



Charles Sturt
University

Internal Audit Manual

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Office of Governance and Corporate Affairs
Charles Sturt University

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Internal Audit Manual

1.1 Introduction

Charles Sturt University (the University) has established an Internal Audit function as a key component to effective governance.

The Institute of Internal Auditors International Professional Practices Framework defines internal auditing as:

“An independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”

1.2 Purpose

Standard 2040 of the International Standards for the Professional Practice of Internal Auditing (the Standards) requires that Internal Audit establish policies and procedures to guide the Internal Audit function.

The purpose of this Manual is to:

- provide University staff with a source of reference for internal audit procedures and routines, in line with the Internal Audit Charter
- outline the principles that guide the practice of internal auditing at Charles Sturt University
- provide a framework for performing and promoting risk-based and value-added internal auditing
- establish the basis for the evaluation of internal audit performance, and
- foster the continuous improvement of organisational processes and operations

1.3 Glossary

Annual Internal Audit Plan – derived from the Strategic Internal Audit Plan, and endorsed by the Finance, Audit and Risk Committee, the Annual Internal Audit Plan sets out the internal audit program for the year ahead

Internal Audit function – comprises resources directly associated with the provision of internal audit services. These resources may be internal or external to the University.

Standards – the International Standards for the Professional Practice of Internal Auditing

Strategic Internal Audit Plan – a risk-based plan approved by the University Council that determines the priorities of the Internal Audit, consistent with the University’s goals

1.4 Scope

The Internal Audit Manual applies to the whole of organisation of Charles Sturt University, including all controlled entities. It addresses both the assurance services and consulting services provided by the Internal Audit function.

Assurance Services – objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes

Consulting Services – advisory and related client activities, the nature and scope of which are agreed upon with the client and which are intended to add value and improve the University’s governance, risk management and control processes without Internal Audit assuming management responsibility

1.5 Internal Audit Standards and Charters

Internal Audit activities will be guided by the International Standards for the Professional Practice of Internal Auditing (the Standards) as issued by the Institute of Internal Auditors (IIA).

The following documents should be read in conjunction with the Internal Audit Manual:

Internal Audit Charter – The Internal Audit Charter outlines the purpose, authority and responsibility for the Internal Audit function within the University.

Governance (Finance, Audit and Risk Committee) Rule 2015 No. 2 – The Rule sets out the authority, terms of reference, membership and relationship between the Internal Audit function and the Finance, Audit and Risk Committee.

The Internal Audit function will follow the requirements of both the Charter and Rule in its delivery of internal audit activities.

1.5.1 CODE OF ETHICS

Internal Audit staff are expected to abide by the Code of Ethics and Rules of Conduct set out in the International Professional Practices Framework, centring on the principles of:

- Integrity
- Objectivity
- Confidentiality
- Competency

Internal Audit staff shall also maintain awareness of University codes and policies in areas such as conduct, ethics, fraud prevention and risk management as they may apply to audit methodology or findings.

1.5.2 CORE PRINCIPLES

Internal Audit staff are expected to abide by the Core Principles set out in the International Professional Practices Framework by:

- Demonstrating integrity
- Demonstrating competence and due professional care
- Remaining objective and free from undue influence (independent)
- Aligning with the strategies, objectives and risks of the University
- Remaining appropriately positioned and adequately resourced
- Demonstrating quality and continuous improvement
- Communicating effectively
- Providing risk-based assurance
- Being insightful, proactive and future focussed
- Promoting organisational improvement

1.6 Roles and Responsibilities

Standard 2030 requires that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.

Finance, Audit and Risk Committee

The Finance, Audit and Risk Committee provides oversight of the Internal Audit function.

The roles and responsibilities of the Finance, Audit and Risk Committee are outlined in the Governance (Finance, Audit and Risk Committee) Rule 2015 No. 2 and the Internal Audit Charter.

Head of Internal Audit

The Director, Risk and Compliance, as the Head of Internal Audit is responsible, in consultation with the Finance, Audit and Risk Committee, for:

- effectively managing the Internal Audit function to ensure it adds value to the organisation
- developing and implementing a risk-based Internal Audit Plan

- establishing policies and procedures to guide the Internal Audit function (including this Manual)
- maintaining quality assurance measures for the Internal Audit function and reporting performance to senior management and the Finance, Audit and Risk Committee
- ensuring Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the approved Internal Audit Plan, including selecting an external provider where required
- developing and regularly reviewing the Internal Audit Charter
- reporting to senior management and the Finance, Audit and Risk Committee on the Internal Audit function's purpose, authority, responsibility, independence, performance, and conformance with the Code of the Ethics and the Standards

Internal Auditor

The Internal Auditor is responsible for:

- developing and implementing the risk-based Strategic Internal Audit Plan in line with the approved audit policies and procedures
- preparing a written report of audit findings, including recommending a course of action to remediate risks identified
- assessing the appropriateness of management response to audit findings to adequately remediate the risks identified
- monitoring and reporting progress in implementing approved management responses to audit recommendations
- reporting to the Finance, Audit and Risk Committee on the above, and
- alerting the Chair of the Finance, Audit and Risk Committee and/or Chancellor of significant issues in a prompt manner

External Service Providers

Outsourced external service providers may be engaged as required by the Head of Internal Audit with the approval of the Finance, Audit and Risk Committee.

Where external service providers are engaged for the conduct of internal audits, the conduct of such audits shall be comply with this Internal Audit Manual. The audit methodologies and work papers used shall be made accessible to the University and its controlled entities subject to any licensing or other restrictions that may apply.

1.7 Proficiency and Due Professional Care

Standard 1200 requires that internal audit engagements be performed with proficiency and due professional care.

1.7.1 PROFICIENCY

Standard 1210 requires that staff working within the Internal Audit function must possess the knowledge, skills and other competencies needed to perform their individual responsibilities. The Internal Audit function collectively must possess or obtain the knowledge, skills and other competencies needed to perform its responsibilities.

Internal Audit must decline engagements, or obtain competent advice and assistance, if the Internal Audit function lacks the knowledge, skill, or other competencies needed to perform all or part of the engagement.

External service providers are expected to be able to demonstrate their proficiency through appropriate professional certifications and qualifications as designated by the Institute of Internal Auditors and / or other appropriate professional organisations.

For clarity, the Standards note that:

- 1210.A2 – Internal auditors must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organisation, but are not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud, and
- 1210.A3 – Internal auditors must have sufficient knowledge of key information technology risks and controls and available technology-based audit techniques to perform their assigned work. However, not

all internal auditors are expected to have the expertise of an internal auditor whose primary responsibility is information technology auditing

1.7.2 DUE PROFESSIONAL CARE

Standard 1220 requires that staff within the Internal Audit function (including external service providers) must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.

Internal Audit shall exercise due professional care by considering:

- the extent of work needed to achieve the engagement's objectives
- the relative complexity, materiality, or significance of matters to which assurance procedures are applied
- the adequacy and effectiveness of governance, risk management and control processes
- probability of significant errors, fraud or non-compliance
- cost of assurance in relation to potential benefits
- the use of technology-based audit and other data analysis techniques
- any real or perceived conflicts of interest that may arise as part of the engagement

Internal Audit must be alert to the significant risks that might affect objectives, operations or resources. However, assurance procedures alone, even when performed with due professional care, do not guarantee that all significant risks will be identified.

1.8 Continuing Professional Development

Pursuant to Standard 1230, Internal Audit staff shall enhance their knowledge, skills and other competencies through continuing professional development. Reference to the completion of professional development requirements will be included in the annual declaration to the Finance, Audit and Risk Committee.

1.9 Resource Use

In-house Internal Audit engagements will have an agreed budget based on the number of agreed days (or hours) for the conduct of the engagement agreed prior to the commencement of the engagement.

Internal Audit engagements assigned to an external service provider will have budgeted hours / days and a price agreed for each engagement prior to the commencement of the engagement. External service providers are accountable for the hours and expenses incurred for an audit engagement, and will be monitored through appropriate contract management processes. Variations to the budgeted hours or price of any engagement must be requested in writing and agreed with the Head of Internal Audit as soon as practicable and before the agreed budgeted hours of the engagement are exceeded. The Head of Internal Audit may authorise or refuse any variation at their discretion (within their delegated limit).

2. INTERNAL AUDIT FRAMEWORK





Mission and Values

At all times, the work of the Internal Audit function aims to uphold the Mission and Values of the University.

The University's **ethos**, *yindyamarra winhanganha*, means the wisdom of respectfully knowing how to live well in a world worth living in.

The University's **mission** is "to build skills and knowledge in our regions. We offer choice and flexibility to students and work hand-in-hand with our industries and communities in teaching, research and engagement. Growing from our historical roots, we share our knowledge and expertise as a significant regional export industry and we bring strength and learning from this back to our regions.

Through our **values**, we create a welcoming community experience and learning environment that supports innovative research, advances society and gives back to our regions."

			
Insightful	Inclusive	Impactful	Inspiring
Understanding people and the world	Stronger together	Outcome driven	Leading for the future
<ul style="list-style-type: none"> • Respectful • Perceptive • Knowledgeable, wise and open minded 	<ul style="list-style-type: none"> • Accessible • Versatile • Easy, warm and welcoming 	<ul style="list-style-type: none"> • Consistent • Constructive • Student first, practical and useful 	<ul style="list-style-type: none"> • Rigorous • Creative • Leading, imaginative and solid

Internal Audit's Mission

The University's Internal Audit Charter outlines the mission of internal audit to enhance and protect organisational value by providing independent, risk-based objective assurance, advice and insight.

Protecting value – the core of Internal Audit's role by evaluating the effectiveness, and contribute to the improvement, of governance, risk management and control processes using a systematic, disciplined and risk-based approach

Enhancing value – where Internal Audit can play a role to improve efficiency and performance and promote continuous improvement

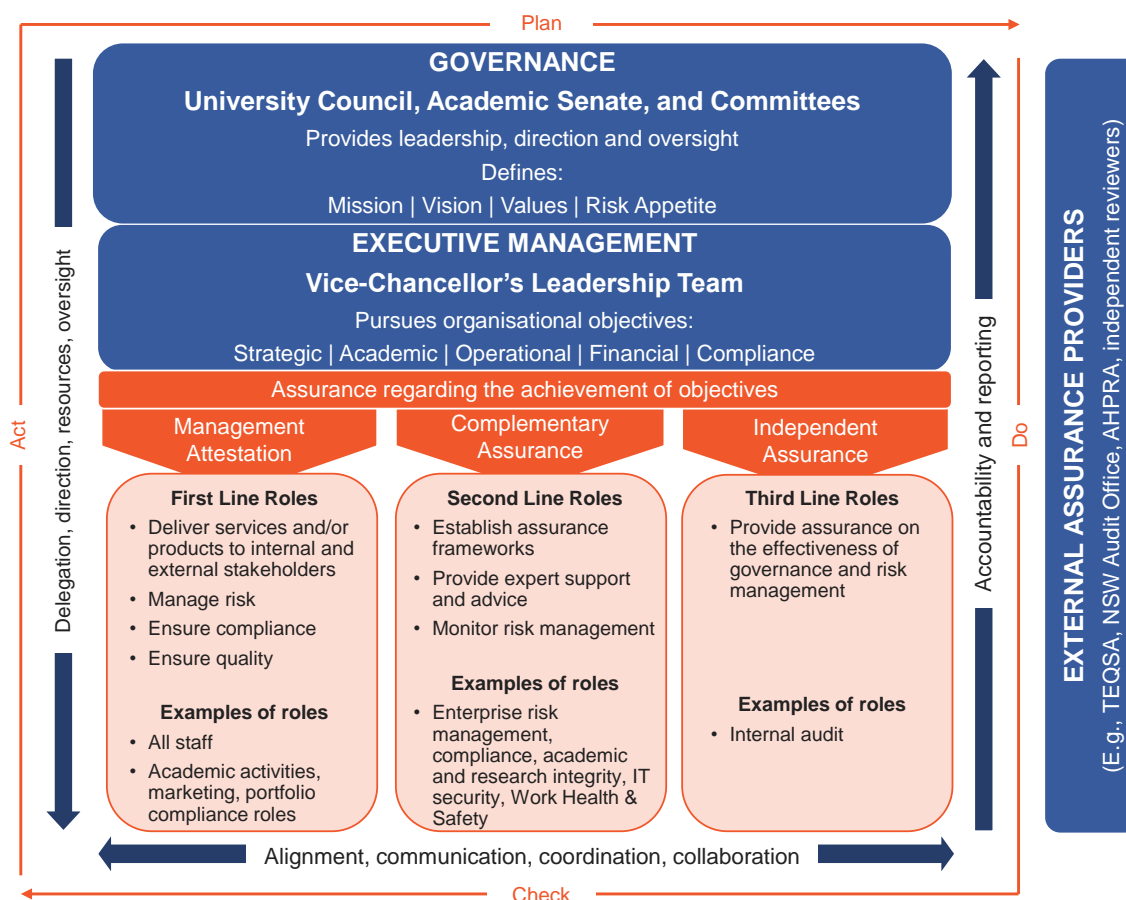
In the conduct of its activities, the Internal Audit function plays an active role in:

- developing and maintaining a culture of accountability and integrity
- facilitating the integration of controls and risk management into day-to-day business activities and processes, and
- promoting a culture of continuous improvement, self-assessment and adherence to high ethical standards

The combined elements of protecting and enhancing organisational value will be considered in developing in the approach to each audit engagement to maximise potential value to the University.

Within the University's Organisational Assurance Framework, Internal Audit plays a third line of defence role by providing independent and objective assurance and advice on all matters related to the achievement of University objectives.

Organisational Assurance Framework



2.1 Services Offered

Process audits – assurance audits that provide an assessment of the efficiency and effectiveness of internal controls within complete business cycles to ensure that the University's risks are managed effectively, that goals and objectives will be achieved efficiently and economically and that rules, policies and procedures are followed.

Compliance audits – audits that assess current practices against criteria set out either in legislation and regulation or University policy and/or other internal standards. They are used to review the University's current state of compliance with their legislative and policy requirements.

Health check audits – audits that either cover a single process in depth or cover a number of process through a light touch. For example, assessing the maturity of a function against a set of internally or externally defined parameters.

Consulting, analysis and advice – relating to policies, programs, risks, systems and controls without Internal Audit assuming operating and/or management responsibility.

3. INTERNAL AUDIT PLANNING

3.1 Strategic internal audit plan

Standard 2010 requires the establishment of a risk-based plan to determine the priorities of the Internal Audit function, consistent with the University's goals.

The scope of the Strategic Internal Audit Plan draws from the results of a University-wide risk assessment process. The risk assessment results identify areas:

- of high controlled (or residual) risk
- where controlled risk exceeds the risk appetite
- the controls systems identified upon which each auditable area is reliant, and
- the degree and effectiveness of other assurance activities applied to those controls

The Strategic Internal Audit Plan will cover up to a three year period based on the results of the strategic and risk assessment process.

The Strategic Internal Audit Plan shall be developed by the Internal Audit function in consultation with members of the Vice-Chancellor's Leadership Team and the Finance, Audit and Risk Committee, and approved in line with the Internal Audit Charter.

3.2 Annual internal audit plan

Prior to the commencement of each calendar year, the Internal Audit function will confirm the Annual Internal Audit Plan in consultation with the Finance, Audit and Risk Committee. The Annual Internal Audit Plan will be derived from the Strategic Internal Audit Plan and sets out the audit program for the year ahead.

The development of the Annual Internal Audit Plan will take into consideration the availability of resources and budget to support delivery of identified audit activities during the year.

The Annual Internal Audit Plan will be submitted to the Finance, Audit and Risk Committee for endorsement and approval in line with the Internal Audit Charter.

3.4 External audit

The Audit Office NSW is the University's external auditor, responsible for assessing the control environment over financial reporting in the forming of an opinion on the financial statements of the University and its controlled entities.

Findings made through annual external audits provide input and inform Internal Audit planning.

3.5 Resourcing and Budgets

In planning Internal Audit engagements, consideration will be given to the nature and complexity of the engagement, together with the proficiency requirements and time constraints of available resources to achieve the engagement in line with the approved Internal Audit Plan.

Internal Audit engagements being undertaken by internal resources will agree the number of hours/days with the audit client prior to commencement of the engagement. This will be included in the Terms of Reference for the engagement.

Where an audit engagement is provided by an external service provider, an engagement budget and the personnel involved will be approved by the Head of Internal Audit prior to commencement of the engagement. External service providers are accountable for time spent and personnel used in each approved engagement.

4. INTERNAL AUDIT METHODOLOGY

Internal Audit's approach to each audit engagement will follow the following framework:



What to Expect

In the lead up to an audit engagement, Internal Audit will:

- contact you if your area is on the approved Internal Audit Plan
- work with you to ensure there is minimal disruption to your area
- meet with you to plan what is going to be included in the audit engagement
- conduct the audit engagement by requesting supporting documentation and data, speaking with staff and conducting site visits where appropriate in line with this Internal Audit Manual
- share audit findings in a close-off meeting and give you the opportunity to address any errors of fact
- provide a report based on our objective findings and recommendations for improvement
- respond to any questions or concerns you have regarding an audit engagement
- seek feedback from audit participants on the conduct of the audit engagement to improve the conduct of future engagements

4.1 Communication and Approval

The following table outlines the communication and approval process for key outputs of the Internal Audit function:

Output	Standard	University Council	Finance, Audit and Risk Committee	Vice-Chancellor / VCLT	Audit Sponsor	Internal Audit
Internal Audit Charter	1000	Approve	Consult / Endorse	Consult / Inform	Inform	Develop
Strategic Internal Audit Plan ¹	2010	Approve	Consult / Endorse	Consult / Inform	Consult / Inform	Develop
Annual Internal Audit Plan ¹	2010	Approve	Consult / Endorse	Consult / Inform	Consult / Inform	Develop
Internal Audit Manual	2040		Consult / Approve	Consult / Inform	Inform	Develop
Quality Assurance and Improvement Plan	1300, 1320		Approve	Inform		Develop
Annual Internal Audit Report ²	2060		Accept	Inform		Develop / Approve
Audit Engagements						
Terms of Reference	2200		Consult	Consult	Consult / Approve	Develop / Approve
Draft Report	2400				Consult ³	Develop
Final Report	2400, 2440		Inform / Accept	Inform	Inform	Develop / Approve

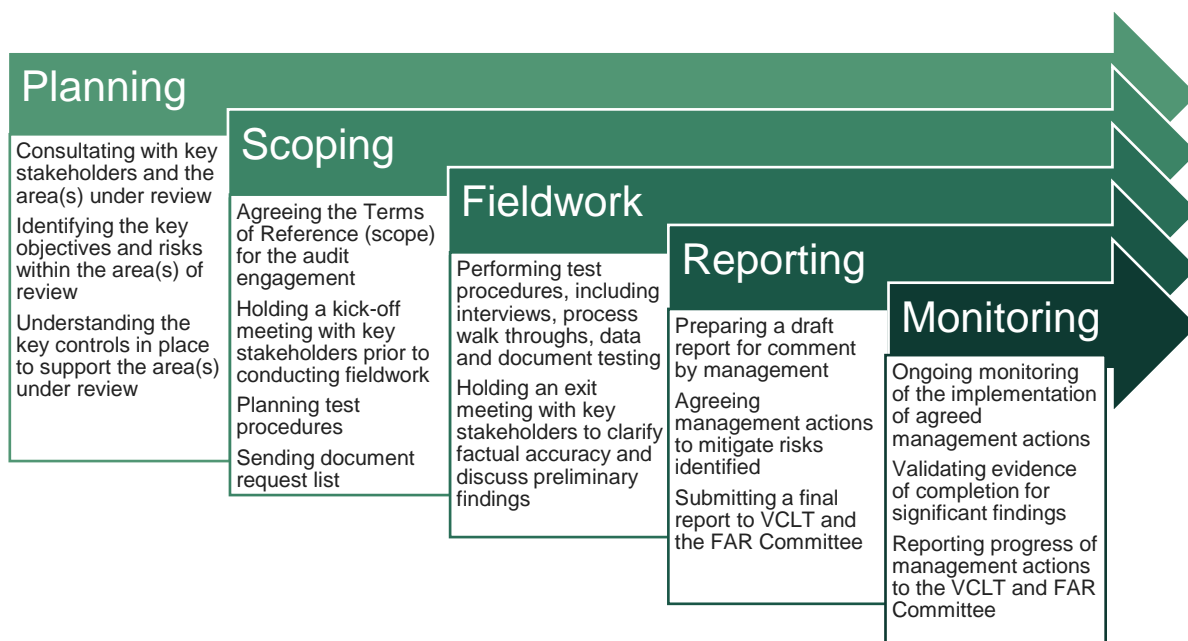
¹ Including any significant changes to the Plans

² Including information about the Internal Audit Charter, independence of the Internal Audit activity, the audit plan and progress against the plan, resource requirements, results of audit activities, conformance with the Code of Ethics and the Standards (and action plans to address any significant conformance issues), management's response to risk that, in the Head of Internal Audit's judgement, may be unacceptable to the University

³ Consultation relates to (a) the correction of errors or misstatements of fact and (b) the development of management responses

4.2 Internal Audit Cycle

In general, Internal Audits will be conducted as follows:



4.3 Planning

In planning each engagement, Internal Audit will consider:

- the objectives of the activity being reviewed and the means by which the activity controls its performance and achievement of those objectives
- the significant risks to the activity, its objectives, resources and operations, and the means by which the potential consequence(s) and/or likelihood of risk is kept to an acceptable level
- the adequacy and effectiveness of the activity's risk management and control systems compared to a relevant control framework or model
- whether the scope is relevant to the risks identified when developing the Annual Internal Audit Plan, and
- the opportunities for making significant improvements to the activity's risk management and control systems

4.4 Scoping

4.4.1 INITIAL SCOPING

Prior to commencing an audit engagement, Internal Audit will consult with the relevant senior manager(s) on the:

- objectives and scope of the audit
- likely commencement date and duration
- locations to be visited, and
- key stakeholders that are likely to participate in the audit activity

Where, during this initial scoping phase, the audit client proposes a significant change from the objectives documented in the approved Annual Internal Audit Plan, approval will be sought from the Finance, Audit and Risk Committee.

4.4.2 TERMS OF REFERENCE (AUDIT SCOPE)

Prior to the commencement of each internal audit engagement, a Terms of Reference will be prepared by Internal Audit in consultation with the appropriate functional managers. The Terms of Reference will include

the engagement's objectives, scope, timing and resource allocations. In addition, the Terms of Reference shall consider the University's strategies, objectives and detail the specific risks to be examined as part of the engagement.

Where engagements are to be completed by an external service provider, the Terms of Reference will also include the approved cost of the engagement, and the personnel to be involved in the engagement.

4.4.3 KICK-OFF MEETING

An entry meeting will be held before the start of audit fieldwork with relevant management of the area(s) to be reviewed. The purpose of the entry meeting is to:

- enable Internal Audit to meet key staff of the area being reviewed
- clarify the objectives, scope and timing of the audit as outlined in the Terms of Reference
- provide an opportunity for staff of the area being reviewed to present their views and perspective on the audit engagement
- finalise the plan for conducting the audit in terms of timing, duration, staff involvement, and
- arrange access to building, personnel, files, systems and data in order to commence fieldwork

4.5 Fieldwork (audit delivery)

4.5.1 AUDIT WORK PROGRAM

Internal Audit will develop a work program for each audit engagement. The structure of each work program will include areas such as:

- audit objective and scope
- process analysis – this may include process mapping where appropriate
- document gathering, including policies, procedures, documentation, forms, better practice materials relating to the processes under review
- risk and controls analysis
- testing plans to review the design and operating effectiveness of internal controls
- interviews with key stakeholders and/or process walk-throughs
- reviews of previous audit recommendations

Sampling will be conducted in line with contemporary sampling methodologies.

4.5.2 CONTROLS ANALYSIS

A key outcome of most internal audits is the provision of assurance on the design and effectiveness of internal controls. After obtaining an understanding of the internal controls systems, Internal Audit should make an assessment to determine whether identified controls in place are designed to meet the control objectives and mitigate risks, and whether those controls are working effectively as intended.

The analysis and evaluation of evidence obtained may identify issues (both positive and negative) which the Internal Audit function may report to management. Conclusions should be specific and objective (free from personal bias).

Internal Audit is committed to a 'no surprise' approach and will hold ongoing discussions with management as findings emerge and conclusions are developed. If necessary during fieldwork, matters of significant concern will be raised with senior management and/or the Finance, Audit and Risk Committee prior to completion of the final report.

4.5.3 INTERNAL AUDIT WORKING PAPERS

Internal Audit working papers demonstrate the work completed from the planning phase through to the issue of the final report. Working papers should support that the evidence used to inform Internal Audit's observations and recommendations has been based on sufficient, relevant and useful data, and whether due professional care was exercised in the conduct of the engagement in line with the Standards.

All Internal Audit documentation and work papers remain the property of the University, including where audit engagements are provided by external service providers.

4.5.4 WORKING PAPER REVIEW

Where Internal Audit activities are undertaken by staff reporting to the Head of Internal Audit, the Head of Internal Audit is responsible for undertaking quality assurance of the working papers.

Where Internal Audit activities are conducted by an external service provider, all working papers are to be subject to quality assurance by a more senior staff member of the service provider than the staff member who completed the working papers.

4.5.5 EXIT MEETING

Upon completion of fieldwork, Internal Audit will hold a discussion with key audit participants to outline the issues identified, clarify information, confirm facts and develop practical responses to the issues identified in cooperation with the area(s) under review.

The exit meeting will be attended by Internal Audit staff (including external service providers where relevant) and senior management from the audited area(s). The Audit Sponsor, and the Vice-Chancellor where relevant, may attend the meeting as required.

4.6 Reporting

4.6.1 DRAFT INTERNAL AUDIT REPORT

At the completion of fieldwork, a draft Internal Audit Report will be presented to management which will generally include:

- an executive summary
- detail of any risks identified that were not effectively treated and recommendations for improvement
- sufficient detail to allow the reader to understand the issues identified
- proposed recommendations to further treat the identified risks
- provision for management comment in response to the recommendations made, including management's action plan

Internal Audit will issue the draft Internal Audit Report within 10 business days from the close-off meeting.

The draft Internal Audit Report will be reviewed by the Head of Internal Audit for quality assurance prior to issue to management.

4.6.2 MANAGEMENT RESPONSES

On receipt of the draft Internal Audit Report, management of the audited area(s) should:

- consider the findings and recommendations in the draft report
- advise Internal Audit of any misstatements or errors of fact contained within the draft report
- advise Internal Audit whether management agrees or disagrees with the recommendations in the draft report
- where management agrees with a recommendation:
 - prepare an action plan to address the recommendation
 - set a timeframe for implementing the action plan
 - nominate the individual responsible for implementing the action plan within the proposed timeframe
- where management disagrees with a recommendation, provide Internal Audit with the reason for the disagreement

In setting a timeframe for implementing the action plan, management should consider the risk against the resources available to arrive at a realistic date for completion.

Management comments are required within 10 working days of receipt of the draft Internal Audit Plan.

The Audit Sponsor of the audit engagement is required to endorse the management responses.

Where Internal Audit considers that management's response to a finding is inadequate, or where management seeks to accept a risk that may be outside the risk appetite of the University, the Internal Audit function will consult with management to seek a mutually agreeable resolution.

If agreement is not reached, or if reasonable efforts have been made to obtain management responses directly and through senior management, Internal Audit may present an Internal Audit Report to VCLT and/or the Finance, Audit and Risk Committee without management responses.

4.6.3 FINAL INTERNAL AUDIT REPORT

Upon receipt of management responses, Internal Audit will issue a final Internal Audit Report to:

- the Audit Sponsor
- management of the audited area(s)
- members of the VCLT
- the Finance, Audit and Risk Committee at its next available meeting

Where appropriate, the final Internal Audit Report may be distributed to a wider audience within the University to support collaboration, share lessons learnt and provide examples of better practice.

Internal Audit, including external service providers where applicable, may be requested to attend the Finance, Audit and Risk Committee meeting to answer any question the Committee may have.

4.7 Monitoring

4.7.1 AUDIT ACTION ITEMS

Internal Audit supports the Finance, Audit and Risk Committee by monitoring action plans agreed within final Internal Audit Reports, and tracking progress towards completion within agreed timeframes. Depending on the significance of the finding, Internal Audit may also validate the completion of corrective actions before recommending closure of the issue.

Closure of an audit action item is an acknowledgement that a reasonable response to the agreed action(s) planned has taken place. It is not evidence that Internal Audit has re-assessed the adequacy, efficiency and/or effectiveness of the actions undertaken to mitigate the original risk identified, and no assurance is provided by Internal Audit on any new controls in place. Responsibility for addressing the risk(s) identified rests with the management of the relevant business unit(s) involved.

Internal Audit will maintain an Audit Action Items Register and will periodically seek confirmation from management regarding progress of implementing agreed action plans. The Audit Action Items Register will be updated to record the status of items in line with reporting requirements to the Finance, Audit and Risk Committee (or at least quarterly).

Any proposal by management to change either the agreed action plan or the expected timeframe for completion should be discussed with Internal Audit, including the reasons why and the risk associated with the change. Internal Audit will comment on whether or not the proposed change(s) strengthen or weaken the controls intended to mitigate the risk(s) identified.

Internal Audit will report the progress of management's implementation of audit action items to each relevant general meeting of the Finance, Audit and Risk Committee and may share this report with the VCLT. The Finance, Audit and Risk Committee may request management to attend a Committee meeting and present details as to why a corrective action has not been fully implemented, and how the resulting risk is being addressed in the interim.

4.7.2 FINANCE, AUDIT AND RISK COMMITTEE REPORTING

In accordance with the Internal Audit Charter, reporting will be prepared for each general meeting of the Finance, Audit and Risk Committee including:

- overall performance of the Internal Audit function
- Internal Audit work completed, including the presentation of final Internal Audit Reporting
- progress of implementation of internal and external audit recommendations, and recommendations arising from other reviews, where necessary

In addition, an Annual Internal Audit Report will be presented to the Committee summarising work and achievements of the Internal Audit function during the year to demonstrate value delivered and to provide an opinion on the overall state of internal controls and any system issues identified. This report will include Internal Audit's annual assertion on the work on the Internal Audit function and compliance with the Standards.

4.8 Evaluation

Standard 1300 requires the Head of Internal Audit to develop and maintain a quality assurance and improvement program that covers all aspects of the Internal Audit function. The program should be designed to:

- enable an evaluation of Internal Audit's conformance with the Standards
- evaluate whether staff within Internal Auditor apply the Code of Ethics
- assess the efficiency and effectiveness of the Internal Audit function
- identify opportunities for improvement

In line with the Internal Audit Charter, the Head of Internal Audit is required to report of the performance of the Internal Audit function to the Finance, Audit and Risk Committee.

The program must include both internal and external assessments (Standard 1310). Internal Assessment will include:

- ongoing quality assurance of Internal Audit activities by the Head of Internal Audit
- feedback provided by audit clients through the client satisfaction survey
- feedback provided by members of VCLT and the Finance, Audit and Risk Committee through the stakeholder satisfaction surveys
- periodic self-assessment, or assessment by persons within the University with sufficient knowledge or internal audit practices where applicable, and
- annual review of the Internal Audit function

4.8.1 CLIENT SATISFACTION SURVEY

A client satisfaction survey will be issued at the conclusion of audit engagements. The Audit Sponsor, management of the audited area(s) and key participants in the audit engagement will be invited to complete a client satisfaction survey. Any feedback indicating opportunities for improvement in Internal Audit performance, together with a rectification plan, will be provided to the Finance, Audit and Risk Committee.

4.8.2 KEY STAKEHOLDER SATISFACTION SURVEY

As key stakeholders to the Internal Audit function, members of the VCLT and members of the Finance, Audit and Risk Committee will be invited to complete a Key Stakeholder Satisfaction Survey on an annual basis. Feedback indicating opportunities for improvement in Internal Audit performance will be discussed with the Finance, Audit and Risk Committee, including the development of a rectification plan.

4.8.3 ANNUAL REVIEW

An annual review will be conducted to evaluate compliance with the Standards and the Code of Ethics. The annual review will consider feedback through client satisfaction surveys, the key satisfaction survey, Finance, Audit and Risk Committee self-assessment (where applicable) and the review of any external assessments.

4.8.4 EXTERNAL ASSESSMENT

Standard 1312 – External Assessments requires an external assessment to be conducted at least once every five years by a qualified, independent reviewer or review team external to the University. The Head of Internal Audit must discuss with the Finance, Audit and Risk Committee:

- the form and frequency of external assessment
- the qualifications and independence of the external assessor or assessment team, including any potential conflict of interest

The Head of Internal Audit will communicate the results of the external assessment to the Vice-Chancellor and the Finance, Audit and Risk Committee.

5. REVIEW OF THE INTERNAL AUDIT MANUAL

The Head of Internal Audit will review this Manual in line with the review of the Internal Audit Charter at least every three years, with any changes approved by the Finance, Audit and Risk Committee.

APPENDIX 1 RISK ANALYSIS

In determining the level of risk of an Internal Audit finding, Internal Audit will refer to the University's corporate risk matrix and risk appetite:

[Charles Sturt University Risk Matrix](#)

[Charles Sturt University Risk Appetite Statement](#)

Management response to finding identified during an audit engagement should align to the risk scale described below:

Rating	Description
Extreme	Finding represents a material breakdown and controls are not adequate to address the associated risk which could have a catastrophic consequence. Active management required immediately as a high priority.
High	Finding represents a significant breakdown and controls are not adequate to address the associated risk which could have a major consequence. Active management required within 90 days.
Medium	Finding represents a moderate breakdown and controls are not adequate to address the associated risk which could have a moderate to minor consequence. Active management required within six months.
Low	Finding represents an insignificant breakdown where either the controls are partially adequate to address the associated risk, or the associated risk could have an insignificant consequence. Active management required within 12 months.