

# **INTERNAL AUDIT CHARTER**

**1 Purpose**

This Charter formally defines the purpose, authority and responsibility of the Internal Audit function of La Trobe University as conferred by the Corporate Governance Audit and Risk Committee (CGARC) under authority of the La Trobe University Council.

The Charter has been prepared with due regard to the requirements of the *Financial Management Act (Vic) 1994* and the *La Trobe University Act (Vic) 2009* and is consistent with the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors.

This Charter should be read in conjunction with the University’s Internal Audit Policy and Procedure.

This Charter is to be reviewed on an annual basis by the Director Risk Management and submitted for endorsement and approval by the CGARC.

**2 Role**

Internal Auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of La Trobe University. It assists the University in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization’s risk management, control, and governance processes.

**3 Internal Audit Resourcing**

The Director Risk Management manages the overall Internal Audit function. The Internal Audit function may be resourced through an appropriate combination of the following:

* In-house internal audit staff employed directly by the University;
* Internal audit staff provided by an external organisation under a co-source provider arrangement which is actively managed by the Risk and Assurance Advisor;
* Staff from another external organisation engaged by Internal Audit to provide specific internal audit services in areas where it has been deemed not feasible to be undertaken by in-house or co-source provider resources (e.g., where specialised, technical knowledge and expertise is required).

In this Charter, unless otherwise specified, reference to the Internal Audit function and internal auditors encompasses all of the above-mentioned internal audit resources.

**4 Independence**

The Internal Audit Function maintains its independent status within the University by:

* the Risk and Assurance Advisor reporting directly to the Director Risk Management;
* the Director Risk Management being functionally responsible to the CGARC and administratively responsible to the Executive Director Planning and Governance;
* the external co-source provider being administratively responsible to the Director Risk Management and is functionally responsible to the CGARC; and
* internal auditors having no direct operational responsibility or authority over any of the activities they review. Accordingly, they shall not develop nor install systems or procedures, prepare records, or engage in any other activity which would normally be audited.

**5 Authority**

Authority is granted for the staff of the Internal Audit Function to:

* develop and direct a comprehensive internal audit program throughout the University in collaboration with the external co-source provider;
* have the right of access to all premises of the University and the right to inspect all correspondence, files, records, accounts and all other forms held by the University as is necessary to properly perform their duties. The right extends to the making of such copies or extracts required by audit;
* have the right to require all officers of the University and its controlled entities to supply such information, explanations and documentation as is necessary to perform their duties; and
* receive every assistance from University staff whilst carrying out their duties.

**6 Audit Scope**

The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the University’s governance, risk management process, system of internal control structure, and the quality of performance in carrying out assigned responsibilities to achieve the University’s stated goals and objectives.  It includes:

* reviewing the reliability and integrity of financial and operating information;
* reviewing the security and integrity of information technology systems;
* reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations and reports and whether the University is in compliance;
* reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
* reviewing and appraising the economy and efficiency with which resources are employed
* reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned;
* reviewing specific operations at the request of the CGARC or management, as appropriate;
* monitoring and evaluating the effectiveness of the University’s risk management framework;
* reviewing the potential for fraud to occur and how the University manages fraud risk;
* appointment of external audit service providers to assist in the completion of the audit plan; and
* reviewing the quality of performance of external audit service providers.

**7 Audit Planning**

Annually, the Director Risk Management shall submit to CGARC an Audit Plan for approval. The Audit Plan is to be developed based on:

* an assessment of the University’s Enterprise Risk Management Plan;
* consideration of La Trobe University Council’s strategic Risk Appetite;
* an environmental scan and alignment of global and national risk triggers inherent within the University sector;
* consideration of the University’s key initiatives planned or underway;
* consideration of prior years’ Internal Audit Plans, associated findings and recommendations as well as consideration of audits that were deferred from the prior year; and
* consideration of the elements in the University’s assurance framework

Any significant deviation from the approved Plan shall be approved by CGARC.

**Approved by Corporate Governance Audit and Risk Committee on 17 May 2017 and by Council on 5 June 2017.**