

# Internal Audit Charter for The University of Queensland

## 1. Purpose

This Internal Audit Charter sets out the responsibilities, organisation, authority, membership, and operation of The University of Queensland's (UQ's) Internal Audit function. It is approved by the Senate Risk and Audit Committee (SRAC) in consultation with the Vice-Chancellor's Risk and Compliance Committee (VCRCC) and the University Senior Executive Team (USET). This Charter should be read in conjunction with the SRAC [Terms of Reference](#).

### 1.1. Mission

The mission of Internal Audit is to strengthen UQ's ability to create, protect, and sustain value by providing those charged with governance and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The Global Internal Audit Standards promulgated by the Institute of Internal Auditors (the Institute) provide a mandatory definition of Internal Auditing. Accordingly, at UQ, Internal Audit is defined as "an independent, objective assurance and advisory service designed to add value and improve UQ's operations. It helps UQ accomplish its objectives (embodied in the UQ Strategic Plan) by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes".

### 1.2. Objectives and Scope

The Internal Audit function adds value by assisting management and those charged with governance in the effective execution of their responsibilities by providing assurance and advice on the effectiveness of governance, risk management, compliance management and internal controls, including the manner in which the first and second lines achieve risk management and control objectives.

The scope of work of Internal Audit is to assess and provide assurance on whether:

- UQ has an adequate and effective system of internal control including governance, risk management and compliance frameworks.
- Risks are appropriately identified and managed.
- Interaction between the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employees act in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately managed.
- Quality and continuous improvement are fostered in the University's control processes.

The scope of Internal Audit includes the whole of UQ, including its controlled entities.

### 1.3. Three Lines Model

The objectives and scope of UQ's internal audit function is significantly influenced by the "Three Lines Model" which the University has adopted as part of its governance, risk management and compliance frameworks. This model helps organisations identify structures and processes that best assist the

achievement of objectives and facilitate strong governance and risk management. The VCRCC has oversight of the three lines as follows:

- *First Line:* UQ's operational management has ownership, responsibility and accountability for identification, assessment, and management of risk and ensuring compliance.
- *Second Line:* Enterprise Risk, Health, Safety and Wellness, Compliance and other relevant risk-oversight functions are responsible for facilitating, monitoring and supporting effective risk management and compliance practices by operational management.
- *Third Line:* Internal Audit are responsible for providing oversight, review and assurance on the adequacy and effectiveness of governance and risk management to support the achievement of organisational objectives and to promote and facilitate continuous improvement.

## 1.4. Types of Internal Audit Services

Internal Audit undertakes Assurance and Advisory Services, defined as follows:

- Assurance Services – Services through which internal auditors perform objective assessments to provide assurance. Internal auditors may provide limited or reasonable assurance, depending on the nature, timing, and extent of procedures performed.
- Advisory Services – Services through which internal auditors provide advice to UQ stakeholders without providing assurance or taking on management responsibilities. The nature and scope of advisory services are subject to agreement with relevant stakeholders.

## 1.5 Commitment to Adhering to the Global Internal Audit Standards

The University of Queensland's Internal Audit function will adhere to the mandatory elements of The Institute of Internal Auditors' (the Institute's) International Professional Practices Framework (IPPF), which are the Global Internal Audit Standards (the Standards) and Topical Requirements. The Director Internal Audit will report annually to the SRAC, VCRCC and USET regarding the Internal Audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program (refer Section 10).

## 2. Mandate

To enable it to demonstrate effective governance, risk management and compliance, UQ considers it necessary and appropriate to establish an Internal Audit function.

## 3. Authority

As a Queensland Statutory Body, UQ is obliged to observe the requirements of the *Financial Accountability Act 2009* (the Act), and *Financial and Performance Management Standard 2019* (the Standard) both of which contain mandatory requirements applicable to the internal audit function being:

- the development of an internal audit charter;
- planning the audit program;
- reporting of audit issues; and
- the relationship with external audit.

The Internal Audit function's authority is created by its direct reporting relationship to the SRAC. Such authority allows for unrestricted access to the SRAC.

The SRAC authorises the internal audit function, with strict accountability for confidentiality of records and information, and in compliance with applicable legislation to:

- have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities;
- attend, even in the absence of any invitation, any meetings relevant to approved projects or committees and access any minutes and documents relevant to those projects and committees. This access right does not apply to any meetings of the Senate or its subcommittees, the Academic Board or USET;
- allocate resources (within approved budget), set frequencies, select engagement subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives; and
- obtain the necessary assistance of UQ and other specialised services from within or outside UQ to complete internal audit services.

Internal Audit is not authorised to:

- perform any operational duties for UQ or its affiliates;
- direct the activities of any UQ employee or contractor (other than those directly engaged by Internal Audit); or
- engage in any other activity which may compromise (or may be perceived to compromise) their independence or objectivity.

## 4. Independence and Objectivity

The Internal Audit function is independent of management. While Internal Audit plans and programs of work will be developed in consultation with management, they will be approved by the SRAC.

Internal Audit has no direct responsibilities for or authority over, any of the activities which it audits. Accordingly, the work of Internal Audit does not in any way relieve managers of their responsibilities for the development, implementation and maintenance of management and control systems in their areas.

To provide further for the independence of the Internal Audit function, the Director Internal Audit has direct access to the Chair VCRCC, Chair SRAC, Vice-Chancellor and Chancellor.

The Director Internal Audit must confirm to the SRAC, at least annually, the organisational independence of the Internal Audit activity. The Director Internal Audit will disclose to the SRAC any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the Internal Audit function's effectiveness and ability to fulfill its mandate.

Internal auditors will:

- maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.
- exhibit professional objectivity in gathering, evaluating, and communicating information;
- make balanced assessments of all available and relevant facts and circumstances;
- take necessary precautions to avoid conflicts of interest (whether actual, perceived or potential), bias, and undue influence; and
- disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as to the Director Internal Audit, SRAC, USET, or others.

To support these obligations, Internal Audit staff complete an annual declaration outlining:

- adherence to UQ Values;
- adherence to the UQ Code of Conduct;

- conformance with the Global Internal Audit Standards, Domain II: Ethics and Professionalism which:
  - outlines the behavioural expectations for professional internal auditors; including chief audit executives and other individuals, and
  - any entities that provide internal audit services
- any potential, perceived or actual conflicts of interest.

Where Service Providers are used, a conflict of interest declaration will be requested in relation and prior to each audit undertaken.

## 5. Ethics and Professionalism

The Director Internal Audit will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of UQ and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in UQ.
- Report organisational behavior that is inconsistent with UQ's ethical expectations, as described in applicable policies and procedures.

## 6. Confidentiality

Internal Audit staff shall respect the confidentiality of information acquired in the course of their work and shall not disclose any such information to a third party without specific authority or unless there is a legal or professional duty to do so.

## 7. Organisational Position and Reporting Relationships

The Chief Audit Executive (CAE) will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function (refer Section 4. Independence and Objectivity). The Director, Internal Audit is designated as the University of Queensland's CAE and reports administratively to the Chief Operating Officer (COO) and functionally to the Chair of the SRAC.

The Director Internal Audit has direct access to the Chancellor, Vice-Chancellor and SRAC in relation to audit matters, including meeting with the Chair of the SRAC at least three times per year, without the presence of management.

The COO's primary responsibilities, as supervisor of the Director Internal Audit include:

- facilitating the performance evaluation, appointment, renewal or removal of the Director Internal Audit (including the position description of the Director Internal Audit), with the approval of the Chair of the SRAC;
- determining the annual compensation and salary adjustment of the Director Internal Audit, with the approval of the Chair of the SRAC; and
- in the case of disagreement between Internal Audit and management on Internal Audit matters, if necessary, the COO will raise the matter with the Chair of the SRAC.

The administrative reporting line includes:

- agreement of Internal Audit resources and annual budget, subject to approval from the SRAC;
- provision of corporate services to internal audit including office accommodation, administration, computers and equipment, budgeting and management accounting; and
- Human Resources administration.

The Audit Sponsor is the senior executive ultimately accountable for the strategy and operations of the business area that has been selected for audit. The Audit Sponsor is responsible, in the execution of the audit, for input into and ultimate agreement of the individual engagement's objectives and report, including management actions. Internal Audit has direct access to the Vice-Chancellor for audit matters related to the COO portfolio, if required.

All Internal Audit staff and co-sourced and outsourced providers report directly to the Director Internal Audit. Within the constraints of the Internal Audit budget allocated, the Director Internal Audit is authorised to:

- exercise autonomy in applying Internal Audit resources;
- appoint external service providers to co-source or outsource Internal Audit activities (routine and ad hoc);
- determine scope and apply procedures necessary to accomplish the objective(s) of each individual audit assignment; and
- develop the function's operating standards, policies and procedures.

USET has an important role in providing a synthesized cross-portfolio perspective of the key risks facing the University:

- USET will be consulted in regard to the Strategic and Annual Internal Audit Plan.
- Internal Audit will be invited to attend USET at least twice a year, including to enable USET to provide input into the Annual Plan or into resolution of significant findings raised in audits as required;
- if the Director Internal Audit determines that a matter has not been resolved and may pose an unacceptable risk to UQ, the Director Internal Audit must communicate the matter to the SRAC, and where appropriate, the Vice-Chancellor, VCRCC and USET; and
- the results of annual Internal Audit Client Satisfaction Surveys conducted with executive and senior management and SRAC as part of the Internal Audit Quality Assurance and Improvement Program will be provided to USET annually.

The SRAC's functional reporting responsibilities in relation to Internal Audit are outlined in Section 8 of the University of Queensland's Senate Risk and Audit Committee [Terms of Reference](#).

## 8. Internal Audit Roles and Responsibilities

### 8.1. Managing the Internal Audit Function

The Director Internal Audit, in their role as CAE, has responsibility to:

- develop and implement a strategy for the Internal Audit function that supports the strategic objectives and success of the University and aligns with the expectations of SRAC, senior management, and other key stakeholders;
- develop risk-based and adaptable Annual Internal Audit Plans, considering any risks or control concerns identified by management, submit that plan to the VCRCC and USET for review and input and then to the SRAC for approval. The Annual Internal Audit Plan will include work schedules, coverage, staffing, financial budgets and a description of any limitations placed on Internal Audit's scope of work;
- perform assurance and advisory engagements as per the approved Annual Internal Audit Plan (with any material changes approved by SRAC) and report to management on the results of those engagements;
- undertake other assurance or advisory assignments requested by the Vice-Chancellor, VCRCC, or SRAC, subject to availability of resources and capabilities;
- consider management requests for advisory engagements, considering risk profile and subject to availability of resources and capabilities;
- assist UQ in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement;

- evaluate and assess significant projects or change initiatives and activities including structural changes, or changes to processes, systems, services and controls;
- develop and implement a quality control system to ensure internal audit activities are consistent with applicable professional standards and compliant with applicable laws and regulations;
- establish effectively designed and operating controls to ensure protection of information acquired when performing internal audit services;
- ensure the Internal Audit function has sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Internal Audit Charter. Internal audit capabilities may be supplemented by external providers where requisite capabilities are not available internally;
- issue periodic reports to the VCRCC and SRAC summarising results and conclusions relating to audit activities, advisory engagements undertaken, status of corrective audit actions and the internal audit function's performance;
- keep VCRCC and SRAC informed of emerging trends, successful practices in internal auditing, and any matters that it determines necessary; and
- coordinate with other internal and external providers of assurance services and consider relying upon their work. Coordination of services minimises duplication of effort, highlights gaps in coverage of key risks, and enhances the overall value added by providers.

Internal auditors, in consultation with the Director Internal Audit, SRAC, and VRCCC have the responsibility to:

- conduct the Internal Audit activities in line with this Internal Audit Charter and the Internal Audit Manual;
- understand and abide by the laws, regulations, policies, and procedures related to confidentiality, information privacy, and information security that apply to the University and Internal Audit function;
- effectively undertake Internal Audit activities to ensure the function adds value to the University; and
- pursue continuing professional development including education and training relevant to their roles.

## 8.2. Communication with SRAC, VCRCC and USET

The Director Internal Audit will report periodically to SRAC, VCRCC and USET regarding:

- the Internal Audit function's mandate;
- the Internal Audit plan and performance relative to its plan;
- Internal Audit budget;
- significant revisions to the Internal Audit plan and budget;
- potential impairments to independence, including relevant disclosures as applicable;
- results from the quality assurance and improvement program, which include the Internal Audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the Internal Audit function's deficiencies and opportunities for improvement;
- significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the SRAC that could interfere with the achievement of UQ's strategic objectives;
- results of assurance and advisory services;
- resource requirements; and
- management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond UQ's risk appetite.

### 8.3. Resourcing of Internal Audit

The function is headed by the Director Internal Audit who is accountable for its efficient functioning, including resourcing and development of the function's policies and procedures. The Internal Audit function is operated in-house within UQ, but the skills and experience and/ or resourcing of the in-house team may be supplemented through co-sourcing or outsourcing to external service providers. The SRAC endorses the use of co-sourced or outsourced providers.

The Director Internal Audit is also responsible for ensuring that the Internal Audit function has the necessary technology to support the Internal Audit process, and regularly evaluating such technology to improve its efficiency and effectiveness.

The Director Internal Audit must report on any resourcing limitations that hamper the Internal Audit function, including the impact of technology limitations on the effectiveness or efficiency of the function.

### 8.4. Qualifications of the Director Internal Audit

The officer assuming responsibilities of the Director Internal Audit must, as a minimum, hold and maintain a level of professional membership outlined below:

- Certified Internal Auditor (CIA); or
- CPA or above (Certified Practising Accountants Australia) or
- CA or above (Chartered Accountants Australia and New Zealand) or
- Qualifications from an overseas accounting body that are recognised by at least one of the above bodies as having equivalent membership.

## 9. Quality Assurance and Improvement Program

The Director Internal Audit will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the Internal Audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the Internal Audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the Internal Audit function's deficiencies and opportunities for improvement.

External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside UQ; qualifications must include at least one assessor holding an active Certified Internal Auditor credential.

## 10. Review of Charter or Mandate

Changes in circumstances may justify a potential review of the Internal Audit mandate or other aspects of the Internal Audit Charter. Such circumstances may include but are not limited to:

- a significant change in the Global Internal Audit Standards;
- a significant reorganisation within UQ;
- significant changes in the Director Internal Audit, SRAC, and/or USET;
- significant changes to UQ's strategy, objectives, risk profile, or the environment in which the University operates; or
- new laws or regulations that may affect the nature and/or scope of Internal Audit services.

Nevertheless, this Charter is to be reviewed by VCRCC and approved by SRAC at least every two years. In compliance with the Standard, the Internal Audit Charter must be made readily available to UQ staff.

<b>Modification History</b>	20 November 2024:	Modified to update information in alignment with Global Internal Audit Standards, due to be enacted 1 January 2025.
	23 November 2023:	Modified primarily to update information as recommended in the 2023 external review of UQ Internal Audit by the Institute of Internal Auditors: mandatory guidance and definition of services.
	22 November 2022:	Modified primarily to reflect changed reporting arrangements to Chief Operating Officer and clearer definition of the administrative reporting line to safeguard independence. Also includes changes to titles of Director Internal Audit and USET.
	24 November 2020:	Modified primarily to create consistency of terminology, consider changes in terminology in the Three Lines Model and to change VCC to UQSET throughout.
	21 February 2019:	Modified to consider endorsed recommendations in the 2018 Independent Quality Assessment of UQ Internal Audit.
	1 June 2017:	Modified to reflect changed reporting arrangements to Director Governance and Risk.
<b>Prepared by:</b>	Tamra Saayman, Director Internal Audit	
<b>Consultation:</b>	Deborah Terry AO, Vice-Chancellor and President Vice-Chancellor's Risk and Compliance Committee Senate Risk and Audit Committee	
<b>Approved by:</b>	Senate Risk and Audit Committee	
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