
INTERNAL AUDIT

PART 16 INTERNAL AUDIT

- 16.1 General Policy
 - 16.1.1 Internal Audit Charter
 - 16.1.2 Nature of Internal Audit
 - 16.1.3 Role and Objective of Internal Audit
 - 16.1.4 Independence
 - 16.1.5 Authority
 - 16.1.6 Responsibilities
 - 16.1.7 Scope of Internal Audit
 - 16.1.8 Audit Program

PART 16 INTERNAL AUDIT

16.1 General Policy

The following describes the general policy in relation to internal audit.

16.1.1 Internal Audit Charter

The Internal Audit charter establishes the authority and responsibility conferred by the Council of the University of Southern Queensland on the Internal Auditor so that it may provide an effective internal auditing service to the University in accordance with the Financial Administration and Audit Act and the Financial Management Standard.

16.1.2 Nature of Internal Audit

Internal audit operates as a service to all levels of University management including cost centres, in providing an independent review and assessment of the operations of the University.

16.1.3 Role and Objective of Internal Audit

Internal audit is a function established to assist all members of management of the University to achieve sound managerial control over all activities for which they are responsible, in order to ensure that the activities are carried out efficiently, effectively and in accordance with established policies, plans and procedures.

The overall objective of internal audit is to assist all levels of management including cost centres in the effective discharge of its

INTERNAL AUDIT

responsibilities by providing independent and confidential analysis, appraisal, advice and recommendations concerning the activities reviewed.

The attainment of the overall objective involves such activities as:

- (a) reviewing and appraising the adequacy and effectiveness of the system of internal control;
- (b) appraising the relevance, reliability and integrity of management, financial and operating data and reports;
- (c) reviewing the systems established to ensure the University's compliance with those policies, plans, procedures, statutory requirements and regulations which could have a significant impact on operations;
- (d) reviewing the means of safeguarding assets and as appropriate verifying the existence of such assets;
- (e) appraising the economy, efficiency and effectiveness with which resources are employed;
- (f) reviewing operations or programs to ascertain whether the results are consistent with the University's established objectives and goals and whether the operations or programs are being carried out as planned;
- (g) assessing the adequacy and efficiency of systems design and implementations;
- (h) conduct special assignments and investigations as authorised by the Audit Committee into any matter or activity affecting the financial interests and operating efficiency of the University;
- (i) recommend operating improvements.

16.1.4 Independence

Internal audit is an advisory function having independent status within the University. The Internal Auditor:

- (a) shall report directly to the Audit Committee and be independent of any other section or officer of the University;

INTERNAL AUDIT

- (b) shall have no executive or managerial powers, authorities, functions or duties except those relating to the management of the internal audit functions;
- (c) shall not be involved in the day to day operation of the University;
- (d) shall not be responsible for the detailed operation of the University;
- (e) shall not be responsible for the detailed development or implementation of new systems but should be consulted during the system development process on the control measures to be incorporated in new or amended systems, and be advised of approved variations or new developments.

16.1.5 Authority

The authority of the Internal Auditor is derived from the University Council, the Financial Administration and Audit Act, and the Financial Management Standard which require the establishment of an effective internal audit activity.

To carry out their duties effectively, it is necessary for the Internal Auditors to:

- (a) have access at all times to the books, documents, accounts, property, vouchers, records, correspondence and other data of the University which are necessary for the proper performance of their duties;
- (b) request any University employee to furnish all information and explanations deemed necessary for them to form an opinion on the adequacy of systems and/or controls.

Executive, academic, administrative, general and other University officers shall render every assistance to internal auditors in the conduct of their audits.

INTERNAL AUDIT

16.1.6 Responsibilities

The Internal Audit Manager shall be responsible directly to the University Council for the audit through the Audit Committee for activities in relation to:

- (a) development, implementation and oversight of internal audit methods and procedures;
- (b) development and control of the internal audit program;
- (c) scope and boundaries of audits;
- (d) fulfilling the objectives of internal audit;
- (e) utilising the Internal Audit Office resources to maximise the efficiency and effectiveness of the internal audit function;
- (f) maintenance of appropriate auditing standards.

16.1.7 Scope of Internal Audit

The scope of internal audit shall be sufficiently comprehensive to ensure the effective and regular review of all operational, financial and related activities.

Internal audit coverage may extend to all areas of the University and includes financial, accounting, administrative and operational activities.

The extent and frequency of internal audits depend upon an assessment of the risks pertaining to the achievement of the University's objectives. In assessing the degree of risk relating to individual auditable areas, the factors must be considered:

- (a) results of previous audits;
- (b) relative risk associated with activities;
- (c) materiality;
- (d) significance of the auditable area in terms of organisational impact;
- (e) importance in terms of sensitivity and public impact;

INTERNAL AUDIT

- (f) adequacy of the system of internal control.

16.1.8 Audit Program

A long term strategic audit plan providing for the review of all significant operations of the University on a cyclic and/or yearly basis shall be prepared for the approval of the Audit Committee.

An annual plan consistent with the long term strategic plan shall be prepared for the approval of the Audit Committee prior to the commencement of the financial year.