



THE UNIVERSITY OF
SYDNEY

Internal Audit Charter

AUTHORITY AND CLASSIFICATION

Owner	Director Internal Audit	Ext: 75504
Stakeholders for consultation	Finance and Audit Committee	
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Category	Operational Policy	

1. Introduction

It is the policy of the University to provide, as a delegated function of the Vice-Chancellor and Principal, an internal audit unit, independent of all other organisational functions, which carries out a comprehensive review and appraisal of all management and administrative operations and activities for the purpose of advising management as to the adequacy of internal controls, compliance with University procedures and policies, and the efficiency, economy and effectiveness of such operations and activities.

The Vice-Chancellor and Principal and the Finance and Audit Committee have established the Internal Audit department as a key component of the University's governance framework.

This charter provides the mandate for the Internal Audit function to operate and the approach and methodology contained in this document is endorsed by the Finance and Audit Committee.

2. Purpose of Internal Audit

The Internal Audit function provides independent and objective assurance to the Vice-Chancellor and Principal and the Finance and Audit Committee that the University of Sydney's financial and operational controls are designed to manage risks and achieve the University's objectives. It is essential that the organisation's internal controls operate in an efficient, and effective manner, and that Internal Audit assists management to improve the organisation's control environment.

3. Values

3.1 Independence

Independence is essential to the effectiveness of the Internal Audit function.

Internal Audit has no direct authority or responsibility for the activities it reviews. It has no responsibility for developing or implementing procedures or systems and does not prepare records or engage in original line processing functions or activities except in respect to the management of the University's general insurance arrangements.

The Director, Internal Audit reports functionally to the Finance and Audit Committee, in respect to audit matters. The Director, Internal Audit is also accountable to the Vice-Chancellor and Principal and reports from an administrative perspective to the General Counsel.

The Director, Internal Audit has direct access to the Vice-Chancellor and Principal and the Chair of the Finance and Audit Committee.

3.2 Authority and Confidentiality

The authority of Internal Audit is derived from the University's Senate and Section 11 (2) of the NSW Public Finance and Audit Act 1984.

Internal Audit staff are authorised to have full, free and unrestricted access to all functions, premises, assets, personnel, records, and other documentation and information that the Director Internal Audit considers necessary to enable Internal Audit to meet its responsibilities and in particular review any function or operation and/or to form an opinion on the adequacy of systems and/or controls.

All records, documentation and information accessed in the course of undertaking Internal Audit activities are to be used solely for the conduct of these responsibilities. The Director and individual Internal Audit staff are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

The powers of the NSW Auditor-General Office provide it with access to all relevant University documents including Internal Audit reports.

3.3 Professional Standards

Internal Audit will operate in accordance with the following standards, as applicable:

- Auditing standards issued by the Institute of Internal Auditors
- Internal Audit standards issued by the Australian Society of Certified Practising Accountants and the Chartered Accountants Australia and New Zealand Institute
- Information Systems Auditing Standards issued by the Information Systems and Control Association
- Standards issued by Standards Australia and the International Standards Organisation.

In conducting Internal Audit work, Internal Audit staff will:

- Comply with relevant professional standards of conduct
- Possess the knowledge, skills and technical proficiency relevant to the performance of their duties
- Be skilled in dealing with people and communicating audit, risk management and related issues effectively
- Maintain their technical competency through an annual program of professional development
- Exercise due professional care in performing their duties.

4. Scope of Internal Audit Activities

The Internal Audit programme covers all programs and activities of the University. It also covers those associated entities where access for Internal Audit has been established through a contract, agreement or memorandum of understanding.

Internal Audit activity encompasses both financial and non-financial programs and activities.

The scope of Internal Audit shall be sufficiently comprehensive to ensure the effective and regular review of all management and administrative operations and activities including:

- Evaluating and appraising the soundness, adequacy and application of accounting, financial, non-financial and operating controls and recommending improvements thereto where necessary.
- Reviewing the reliability, timeliness, integrity and adequacy of the financial and operating information and data available for decision-making and for accountability purposes.
- Reviewing as appropriate, the design, development, implementation and documentation of systems and procedures.
- Reviewing the systems established to ensure the University's compliance with those policies, practices, plans, procedures, laws and regulations which could have a significant impact on activities, operations and reports.
- Reviewing the accounting for, and safeguarding of assets, and as appropriate, verifying the existence of such assets.
- Undertaking investigations as required of potential instances of fraud, corruption, improper conduct maladministration and serious and substantial waste of public monies.
- Appraising the adequacy of the action taken by line management to correct reported deficiencies, administrative and management issues.
- Appraising the efficiency, economy and effectiveness and utilisation of resources employed in respect of management and administrative operations and activities
- Reviewing management and administrative operations and activities to assist management in ascertaining and ensuring that results are consistent with the University's aims and objectives and whether the operations are being carried out as planned within established policies and given directions.

5. Roles and Responsibilities

Internal Audit is responsible for:

- Conducting Internal Audits and Reviews.
- Special Investigations
- Government Controls and Sanctions
- Managing the University's general insurance program.

The Director Internal Audit has specific responsibility for:

- Informing and advising management, and discharging this responsibility in a manner consistent with professional standards.
- Directing administrative and technical Internal Audit functions and coordinating audit tasks within the overall aims and objectives of the University.
- Developing and executing a comprehensive Internal Audit program over all major management and administrative systems, functions and operations that are approved by the Finance and Audit Committee.
- Determining the objectives and scope of audits and reviews and investigations.
- The development, implementation and oversight of Internal Audit methodologies, practices, procedures and techniques.
- The maintenance of professional auditing standards, practices and techniques.

The Director, Internal Audit and other Internal Audit staff have neither direct responsibility for, nor authority over, any of the operations of staff whose activities are subject to audit, or investigation.

In order to retain independence and objectivity, the officers of Internal Audit will not be responsible for the development nor install systems procedures, prepare records nor engage in any other activities which they would normally review or appraise. However, the Director, Internal Audit will, where necessary, nominate officers of the Department to act on a consultative basis with project teams, including reviews of management activities and computer system development.

Internal Audit exercises and appraisals do not in any way relieve others of their assigned responsibilities.

6. Annual Work Programme Process

The Internal Audit programme shall be prepared by the Director, Internal Audit and approved by the Finance and Audit Committee. It shall consist of a one-year plan for the current calendar year based on a master plan covering all relevant auditable areas.

7. Reporting

Prior to the commencement of each audit or review, unless circumstances dictate otherwise, Internal Audit will inform the appropriate levels of management of the intention to conduct an audit or review, and will issue a "Terms of Reference" document that includes the objectives and scope of the review that is to be conducted.

At the completion of any audit or review, the audit observations, findings and recommendations will be discussed with the appropriate levels of management and/or the line manager concerned prior to a final report being issued.

Internal Audit will report to the Vice-Chancellor and Principal, General Counsel and the Finance and Audit Committee on:

- Audits completed
- Progress in implementing the audit work programme
- A synopsis of any special investigations undertaken
- Breaches of any Government Controls / Sanctions
- Details of insurance claims settled/declined
- The status of the implementation of agreed internal audit recommendations.

8. Relationship with External Audit

Internal and external audit activities will be co-ordinated to help ensure the adequacy of the overall audit coverage and minimise duplication of effort.

Periodic meetings and contact between Internal and External Audit shall be held to discuss matters of mutual interest.

The NSW Auditor-General will have full and free access to all Internal Audit plans, working papers and reports.

9. Review of the Charter

This Charter will be reviewed at least every two years.