Internal Audit Procedures

Associated Policy

These procedures should be read in conjunction with the Internal Audit Policy.

Procedures

These procedures describe the process for the conduct and management of internal audit activities at the Canberra Institute of Technology (CIT) in accordance with Standard 2040 - Policies and Procedures of the International Standards for the Professional Practice of Internal Auditing.

1. Annual Internal Audit Program

1.1 The Head of Internal Audit (HIA) is responsible for the conduct of the internal audit function. This includes the development of an annual internal audit program for endorsement by the Audit and Risk Committee. This is conducted in a risk management framework and includes consultation with the CIT Executive, College Directors and other relevant stakeholders.

1.2 In addition to the internal audit program, management-initiated assurance activities conducted across CIT are captured and monitored by the Audit Risk and Governance Team (ARGT) in the Management Initiated Assurance Activity Register.

1.3 The HIA, with support from ARGT also has responsibility to ensure:

- audit resources are allocated as required for the endorsed program and audits are undertaken as scheduled
- internal audit progress reports are provided to the Audit and Risk Committee at each of their regular meetings during the year
- development of a quality assurance and improvement program
- audit meetings are arranged with relevant staff as required.

2. Resourcing, Conflict of Interest and Confidentiality

2.1 All internal audits are currently outsourced to internal audit providers as the internal audit team does not have any qualified internal auditors.

2.2 A suitable Internal Audit Service Provider is selected from the Whole of Government Contract – Audit and Risk Panel, in accordance with the relevant procurement guidelines, based on the audit scope, focus and objectives, and the available budget.
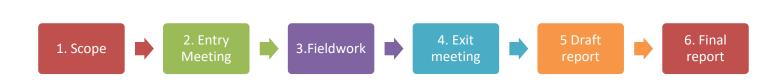
2.3 Outsourced service providers are expected to be able to demonstrate their professional competence through relevant experiences and appropriate professional certifications and qualifications, such as designations offered by the Institute of Internal Auditors or other appropriate professional organisations. The providers are responsible for the provision of suitably qualified audit staff and their professional conduct.

2.4 The outsourced service provider is to provide an undertaking at the commencement of the contractual period that no conflict of interest exists, or is likely to occur, in relation to the audit services to be provided. If at a later stage, audit staff from the outsourced service provider become aware of a situation in which a conflict of interest or bias is present or may reasonably be inferred, they must immediately advise the HIA, and apply mitigation strategies in consultation with the HIA.

2.5 The outsourced service provider is to provide a deed of confidentiality at the commencement of the contractual period that they are responsible and accountable for maintaining the confidentiality of the information they access during the course of their work

3. Internal Audit Process

| 1. Scope | ➡ | 2. Entry Meeting | ➡ | 3.Fieldwork | ➡ | 4. Exit meeting | ➡ | 5 Draft report | ➡ | 6. Final report |

3.1 Audit Scopes

The HIA is responsible for development of the audit scopes that fall within the Internal Audit Program. These are prepared in consultation with the relevant business areas and approved by the Audit and Risk Committee. Once the scope is approved a procurement process is conducted to engage a suitable internal audit service provider.

3.2 Entry Meeting

An entry meeting is held at the start of an internal audit. The entry meeting will be chaired by the HIA and attended by the internal auditors and/or outsourced service providers and key stakeholders from the area to be audited.

The purpose of the entry meeting is to ensure all relevant staff of the audited area are aware that the audit is taking place and know who the auditors are; confirm the audit timetable and approach to the fieldwork; and signal the commencement of audit field work.

3.3 Fieldwork

All audits, regardless of their nature, involve providing assurance on the design and effectiveness of a system of internal control. Field work for any given audit will vary and may include staff interviews, reviewing documents and records, questionnaires, systems documentation, walk-throughs and/or performing some initial analytical procedures or data analysis. reviewing and documenting current processes and conducting sample testing where appropriate.

During the course of the audit field work, the internal auditors and/or outsourced service providers will communicate matters of significance with the Chief Internal Auditor and Audit Sponsor to minimise the possibility of "surprises" at the end of the audit. This may be done informally (e.g. emails, discussions) or via formal meetings.

Access to all records and information of CIT is required for internal audit work. CIT staff are required to cooperate with auditor's requests for information, documents and other records.

Assistance from the area being audited is to be provided in a timely manner and could include:

- review and provision of feedback on the proposed scope
- providing a contact officer(s)
- attendance at entry and exit meetings and providing input into the accuracy and benefit of the reports
- providing input to draft audit recommendations
- attending audit committee meetings if invited.

3.4 Exit meeting

Following completion of the fieldwork an exit meeting will be held to discuss the findings to confirm facts or clarify information. The meeting will be attended by the HIA, internal auditors and/or outsourced service providers and senior management from the audited area.

3.5 Draft Report

A formal draft internal audit report will be issued to the HIA for dissemination to senior management of the area being audited, for management comments.

The draft report will specifically:

- include an Executive Summary which will describe the objective, scope, background, key controls and positive observations and key findings/opportunities for improvement
- state the objective(s), scope, methodology and conclusion of the audit
- detail any risks identified that were not effectively treated and suggestions for improvement
- prioritise the risks identified through the use of the ACTIA matrix or similar
- propose recommendations to further treat the identified risks
- seek management's comments in response to the recommendations and implementation timeframes.

While scoping focuses the audit it does not limit reporting of findings outside the scope especially where it impacts on organisational objectives and/or outcomes and/or poses a high risk. If an issue of material concern is identified there is a professional obligation to report on the issue even if it is outside the confines of the original scope of the audit.

3.6 Final Report – Management Comment

Final audit reports must include a management response. The auditors will provide the draft report to HIA for the CIT management response. The HIA will coordinate and/or assist in the preparation and

Procedure Contact Officer: Head of Internal Audit
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review of the management response to audit findings for inclusion in the final audit report, in consultation with the relevant CIT executive.

This will include reviewing draft reports, in consultation with relevant staff for inaccuracies and provide comment where required. The final report will be provided to the Executive Management Committee and the Audit and Risk Committee for endorsement.

4 Evaluating the effectiveness of the Audit

4.1 Feedback will be requested from the Lead Coordinator and College/ Division(s) concerning the conduct of the auditor(s) in performing the audit and the recommendations in terms of their usefulness as part of improving the quality of audit performance. An evaluation survey will guide the responses.

5 Communicating Audit outcomes

5.1 Findings and recommendations for each audit/review will be uploaded to the CIT Staff Intranet site after the final report has been endorsed by the Audit, Risk and Finance Committee. A newsfeed item will be issued to advise staff of the conclusion of the audit and the availability of the results

6. Management Action Plan

6.1 The audited area is responsible for drafting a management action plan (MAP) for approval by the Executive Management Committee.

6.2 The MAP, along with the final Report, will be provide to the Audit Committee for endorsement at the next available meeting.

6.3 The MAP identifies action officers and timelines for completion of actions as appropriate.

7. Monitoring Audit recommendations

7.1 The HIA tracks progress towards implementing agreed actions to internal audit recommendations quarterly to ensure that they are being implemented within the agreed timeframes.

7.2 The HIA maintains an Audit Recommendations Register which records recommendations, action items, responsible officers, expected completion dates and implementation status for each audit.

7.3 The Audit and Risk Committee monitors all recommendations from audit activity across CIT.

7.4 Once the MAP is approved the Committee Secretariat transfers the recommendations to the Audit Recommendation Register (TRIM CIT2021/594) for future monitoring.

7.5 Information in the ARR includes the implementing officer, date for completion and activity conducted. Executive sign-off is required.

7.6 CIT officers are required to update the register every three months. Any extension of time required to complete a recommendation must be approved by the Audit and Risk Committee.

7.7 The Audit Committee decides when the recommendation has been satisfactorily completed.

7.8 See the Audit Recommendations Register procedures for further information (TRIM CIT2021/594).

8. Annual Document Review

8.1 ARCG under the direction of the Head of Internal Audit will facilitate the annual review of the:

- Audit and Risk Committee Charter
- Internal Audit Charter
- Internal Audit Policy and Procedure
- Risk Management Policy and Procedure.