

Internal Audit Charter - Internal Audit

Internal Audit Charter – Internal Audit	
Prepared by:	Internal Auditor
Responsible Officer:	Internal Auditor
Stakeholders:	Audit, Risk and Governance (ARG) Committee

Contents

1. PURPOSE	1
2. VALUE PROPOSITION	1
3. RESPONSIBILITY	2
4. DIRECTION AND INDEPENDENCE	2
5. AUTHORITY	3
6. STANDARDS.....	3
7. REPORTING	3
8. SERVICES.....	4

1. PURPOSE

- This Internal Audit Charter defines Internal Audit's purposing, authority, responsibility and position within the Shire
- The purpose of the Internal Audit function is to provide independent, objective assurance and consulting services designed to add value and improve the Shire's internal control environment.

2. VALUE PROPOSITION

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the operations of the Shire. Internal Audit will works towards the following value proposition:

Assurances	Internal audit provides value-based assurance on the organisation's governance, risk management and control processes to help the organisation achieve its strategic, operational and financial objectives;
Insight	Internal audit is the catalyst for improving an organisation's effectiveness and efficiency by providing insight and recommendations based on analyses and assessments of data and business processes; and
Objectivity	With commitment to integrity and accountability, Internal audit provides value to governing bodies and senior management as an objective source of independent advice.



Internal Audit Charter - Internal Audit

3. RESPONSIBILITY

The responsibility of Internal Audit is to:

- Build and maintain framework and structures to support internal audit as independent, objective assurance and consulting services designed to add value and improve the Shire's internal control environment
- Operate internal audit in accordance with the value proposition detailed in this document
- Maintain a risk based approach to planning for internal audit activities balanced with core legislative audit requirements
- Implement approved audit planning, including, and as appropriate, any special tasks to support assurance to CEO and/or ARG
- Issue periodic reports to ARG and senior management summarising audit activities (including internal audit reports in accordance with audit planning)
- Maintain sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter
- Consider the scope of work of other audit / review activities within the Shire for coverage of assurance.

4. DIRECTION AND INDEPENDENCE

To be effective, an internal audit function must be able to operate without being influenced or inhibited in the discharge of its duties. To provide for the independence of Internal Audit, the role administratively reports to the Chief Executive Officer and functionally to Council through the Audit, Risk and Governance (ARG) Committee.

Exceptions to operational independence for the Internal Auditor are three areas with full or partial responsibility which are framework, structures and output for:

- Internal Audit
- Public Interest Disclosure (PID)
- Internal Whistleblower.

The Internal Auditor will report functionally to ARG and administratively to the Chief Executive Officer. The key responsibilities of ARG is to:

- Approve and provide feedback on the internal audit charter
- Approve and provide feedback on internal audit planning
- Receive outputs from internal audit on performance of the activity related to the plan, audit observations and other matters.

The responsibilities of CEO is to:

- Oversee the production, review and implementation of the Internal Audit Plan
- Provide the Internal Auditor with direction and advice on strategic and operational matters
- Monitor the effectiveness of the Shire's internal audit effort
- Consider with the Internal Auditor any request for an unplanned and unscheduled audit unless raised through ARG
- Oversee communication between the Internal Auditor and the ARG (except for significant concern as detailed in Section 5 – Authority).



Internal Audit Charter - Internal Audit

5. AUTHORITY

In undertaking internal audit activities, internal audit (including contractors and staff) is authorised to:

- Attend ARG Committees for the purpose of presenting, clarifying and responding to internal audit matters of the Shire
- Select areas of audit, determine scopes of work, frequencies and apply the techniques required to accomplish audit objectives
- Obtain the necessary assistance of personnel in business units of the Shire where audit activities are performed, as well as other specialised services from within or outside the Shire
- Have unrestricted access to relevant Shire functions, records, property, and personnel in accordance with endorsed audit activities
- Initiate communications with the ARG Committee or Chair outside of the normal frequency of meetings where a significant concern is identified which needs to be immediately raised or escalated directly
- Initiate communications with the ARG Committee annually to request and subsequently receive feedback on the performance of internal audit.

Note: The practical application of the authorisations / access to information will be respectful of management structures, formal request processes and escalation in accordance with line management and support of the CEO.

6. STANDARDS

The Internal Audit function will be subject to the requirements of The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditors.

7. REPORTING

Each quarter Internal Audit will present a report to Council on:

- Internal audits complete (including provision of reports)
- Progress against the endorsed internal audit plan
- Outstanding internal audit findings and recommendations.



Internal Audit Charter - Internal Audit

8. SERVICES

The core services offered through internal audit within the Shire include:

Area	Coverage	Audience								
Internal Audit Categories	<ul style="list-style-type: none"> • Activities scheduled through the endorsed Internal Audit Plan • CEO and director initiated internal audit processes outside of the Internal Audit Plan <table border="1" data-bbox="316 698 1235 1178"> <tr> <td data-bbox="316 698 528 766">Financial</td> <td data-bbox="528 698 1235 766">Conduct financial audits in order to form an opinion on the integrity of transactions</td> </tr> <tr> <td data-bbox="316 766 528 869">Compliance</td> <td data-bbox="528 766 1235 869">Conduct compliance audits compliance with legislative requirements and Council's policies and procedures</td> </tr> <tr> <td data-bbox="316 869 528 972">Performance</td> <td data-bbox="528 869 1235 972">Conduct performance audits focusing on the adequacy, efficiency and effectiveness of processes and systems</td> </tr> <tr> <td data-bbox="316 972 528 1178">IT Audit</td> <td data-bbox="528 972 1235 1178">Conduct information systems and governance audits to assess the management of IT assets; to assess the controls and the capabilities of systems in capturing, processing, sharing, and securing information; providing assurance over information and the process of disposal of information.</td> </tr> </table> <p data-bbox="316 1214 1235 1249">Output: <i>all formal internal audit activities will be reported to ARG.</i></p>	Financial	Conduct financial audits in order to form an opinion on the integrity of transactions	Compliance	Conduct compliance audits compliance with legislative requirements and Council's policies and procedures	Performance	Conduct performance audits focusing on the adequacy, efficiency and effectiveness of processes and systems	IT Audit	Conduct information systems and governance audits to assess the management of IT assets; to assess the controls and the capabilities of systems in capturing, processing, sharing, and securing information; providing assurance over information and the process of disposal of information.	<ul style="list-style-type: none"> • ARG • CEO • Directors • Managers
Financial	Conduct financial audits in order to form an opinion on the integrity of transactions									
Compliance	Conduct compliance audits compliance with legislative requirements and Council's policies and procedures									
Performance	Conduct performance audits focusing on the adequacy, efficiency and effectiveness of processes and systems									
IT Audit	Conduct information systems and governance audits to assess the management of IT assets; to assess the controls and the capabilities of systems in capturing, processing, sharing, and securing information; providing assurance over information and the process of disposal of information.									
Advisory	<p>Process and internal control advisory and review activities, working with underlying principles of internal audit to maintain independence of processes.</p> <p>Output: <i>key themes and areas working within the organisation will be reported through to ARG.</i></p>	<ul style="list-style-type: none"> • ARG • CEO • Directors • Managers 								
Education	<p>Awareness and education of internal audit and internal controls.</p> <p>Output: <i>education activities may be provided in summary in quarterly reporting.</i></p>	<ul style="list-style-type: none"> • Whole of organisation. 								