

Regulations of Internal Audit Service

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Georgian Technical University

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Regulations of Internal Audit Service of LEPL Georgian Technical University

Article 1. General Provisions

1. The Internal Audit Service (hereinafter - the Service) of the Georgian Technical University (hereinafter - the University) is a structural unit of the University, the main function of which is the implementation of internal audit and monitoring of the structural units of the University.
2. The legal basis of the activity of the Service is the Constitution of Georgia, the Organic Law of Georgia "Labor Code of Georgia", the Law of Georgia "On Higher Education", the Law of Georgia "On State Internal Financial Control", the University Charter, the individual-legal acts of the University management bodies (governing entities), job descriptions of department personnel, these regulations and other legislative and sub-legal normative acts of Georgia.
3. The Service conducts its activities based on the principles of independence, objectivity, professionalism, publicity, transparency, legality, confidentiality, impartiality, justice and individualization.
4. The Service is accountable to the rector, who supervises it in accordance with the law.

Article 2. Goals and Objectives of the Service

1. The main goals and objectives of the Service are:
 - 1.1. Promotion of increasing the effectiveness and efficiency of the functioning and management procedures of the University system;
 - 1.2. Implementation of the University's financial management and control system, improvement of the financial management and decision-making process to achieve the institution's goals and tasks;
 - 1.3. Checking and studying the legality, purpose, expediency, economy and effectiveness of the spending, use, management and protection of financial funds, material values, other property values and intangible goods, compliance with the requirements of the applicable legislation and individual legal acts issued by the University, accounting and financial reporting and through analysis, identifying and evaluating the existing risk factors and developing appropriate strategies and recommendations for their management, the implementation of which will help the University to achieve its goals;
 - 1.4. Regarding the facts of official misconduct, legal response and prevention of such misconduct;
 - 1.5. Continuous assessment of the adequacy of the University's internal control system and, if necessary, developing relevant recommendations and presenting them to the rector;
 - 1.6. Development and periodic updating of an effective internal organizational risk management system;
 - 1.7. Monitoring the work process of individual structural units and faculties of the University and assessing their compliance with the goals and mission of the University.

Article 3. Functions of the Service

1. The functions of the Service are:

- a) determining and evaluating the risks facing the University system;
- b) assessment of management efficiency, analysis of consistency and conformity of the financial management and control system with the goals of the University system, development of recommendations to increase their efficiency;
- c) implementation of control over the observance and fulfillment of the requirements of legislation in the University system, analysis of expected violations and/or deficiencies and their prevention;
- d) monitoring, evaluation, determination of the risks of possible violations and deficiencies in the legality of the distribution of allocations in the University system, the purposeful disposal, ensuring the rational use of material values and other means;
- e) conducting an official inspection on the facts of official misconduct by employees in the University system, drawing up a conclusion on the inspection and submitting it to the management;
- f) drawing up an audit report and submitting it to the rector/head of administration;
- g) checking the accounting and reporting of the University system, determining their compliance with the applicable standards;
- h) consideration of written opinions about existing or expected threats, gaps, risks in the activities of the University system;
- i) monitoring the progress of the University's educational and work process according to the requirements established by the bylaws;
- j) implementation of control over compliance with requirements of labor legislation;
- k) monitoring of staff reporting to work and leaving the workplace, compliance with the requirements of labor and executive discipline, bylaws and ethics norms;
- l) checking of employees' compliance with the obligations imposed on them by law;
- m) in case of detection of a disciplinary violation, initiation of disciplinary proceedings and submission of obtained materials to the rector;
- n) analysis of causes contributing to deficiencies identified in the process of official inspection and preparation of relevant recommendations;
- o) revealing facts of conflict of interests of employees in the University system.
- p) monitoring and control of further implementation of the recommendations developed and issued by the Service;
- q) preparation of a proposal for forwarding the audit materials to the law enforcement bodies for the rector in case of detection of signs of crime as a result of official inspection;
- r) within the scope of his competence, implementation of other functions defined by the Law of Georgia "On State Internal Financial Control", current legislation and legal acts of the University.

2. The Service performs its functions through internal audit and monitoring.

Article 4. Authority of the Service

1. The Service is authorized:

- a) to conduct a complex, thematic, compliance, operational, efficiency or financial audit in the form of external or camera audit in the University system;
- b) through the official inspection, reveal the facts of violation of the constitutional rights and legal interests of the citizens, official misconduct and other illegal actions on the part of the employees of the University system. To consider and study incoming letters, messages, statements, complaints (within the scope of the rights and duties defined by these regulations) or other types of information and to respond;
- c) in the event of a violation of the University's bylaws or code of ethics by the University staff/student, to raise the matter before the rector and/or the head of the administration regarding the transfer of materials to the appropriate disciplinary body in order to apply disciplinary measures against this person;
- d) to issue a recommendation to ensure the prevention of violations of the Bylaws or the Code of Ethics;
- e) within the framework of internal audit, official inspection or competence, to request the necessary documents or other information from the structural units of the University in written and/or oral form without limitation, to call any employee of the University and to receive relevant information or explanation from him/her;
- f) before conducting an internal audit or official inspection, as well as during their progress, if necessary, raise the issue of inviting a specialist or an expert;
- g) to cooperate with the relevant structural units of the Ministry of Education and Science of Georgia, other agencies and administrative bodies in performing the tasks before it;
- h) to direct relevant persons to take appropriate measures for the purpose of elimination and prevention of illegal actions;
- i) monitor the activities (projects, etc.) carried out by units included in the University system, regardless of the sources of its funding;
- j) to carry out other actions in accordance with the applicable legislation in order to perform the functions of the Service.

Article 5. Obligations of the Service

1. The Service is obliged:

- a) to strictly follow the regulatory legislation of internal audit, the requirements of these regulations, the standards and methodology of internal audit approved by the Government of Georgia, the code of ethics of internal auditors and guiding principles;
- b) before the start of the internal audit, submit to the object of the audit the administrative act of the rector of the University on the implementation of the audit, the individual audit plan and the list of rights and duties;

- c) submit the audit or official report drawn up on the results of the inspection to the rector and/or the head of administration (chancellor);
- d) to protect the information belonging to the state, official, commercial and personal secrets defined by the legislation of Georgia, as well as not to disclose the information that became known to it in the course of its activities, except for the cases stipulated by the legislation;
- e) not to make public the results of internal auditing and/or monitoring without the consent of the rector, except for the cases stipulated by the legislation of Georgia;
- f) to ensure compliance with other requirements established by the current legislation while carrying out activities.

Article 6. Implementation of Internal Audit by the Service

1. Based on risk assessment, the Service prepares strategic and annual internal audit plans.
2. The strategic plan of internal audit is derived from the long-term goals of the University, covers a three-year period and defines the directions of strategic development in the field of internal audit.
3. The annual internal audit plan is based on the internal audit strategic plan and contains specific internal audit checks.
4. Strategic and annual plans of internal audit will be developed by the head of the Service and submitted to the rector for approval.
5. The head of the Service develops and approves the individual plan of the internal audit inspection of the internal audit facility, on the basis of which each internal audit inspection is carried out.
6. Internal audit consists of the following stages:
 - a) audit planning;
 - b) audit implementation;
 - c) reporting;
 - d) monitoring the further implementation of the given recommendations.
7. The scope of the internal audit, goals and objectives, the type of audit, the name of the internal audit object, internal audit implementation methods/scope, personnel composition of the auditors' group, the period to be inspected, the period of inspection and others.
8. After the internal audit, the Service prepares a draft of the internal audit report, which reflects the results of the internal audit and includes the internal audit process and discovered facts, their analysis and recommendations developed based on them.
9. The internal audit object presents its own opinion on the draft audit report and the action plan for the implementation of the recommendations within a reasonable period determined by the Service, which should not be less than 3 (three) working days, after which the Service finalizes the internal audit report and submits it to the rector along with the action plan for the implementation of the recommendations.

10. As a result of the internal audit, in the case of revealing facts containing signs of crime, the Service will submit the information to the rector in order to respond accordingly.

11. The head of the internal audit facility is obliged to submit to the Service information on the implementation of the recommendations and instructions developed in accordance with the internal audit report.

12. The head of the Service submits the annual internal audit report to the rector.

Article 7. Implementation of monitoring by the Service

1. Information about a possible violation of the law or official misconduct by University personnel can be the basis for monitoring by the Service. Monitoring can be carried out with preventive purposes as well, through selective verification of the issue.

2. The source of information about a possible law violation or official misconduct can be notifications received from administrative bodies, materials published through the media, correspondence submitted to the University by citizens, information received via hotline and e-mail, and others.

3. In the cases provided for in the first and second paragraphs of this article, monitoring is carried out by the decision of the head of the Service, a conclusion is drawn up about the results and presented to the rector and the head of the structural unit where the inspection was carried out.

4. As a result of the monitoring, in case of detection of facts containing signs of crime, the Service will submit the information to the rector for the appropriate response.

5. In order to carry out monitoring, reasonable requests or tasks of the Service are mandatory to be fulfilled, and their non-fulfilment is considered as the basis for disciplinary responsibility of the personnel.

Article 8. Management and Employees of the Service

1. The Service is headed by the head of the Service, who is appointed and dismissed by the rector of the University.

2. Head of Service:

a) outlines long-term and short-term tasks for the Service, directs and controls work plans to achieve the set tasks, is responsible for their fulfillment;

b) states the position of the Service on the issues on which the rector of the University makes a decision;

c) is responsible for the assessment, encouragement, development, motivation, initiation of disciplinary measures of the employees of the Service under his/her authority, agrees and/or determines the deadlines for the work to be performed by the Service;

d) organizes and controls the activities of the Service, regulates and solves professional and organizational problems that are of particular importance for the effective work of the Service;

e) agrees and is responsible for the functions, procedures, conclusions, reports and various acts performed by the Service;

- f) signs and stamps the documents prepared by the Service;
 - g) submits proposals to the University management in order to optimize the Service structure and staffing schedule;
 - h) petitions for the allocation of funds, equipment and inventory, which are required to fulfill the tasks of the Service;
 - i) controls compliance with internal regulations by employees of the Service;
 - j) is responsible for the performance of tasks and functions assigned to the Service
 - k) determines the type of internal audit, the scope of the audit, the audit period, the frequency of the internal audit and the number of members of the audit team;
 - l) determines the scope of monitoring and the number of members of the audit team;
 - m) develops and submits to the rector for approval the strategic and annual plans of the internal audit;
 - n) approves individual plans of internal audit;
 - o) submits to the rector the final internal audit report and the action plan for the implementation of the given recommendations;
 - p) coordinates the activities of the audit team members and distributes functions among them;
 - q) monitors the implementation of the annual internal audit plan and the use of the internal audit methodology;
 - r) directs the analytical activity of the Service;
 - s) monitors the further implementation of the recommendations and instructions given to the internal audit object;
 - t) submits a conclusion to the rector as a result of monitoring;
 - u) in January of each year, submits to the rector the annual report of the internal audit on the activities performed, the results achieved and other issues stipulated by the legislation;
 - v) is authorized to designate a responsible person or a group of persons for the purpose of carrying out separate functions;
 - w) exercises other powers defined by the legislation and these regulations.
3. The Service has a deputy, who is appointed and dismissed by the rector in accordance with the law.
4. The deputy head of the Service, within the scope of his/her competence:
- a) participates in determining the priorities of the tasks to be performed by the Service;
 - b) controls and promotes the process of achieving the tasks set for the Service;

c) as necessary, conducts high-level communication, preparatory meetings, negotiations with various organizations on the instructions of the immediate superior and/or within the scope of the authority granted to him/her by the relevant legal act;

d) gives advice and recommendations to the employees of the Service in order to improve and develop the quality of work;

e) participates or himself/herself organizes and controls the activities of the Service, regulates and solves professional and organizational problems that are of particular importance for the effective operation of the Service;

f) assists the head of the Service in the process of carrying out the functions and duties defined for him/her. Performs the duties of the head of the Service in case of his/her absence or impossibility to perform his/her duty.

g) performs other functions related to the activity of the Service on the instructions of the head of the Service.

5. In case of inability of the head of the Service to fulfill his/her functions, his/her duty is performed by his/her deputy or a person determined by the rector by paying the appropriate salary difference.

6. Staff numbers and ranking of the Service are determined in accordance with the structure approved by the Representative Council (Senate) of the University.

7. The rector of the University appoints and dismisses the employees of the Service.

8. The rights and duties of employees of the Service are determined by these regulations, job descriptions, internal legal acts of the University and the current legislation of Georgia.

Article 9. Conflict of Interest of Personnel

1. The employee of the Service, who carries out internal audit checks, has no right to perform other functions at the University, except for the functions defined by the Law of Georgia "On State Internal Financial Control" and the legal acts derived from it.

2. The employee of the Service does not participate in the internal audit or monitoring process, if the person subject to the internal audit or official inspection is in a close relationship with him/her as defined by the legislation of Georgia or there is another circumstance that gives grounds for the assumption of a possible subjective interest in the results of the inspection.

3. The head of the Service decides the issue of the employee's exclusion from the process of internal audit or monitoring, and the issue of the exclusion of the head of the Service is decided by the rector.

Article 10. Organization of Documentation Management and Accounting

1. Case materials reflecting the internal audit and monitoring, official inspection and other issues conducted by the employees of the Service are kept in the Service, and the procedure for retrieving them is determined by the current legislation.

2. The responsibility for the primary archiving, processing and recording-storage of the case materials in the Service, as well as the recording-storage and management of the documents that have entered and left the Service, is assigned to one of the employees of the Service by the decision of the head of the Service, who will also be responsible for the permanent storage of statistical data reflecting the Service's activities on production.

Article 11. Final Provisions

1. The regulations enter into force from the moment of their approval by the Representative Council (Senate) of the University.
2. Amendments and additions to the regulations are made in accordance with the rules established by the current legislation.
3. The regulations become invalid in case of approval of new regulations or liquidation of the Service.