

Internal Audit Charter

This Charter establishes the purpose, authority and responsibilities of Southern Cross University's internal audit function. Southern Cross University has outsourced the provision of internal audit services.

PURPOSE AND MISSION

The purpose of the University's internal audit function is to provide independent, objective assurance and consulting services designed to add value and improve the University's operations. The mission of the internal audit function is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. The internal audit function helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

PROFESSIONAL STANDARDS

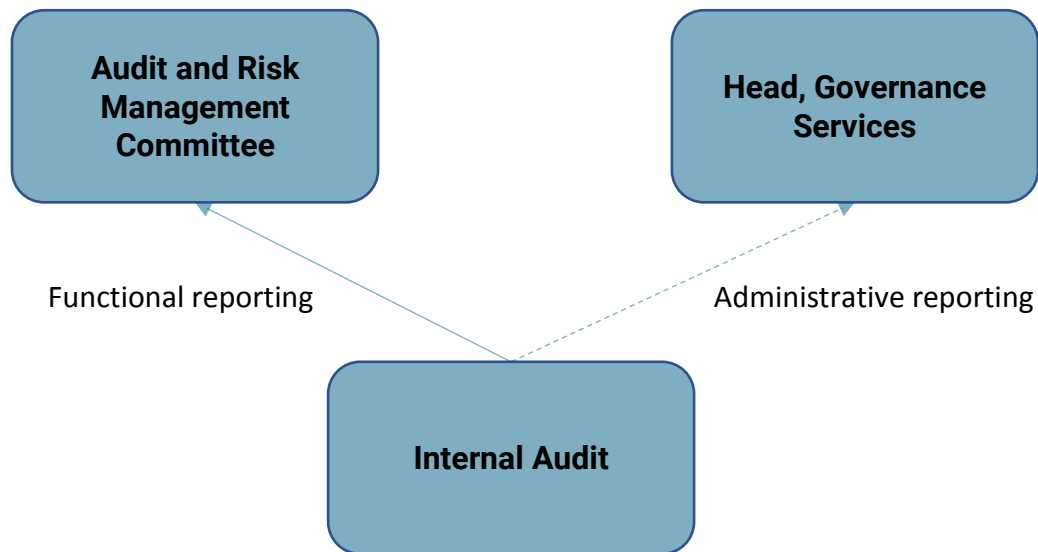
The internal audit function will govern itself in accordance with the Institute of Internal Auditors' [International Professional Practices Framework](#), including:

- The [Core Principles for the Professional Practice of Internal Auditing](#).
- The [Code of Ethics](#).
- The [International Standards for the Professional Practice of Internal Auditing](#).

AUTHORITY

The internal audit function has dual reporting lines to:

- Head, Governance Services on the operations and accountability of the internal audit function; and
- Audit and Risk Management Committee for strategic oversight and direction.



The Internal Auditors will have unrestricted access to, and communicate and interact directly with, the Audit and Risk Management Committee, including in private meetings without management present.

The Internal Auditors and their staff are authorised to:

- Have full, free and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Obtain assistance from the necessary University personnel, as well as other specialised services from within or outside the University, in order to complete the engagement.

INDEPENDENCE

The Internal Auditors will ensure that the internal audit function remains free from all conditions that threaten the ability of the internal audit function to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing and report content.

The Internal Auditors and their staff will maintain an unbiased mental attitude that allows them to perform projects objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

The Internal Auditors and their staff will have no direct operational responsibility or authority over any of the activities audited. Accordingly, Internal Auditors and their staff will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for the University or its affiliates.
- Directing the activities of any University employee, except to the extent that such employees have been appropriately assigned to assist the Internal Auditors.

The Internal Auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to Head, Governance Services and the Audit and Risk Management Committee.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The Internal Auditors will disclose to the Audit and Risk Management Committee any interference and related implications in determining the scope of internal auditing, performing work or communicating results.

SCOPE OF INTERNAL AUDIT

The scope of the internal audit function encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit and Risk Management Committee, management and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the University. The assessments will include evaluating whether:

- Risks relating to the achievement of the University's strategic objectives are appropriately identified and managed.
- The actions of the University's officers, directors, employees and contractors are in compliance with the University's policies, standards, procedures, and applicable laws and regulations.
- Resources and assets are acquired economically, used efficiently, and adequately protected.
- The results of operations and programs are consistent with the University's established goals and objectives.
- The University's operations and programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the University.
- Information and the means used to identify, measure, analyse, classify, and report such information are reliable and have integrity.

The Internal Auditors will report periodically to senior management and the Audit and Risk Management Committee regarding:

- The internal audit function's purpose, authority and responsibility.
- The internal audit function's plan and performance relative to its plan.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit and Risk Management Committee.
- Results of audit projects or other activities.
- Any response to risk by management that may be unacceptable to the University.

Where possible, the Internal Auditors will coordinate activities and consider relying upon the work of other internal and external assurance and consulting service providers. The internal

audit function may perform advisory and related client service activities, provided the internal audit function does not assume management responsibility. The nature and scope of such activities will be agreed with management and the Audit and Risk Management Committee.

Where the Internal Auditors identify opportunities for improving the efficiency of governance, risk management, and control processes during audit projects, these opportunities will be communicated to the appropriate level of management.

RESPONSIBILITIES

The Internal Auditors are responsible for:

- In consultation with management, developing strategic and operational audit plans to be submitted to the Audit and Risk Management Committee for review and approval.
- Ensuring each internal audit project is executed in accordance with the project plan, including:
 - the establishment of objectives and scope;
 - the assignment of appropriate and adequately supervised resources;
 - the documentation of work programs and testing results; and
 - the reporting of project results to appropriate parties.
- Following up on project findings and corrective actions, and reporting any corrective actions not effectively implemented to senior management and the Audit and Risk Management Committee.
- Ensuring the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensuring the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of this Charter.
- Ensuring trends and emerging issues that could impact the University are considered and communicated to senior management and the Audit and Risk Management Committee as appropriate.
- Ensuring trends and successful practices in internal auditing are considered.
- Ensuring adherence to the University's relevant policies and procedures, unless such policies and procedures conflict with this Charter. Any such conflicts will be resolved by the internal audit function or otherwise communicated to management and the Audit and Risk Management Committee.

STRATEGIC AND OPERATIONAL PLANNING

In consultation with senior management, the internal audit function will develop a rolling three-year strategic internal audit plan (strategic plan) and an annual operational internal audit plan (annual plan) based on the University's strategies, key objectives, associated risks and risk management processes.

The strategic plan will identify the broad goals to be achieved and strategies to be adopted by the internal audit function over the medium term. The strategic plan will be:

- submitted to the Audit and Risk Management Committee for approval; and

- reviewed annually by the Internal Auditors and the Audit and Risk Management Committee and altered to take into account any changes in priorities or risks.

The annual plan will be based on the strategic plan. It will identify the internal audit projects to be carried out during the following year and the time allowances and budget for each project. Where necessary, the internal audit function will adjust the annual plan in response to changes in the University's business, risks, operations, programs, systems, and controls. Any significant changes will be communicated to senior management and the Audit and Risk Management Committee.

The Internal Auditors may also be requested to carry out special audit projects by management, the Audit and Risk Committee or Council.

PROJECTS PLANS

For each audit project, the Internal Auditors must develop and document a project plan which considers the University's strategies, objectives, and risks relevant to the project. In preparing the plan, the Internal Auditors will consult with the relevant Executive member or members and establish a written understanding with them about objectives, scope, respective responsibilities, and other expectations.

REPORTING

At the end of each audit project, the Internal Auditors will prepare an internal audit report containing the audit observations, findings and any recommendations for improvement. The draft report will be provided to the responsible Executive member or members and the Vice Chancellor for review and comment.

The final report will include management's responses to the recommendations in the report, including any corrective actions to be taken and the timetable for completion of those actions. A copy of the report for each audit project will be provided to the Audit and Risk Management Committee meeting.

If the Internal Auditors consider that management's response to the recommendations is inadequate, they will consult with management and attempt to reach a mutually agreeable resolution. If an agreement is not reached, the Internal Auditors may raise the matter with the Audit and Risk Management Committee for resolution.

The internal audit function will establish and maintain a system to monitor management's progress in implementing any agreed corrective actions. An update on management's progress in implementing the actions will be provided to each Audit and Risk Management Committee meeting.

QUALITY ASSURANCE AND IMPROVEMENT

The Internal Auditors will establish and maintain a quality assurance and improvement program for all aspects of the internal audit function. The program will assess the efficiency and effectiveness of the internal audit function and identify opportunities for improvement.

The program will include both periodic internal assessment of the internal audit function, including assessment against key performance indicators, and independent external review of the internal audit function every five years.

REVIEW OF THE CHARTER

The Audit and Risk Management Committee will review this Charter annually.