

Internal Audit Regulations

I. General Provisions

1. Purpose of this Regulation:

The purpose of these Regulations is to define the framework of the internal audit system of The Dharma Gate Buddhist College (hereinafter: the College), and to set out the procedures for organising and carrying out internal audits, thereby ensuring the lawfulness, transparency and effectiveness of financial management.

2. Applicable legislation to these Regulations:

The legislation applicable to these Regulations includes in particular the following:

- Act CXCV of 2011 on Public Finances (Áht.),
- Government Decree 370/2011. (XII.31.) on the internal control system and internal audit of budgetary organisations,
- Act CCIV of 2011 on National Higher Education,
- the College's Organizational and Operational Regulations.

3. Scope of these Regulations:

The scope of the Regulations extends to all organisational units, leaders and employees of the College, as well as to all financial, operational and administrative processes that may fall within the remit of internal audit.

II. The internal audit system

1. Internal audit is an integral part of management. It is a system through which the College operates the following forms of audit:

- managerial control,
- built-in process control,
- audits carried out by an internal auditor engaged as an external contractor,
- audits carried out by an independent auditor engaged as an external contractor.

2. These forms of audit complement one another but do not replace each other. Managerial control and built-in process control operated within the College form a single, coherent system.

3. The purpose of internal audit is to support the College's management with systematically obtained and processed information concerning the institution's organisation and operation, assisting planning, decision-making and implementation, and promoting the efficient use of material and human resources.

4. The College is not required to employ an internal auditor, but may engage one by contract for specific audit tasks. The task of an internal auditor appointed on an ad hoc basis is to establish factual

findings concerning the College's organisation, operation and the circumstances influencing them, and to make recommendations for remedying any deficiencies identified during the audit.

5. The College may also engage an external, independent auditor on an ad hoc basis to perform certain audit tasks. The duties of an external auditor appointed on an ad hoc basis are defined in the engagement contract concluded with the auditor.

III. Organisation of internal audit

1. Managerial control

1.1. Every employee of the College in a managerial position is responsible for continuously and systematically monitoring the activities of the organisational units and staff under their authority or supervision. The core auditing duties of managers are set out in their job descriptions.

1.2. Methods of managerial control may include in particular:

- exercising the rights of commitment, warranting, countersignature and signature,
- obtaining, analysing and evaluating

professional, financial, technical, ethical and other relevant information relating to the implementation of managerial and higher-level decisions,

- analysing and evaluating regular statistical, accounting and other data reports,
- regularly or occasionally requiring subordinate managers and staff to give oral or written reports on task defining, performance and the implementation of measures,
- analysing and evaluating reports and contributions presented at meetings,
- on-site inspections at workplaces to gather direct observations,
- ordering internal audits or investigations outside the annual work plan where justified.

2. Built-in process control

2.1. Built-in control within professional, financial and administrative workflows covers the essential elements of the College's operation and is capable of automatically signalling and eliminating errors as they arise.

2.2. The basic rules of built-in process control are set out in the College's Organizational and Operational Regulations and other internal regulations.

2.3. For built-in process control to function effectively, the following must be defined across all stages of the institution's activities, in regulations and in job descriptions:

- the method and frequency of control,
- the specific workflow operations designated for control,
- the actions to be taken when deficiencies or irregularities are detected.

3. External contractors

3.1. The College is entitled to engage an internal auditor and an independent external auditor to carry out internal audit tasks. External contractors perform their duties independently, impartially and in accordance with professional requirements.

3.2. The College's management ensures that contractors are granted the necessary access to data, records and documents.

IV. The audit process

1. Audit plan

1.1. Managerial control and built-in process control within the College are implemented within the framework of an annual audit plan. The plan includes the schedule, areas and methods of audit. The audit plan is approved by the Rector.

1.2. External contractors or auditors prepare an audit plan in accordance with the provisions of their engagement contract.

2. Audit report

2.1. Upon completion of the audit, a report is prepared on managerial control and built-in process control. The report includes the findings, identified deficiencies, proposed measures and the managers responsible for implementation.

2.2. The appointed internal auditor and the external auditor also prepare a written report in accordance with their engagement contracts.

3. Action plan

On the basis of the audit report, an action plan must be drawn up, specifying the process to be improved, setting out a concrete course of action with deadlines and responsible persons. The action plan must be suitable for addressing the identified deficiencies at the process level.

V. Reporting and documentation

1. The documents generated during the audit processes are received by the Rector of the College. The College treats audit documentation confidentially, and access is restricted to authorised persons only.

2. An internal auditor or auditor engaged as an external contractor, where such an engagement takes place, shall prepare a summary report on the audit activities carried out, in accordance with the provisions of their engagement contract.

VI. Closing provisions

This Regulation shall enter into force on 29 September 2025. It shall be adopted by the Senate and applied as part of the College's internal regulations. This Regulation must be reviewed as necessary, and in the event of any change in legislation or organisational restructuring.

Annex 1

Annual Internal Audit Plan – Template

Number	Audit Area	Type of Audit	Timing	Responsible Contractor /	Remarks
1.	Financial management processes (accounting, reporting, budget)	Compliance audit	Q1	External contractor auditor	Priority
2.	Cash handling and banking operations	Compliance audit	Q2	External contractor	
3.	Student benefits and scholarships	Targeted audit	Q2	External contractor	
4.	Procurement and services	Compliance audit	Q3	External contractor	
5.	IT and data protection compliance	System audit	Q3	External contractor + DPO	GDPR, IT security
6.	Employment records	Compliance audit	Q4	External contractor	
7.	Compliance with internal regulations	System audit	Continuous	External contractor	
8.	Year-end final audit	Comprehensive audit	Q4	External auditor	

Annex 2

Action Plan – Template

Number	Audit Finding	Planned Action	Responsible	Deadline	Status
1.	Incomplete documentation of cash desk closing	Introduce new form	Head of Finance		
2.	Missing GDPR declarations	Collect declarations, organise training	Data Protection Officer		
3.	Incomplete procurement documentation	Introduce audit checklist	Rector		