

**MUHIMBILI UNIVERSITY OF HEALTH AND  
ALLIED SCIENCES**



**AUDIT COMMITTEE CHARTER**

**JULY 2013**

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## 1.0 TITLE AND COMMENCEMENT

This Charter shall be cited as the Muhimbili University Health and Allied Sciences Audit Committee Charter and shall commence on such a date as approved by the University Council.

## 2.0 DEFINITIONS

In this Charter unless the context expressed otherwise the following definitions will apply:

“**Audit Committee**” means the Committee of the Council consisting of not more than five and not less than three members.

“**Head of Internal Audit**” means an individual within an organization’s internal auditing Unit who is assigned the responsibility of heading the unit and performing internal auditing functions.

“**Council**” means the Council of Muhimbili University of Health and Allied Sciences.

“**External Auditor**” means those audit professionals who perform independent annual audits of Muhimbili University of Health and Allied Sciences annual financial statements.

“**Financial Statements**” means the Financial Position, Financial Performance, Statement of Cash Flows, Statement of Changes in Equity and notes to the Accounts.

“**Internal Auditor**” means an individual within an organization’s internal auditing unit who is assigned the responsibility of performing internal auditing functions.

“**Internal control**” means the process designed and affected by those charged with governance, management and other personnel to provide reasonable assurance about the achievement of the entity’s objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

“**University**” means the Muhimbili University of Health and Allied Sciences

“**Vice Chancellor**” means the person appointed to the post pursuant to Article 10 of the Muhimbili University of Health and Allied Sciences Charter, 2007.

## 3.0 PREAMBLE

The Audit Committee Charter (Charter) was approved by the Council (Council) of Muhimbili University of Health and Allied Sciences (University) on 4<sup>th</sup> July, 2013, and any subsequent changes to the Charter must be approved by the Council.

The Audit Committee of the Council (Committee) is established pursuant to Public Finance Regulations, part VI. The purpose of this Charter is to provide guidelines for the operation of the Committee to further define its role, duties, and responsibilities. The Committee plays a key role in fulfilling the Council's governance responsibilities throughout the University and all of its components related to: -

- (i) Accounting and financial reporting practices.
- (ii) Effective institutional management practices.
- (iii) Internal and external audit functions.
- (iv) Risk management processes.
- (v) Achievement of programme objectives.
- (vi) Control environment (accountability, ethical values, stewardship).
- (vii) Internal control activities.
- (viii) Monitoring.
- (ix) Information and communication (financial and other reporting requirements).

#### **4.0 PURPOSE**

The purpose of this Audit Committee Charter is to assist the Committee and therefore the Council in fulfilling its oversight responsibilities for: -

- (i) The integrity of the University's financial statements and reporting.
- (ii) The University's Compliance with legal and regulatory requirements and internal policies and procedures.
- (iii) Adequacy of internal controls systems and risk management.
- (iv) The independent auditors' qualifications and independence.
- (v) The performance of the University's internal audit function and independent auditors.
- (vi) Ensuring that the External Auditor prepares an audit report that the National Board of Accountants and Auditors (NBAA) require to be included in the University's annual published financial statements.

#### **5.0 AUTHORITY**

The Committee, in fulfilling its oversight role, has the authority to study or investigate any matter within the Committee's scope of responsibilities. The Committee will inform the Council of such actions and the results. With the concurrence of the Committee, the Committee Chairperson may fulfill certain duties and responsibilities of the Committee and report back the results to the Committee and the Council. The Committee has authority to:

- (i) Compensate and support the work of external auditors as appointed by The Controller and Auditor General (CAG) to conduct the annual audit on his behalf.

- (ii) Resolve any disagreement between the management and the auditor regarding financial reporting.
- (iii) Pre-approve all auditing and permitted non-audit services performed by University's external audit firm.
- (iv) Investigate any matter brought to its attention and have full access to the books, records, facilities and personnel of MUHAS and may outsource independent, legal including other external advisers it may deem necessary for advice.
- (v) Meet with University's officers, external auditors, or outside counsel, as the case may be.
- (vi) Delegate authority to subcommittees, including the authority to pre-approve all auditing and permitted non-audit services, providing that such decisions are presented to the full committee at its next scheduled meeting.

## **6.0 EDUCATION**

The University is responsible; when necessary, to provide the Committee with educational resources related to auditing, risk management, accounting principles and practices, and other information that the Committee may request. The Head of Internal Audit and the Vice Chancellor will assist the Committee in maintaining literacy in the appropriate areas related to the Committee's functions.

## **7.0 MEMBERSHIP**

The Audit Committee shall consist of at least three and not more than five members. Since this is a technical Committee it is necessary for some of its members (at least two of them) to have an experience of accounting and auditing. In addition the Committee shall have at least two members of the Council; and one of them shall be the Chairperson. The management shall propose to the Council the remaining members from outside MUHAS. As a guide, it is desirable that members of the Committee shall possess: -

- (i) Acumen in business functions and management skills.
- (ii) Understanding of best practice internal control and risk management.
- (iii) Knowledge of information systems and emerging technology,
- (iv) Competency in financial and operational reporting.
- (v) The Committee may request, from time to time, the attendance of non-members with relevant experience and expertise (as appropriate), in a particular field the committee may deem relevant. These could be employees of the university or external legal officer(s) or other independent professional(s).

## **8.0 MEETINGS**

The Committee shall meet at least four times a year, with authority to convene additional meetings, as circumstances require. All committee members are expected to attend each meeting, in person. The Chairperson of the Audit Committee shall convene the meetings, through the Secretary and the quorum shall be at least three of the five members. The secretary to the Committee shall be the Head of Internal Audit (in this regard the secretary shall not be a member of the committee). Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials in line with Rules of Procedures of the Council.

The Committee shall invite members of management, auditors, or others to attend meetings and provide pertinent information, as necessary. It may also meet separately, periodically, with management, with internal auditors and with external auditors. It may also meet periodically in executive sessions.

## **9.0 DUTIES AND RESPONSIBILITIES**

The Committee shall carry out the following duties and responsibilities: -

### **9.1 Corporate Governance**

The Committee shall support the University council in reviewing the effectiveness of processes of corporate governance to ensure that: -

- (i) The mission of the university and the strategic plans are accomplished effectively.
- (ii) The Resources (Human, physical and financial) are used efficiently and effectively.
- (iii) Policies and procedures are followed.
- (iv) Legislation requirements and establishment standards are met.

### **9.2 Financial statements**

Review significant accounting and reporting issues and understand their impact on the financial statements before submission to the Council for final approval. These issues include: -

- (i) Complex or unusual transactions and highly judgmental areas.
- (ii) Major issues regarding accounting principles and financial statements presentations, including any significant changes in the Universities selection or application of accounting principles.
- (iii) The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the university.
- (iv) Review submissions prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the

preparation of financial statements, including the analysis of the effects of alternative of generally Accepted Accounting Principles (GAAP) methods on the financial statements.

- (v) Review with the management and the external auditor the results of the audit, including any difficulties encountered. This review will include any restrictions on the scope of the independent auditor's activities or on access to requested information and any significant agreements with management.
- (vi) Discuss the annual audited financial statements and quarterly financial statements with management and external auditors, including the University's disclosures under "Notes to the Financial Statements".
- (vii) Review disclosures made by the Director of Finance/Bursar during certification process about significant deficiencies in the design or operation of internal controls or any fraud that involves management or other employees who have a significant role in the University's internal control.

### **9.3 Internal Control**

The Committee will have the following responsibilities: -

- (i) Consider the effectiveness of the University's internal control system, including information technology security and control.
- (ii) Understand the scope of internal and external auditor's review of internal control over financial reporting and obtain reports on significant findings and recommendations together with management's responses.

### **9.4 Internal Audit**

The Committee will have the following responsibilities: -

- (i) Review the effectiveness of the Internal Audit function, including compliance with the Public Finance Regulations, 2001 and Internal Audit procedures Manual.
- (ii) Review and approve the annual audit plan as well as any changes to the plan as a result of changing risks or other circumstances.
- (iii) Ensure that there are no unjustified restrictions or limitations to the Internal Audit function.
- (iv) Review with management and the Head of Internal Audit, the Charter, plans, activities, staffing and organizational structure of the Internal Audit function.
- (v) On a regular basis, meet separately with the Head of Internal Auditor to discuss any matters that the Committee or internal audit unit believes should be discussed privately.

### **9.5 External Audit**

The Committee will have the following responsibilities: -

- (i) Review the external auditor's proposed audit scope and approach, including coordination of audit effort with internal audit unit.
- (ii) Review the performance of the external auditors. In performing this review, the Committee shall: -
  - (a) Take into account of the opinions of management and the internal auditor.
  - (b) Present its conclusions with respect to the external auditor to the Council.
  - (c) On a regular basis, meet separately with the external auditor to discuss any matters that the committee or the auditor(s) believe should be discussed privately.

## **9.6 Compliance**

The Committee will have the following responsibilities: -

- (i) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary actions) of any incidences of non-compliance.
- (ii) Establish procedures for: -
  - (a) The receipt, retention and treatments of complaints received by the listed issuer regarding accounting, internal audit controls or auditing matters, and the confidential, anonymous submission by of the employees of the listed issuer of concerns regarding questionable accounting or auditing matters.
  - (b) Review the findings of any examinations by regulatory agencies, and any auditor's observations.
  - (c) Review the process for communicating the code of conduct to University Staff, and for monitoring compliance therewith.
  - (d) Obtain regular updates from management and University's legal counsel regarding compliance matters.

## **9.7 Reporting responsibilities**

The Committee shall: -

- (i) Regularly report to the Council its activities and issues that arise with respect to the quality or integrity of the University's financial statements, the University's compliance with legal or regulatory requirements, matters arising from the Directorate of Quality Assurance as well as from the Integrity Committee and the performance of the Internal Audit function.
- (ii) Provide open avenues of communication between internal audit, the external auditors and the Council.
- (iii) Report quarterly to the Council, describing to the Committee's composition, its roles including approval of non-audit services.
- (iv) Review any other reports the University issues that relate to Committee responsibilities.



## 9.8 Other responsibilities

The Committee shall: -

- (i) Discuss and review with management the University's major policies with respect to risk assessment and risk management.
- (ii) Perform other activities related to this Charter as may be requested by the Council.
- (iii) Institute and oversee special investigations as needed.
- (iv) Review and assess the adequacy of appropriate disclosure as may be required by law or regulations.
- (v) Confirm annually that all responsibilities outlined in this Charter have been carried out effectively.
- (vi) Evaluate the Committee's and individual Committee member's performance at least annually.

## 10.0 AMENDMENT

The Audit Committee shall review the Committee's Charter annually, consider changes that are necessary as a result of new laws or regulations, reassess the adequacy of the Charter, and recommend any proposed changes to the Council. The Council shall approve any such amendments or modifications to this Charter.

## 11.0 APPROVAL

This Charter has been approved this 4th day of July, 2013

.....  
Chairman of the Council

.....  
Chairperson of Audit Committee