

# **ISTANBUL BEYKENT UNIVERSITY**

## **INTERNAL AUDIT DIRECTIVE**

(Senate Decision no. 2023/16 of 14/07/2023)

(Board of Trustees Decision no. 2023/14 of 17/07/2023)

### **Article 1. Purpose and Scope:**

The purpose of this Directive is to ensure that the activities of Istanbul Beykent University are carried out in accordance with the laws and relevant regulations, the internal regulations and procedures of Istanbul Beykent University, and in line with the university's strategies, policies, principles, and objectives. The primary purpose of the Internal Audit Department is to protect the university's physical and non-physical assets.

### **Article 2. Definitions:**

Definitions for some of the terms used in this Directive:

- a) Chair: The Chairperson of the Istanbul Beykent University Board of Trustees.
- b) Board of Trustees: The Board of Trustees of Istanbul Beykent University.
- c) University: Istanbul Beykent University.
- d) Internal Audit Committee: A committee consisting of at least three members appointed by the Board of Trustees.
- e) Internal Audit Department: The unit responsible for managing internal audit activities.

### **Article 3. Purpose of Internal Audit**

The internal audit activity aims to ensure that the university's operations are planned and executed in accordance with its objectives, policies, strategic plans, performance programmes, and legislation. It also seeks to ensure the effective, economical, and efficient use of resources, as well as the reliability, integrity, and timely availability of information.

### **Article 4. Scope of Internal Audit**

All academic, administrative, and financial transactions, processes, and activities of the university, as well as quality processes, fall within the scope of internal audit. The internal audit is conducted in accordance with risk-based audit plans and programmes, using a systematic, continuous, and disciplined approach that aligns with international auditing standards, ethical guidelines, and professional integrity.

### **Article 5: Roles and Responsibilities of the Board of Trustees**

(1) The roles and responsibilities of the Board of Trustees are as follows:

- a) To establish an internal audit committee consisting of at least three members and its chair within the scope of this directive.
- b) To approve the annual audit plan.
- c) To monitor, evaluate, and take necessary measures regarding the activities of the internal audit committee and its chair.

### **Article 6. Roles and Responsibilities of the Internal Audit Department**

- a) The Internal Audit Department operates under the Internal Audit Committee on behalf of the Board of Trustees.
- b) A sufficient number of internal auditors, including at least one head, are employed in the Internal Audit Department. If deemed necessary, internal audit services may be procured from external sources instead of hiring internal audit personnel on a permanent or temporary basis.

In the case of procuring internal audit services from external sources, a protocol is signed between the University and the external service provider, detailing the scope of the service, duration, mutual rights and obligations, confidentiality, and fees.

- c) At the beginning of the academic year, the Internal Audit Department submits the annual/monthly programme schedule to the Internal Audit Committee and the Chair of the Board of Trustees for approval, and begins audit activities based on the results of the risk analysis.
- d) If the Internal Audit Department consists of only one person, that individual is appointed as the Head of Internal Audit.
- e) The Internal Audit Department is responsible for auditing whether all administrative, financial, and academic activities of the University are conducted in accordance with laws, regulations, and relevant other legislation, as well as the University's internal regulations, procedures, decisions of the Board of Trustees, directives from the Head, and the University's strategies, policies, principles, and objectives.
- f) The Head of Internal Audit and any assigned internal auditors are authorised to conduct the following activities in order to fulfil their internal audit responsibilities:
  - i. To examine all types of ledgers, records, documents, files, and other documentation of the University,
  - ii. To request written opinions from all administrative and academic staff regarding the processes carried out, when necessary,
  - iii. To conduct investigations into actions and activities that violate laws, regulations, internal rules, procedures, and decisions of the Board of Trustees, as directed by the Head.
  - iv. All administrative and academic units and staff of the University are required to keep the ledgers, documents, and other documentation requested by the Head of Internal Audit and designated internal auditors ready for inspection and to provide them to the internal audit staff upon request.

#### **Article 7 The Head of Internal Audit and the Auditors:**

- a) The Head of Internal Audit must have at least 3 (three) years of experience in the relevant field.
- b) To be appointed as an internal auditor, the auditor must hold a bachelor's degree in law, business administration, economics, finance, public administration, computer engineering, industrial engineering, management information systems, or mathematics from an accredited institution. Additionally, they must have graduated from a full-time educational institution with a minimum duration of four years, or from foreign educational institutions recognised as equivalent by the Higher Education Council, as deemed appropriate by the Internal Audit Committee.
- c) When procuring internal audit services from external sources, a minimum requirement of three years of experience in internal auditing is necessary.

#### **Article 8. Independence and Objectivity of Internal Audit Activities**

Internal audit activities operate independently of the institution's routine operations. Internal auditors perform their duties with complete independence in accordance with laws, regulations, and directives. There can be no interference with the scope of internal audit activities or audit procedures. When internal auditors have duties and/or responsibilities outside of internal audit, measures must be taken to ensure

the preservation of their independence and objectivity.

To ensure that audits and other tasks carried out under this Directive are executed in a timely, proper manner, and in accordance with the intended objectives, all personnel at every level of the University are required, without causing any delays or postponements for any reason, to present to the internal auditors the information and documents related to financial management and control systems, as well as the preparation, implementation, finalisation, accounting, and reporting of the budget and information and documents related to non-financial transactions and activities, even if confidential, at the first request of the internal auditors. They are obliged to assist in counting and examining these materials when necessary, provide all forms of assistance regarding the internal auditors' duties, supply any requested auxiliary personnel, and ensure the provision of tools, equipment, physical environments, and facilities necessary for the proper execution of the tasks.

Internal auditors act in accordance with the principle of objectivity while carrying out their responsibilities. Internal auditors must submit a written request to the Head if they encounter a situation that could compromise their independence and objectivity while carrying out their duties.

#### **Article 9. Internal Audit Activities**

a) Internal audit activities are conducted in accordance with the audit programme approved by the Head.

The internal audit programme is prepared on an academic year basis and includes the units to be audited, audit topics, possible audit techniques, assigned auditors, and a schedule.

b) Internal audits are carried out within the framework of a risk-based internal audit plan and programme prepared based on the risks faced by the university.

c) Within the framework of the internal audit plan, the assignment letter for the internal audit unit is approved by the Head.

d) The internal audit unit conducts preliminary studies concerning the unit to be audited, carrying out necessary examinations and investigations to determine the purpose and scope of the audit.

e) The internal audit unit notifies the the unit administrator to be audited about the purpose, scope, basis, and planning of the audit based on the assignment letter.

f) The internal audit unit presents the audit plan during the initial meeting with the unit to be audited.

g) The unit to be audited is required to provide all sorts of information, documents, records, and files thoroughly, accurately, and in a timely manner.

h) During the audit activities, all information, documents, records, and files collected as evidence cannot be taken outside the institution, except in mandatory cases.

i) The internal audit unit identifies low, medium, and high-level probabilities and risks related to the audited unit based on the probability-impact matrix. It categorises the effects of these risks.

j) The internal audit unit uses methods such as physical examination, reaching an agreement, document review, recalculation, observation, detailed investigation, inquiry, establishing links between accounts, and analytical review to collect evidence during fieldwork.

k) In the course of fieldwork, if any findings identified are not related to the audited unit or also pertain to another unit, the auditor may request a response from the relevant other unit based on these findings.

- l) Following the fieldwork, the internal audit unit presents its findings to the administrator of the audited unit through an exit report. If an agreement on the findings is reached with the administrator of the audited unit, a note confirming this agreement is added to the exit report.
- m) If an agreement on the findings is not reached with the administrator of the audited unit, the exit report is delivered in writing to the administrator. The administrator is requested to respond in writing with any objections and additional evidence, if applicable, within three working days.
- n) If a finding of fraud or irregularity is encountered during the internal audit fieldwork, the findings and the evidence collected are submitted to the Head along with a prepared report.

#### **Article 10. Internal Audit Report**

The internal audit unit submits the audit report to the Head in writing within five working days after the fieldwork is completed and an agreement is reached with the audited unit or a written response is received from the audited unit. The report includes the following:

- a) The purpose of the audit,
- b) The scope and limitations of the audit,
- c) Types and techniques of the audit,
- d) Good practices,
- e) Findings, significance levels, and potential impacts,
- f) Findings for which agreement was reached with the audited unit and those for which agreement was not reached,
- g) Recommendations and action plan,
- h) Audit opinion.

#### **Article 11. Audit Results and Evaluation**

- (a) The findings relating to the audit results presented in the reports prepared by the internal audit department are submitted to the Internal Audit Committee and the Head. Actions will be taken based on the decision made within the framework of the evaluation conducted by the Head. These implementations will also be monitored by the Internal Audit Committee.
- (b) A tracking system is established within the Internal Audit Department to monitor the implementation of audit reports. In this context, it submits the findings and corrective actions included in the reports to the Head.
- (c) The administrators of the audited units will take corrective actions regarding the findings in the audit reports as directed by the Head. If the recommendations in the reports are not implemented and necessary measures are not taken, the Internal Audit Department will inform the Head about the necessary actions and those in charge.
- (e) Internal audit activities do not relieve the audited parties of their responsibilities concerning the establishment, implementation, and improvement of risk management, control, and management processes within their respective areas of responsibility.

#### **Article 12. Effective Date**

This Directive shall enter into force on the date it is approved by the Board of Trustees.

#### **Article 13. Implementation**

The provisions of this regulation shall be implemented by the Chair of the Istanbul Beykent University Board of Trustees.