



information
and privacy
commission
new south wales

Internal Audit Manual and Charter 2024-2025

September 2024

This Manual was developed in accordance with the Internal Audit & Risk Management Policy for the General Government Sector (TPP20-08)

Contents

1. Introduction.....	3
2. General Policies & Standards.....	7
3. Internal Audit Function	7
4. Internal Audit Planning	9
5. Internal Audit Methodology	10
6. Audit Evaluation & Performance Review	13
Attachment 1 – Audit Brief Template	14
Attachment 2 – Audit Report Template.....	18
Attachment 3 – Internal Audit Charter	27
7. Document Information	31
8. Document History	31

1. Introduction

1.1 Background

This charter provides the framework for the conduct of the Internal Audit function in the Information and Privacy Commission NSW (IPC) and has been approved by the Chief Executive Officer/Information Commissioner (CEO) taking into account the advice of the Audit and Risk Committee.

This manual outlines the processes in place at the IPC for the management and oversight of Internal Audit in accordance with the core requirements as contained in the NSW Treasury Internal Audit and Risk Management Policy for the General Government Sector (TPP20-08).

Core requirement 2 of TPP20-08 requires that the Internal Audit function is consistent with the International Standards for the Professional Practice of Internal Auditing (IIA Standards) and is consistent with the model charter provided within TPP20-08.

This Manual has been developed to describe IPC's policy and procedures for the Internal Audit function in accordance with the IIA Standards and section 2.3 of TPP20-08.

1.2 Purpose

This manual has been prepared to provide a reference document relating to the provision of Internal Audit services for the IPC, including the roles of staff and management in the process.

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an agency's operations. It helps an organisation accomplish its objectives and satisfy statutory obligations by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes.

Internal Audit provides an independent and objective review and advisory service to:

- provide assurance to the CEO, and the Audit and Risk Committee, that the IPC's financial and operational controls, designed to manage the agency's risks and achieve the entity's objectives, are operating in an efficient, effective and ethical manner; and
- assist management in improving the agency's business performance.

The core professional principles of internal audit are:

1. Demonstrates integrity.
2. Demonstrates competence and due professional care.
3. Is objective and free from undue influence (independent).
4. Aligns with the strategies, objectives, and risks of the organisation.
5. Is appropriately positioned and adequately resourced.
6. Demonstrates quality and continuous improvement.
7. Communicates effectively.
8. Provides risk-based assurance.
9. Is insightful, proactive and future-focused.
10. Promotes organisational improvement.

Collectively these principles articulate the internal audit effectiveness, Internal auditors will possess and demonstrate for the professional practice of internal auditing.

The manual outlines the overall framework for conducting Internal Audits within the IPC, including:

- the legislative and government framework that Internal Audit services sit within;

- who is responsible for providing audit and assurance services at the IPC;
- how audit work is planned and managed, and the level of input required from management; and
- how recommendations identified in Internal Audit reviews are implemented and monitored.

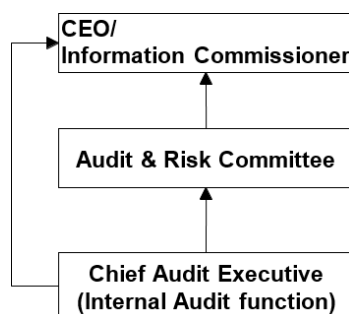
1.3 Independence

Independence is essential to the effectiveness of the Internal Audit function. Internal Audit activity shall be independent, and Internal Auditors shall be objective in performing their work. Internal Auditors shall have an impartial, unbiased attitude and avoid any conflicts of interest.

The Internal Audit function has no direct authority or responsibility for the activities it reviews. The Internal Audit function has no responsibility for developing or implementing procedures or systems and does not prepare records or engage in original line processing functions or activities (except in carrying out its own functions).

The Internal Audit function is responsible on a day to day basis to the Chief Audit Executive (CAE). The Internal Audit function, through the CAE, reports functionally to the Audit and Risk Committee on the results of completed audits, and for strategic direction and accountability purposes, and reports administratively to the CEO to facilitate day to day operations. The CAE has direct access to the Accountable Authority to discuss audit and risk issues when required.

The following dual reporting line is prescribed:



1.4 Authority and Confidentiality

Internal Auditors are authorised to have full, free and unrestricted access to all functions, premises, assets, personnel, records, and other documentation and information that the CAE considers necessary to enable the Internal Audit function to meet its responsibilities. When responding to requests, agency staff and contractors should cooperate with the Internal Audit function and must not knowingly mislead the Internal Audit function or wilfully obstruct any audit activity.

All records, documentation and information accessed in the course of undertaking Internal Audit activities are to be used solely for the conduct of these activities. The CAE and individual Internal Audit staff are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

All Internal Audit documentation is to remain the property of the audited IPC, including where Internal Audit services are performed by an external third party provider.

1.5 Roles and Responsibilities

The Internal Audit function shall evaluate and contribute to the improvement of governance, risk management, and control processes using a systematic and disciplined approach.

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

- developing and maintaining a culture of accountability and integrity;

- facilitating the integration of risk management into day-to-day business activities and processes; and
- promoting a culture of cost-consciousness, self-assessment and adherence to high ethical standards.

Internal Audit activities will encompass the following areas:

Audit activities (Assurance services) including audits with the following orientation provide an objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the IPC¹:

Risk Management

- evaluate the effectiveness, and contribute to the improvement, of risk management processes;
- provide assurance to the Accountable Authority and the Audit and Risk Committee on the effectiveness of the risk management framework including the design and operational effectiveness of internal controls;
- provide assurance that risk exposures relating to the agency's governance, operations, and information systems are correctly evaluated, including:
 - reliability and integrity of financial and operational information
 - effectiveness, efficiency and economy of operations
 - safeguarding of assets
- evaluate the design, implementation and effectiveness of the agency's ethics-related objectives, programs and activities; and
- assess whether the information technology governance of the agency sustains and supports the agency's strategies and objectives.

Compliance

- compliance with applicable laws, regulations and Government policies and directions.

Performance improvement

- the efficiency, effectiveness and economy of the entity's business systems and processes.

Advisory services (Consulting Services)

The Internal Audit function can advise the IPC's management on a range of matters which are agreed with the IPC and are intended to add value and improve the IPC's governance, risk management and control processes.² They may include::

New programs, systems and processes

- providing advice on the development of new programs and processes and/or significant changes to existing programs and processes including the design of appropriate controls.

¹ Institute of Internal Auditors Australia: Fact Sheet Internal Audit Consulting at [https://www.iaa.org.au/sf_docs/default-source/technical-resources/2018-fact-sheets/internal-audit-consulting.pdf?sfvrsn=2#:~:text=Assurance%20services-,Consulting%20\(advisory\),security%2C%20and%20due%20diligence%20engagements.](https://www.iaa.org.au/sf_docs/default-source/technical-resources/2018-fact-sheets/internal-audit-consulting.pdf?sfvrsn=2#:~:text=Assurance%20services-,Consulting%20(advisory),security%2C%20and%20due%20diligence%20engagements.)

² ibid

Risk management

- assisting management to identify risks and develop risk treatment and monitoring strategies as part of the risk management framework.

Fraud and corruption control

- evaluate the potential for the occurrence of fraud and how the agency manages fraud risk;
- assisting management to investigate fraud, identify the risks of fraud and develop fraud prevention and monitoring strategies; and
- develop, implement and maintain a fraud and corruption control framework to prevent, detect and manage fraud and corruption.

Audit support activities

The Internal Audit function is also responsible for:

- managing the Internal Audit function;
- assisting the Audit and Risk Committee to discharge its responsibilities;
- monitoring the implementation of agreed recommendations; and
- disseminating across the entity better practice and lessons learnt arising from its audit activities.

Scope of Internal Audit activity

Internal audit reviews may cover all programs and activities of the IPC together with associated entities, as provided for in relevant business agreements, memorandum of understanding or contracts. Internal audit activity encompasses the review of all financial and non-financial policies and operations.

Standards

Internal audit activities will be conducted in accordance with this Charter, the Internal Audit and Risk Management Policy for the General Government Sector and with relevant professional standards including International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

In the conduct of Internal Audit work, Internal Audit staff will:

- comply with relevant professional standards of conduct;
- possess the knowledge, skills and technical proficiency relevant to the performance of their duties. This includes consideration of current activities, trends and emerging issues, to enable relevant advice and recommendations;
- be skilled in dealing with people and communicating audit, risk management and related issues effectively; and
- exercise due professional care in performing their duties.

Relationship with external audit

Internal and external audit activities will be coordinated to help ensure the adequacy of overall audit coverage and to minimise duplication of effort.

Periodic meetings and contact between internal and external audit shall be held to discuss matters of mutual interest and facilitate coordination.

External audit will have full and free access to all Internal Audit plans, working papers and reports.

1.6 Review

This charter will be reviewed at least annually by the Audit and Risk Committee. Any substantive changes will be formally approved by the CEO on the recommendation of the Audit and Risk Committee.

2. General Policies & Standards

2.1 Legislation, Policies and Standards

Under Division 2 Section 3.6 of the *Government Sector Finance Act 2018*, the IPC is required to establish and maintain an effective Internal Audit service, and an effective system of internal control over the financial and related operations of the IPC.

Requirements in this section include the IPC reviewing its operations or programs to ascertain whether results are consistent with established objectives and goals, and whether those operations or programs are being carried out as planned; and reporting directly at regular intervals to the CEO as to the result of any appraisal, inspection, investigation, examination or review made by the Internal Audit organisation.

To meet these requirements, the IPC has governance structures in place to provide assurance to Senior Management, which is independent from operational management, that risks and compliance obligations are identified, managed and controlled. The Internal Audit activities are conducted in accordance with relevant professional standards, as detailed in IPC's Internal Audit Charter.

2.2 Internal Audit Charter

The Internal Audit Charter defines the nature of assurance services provided, and addresses the independence, role, responsibilities, authorisation, activities, and reporting relationships of the Internal Audit function.

It is mandatory that all Internal Audit services provided to the IPC and all staff working within the IPC on Internal Audits, whether employees or outsourced Service Providers, comply with the IPC's Internal Audit Charter.

2.3 Audit and Risk Committee

The Audit and Risk Committee is established in compliance with TPP20-08, to provide independent assistance to the CEO by overseeing and monitoring IPC's governance, risk and control frameworks, and its external accountability requirements.

The Audit and Risk Committee Charter provides details of the Committee's objectives, membership, tenure, authority, composition, roles and responsibilities, reporting and administrative arrangements. It has been endorsed by the Audit and Risk Committee and approved by the CEO.

The reporting relationship between the Audit and Risk Committee and Internal Audit is outlined in the Audit and Risk Committee Charter.

3. Internal Audit Function

3.1 Chief Audit Executive (CAE)

As IPC's Internal Audit function is established using an outsourced service delivery model, TPP20-08 requires the CAE to be 'the most senior position within a department or statutory body with responsibility for Internal Audit'.

The CAE is responsible for various Internal Audit activities, including (but not limited to):

- Effectively managing the Internal Audit activity in accordance with the Internal Audit Charter.

- Preparing, in conjunction with any Service Provider, an annual risk based Internal Audit Work Plan for the consideration of the Audit and Risk Committee and CEO approval.
- Reporting, in conjunction with any Service Provider, to each meeting of the Audit and Risk Committee on audits completed, progress in implementing the annual audit work plan, priority of planned audits and the linkage of these auditable areas to the organisational risk management framework, and the implementation of agreed internal and external audit recommendations.
- Reporting at least annually on the overall state of internal controls in the IPC and any systemic issues requiring management attention based on the work of the Internal Audit function (and other assurance providers).
- Periodic reporting of conformance of Internal Auditing with the IIA standards and Code of Ethics.

Any change to the role of the CAE (and, where the Internal Audit function uses an outsourced service delivery model, the external service provider) will be approved by the CEO/Information Commissioner in consultation with the Audit and Risk Committee.

Details of the activities in place to maintain the independence of the CAE are included at Section 3 of the Internal Audit Charter.

3.2 Internal Audit Personnel

All members of the Internal Audit team are required to possess appropriate qualifications, experience and skill sets to enable the required auditing outcomes to be achieved. This includes membership of professional bodies such as, but not limited to, the Institute of Chartered Accountants in Australia, CPA Australia, and the Institute of Internal Auditors.

The Internal Audit team shall include high levels of senior staff with appropriate credentials. Team members should have a solid mix of professional qualifications, relevant experience and vocational skills, including well-developed interpersonal and communications skills to conduct their work and explain audit findings to the IPC.

Where the Internal Audit function is delivered by a Service Provider, the CAE will assess the appropriateness of the skill set of the Service Provider's nominated audit team using the CVs provided prior to engagement.

3.3 Coordination and Performance Management with a Service Provider

Where the Internal Audit function is delivered by a Service Provider, the Service Provider will work with the CAE to input, review and agree on the design and performance of all Internal Audit work. The CAE, and/or delegate will liaise with the Service Provider, with the IPC and between both (as appropriate) to ensure Internal Audit services are delivered efficiently and effectively.

Formal performance management meetings are to be undertaken between the CAE (and/or delegate) and the Service Provider quarterly throughout the term of the engagement to discuss the status of the audit/s in progress against the budgeted time and schedule; any observations requiring immediate escalation; and any problems encountered in the audit.

3.4 Impairment to Independence or Objectivity

If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. Impairment may include, but is not limited to, personal conflict of interest, scope limitations, restrictions on access to records, personnel, and properties, and resource limitations, such as funding.

Appropriate parties to which the details of impairment must be disclosed include the CAE and CEO, depending on the nature of the impairment.

Internal Auditors must refrain from assessing specific operations for which they were previously responsible. Objectivity is presumed to be impaired if an Internal Auditor provides assurance services for an activity for which the Internal Auditor had responsibility within the previous year. Assurance engagements for functions over which the CAE has responsibility must be overseen by a party outside the Internal Audit activity.

Internal Audit may provide assurance services where it had previously performed consulting services, provided the nature of the consulting did not impair objectivity and provided individual objectivity is managed when assigning resources to the engagement.

Where consulting services or additional work may be allocated to a service provider by Internal Audit or other business areas of the IPC, an independence declaration will be required from service providers for each instance. The final arbiter on whether a conflict of interest exists will be the Chief Audit Executive.

3.5 Code of Ethics

Internal Auditors are expected to adhere to and uphold the principles and rules of conduct as provided for by the IIA Code of Ethics in relation to:

- Integrity
- Objectivity
- Confidentiality
- Competency.

4. Internal Audit Planning

4.1 Internal Audit Strategy

Strategic planning for Internal Audit and assurance services is essential to ensure that the Internal Audit effort is directed to areas that will provide the most benefit and value to IPC. Internal Audits will be designed to contribute to the improvement of the organisation's governance, risk management and control processes through proactive evaluations offering new insights and consideration of future impact.

The IPC has adopted a risk-based approach to determine the priorities for the Annual Internal Audit Plan which seeks to balance financial, compliance, performance and operational reviews and between existing business processes, future projects and change initiatives.

A rolling two-year strategic summary of Internal Audit activity should be included in the Plan to provide an overview of previous Internal Audit activity, proposed current year reviews, and potential future reviews identified during the planning process.

A risk-based planning process allows for the identification of Internal Audit engagements that are in the best interests of the IPC and that do not overlap with other internal and external assurance and review mechanisms.

The Internal Audit planning process involves the establishment of an:

- Annual Internal Audit Plan which involves the identification and documentation of auditable areas within the IPC, and the prioritisation of these areas for review based on a predetermined risk assessment methodology; and
- Internal Audit Project Brief which reflects the planning for each individual project review and documents the audit objectives, scope, approach, staff, timing, budget and reporting for each individual audit.

4.2 Annual Internal Audit Planning

An Annual Internal Audit Plan will be developed each year by the CAE and the Service Provider, in consultation with key stakeholders including the CEO, IPC's Senior Executive team, the Audit and Risk Committee and the Audit Office of NSW.

The Internal Audit Plan will identify the Internal Audit priorities in the immediate to longer term. The Plan will prioritise Internal Audit engagements for a given audit year, and include broad preliminary specifications (including objectives, scope, staff, timing, budget) for each engagement with a proposed schedule of when each engagement should be performed.

The Internal Audit activity must also evaluate the effectiveness of and contribute to the improvement of the IPC's governance and risk management processes.

The Annual Internal Audit Plan is to be recommended by the Audit and Risk Committee for approval by the CEO.

5. Internal Audit Methodology

5.1 Audit Cycle

The process of performing an audit has several stages. These are collectively referred to as the Audit Cycle and cover all aspects of an audit from initial plan to final resolution of all matters raised. The CAE together with the Service Provider is responsible for Step 1; the Service Provider (Internal Audit) is responsible for Steps 2, 3 and 4; and the CAE in conjunction with the Service Provider is responsible for Step 5.

The Audit Cycle is based on the performance standards outlined in the IIA International Standards for the Professional Practice of Internal Auditing.



5.2 Annual Internal Audit Plan

The development of the Internal Audit Plan is outlined at section 4.2.

Where changing priorities or emerging risks are identified that require adjustment to the Annual Internal Audit Plan, the proposed changes will be reviewed by the Audit and Risk Committee for approval by the CEO.

5.3 Audit Planning

For each engagement set out in the Internal Audit Plan a detailed Internal Audit Project Brief is to be prepared during the planning phase for that audit.

5.3.1 Engagement with Management

An entry meeting is undertaken by Internal Audit, in consultation with the CAE, and relevant Senior Management to gain a more detailed understanding of the review, discuss the audit objectives and preliminary scope, discuss respective responsibilities and expectations, and particularly the strategy and objectives of the activity being reviewed and the means by which the activity controls its performance.

From the entry meeting, a more detailed Internal Audit Project Brief will be prepared and submitted to the relevant Director(s) to obtain agreement with the business stakeholder. In this regard, it is imperative that all key stakeholders of the proposed Internal Audit be identified and be involved in the entry meeting and sign-off stage of the Project Brief.

5.3.2 Scope

The Project Brief enables Internal Audit and management to ensure that work is focused on the audit objectives, meets accepted standards, and is carried out in the most economical and effective manner.

The Internal Audit scopes are developed in consultation with the CEO and the completed Project Brief must be submitted to the CAE for approval, and should be signed off by the CAE prior to the commencement of fieldwork. It is important to note that once the Project Brief has been agreed by all key stakeholders, issued as final and signed-off by the relevant staff, the start date of the audit is set. Any changes to this date must receive internal approval by the CAE or delegate.

As a minimum, all Project Briefs will include:

- A background to the engagement, with reference to significant risks and current controls identified during planning discussions as well as considerations of legislation, standards, policies and procedures relevant to the audit;
- The audit objectives for the engagement;
- Engagement scope (ensuring any limitations of scope are clearly noted);
- Proposed audit approach to address the audit objectives, including brief details of audit planning, fieldwork and reporting;
- Key IPC contacts and stakeholders;
- Internal Audit staff resourcing sufficient to achieve the engagement objectives, proposed timing and budget;
- Reference to the overview of the Internal Audit process;
- A statement that the audit work is completed in compliance with International Standards for the Professional Practice of Internal Auditing;
- Reference to a feedback survey; and
- Approval signoffs.

5.4 Fieldwork

Fieldwork involves Internal Audit executing the audit test program in accordance with the IIA Standards and this manual. Fieldwork should commence after the Project Brief has been approved by the CAE and agreement has been obtained from the business stakeholders.

The Service Provider is responsible for properly supervising the engagement to ensure objectives are achieved and quality is assured.

Activities central to this phase include: collecting and analysing information, developing audit findings, conclusions, observations and recommendations, discussing issues with appropriate IPC personnel and documenting evidence which is sufficient, reliable, relevant and useful to support the engagement results and conclusions. All audit evidence collated as part of the audit review must be appropriately documented in the audit work papers and provided to the IPC at the conclusion of each engagement.

Wherever possible, any significant issues identified during fieldwork, should be brought to the attention of the responsible manager as they arise.

The fieldwork phase of the audit ends with an exit meeting with relevant key stakeholders, which provides an opportunity to:

- Discuss the draft report and ensure a common understanding of its findings;
- Ensure recommendations and management actions are pragmatic;
- Agree the risk rating of each finding or observation; and
- Resolve any misunderstandings or misinterpretations of facts on either side.

Any issues arising will be discussed with a view to resolving the issue, making amendments to the draft report considered necessary and appropriate, prior to issuing the final report.

5.5 Audit Reporting

At the conclusion of every audit project, the Service Provider will prepare a formal report to management using an agreed IPC pro-forma Internal Audit Report template. The purpose of the report is to communicate to the IPC management the findings and assessment of the reviewed area. Internal Audit Reports must comply with the IIA Standards of accuracy, objectivity, clarity, conciseness and timeliness.

A draft report for consideration and comment should be provided by the Service Provider within 2 weeks of field work being finalised following the Exit Interview/s with the key staff from the audited area.

Management responses should be provided within 2 weeks of the draft report being issued. Any amendments to the draft report will be made by the Service Provider at the discretion of the CAE.

Once management responses have been documented, including responsibility and timeframe for completion, these should be forwarded to the CAE. Upon receipt of the management responses, the Service Provider will convert the draft report into a final report, and issue this (generally within one week) to the CAE.

The CAE is responsible for communicating the final results to the relevant parties.

If after an audit report has been issued, it is identified that it contains a significant error or omission, the CAE must communicate corrected information to all parties who received the original report.

The CAE will report to each meeting of the Audit and Risk Committee on:

- Internal Audits completed with a copy of the finalised Internal Audit Report;
- Progress in implementing the annual audit work plan; and
- Priority of planned audits and the linkage of these auditable areas to the organisational risk management framework.

5.6 Implementation & Monitoring

The CAE has the responsibility for the monitoring of progress and implementation of audit recommendations, to determine if action taken adequately and effectively addresses the matters raised by the audit.

The CAE will monitor the status of implementation of audit actions until the issue is either resolved or Senior Management accept the risk it presents.

There may be circumstances where a level of risk over a particular activity is accepted by management that may be unacceptable to IPC. When the CAE concludes that this is the case, the CAE must discuss the matter with Senior Management. If the CAE determines that the matter has not been resolved, the CAE must communicate the matter to the CEO.

The status of Internal Audits is reported by the CAE to the Audit and Risk Committee.

5.7 Recordkeeping and Security

Documents relevant to each audit are the property of the IPC. Records relevant to each audit will be maintained in accordance with NSW State Records requirements and IPC's records management practices.

6. Audit Evaluation & Performance Review

6.1 Quality Assurance & Improvement Program (QAIP)

The CAE must ensure that there is in place a quality assurance and improvement program for the Internal Audit function to conform with the IIA Standards and Code of Ethics. IPC's Internal Audit Quality Assurance and Improvement Program (QAIP) is designed to promote continuous improvement in the Internal Audit function and provide reasonable assurance to the various stakeholders that Internal Audit:

- Performs its work in accordance with its Charter, which is consistent with TPP20-08 and the IIA Standards and Code of Ethics;
- Operates in an efficient and effective manner; and
- Is perceived by stakeholders as adding value and improving business practice.

6.2 Internal Assessments

At the conclusion of each audit project, an Internal Audit Satisfaction Survey is to be issued to the lead IPC contacts for the audit to provide feedback on the overall Internal Audit approach and value add from the services provided. A summary of the results of the survey is to be reported to the CEO, CAE and Audit and Risk Committee annually on completion of the Annual Internal Audit Plan.

An annual Executive Survey of Internal Audit services is to be undertaken to assess the performance of the Internal Audit function. The results of the annual survey, inclusive of previous year's results for comparative purposes, is to be presented to the Audit and Risk Committee.

An assessment of the performance of the Internal Audit activity against the IIA Standards and Code of Ethics is also to be undertaken by the CAE or delegate on an annual basis. The results are presented to the Audit and Risk Committee.

6.3 External Assessments

An external assessment of the Internal Audit function shall be conducted at least once every 5 years by a qualified, independent assessor selected in consultation with the Audit and Risk Committee. That review shall consider the agency's compliance with and performance against the Policy and the relevant professional standards.

The CAE and any Service Provider shall facilitate the conduct of an external assessment. The CAE and any Service Provider will consult with the CEO and the Audit and Risk Committee on the form and frequency of external assessments, and on the qualifications and independence of the external assessor, including any potential conflicts of interest.

It is noted that the last external assessment was conducted in June 2022.

6.4 Working Collaboratively with Management

Internal Audit will work collaboratively with management to raise the profile of Internal Audit within the organisation. On-going communication and the physical presence of Internal Audit staff are key to achieving this aim. All audit work is performed on site wherever possible, and an "open door" policy will be applied so staff have unrestricted access to the support and advice offered by Internal Audit.

Attachment 1 – Audit Brief Template

Internal Audit Project Brief

<Internal Audit Title>

<DATE>

1 Background

<Insert general background to audit area. >

2 Objectives, Risks and Scope

The objective of the review is to provide assurance that internal controls are adequate and effective in XXX. To achieve this objective, the Internal Audit will address the following specific objectives and related risks;

Objectives	Risks
1. XXX	<ul style="list-style-type: none"> • Risk One • Risk Two etc
2. XXX	<ul style="list-style-type: none"> • Risk One • Risk Two etc

Scope limitations

The following areas are not included in the scope:

3 Methodology and Approach

Our approach in performing this review will include the following steps:

- develop an understanding of the policies and procedures related to XXX to determine the associated risks through discussion with key officers;
- identify risks and controls, and assess the adequacy of these controls in managing risks to an acceptable level;
- develop and execute a test plan, using sampling that is sufficient to determine the appropriateness of XXX, especially in these high risk areas to test the effectiveness of controls in managing risks;
- discuss emerging issues as they arise during the audit and at an exit meeting at the conclusion of fieldwork;
- provide updates at milestones of the review process;
- Prepare a draft audit report for IPC consideration and preparation of management responses. The draft audit report will:
 - respond to the agreed detailed audit scope and audit methodology;
 - address all general and specific weaknesses and risks for the audit area;
 - provide recommendations addressing the risks for the audit area; and
 - provide an action plan developed in consultation with the SES;
- Prepare a final report.

Previous Internal Audits/reviews

<Insert sentence advising last date of review or insert “This area has not been reviewed within the last 3 years>

4 Key IPC contacts

The following IPC staff have been identified as being key contacts for this Internal Audit:

TITLE	NAME	CONTACT (TELEPHONE / EMAIL)

5 Resources, timing and budget

This Internal Audit will be conducted by:

TITLE	NAME	CONTACT (TELEPHONE / EMAIL)

Key proposed milestones for this review are as follows:

Fieldwork commences	
Exit Meeting	
Draft report available	
Management Comments	
Final report available	

This engagement is expected to take XX days with a proposed fee of \$XXX (exc GST & disbursements)

6 IA process and reporting

An overview of the Internal Audit process and reporting is contained within the Internal Audit Manual.

Following each audit a Satisfaction Survey will be issued.

7 Responsibility, Limitations and Compliance

IPC's assistance in ensuring the proposed timing of the review is consistent with minimal interruption to operational requirements would be appreciated.

Our report will be prepared solely for the use of IPC. No responsibility to any other party shall be accepted, as our report will not be prepared, and shall not be intended for, any other purpose. Our report will contain a statement of responsibility that will draw attention to management's responsibility for decision-making.

The work described above is subject to the following inherent limitations:

- it is intended to provide Limited Assurance only as defined by the Framework for Assurance Engagements issued by the Australian Auditing and Assurance Board.
- cannot be relied upon to disclose irregularities, including fraud, other illegal acts, or errors which may exist; however, we will inform you of any such matters as they come to our attention in the performance of our Services.

This Internal Audit will be completed in full compliance with *Treasury Policy Paper TPP20-08 Internal Audit and Risk Management Policy for the General Government Sector* which stipulates the application of the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing (the IIA Standards) in the NSW public sector.

8 Approval

This Internal Audit Project Brief has been approved by the following stakeholders:

Name	Date
CAE	
IPC	

Name	Title	Service Provider	Date

Please return a scanned electronic copy or hardcopy.

Attachment 2 – Audit Report Template

<Internal Audit Title>

<Report Date>

Draft Report Issued	
Management Comments Received	
Final Report Issued	

Contents

- 1 Executive Summary
- 2 Detailed Findings
- 3 Summary of Agreed Management Actions
- Appendix A: Personnel who assisted the review
- Appendix B: Key Documentation Reviewed

1 Executive Summary

1.1 Introduction

XXXX were engaged by the IPC to undertake a review of <insert audit topic>.

Our review has been performed in accordance with Australian Standard on Assurance Engagements *ASAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*; and was designed to provide limited assurance, as defined by that standard.

Further information in relation to the extent of the procedures performed and the scope of our engagement is detailed below and the Statement of Responsibility in **Appendix A**.

1.2 Background

<Insert general background to audit area. >

1.3 Objectives and Scope

The objective of the review was to provide assurance that XXX is managed effectively and efficiently. The review covered XXX activities conducted at the following sites:

- XXX
- XXX

To achieve this objective, the Internal Audit addressed the following specific objectives and related risks;

Objectives	Risks
XXX	<ul style="list-style-type: none"> • Risk One • Risk Two
XXX	<ul style="list-style-type: none"> • Risk One • Risk Two

Scope limitations

The following areas were not included in the scope:

- XXX
- XXX

1.4 Methodology

Our approach in performing this review included the following steps:

- developed an understanding of the policies and procedures related to XXX to determine the associated risks through discussion with key officers;
- identified risks and controls, and assessed the adequacy of these controls in managing risks to an acceptable level;
- developed and executed a test plan, using sampling that is sufficient to determine the appropriateness of controls;
- discussed emerging issues as they arose during the audit and at an exit meeting at the conclusion of fieldwork;

- provided updates at milestones of the review process;
- prepared a draft audit report for IPC consideration and preparation of management responses. The draft audit report:
 - responded to the agreed detailed audit scope and audit methodology;
 - addressed all general and specific weaknesses and risks for the audit area;
 - provided recommendations addressing the risks for the audit area; and
 - provided an action plan developed in consultation with the IPC;
- prepared a final report.

<Adjust for any additional work undertaken during the audit, benchmarking etc >

1.5 Better Practice

During the review, evidence of better practice in XXX was noted, which included:

- XXXX

1.6 Key Findings

The findings of the review as they relate to each audit objective are outlined below on an exception basis.

If applicable insert “In conducting the review, we found that the key business risks in relation to Objective X had been addressed and that <insert wording per objective>”. Based on the work conducted, no instances of fraud were detected.

All findings, risk ratings and agreed management actions have been discussed and agreed with key stakeholders. Each finding has been categorised as either an internal control issue or a performance improvement opportunity. All findings have also been given a Finding Risk Rating to indicate to management the significance of the finding and the attention required to reduce its probability and/or impact.

Audit Objective	Reference	Finding Summary	Issue Type (IC/PI)	Rating
X	2.1	XXX	IC	Low
X	2.2	XXX	IC	Medium
Audit Objective	Reference	Finding Summary	Issue Type (IC/PI)	Rating
X	2.1	XXX	IC	Low
X	2.2	XXX	IC	Medium

1.7 Acknowledgement

We wish to take this opportunity to thank the IPC personnel who participated in this review for their co-operation and assistance.

1.8 Report Clearance

The contents of this report have been discussed with the following members of staff as well as the responsible officers within IPC:

	Name	Designation
1.		
2.		

1.9 Engagement Rating

Based on the scope of our engagement, IPC's performance relevant to this review is outlined below. This rating is based on observations made during the engagement, and in some areas these observations may have been limited by the scope of the work performed.

The rating is intended to assist IPC's senior management and the Audit and Risk Committee to focus on areas of greatest concern, and does not form part of our opinion. The rating is from 1 to 4 and is explained more fully in the following table:

1	<p>Control environment requires immediate attention</p> <p>Key controls are not in place and serious control exposures have been identified that could lead to material financial loss or loss of reputation.</p>	
2	<p>Control environment needs improvement</p> <p>A number of control exposures noted that could lead to a significant financial loss or loss of reputation for the IPC now or in the future.</p>	
3	<p>Fundamental controls in place – areas for improvement</p> <p>Isolated control exposures noted, which, if not addressed, could result in a financial loss or loss of reputation for the IPC now or in the future.</p>	✓
4	<p>Good controls in place</p> <p>Key business risks addressed.</p>	

1.10 Conclusion

Based on the work program described and the evaluation criteria set out in Section 1.3 above, and except for the matters noted in Section Two of this report, nothing has come to our attention that causes us to believe that in relation to XXX, IPC has not developed and maintained, in all material respects, effective controls and procedures during the period covered by this review.

2 Detailed Findings

2.1 XXXXX

FINDING CATEGORY	Internal Control /Performance Improvement	FINDING RATING	LOW
-------------------------	---	-----------------------	------------

Key Findings

<Describe findings>

Implication

<Describe Risk and Control Implications>

Recommendations

Agreed Management Action

Agreed Management Action	Position Responsible	Date to Complete
Management will: <ul style="list-style-type: none"> • Action 1 • Action 2 		

Summary of agreed management actions

#	Category	Risk Rating	Recommendation	Agreed Action	Due Date	Responsible Officer
1	IC					
2	PI					
3	IC					

Appendix A: Personnel who assisted the review

We wish to take this opportunity to thank IPC as well as the following personnel for their co-operation and assistance during the course of our review:

	Name	Designation
1.		
2.		

Attachment 3 – Internal Audit Charter

PREFACE

We aim to be an effective organisation. Having appropriate governance structures including sound risk management and Internal Audit processes is one way of achieving this.

PURPOSE

Internal Audits are an integral part of the corporate governance framework of the IPC. This charter provides the framework for the conduct of the Internal Audit function in our office.

DEFINITIONS

Assurance can be defined as a process that provides a level of confidence that objectives will be achieved within an acceptable level of risk.³ It is a positive declaration intended to give confidence. It is designed to improve the quality of information to aid informed decision-making.

PURPOSE OF INTERNAL AUDIT

Internal Audit is an independent, objective assurance and consulting activity 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 risk management, control, and governance processes.

Internal Audit provides an independent and objective review and advisory service to:

- provide assurance to the CEO, IPC Leadership and Executive and the Audit and Risk Committee, that the IPC's financial and operational controls, designed to manage the organisation's risks and achieve the entity's objectives, are operating in an efficient, effective and ethical manner; and
- assist management in improving the entity's business performance.

INDEPENDENCE

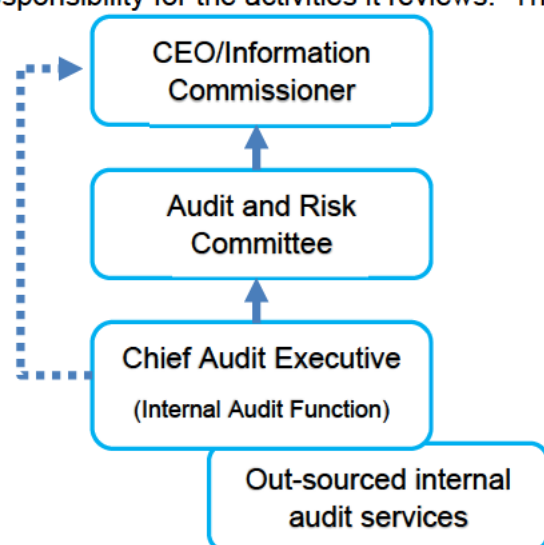
Independence is essential to the effectiveness of the Internal Audit function. Internal Audit activity must be independent, and Internal Auditors must be objective in performing their work. Internal Auditors must have an impartial, unbiased attitude and avoid any conflicts of interest.

The Internal Audit function has no direct authority or responsibility for the activities it reviews. The Internal Audit function has no responsibility for developing or implementing procedures or systems and does not prepare records or engage in original line processing functions or activities.

The Internal Audit function is responsible on a day-to-day basis to the CAE.

The Internal Audit function, through the CAE, reports functionally to the Audit and Risk Committee on the results of completed audits and for strategic direction and accountability purposes, and reports administratively to the CEO to facilitate day-to-day operations.

The following reporting line is prescribed:



³ Internal Audit in Australia Second Edition 2020 p8 see https://www.iaa.org.au/sf_docs/default-source/quality/internalauditinaustralia.pdf

AUTHORITY AND CONFIDENTIALITY

Internal Auditors are authorised to have full, free and unrestricted access to all functions, premises, assets, personnel, records, and other documentation and information that the CAE considers necessary to enable the Internal Audit function to meet its responsibilities.

All records, documentation and information accessed in the course of undertaking Internal Audit activities are to be used solely for the conduct of these activities. The CAE and individual Internal Audit staff are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

All Internal Audit documentation is to remain the property of the IPC, including where Internal Audit services are performed by an external third-party provider.

ROLES AND RESPONSIBILITIES

The Internal Audit function must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach.

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

- developing and maintaining a culture of accountability and integrity;
- facilitating the integration of risk management into day-to-day business activities and processes; and
- promoting a culture of cost-consciousness, self-assessment and adherence to high ethical standards.

Internal Audit activities will encompass the following areas:

1. Risk Management

- evaluate the effectiveness of, and contribute to the improvement in risk management processes
- provide assurance that risk exposures relating to the organisation's governance, operations, and information systems are correctly evaluated, including:
 - reliability and integrity of financial and operational information
 - effectiveness, efficiency and economy of operations
 - safeguarding of assets
- evaluate the design, implementation and effectiveness of the organisation's ethics-related objectives, programs, and activities
- assess whether the information technology governance of the organisation sustains and supports the organisation's strategies and objectives

2. Compliance

- evaluate compliance with applicable laws and regulations and Government policies and directions

3. Performance Improvement

- evaluate the efficiency, effectiveness, and economy of the entity's business systems and processes

ADVISORY SERVICES

The Internal Audit function can advise the IPC Executive Team on a range of matters including:

1. New programs, systems and processes

- providing advice on the development of new programs and processes and/or significant changes to existing programs and processes including the design of appropriate controls

2. Risk Management

- assisting management to identify risks and develop risk mitigation and monitoring strategies as part of the risk management framework

3. Fraud Control

- evaluate the potential for the occurrence of fraud and how the IPC manages fraud risk
- assisting management to investigate fraud, identify the risks of fraud and develop fraud prevention and monitoring strategies

AUDIT SUPPORT ACTIVITIES

The Internal Audit function is also responsible for:

- assisting the Audit and Risk Committee to discharge its responsibilities
- providing secretarial support to the Audit and Risk Committee
- monitoring the implementation of agreed recommendations
- disseminating across the entity better practice and lessons learnt arising from its audit activities

SCOPE OF INTERNAL AUDIT ACTIVITIES

Internal Audit reviews cover all programs and activities of the IPC together with associated entities, as provided for in relevant business agreements, memoranda of understanding or contracts. Internal Audit activity encompasses the review of all financial and non-financial policies and operations.

STANDARDS

Internal Audit activities will be conducted in accordance with relevant professional standards including:

- International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors
- standards issued by Standards Australia and the International Standards Organisation

In the conduct of Internal Audit work, Internal Audit staff will:

- comply with relevant professional standards of conduct
- possess the knowledge, skills and technical proficiency relevant to the performance of their duties
- be skilled in dealing with people and communicating audit, risk management and related issues effectively
- exercise due professional care in performing their duties

RELATIONSHIP WITH EXTERNAL AUDIT

Internal and external audit activities will be coordinated to help ensure the adequacy of overall audit coverage and to minimise duplication of effort.

Periodic meetings and contact between internal and external audit shall be held to discuss matters of mutual interest and facilitate coordination.

External audit will have full and free access to all Internal Audit plans, working papers and reports.

PLANNING

The CAE will prepare, for the Audit and Risk Committee's consideration, an Internal Audit annual audit work plan in a form agreed with the Committee.

REPORTING

The CAE will report to each meeting of the Audit and Risk Committee on:

- audits completed
- progress in implementing the annual audit work plan
- the implementation status of agreed internal and external audit recommendations

The Internal Audit function will also report to the Audit and Risk Committee at least annually on the overall state of internal controls within the office and any systematic issues requiring management attention based on the work of the Internal Audit function and other assurance providers.

ADMINISTRATIVE ARRANGEMENTS

Any change to the position of the CAE or external service provider will be approved by the CEO in consultation with the Audit and Risk Committee.

The CAE will arrange for an internal review, at least annually, and a periodic independent review, at least every 5 years, of the efficiency and effectiveness of the operations of the Internal Audit function.

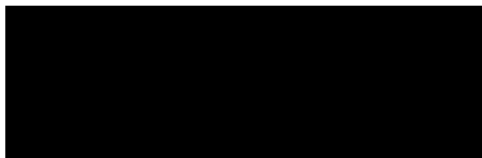
REVIEW OF THE CHARTER

The Charter will be reviewed at least annually by the Audit and Risk Committee. Any substantive changes will be formally approved by the CEO on the recommendation of the Audit and Risk Committee.

CHARTER APPROVAL



Rachel McCallum
CEO/Information Commissioner
Date: 23 October 2024



Marcia Doheny
Chair, Audit and Risk Committee
Date: 2 October 2024

7. Document Information

Title:	Internal Audit Manual & Charter
Business Centre:	Information and Privacy Commission
Author:	CAE
Approver:	Information Commissioner, IPC CEO
Date of Effect:	September 2024
Next Review Date:	September 2025
File Reference:	D18/286480/DJ
Key Words:	audit, internal review, governance, risk management, fraud, performance

8. Document History

Version	Date	Reason for Amendment
1.0	June 2011	Initial Draft
2.0	August 2014	Update for new Information CEO/Information Commissioner/CEO appointed
3.0	March 2015	Update for new Director positions
4.0	August 2017	Revised for review by the Audit and Risk Committee at its 15 September 2017 meeting and recommendation to the CEO for approval
5.0	October 2017	Update for Audit and Risk Committee feedback and approval
6.0	November 2018	Update for annual review. Review date updated to November 2019
7.0	November 2019	Update for annual review. Minor Updates made. Review date updated to November 2020
8.0	November 2020	Update for annual review by the Audit and Risk Committee at its 14 December 2020 meeting and recommendation to the CEO for approval. Review date updated to November 2021
9.0	September 2021	Update for TPP20-08. Approved by Audit and Risk Committee
10.0	September 2022	Annual Review and insertion of amendments responsive to QAIP audit
11.0	November 2022	Minor update – ARC Chair
12.0	September 2024	Update for Audit and Risk Committee feedback and approval