Internal Audit Charter

Updated: November 2022
1. Introduction

The Vice-Chancellor and President (the Vice-Chancellor) and the Senate Risk and Audit Committee (the Committee) have established the Internal Audit department as a key component of the University’s governance framework.

This charter provides the framework for the conduct of the Internal Audit function at the University and has been approved by the Vice-Chancellor and the Committee.

2. Purpose of Internal Audit

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the University’s operations. It helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes1.

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

3. 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.

Except for managing the University’s general insurance arrangements, Internal Audit does not prepare records or engage in original line processing functions or activities. Internal Audit will not undertake any audits of the University’s general insurance arrangements whilst it retains this responsibility.

An audit, review or appraisal by Internal Audit does not in any way relieve University staff or affiliates of their assigned responsibilities.

The Chief Internal Audit Officer:

- reports functionally to the Committee about audit matters;
- is also accountable to the Vice-Chancellor;
- reports administratively to the General Counsel;
- has direct access to the Vice-Chancellor and the Chair of the Committee; and
- attends meetings of the Committee.

4. Authority and confidentiality

Internal Auditors are authorised to have full, free and unrestricted access to all premises, personnel, records, systems and information that the Chief Internal Audit Officer considers necessary to enable Internal Audit to meet its responsibilities.

Any information accessed or obtained in the course of Internal Audit activities must be used solely for the conduct of these activities. The Chief Internal Audit Officer and individual Internal Audit staff are responsible and accountable for maintaining the confidentiality of the information they receive.

If external providers are retained to assist with Internal Auditing, the Chief Internal Audit Officer will establish appropriate contractual arrangements with them to maintain the confidentiality of University information and manage conflicts of interest.

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

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1 As defined by the International Standards for the Professional Practice on Internal Audit
5. Professional Standards

Internal Audit activities will be conducted in accordance with the relevant professional standards, including:

- the mandatory guidance provided in the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors, including:
  - the core principles for the professional practice of Internal Auditing;
  - the definition of Internal Auditing;
  - the Code of Ethics; and
  - the International Standards for the Professional Practice of Internal Auditing.
- relevant standards and guidance issued by CPA Australia and the Chartered Accountants Australia and New Zealand;
- Information Systems Auditing Standards issued by the Information Systems and Control Association; and
- relevant standards issued by Standards Australia and the International Standards Organisation.

In conducting their work, Internal Audit staff must:

- comply with relevant professional standards of conduct;
- possess relevant and necessary knowledge, skills and technical proficiency;
- be skilled in dealing with people and communicating Internal Audit risk management and related issues effectively; and
- maintain their technical competence through an annual program of professional development.

6. Scope of Internal Audit Activities

The scope of Internal Audit includes any programs and activities of the University, including its controlled entities and any other entity where Internal Audit access has been established by agreement.

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 management and administrative operations and activities.

This may include any or all of:

- evaluating and appraising the soundness, adequacy and application of financial, non-financial and operating controls, and recommending improvements 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 the design, development, implementation and documentation of internal controls, systems and procedures;
- reviewing the systems established to maintain compliance with policies, practices, plans, procedures, laws and regulations which could have a significant impact on its activities, operations and reports;
- reviewing how assets are accounted for and safeguarded and, if necessary, verifying their existence;
- appraising the adequacy of the action taken by line management to correct reported deficiencies, administrative and management issues;
- appraising the efficiency, economy and effectiveness of resources used for management and administrative activities;
- reviewing management and administrative activities to assist management in ascertaining that:
• results are consistent with the University’s aims and objectives; and
• operations are being carried out as planned within established policies and given directions;
• investigating potential instances of fraud, corruption, improper conduct, maladministration and serious and substantial waste of public monies.

Management may request Internal Audit services in response to emerging issues or risks. These requests will be considered on the basis of the assessed level of risk, availability of resources and endorsement of the Chair of the Committee.

7. Roles and Responsibilities

Internal Audit is responsible for:
• conducting internal audits and reviews;
• undertaking special investigations; and
• managing the University’s general insurance program.

The Chief Internal Audit Officer has specific responsibility for:
• 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 addressing all major management and administrative systems, functions and operations, as approved by the Committee;
• determining the objectives and scope of internal audits, reviews and investigations;
• establishing a system to monitor progress in implementing management actions to address Internal Audit recommendations;
• developing, implementing and overseeing Internal Audit methodologies, practices, procedures and techniques, consistently with applicable professional standards.

8. Annual Work Program

The Chief Internal Auditor will prepare an Internal Audit work program and submit it for approval by the Committee.

The program will consist of a plan for the relevant calendar year and a three-year forward plan. These plans will be informed by the University’s strategic objectives and priorities, risk management framework and a master plan covering all relevant auditable areas.

9. Reporting

Before beginning any audit or review, unless circumstances dictate otherwise, Internal Audit will inform relevant managers of the intention to conduct the audit or review, and will issue a “Terms of Reference” document stating its objectives and scope.

At the completion of any audit or review, the audit observations, findings and recommendations will be discussed with relevant managers before a final report is issued.

The Chief Internal Audit Officer will report to the Committee at each meeting on:
• audits completed during the reporting period, including significant issues and proposed management actions in response;
• progress in implementing the annual audit work plan, including any necessary amendments;
• the implementation status of agreed Internal Audit recommendations;
• special investigations undertaken;
• insurance claims settled or declined; and
• any other matters requested by the Committee.

The Chief Internal Auditor will provide completed audit reports to relevant Senate Committees for information and monitoring as appropriate.

10. **Relationship with External Audit**

The Chief Internal Audit Officer is responsible for coordinating internal and external audit activities to support the adequacy of the overall audit coverage and to minimise duplication of effort.

Internal and external audit will meet periodically 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.

11. **Assessment and Quality Improvement**

The Chief Internal Audit Officer will arrange for a periodic independent review of the efficiency and effectiveness of the operations of the Internal Audit function at least every five years. The results of the review will be reported to the Vice-Chancellor and the Committee.

12. **Review of the Charter**

This Charter will be reviewed at least every two years for approval by the Committee.