



Charles Sturt
University

Internal Audit Manual

July 2024

Office of Governance and Corporate Administration
Charles Sturt University

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Internal Audit Manual

1.1 Introduction

Charles Sturt University's (the University) Internal Audit function acts as a key component of the University's risk management and governance framework.

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

"An independent, objective assurance and advisory service 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 governance, risk management, and control processes."

Unless otherwise stated, references to Principles and Standards in this document relate to those prescribed by the Global Internal Audit Standards issued by the Institute of Internal Auditors.

1.2 Purpose

Standard 9.3 of the Global Internal Audit Standards (the Standards) requires that Internal Audit establishes methodologies to guide the Internal Audit function. The Internal Audit Manual is the manual for Internal Audit.

The purpose of the Internal Audit 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 Scope

The Internal Audit Manual apply to the whole of organisation of Charles Sturt University, including all controlled entities. It addresses both the assurance services and advisory 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.

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

1.4 Internal Audit Standards and Charters

Internal Audit activities will follow the International Professional Practices Framework (IPPF), which includes 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 \(Audit and Risk Committee\) Rule 2022](#) – The Rule sets out the authority, terms of reference, membership and relationship between the Internal Audit function and the Audit and Risk Committee.

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

1.4.1 ETHICS AND PROFESSIONALISM

Internal Audit staff are expected to abide by the Standards centring on the following principles:

- Demonstrate integrity - internal auditors demonstrate integrity in their work and behaviour
- Maintain objectivity - internal auditors maintain an impartial and unbiased attitude when performing internal audit services and making decisions
- Demonstrate competency - internal auditors apply the knowledge, skills and abilities to fulfill their roles and responsibilities successfully
- Exercise due professional care - internal auditors apply due professional care in planning and performing internal audit services
- Maintain confidentiality - internal auditors use and protect information appropriately

Internal Audit staff will 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.

1.4.2 COMPETENCY

Principle 3 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.

The Internal Audit function 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 internal auditors should develop competencies related to:

- Governance, risk management and control processes
- Pervasive risks, such as 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
- Business functions, such as financial management and information technology. However, not all internal auditors are expected to have the expertise of an internal auditor whose primary responsibility is information technology auditing
- Risks in the external environment, trends and emerging issues to the University
- Laws, regulations and practices relevant to the higher education sector, and
- Tools and techniques for gathering, analysing and evaluating data

1.4.3 DUE PROFESSIONAL CARE

Principle 4 requires that staff within the Internal Audit function must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.

The Internal Audit function will exercise due professional care by considering:

- the University's strategic objectives
- the extent and timeliness 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, non-compliance or other risks
- cost of assurance in relation to potential benefits
- the use of appropriate techniques, tools or resources
- any real or perceived conflicts of interest that may arise as part of the engagement

The Internal Audit function 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.

1.5 Resource Use

In line with the agreed budget, the Annual Internal Audit Plan will include the cost of:

- each internal audit engagement
- the follow-up of internal audit actions
- the forthcoming annual Internal Audit Plan planning
- attendance at Audit and Risk Committee meetings
- project management and reporting
- Internal Audit Charter and Internal Audit Manual consultation

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

Internal Audit engagements 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.

The University reserves the right to engage another external service provider to conduct internal audit engagements for capacity, proficiency and/or conflict of interest reasons. The contract for such engagements will include budgeted hours/days and a price agreed for each engagement prior to the commencement of the engagement.

The Internal Auditor and any external service providers are accountable for the hours and expenses incurred for an audit engagement and will be monitored through appropriate contract management processes.

The Internal Auditor and any external service providers must request variations to the agreed hours of any audit engagement in writing for approval by the University Secretary. Variation requests must be made as soon as practicable and before the agreed hours of the engagement are exceeded. The University may authorise or refuse any variation at its discretion.

2. INTERNAL AUDIT FRAMEWORK

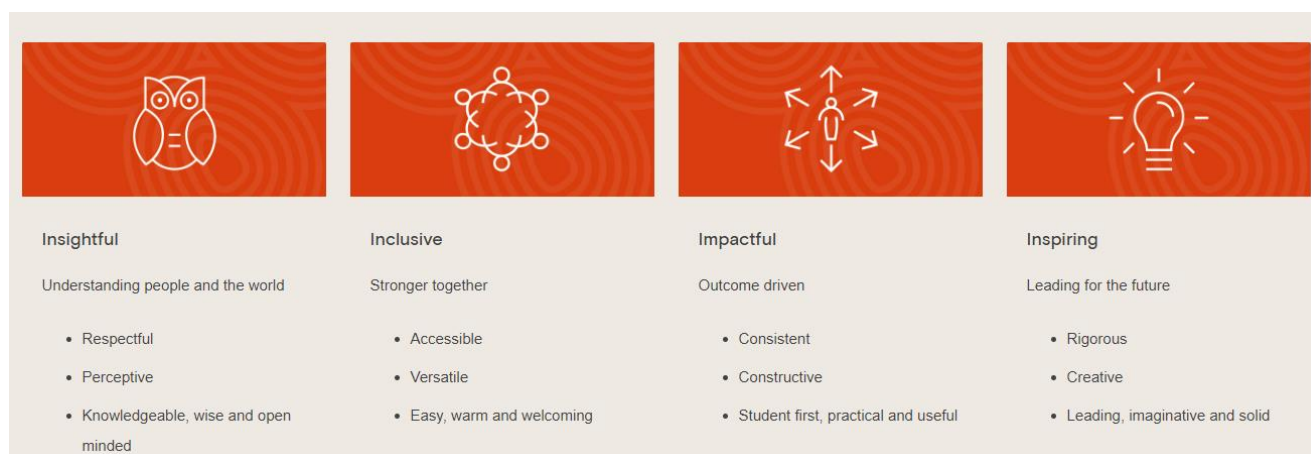
Purpose, Vision and Values

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

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

The University's **vision** is to be "Australia's leading regional university advancing the careers of our students, inspiring research excellence and driving regional outcomes with global impact."

Our **values** guide our behaviour and ways of working at Charles Sturt University to help us achieve our vision and purpose.



Internal Audit's Role

The University's [Internal Audit Charter](#) outlines the role 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 contributing 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.

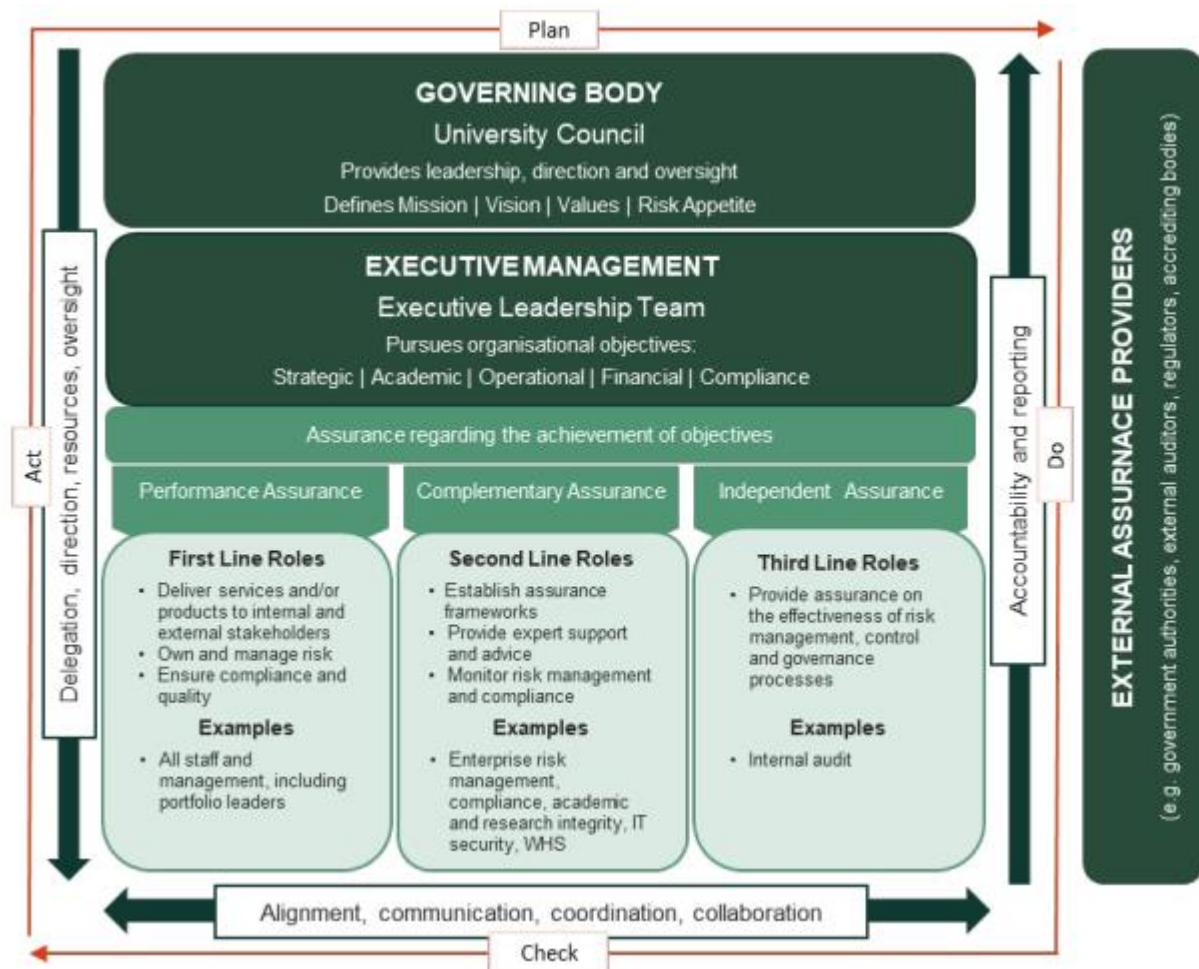
In the conduct of its activities, the Internal Audit function plays an active role in:

- 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.

The Risk Management Policy outlines the University's 'three lines' model to support the monitoring, oversight and escalation of risks and to provide assurance over the management of risk, as outlined in Diagram 1.

Internal Audit plays a third line role by providing independent and objective assurance and advice on matters related to the achievement of the University's objectives.



3. INTERNAL AUDIT PLANNING

3.1 Internal Audit Strategy

The Internal Audit Strategy is a plan of action designed to achieve a long-term or overall objective.

The Internal Audit Strategy describes the desired future state – in the next three to five years - and helps provide direction to help the Internal Audit function fulfil its mandate.

In line with Standard 9.2 the Director, Risk and Compliance will develop and implement an Internal Audit Strategy that supports the strategic objectives and success of the University and aligns with the expectations of the University Council, Audit and Risk Committee, senior leadership and other key stakeholders.

The Internal Audit Strategy will be developed in consultation with the Executive Leadership Team and the Audit and Risk Committee. The Director, Risk and Compliance must review the Internal Audit Strategy with the Audit and Risk Committee and Executive Leadership Team periodically.

3.2 Annual Internal Audit Plan

In line with Standard 9.4, the Internal Auditor will develop and implement an Internal Audit Plan that supports the achievement of the University's objectives and considers the University's risk profile¹. Prior to the commencement of each calendar year, the Internal Auditor will confirm the Annual Internal Audit Plan in consultation with the Director, Risk and Compliance, Executive Leadership Team and the Audit and Risk Committee.

The Annual Internal Audit Plan should consider:

- the University's Internal Audit Strategy and risk profile
- areas of high residual risk that exceed the risk appetite
- the governance, risk and control systems upon which the audit area is reliant
- the degree and effectiveness of other assurance activities applied to those controls, and
- the financial, human and technological resources required to delivery the plan

The Annual Internal Audit Plan will be submitted to the Audit and Risk Committee for approval in line with the Internal Audit Charter. Changes to the Internal Audit Plan must be approved by the Audit and Risk Committee.

3.3 External audit

The Audit Office of New South Wales 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.

¹Risk profile based on the summary outcomes of the University's Risk Control Self-Assessment Process.

4. INTERNAL AUDIT METHODOLOGY

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



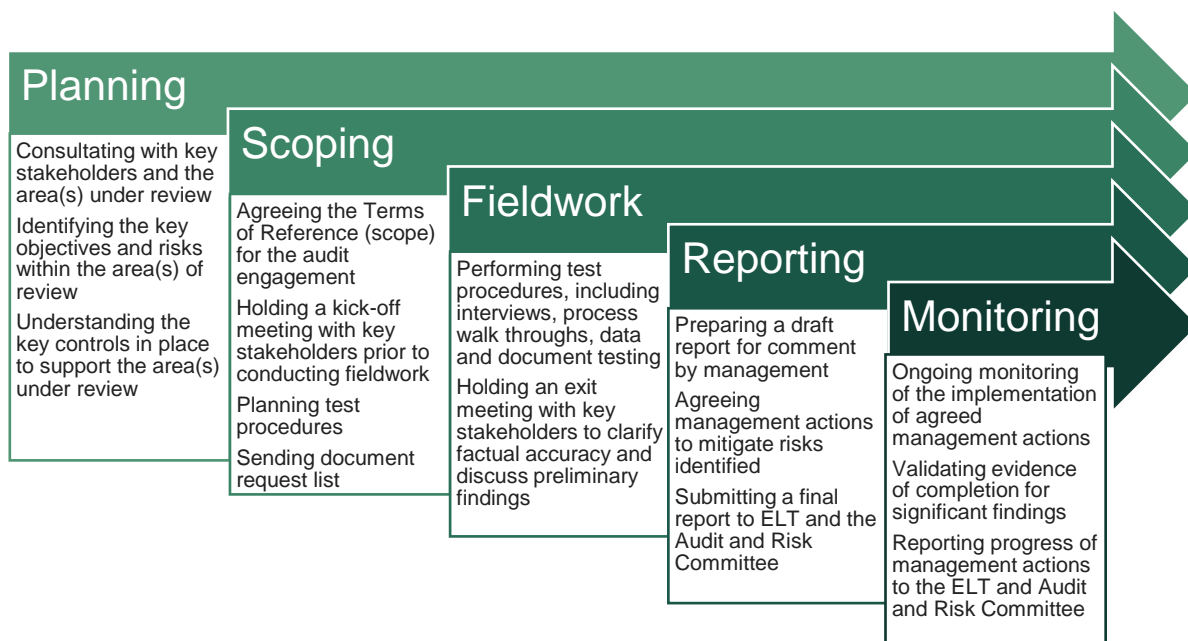
What to Expect

In the lead up to an audit engagement, the Internal Audit function 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 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
- response 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 Internal Audit Cycle

In general, Internal Audits will be conducted as follows:



4.2 Planning and Scoping (Domain 5 of the Standards)

Internal Auditors must develop an understanding of the activity under review to assess relevant risks. The Internal Audit function must identify and gather reliable, relevant and sufficient information regarding:

- the University's strategies, objectives and risks relevant to the activity under review
- the University's risk appetite
- the risk assessment supporting the Internal Audit Plan
- the governance, risk management and control processes of the activity under review
- applicable framework, guidance and other criteria that can be used to evaluate the effectiveness of those processes
- the criteria that management uses to measure whether the activity is achieving its objectives

4.2.1 INITIAL SCOPING

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

- objectives and scope of the audit, including any scope limitations
- likely commencement date and duration
- locations to be visited (where applicable), 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 Audit and Risk Committee.

4.2.2 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 senior leader and relevant key staff nominated by the senior leader. The Terms of Reference will include the engagement's objectives, scope, limitations to scope, timing and resource allocations. In addition, the Terms of Reference will consider the University's strategies, objectives and detail the specific risks to be examined as part of the engagement.

The Audit Sponsor, the University Secretary and the Vice-Chancellor review all Terms of References. The Audit Sponsor signs the Terms of Reference for each engagement.

Where engagements are to be completed by an external service provider that is not the Internal Auditor, the Terms of Reference will also include the approved cost of the engagement, and the personnel to be involved in the engagement.

4.2.3 KICK-OFF MEETING

An entry, known as a kick-off, meeting will be held before the start of audit fieldwork with relevant management of the area(s) to be reviewed. The purpose of the kick-off 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.

4.3 Fieldwork (audit delivery)

4.3.1 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.

The Internal Auditor will provide an audit engagement fortnightly status update to the Audit Sponsor and Risk and Compliance Unit outlining the progress of the audit engagement, the delays or challenges and the priorities for the following fortnight.

4.3.2 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 leadership and/or the Audit and Risk Committee prior to completion of the final report.

4.3.3 INTERNAL AUDIT WORKING PAPERS

Internal Audit working papers demonstrate the work undertaken 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 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.

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

Working papers will be delivered to Charles Sturt University at the same time as the internal audit engagement final report.

4.3.4 EXIT MEETING

Upon completion of fieldwork, Internal Audit will hold a discussion with key audit participants to outline any 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, the Risk and Compliance Unit and senior leadership from the audited area(s). The Audit Sponsor, and the Vice-Chancellor where relevant, may attend the meeting as required.

4.4 Reporting

4.4.1 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 to management within 10 business days from the exit meeting with the audit sponsor.

The draft internal audit report will be reviewed by the Director, Risk and Compliance (or nominee) for quality assurance prior to issue to management.

4.4.2 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 realistic 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 business days of receipt of the draft internal audit report, unless otherwise agreed with the Internal Auditor.

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

The Vice-Chancellor will review the draft internal audit report after management and the Audit Sponsor.

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 leadership, Internal Audit may present an internal audit report to the Executive Leadership Team and/or the Audit and Risk Committee without management responses.

4.4.3 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 Executive Leadership Team (findings from the final report of each engagement will be provided to the earliest ELT meeting after the final report has been issued)
- the 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 may be requested to attend the Audit and Risk Committee meeting to answer any questions the Committee may have.

4.5 Monitoring

4.5.1 AUDIT ACTION ITEMS

Internal Audit supports the 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.

The Risk and Compliance Unit and the Internal Auditor will maintain an Enterprise Actions Register and will periodically seek confirmation from management regarding progress of implementing agreed action plans. The Enterprise Actions Register will be updated to record the status of items in line with reporting requirements to the 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 will be discussed with the Internal Auditor, 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. Extensions to deadlines to finalise an action must be approved by the relevant Portfolio Lead.

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

4.5.2 AUDIT AND RISK COMMITTEE REPORTING

In accordance with the [Internal Audit Charter](#), reporting will be prepared for each general meeting of the 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:

- the achievements of the Internal Audit function over the year
- overall status of internal controls and any systemic issues identified
- confirmation of independence
- the results of the internal quality assurance and improvement program
- annual assertion on the work on the Internal Audit function and compliance with the Standards, and
- any other matters deemed necessary.

4.6 Evaluation

Standard 8.3 requires the Internal Auditor 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 Standards
- assess the efficiency and effectiveness of the Internal Audit function
- identify opportunities for improvement

The program must include both internal and external assessments (Standards 8.1, 8.3, 8.4 and 12.1).

4.6.1 INTERNAL QUALITY ASSESSMENT

The Internal Auditor will coordinate an internal quality assessment each year, to include:

- self-assessment of the Internal Audit function's conformance with the Standards, agreed performance metrics and progress towards performance objectives
- feedback provided by audit clients through a client satisfaction survey to be offered at the end of each audit engagement
- feedback provided by members of ELT and the Audit and Risk Committee through key stakeholder satisfaction surveys and/or annual performance assessment,
- assessment by persons within the service provider with sufficient knowledge of internal audit practices (where applicable)
- annual review of the Internal Audit function results with the Audit and Risk Committee, and
- action plans to address any instances of nonconformance with the Standards and/or opportunities for improvement, including proposed timeline for actions

The Internal Auditor is required to report on the internal quality assessment of the Internal Audit function to the Audit and Risk Committee as part of the Annual Internal Audit Report.

4.6.2 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 any rectification plan, will be provided to the Audit and Risk Committee.

4.6.3 KEY STAKEHOLDER SATISFACTION SURVEY

In line with Standard 12.2 the Internal Auditor will invite feedback from the Audit and Risk Committee, senior leadership and the Risk and Compliance Unit via the Key Stakeholder Satisfaction Survey on an annual basis. Feedback indicating opportunities for improvement in Internal Audit performance will be discussed with the Audit and Risk Committee, including the development of any rectification plan.

4.6.4 ANNUAL REVIEW

As per Standards 8.3 and 12.1 the Internal Auditor will conduct an annual review to evaluate compliance with the Standards. The annual review will consider feedback through client satisfaction surveys, the key satisfaction survey, Audit and Risk Committee self-assessment (where applicable) and the review of any external assessments.

4.6.5 EXTERNAL QUALITY ASSESSMENT

In line with Standards 8.1, 8.3 and 8.4, the University will coordinate an external quality assessment of the Internal Auditor at least once every five years by a qualified, independent reviewer or review team external to the University.

The Risk and Compliance Unit will develop a plan for the external quality assessment, for approval by the Audit and Risk Committee. At a minimum, this should cover:

- the scope and frequency of assessments
- the competencies and independence of the external assessor or assessment team
- the action plan to address identified deficiencies and opportunities for improvement
- a timeline for completion of the actions plans and monitor the progress

The Director, Risk and Compliance will communicate the results of the external assessment to the Internal Auditor, Vice-Chancellor and the Audit and Risk Committee.

4.7 Communication and Approval

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

Output	Standard	University Council	Audit and Risk Committee	Vice-Chancellor / ELT	Audit Sponsor	Internal Auditor	Director, Risk and Compliance
Internal Audit Charter ¹	6.1, 6.2	Inform	Consult / Approve	Consult / Inform		Consult	Develop
Internal Audit Strategy	9.1	Inform	Consult / Approve	Consult / Inform		Consult / Inform	Develop
Annual Internal Audit Plan ²	9.1	Inform	Consult / Approve	Consult / Inform	Consult / Inform	Develop	Consult / Coordinate
Internal Audit Manual	9.3		Consult / Approve	Consult / Inform		Consult	Develop
Internal Quality Assessment	8.3, 12.1, 12.2		Consult / Approve	Consult / Inform		Develop	Inform
External Quality Assessment	8.3, 8.4		Consult / Approve	Inform		Participate	Develop
Annual Internal Audit Report	6.1, 8.1, 8.3, 11.3		Accept	Inform		Develop / Approve	Inform
Audit Engagements							
Terms of Reference	13.3, 13.5		Consult	Consult	Consult / Approve	Develop / Approve	Consult
Draft Report	15.1			Consult ³	Consult ³	Develop	Consult
Final Report	11.3, 15.1		Inform / Accept	Inform	Inform	Develop / Approve	Consult
Closure of Audit Action Items	15.2		Inform	Inform	Consult / Inform	Approve	Consult / Inform

¹ Delegation Schedule A8 Authority to approve policies and changes to these for: Audit and Risk Committee – internal audit

² Delegation Schedule A2 Authority to approve the following plans and associated budgets: Audit and Risk Committee – Internal Audit Plan

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

5. REVIEW OF THE INTERNAL AUDIT MANUAL

The Director, Risk and Compliance will review the Internal Audit Manual in line with the review of the [Internal Audit Charter](#) at least every three years or when any significant changes occur, with any changes approved by the Audit and Risk Committee.

6. GLOSSARY

Refer to the glossary in the [Internal Audit Charter](#).

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:

[Risk Appetite Statement](#)

[Risk Management Policy](#)

[Risk Management Guidelines](#)

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

Rating	Description
Very High	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.

APPENDIX 2 Chief Audit Executive Responsibilities

In the context of the University, the responsibilities of the Chief Audit Executive (as defined in the Standards) are shared between the Internal Auditor and the Director, Risk and Compliance (or their nominee). The following table outlines how responsibilities are shared between the parties. The tick represents the party responsible for some or all of the activity.

Task	Director, Risk and Compliance	Internal Auditor
Internal Audit Charter and Manual		
Maintain Charles Sturt University Internal Audit Charter	✓	Input from provider
Maintain Charles Sturt University Internal Audit Manual	✓	Input from provider
Maintain internal audit methodologies		✓
Induct Internal Auditor and any external service providers	✓	
Internal Audit Planning		
Develop an assurance map	✓	
Develop Internal Audit Strategy	✓	
Develop and deliver the Annual Internal Audit Plan	Input from Risk and Compliance	✓
Co-ordination of internal audits across the University to de-conflict schedules and reduce duplication.	✓	
Internal Audit Services		
Plan and arrange meetings for internal audit services	Assistance from Risk and Compliance	✓
Develop and finalise Terms of Reference		✓
Conduct internal audit services		✓
Prepare and issue draft internal audit reports	Quality assure draft reports prior to distribution to management	✓
Prepare and issue final internal audit reports	Quality assure reports prior to distribution to management and Governance	✓
Submit internal audit report to the Audit and Risk Committee for acceptance		✓

Task	Director, Risk and Compliance	Internal Auditor
Distribute feedback surveys after each internal audit service and collate feedback		✓
Provide liaison between Internal Auditor and those being audited	✓	
Monitor the Internal Auditor to make sure the internal audit services are commenced and completed according to the schedule and timeline requirements	✓	
Assess the Internal Auditor's performance including provider performance measures	✓	
Provide contract management, to monitor the Internal Auditor against contract requirements	✓	
Monitor and Follow-up		
Maintain audit recommendation database (Enterprise Actions Register)	✓	✓
Monitor and follow-up internal audit action items, including reports to the Audit and Risk Committee on progress	Assistance from Risk and Compliance	✓
Maintain an annual Quality Assurance and Improvement Program (Internal assessment)		✓
Conduct annual internal quality assessments		✓
Report the results of the annual internal quality assessment to the Executive Leadership team and Audit and Risk Committee		✓
Coordinate the external quality assessment	✓	
Co-operate in the conduct of the external quality assessment		✓
Report on the results of the periodic external quality assessment to the Executive Leadership Team and Audit and Risk Committee	✓	
Annual Reporting		
Prepare the Annual Internal Audit for the Audit and Risk Committee		✓
Attendance at each Audit and Risk Committee meetings		✓
Interaction with the Audit and Risk Committee in camera sessions as required		✓

Document History

Summary of changes	Dates changes made	Approval
Version 1	7 September 2020	Approved by Finance Audit and Risk Committee and released
Version 2	15 August 2024	Approved by Audit and Risk Committee and released