditor is kept informed of all important data and observations emanating from the supervisory commission, the various committees and the external legal control bodies.

Internal audit systematically receives a copy of the procedures defining the regulations and the activities of the various departments, of all accounting, financial and budgetary documents, reports, transcripts of meetings and activity reports.

### **3.4. Attributions/missions of internal audit**

#### **A posteriori audit interventions**

Based on the definition and the principles presented and developed above, the responsibilities of the audit department generally relate to examining the efficiency and effectiveness of the internal control system or mechanism, as that all the securities leading to the control of the activity of CDC. In this context, these responsibilities entail, from the perspective of auditing the various areas of activities and functions of CDC, to:

1. Check the application of procedures as well as internal regulatory articles, laws, decrees and orders relating to the proper functioning of CDC.
2. Check the preservation of CDC's property against the risk of loss and / or alteration of any kind: the physical existence of its property and their compliance with the documentary evidence of ownership and acquisition of its property, efficiency and effectiveness of the security and conservation measures are implemented.
3. Examine CDC's financial statements (Balance Sheet, Income Statement, Statement of Cash Flows, Notes to Financial Statements).
4. Check the degree of economic and efficient use of human and material resources made available to the various poles of CDC.
5. Examine the procedures and systems of organization: consistency and adaptation to the requirements of effective internal control, delegation of responsibilities, definition of responsibilities, definition of functions and tasks, incompatible segregation of duties.
6. Examine all the information and management systems: reliability, periodicity, processing, circulation, conservation and classification of information, suitability, security and performance of information processing means and systems, reliability and documentation of computer applications, adaptation to user needs.
7. Examine the procedures and the various phases of processing CDC's participation files (direct and indirect) from receipt of the request to decision-making by the various committees.
8. Examine the procedures and the different phases of placement and subscription of CDC.
9. Verify CDC staff recruitment, reclassification, remuneration and career management procedures.
10. Examine the procedures and the various phases linked to the conclusion of contracts with third parties (consultation, specifications).
11. Evaluate the effectiveness of the various poles and their functions: assigned objectives, adequacy of resources with the set objectives, achievement of objectives and accomplishment of attributions and entrusted tasks.

### **Contribution as a source of advice, popularization and promotion**

In order to maintain the permanent information of the internal audit department and enable it to be

in tune with the development experienced by CDC, on one hand, and in order to benefit other poles, departments, structures or bodies, from the experience, versatility and sense of rigor and control of internal auditors, on the other hand, the general management can appoint a representative of the internal audit department in the various standing or ad hoc committees and commissions.

The internal audit department may also respond favorably to an invitation to be part of a working or reflection group formed to study questions of interest and concern, falling within the fields of business management.

The internal audit department may be called upon by the supervisory committee, or the general management or the standing control and audit committee or any other structure within CDC to give an opinion or a recommendation on draft texts.

For its part, the internal audit department can inform any entity within CDC of the need for the development of a new regulatory text or a working procedure to remedy certain weaknesses identified in the context of the audit or investigation missions.

### **Follow-up actions**

As part of its monitoring prerogatives, the internal audit department will:

1. Ensure a thorough follow-up of the recommendations made through the audit missions and ensure that the necessary follow-up is given by the various structures / poles concerned, in order to remedy as soon as possible the shortcomings and weaknesses identified.
2. Follow up on the report (s) of the external auditor and any other oversight body external to CDC.

These allocations are to be carried out based on a program approved by CDC's standing control and audit committee.

The internal audit department will also have to handle, at the request of general management, or other entities and outside the pre-established program, any question and matter affecting the activities of CDC and its subsidiaries.



For the performance of certain specific missions, the internal audit department may, with the authorization of the general management, call on in-house skills or external specialist experts on an ad hoc basis, because of a limited contract accurately in its scope and duration.

### **3.5. Organization of audit's work**

#### **Plan or Audit program**

The internal audit department prepares each year, after consultation with the various heads of structures / divisions within the fund, its intervention program affecting the various areas of activity of CDC.



This program is subject to the approval of general management and must be presented for discussion to the standing control and audit committee.

Studies or specific interventions falling outside this annual program are selected by general management and possibly by the standing control and audit committee.

### **Mission order**

Any audit assignment is carried out based on an assignment order signed by general management defining the scope of the intervention, its duration as well as the auditor or the audit team to whom it is entrusted.

The signing of the mission order can be delegated to the director / chief audit executive who must report once a month to the general management on the missions undertaken.

### **Progress of Audit's mission**

Audit assignments are prepared from permanent audit files by topic and by pole or structure, knowing that auditors use audit templates and checklists during audit assignments. Worksheets should be defined and completed to document audit findings.

The audit mission is followed by a summary meeting which takes the form of a report of audit findings and recommendations and which brings together the managers of the audited unit and the audit team with the relevant staff of the function. In the absence of this summary meeting, a draft report is sent to the audited structure / division which will present its observations within a maximum of ten days.

The report of the mission or the draft of the audit report aims to have the auditor take into consideration the explanations and concerns of the audited structure / pole, to guarantee the support of the managers of the audited structure / pole. To audit findings and recommendations and to immediately take the necessary corrective actions.

The audited structure / unit reports within a period not exceeding one month to general management and informs the audit department of the action taken on the audit report.

The internal audit unit examines and assesses the follow-up given as part of its follow-up actions.

### **Annual report**

The internal audit department prepares its activity report at the end of each year, which summarizes the findings and recommendations from the various audit, investigation and monitoring reports. It provides a summary of the various other aspects of the management's activity during the past year. This activity report is intended for general management and the standing control and audit committee. The activity report may be, on the advice of general management or the standing control and audit committee, discussed by CDC supervisory committee.

## **4. Responsibilities of internal auditor**

The internal auditor is involved in all phases of CDC activity where he is deemed useful for general management. This involves going beyond accounting, financial, social reporting to achieve a full understanding of the transactions under review.

In performing his duties, the internal auditor must:

- > Evaluate the effectiveness of the internal control system.
- > Determine whether CDC's assets are properly used and carefully guarded against losses of any kind.
- > Appreciate the value and consistency of information.
- > Contribute through its suggestions and controls at various levels to the promotion of a climate of financial, accounting and operational efficiency.
- > Present their conclusions to senior management, recommending corrective action when necessary.
- > Collaborate with the statutory auditors and the external auditors in their audit mission. It facilitates their access to information and limits as much as possible the duplication of intervention.

Vis-à-vis the departments involved. He receives a copy of the reports and makes any useful observations to the general management in consultation with the line managers.

> Ensure that the procedures in force are followed at all levels and comply with the general policy of CDC and the regulations in force.

In performing his duties, the internal auditor is neutral. He does not intervene in the operational process. he has no direct responsibility or authority over the activities it controls. Consequently, the control and opinion of the internal auditor must in no way relieve the managers of the audited departments of the responsibilities assigned to them.

The internal auditor is responsible for planning and carrying out the assignments entrusted to him. Responsibility for implementing this charter rests with all CDC staff.

## 5. Promote internal Audit

In the exercise of his functions, the internal auditor is vested by the general management with the power of access completely, freely and without limitation or restriction of any kind, to all activities, all controls, all documents and to all the assets and patrimony of the CDC. No objection on the basis of professional secrecy or confidentiality can be made.

## 6. Internal and external links of the internal audit

### 6.1. Internal links

**Hierarchical link:** The internal audit department is attached to the general management in staff. It is one of its components.

**Functional link:** The different poles within CDC, as well as the other structures and services

must communicate to the internal audit department all the explanations and information necessary for the accomplishment of its mission.

## **6.2. External links**

Auditors and external auditors, court of accounts, other control and inspection bodies, organizational firms...

# **7. Internal and external relation of the internal auditor**

## **7.1. Internal relation**

### **Internal audit relation/General director**

General management considers this charter to be the framework within which the head of the internal audit department can operate with a degree of independence guaranteeing his objectivity.

The general management ensures that:

- > The results of the auditor's reviews, their opinion and their recommendations are promptly reported to those responsible for taking appropriate action.
- > The internal auditor removes himself from any operational activity and task, so that he is independent of the activities and areas audited.
- > The internal auditor's assessment ultimately rests with the general management receiving all the conclusions of the missions.
- > The arrangements adopted with a view to correcting the anomalies observed are established in such a way as to ensure a satisfactory treatment of the audit findings and should this not be the case, further exchanges of views should be expressed to arrive at a satisfactory solution.

> The internal auditor can call on specialists if necessary and according to the objectives assigned to the audit assignment.

### **Internal audit relation/management and control section**

Management control and internal audit are complementary, and some collaboration is desirable. The internal audit department can communicate to the management control structure its activity report and its annual budget estimate.

The internal audit department may, with the authorization of the general management, inform the management control structure of the need for a new working procedure to remedy certain weaknesses identified in the context of the audit assignments.

### **Internal audit relation/chain of command**

The heads of the poles, departments, sub-departments, services and other structures will ensure that the corrective actions corresponding to the inconsistencies observed are defined and undertaken as soon as possible, upon final receipt of the audit report which reveals them.

They ensure that a counter report is written and communicated, along with a report of the actions planned or carried out, to general management after receipt of the internal audit report.

## **7.2. External relation**

### **Internal audit relation/external control**

Close collaboration will be established between the internal audit department and the external control structures: harmonization of work plans and exchange of files and reports.

Internal audit and external control work must be coordinated so that all activities and functions are audited without redundancy.

This coordination involves:

- > meetings between the different bodies to discuss subjects of common interest,
- > joint communication of work programs and audit reports and summary notes intended for general management (upon authorization).

## 8. Conclusion

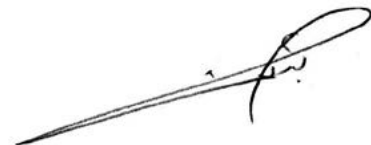
It would be desirable for the internal audit to be an action of assistance to the management or to the audited structure. Also, the audit should be an assistance and collaboration from the internal auditor to try to find adequate solutions to the shortcomings observed, which amounts to an improvement in the processes put in place.

It is towards this objective that the efforts of all must converge to bring about the necessary improvements, so that CDC's management procedures meet the requirements of an effective organization.

This charter was approved by the supervisory committee at the meeting of June 30, 2016 and takes effect from that date.

This charter must be signed by the Executive Director and distributed to all CDC staff.

GENERAL MANAGER OF  
LA CAISSE DES DEPOTS ET CONSIGNATIONS



Dr. Boutheina BEN YAGHLANE



Rue Abou hamed El Ghazeli,  
Jardins du Japon, 1073 Montplaisir, Tunis.

Tél. : + 216 71 905 999

+ 216 71 905 475

+ 216 71 905 443

Fax : + 216 71 908 213

Site Web: [www.cdc.tn](http://www.cdc.tn)

