



Internal Audit

A/3.2

This policy outlines the framework of the internal audit activity of the Queensland Synod.

The Uniting Church in Australia Act (1977) Queensland established The Uniting Church in Australia Property Trust (Q.) ("UCAPTQ") – a body incorporated by statute and recognised at law that has the legal title to all property beneficially utilised by the Queensland Synod Office and all other activities of the Uniting Church in Australia, Queensland Synod.

Due to the structure and legal status of the Church, the risks and liabilities of the activities and events of the different parts of the Church, in some circumstances, will not be isolated or limited to that part of the Church. These risks and liabilities can flow on and impact not only the Synod and Property Trust, but other activities of the Church.

The Audit and Risk Committee (ARC), in accordance with the ARC Charter, assists and advises the Synod Standing Committee in its corporate governance responsibilities to exercise due care, diligence and skill in relation to oversight of:

- (a) the integrity and reliability of the audited financial statements;
- (b) applying accounting policies;
- (c) **internal audit** and external audit;
- (d) internal control systems; and
- (e) Synod risk management and compliance systems.

The Risk Group has the organisational mandate to manage and consistently operationalise the Queensland Synod's enterprise risk management (ERM) framework.

The internal audit activity is strategically located within the Risk Group to combine and strengthen corporate capabilities with complementary skills in resources and to remain flexible and as reactive as possible to emerging risks or business priorities.

Purpose

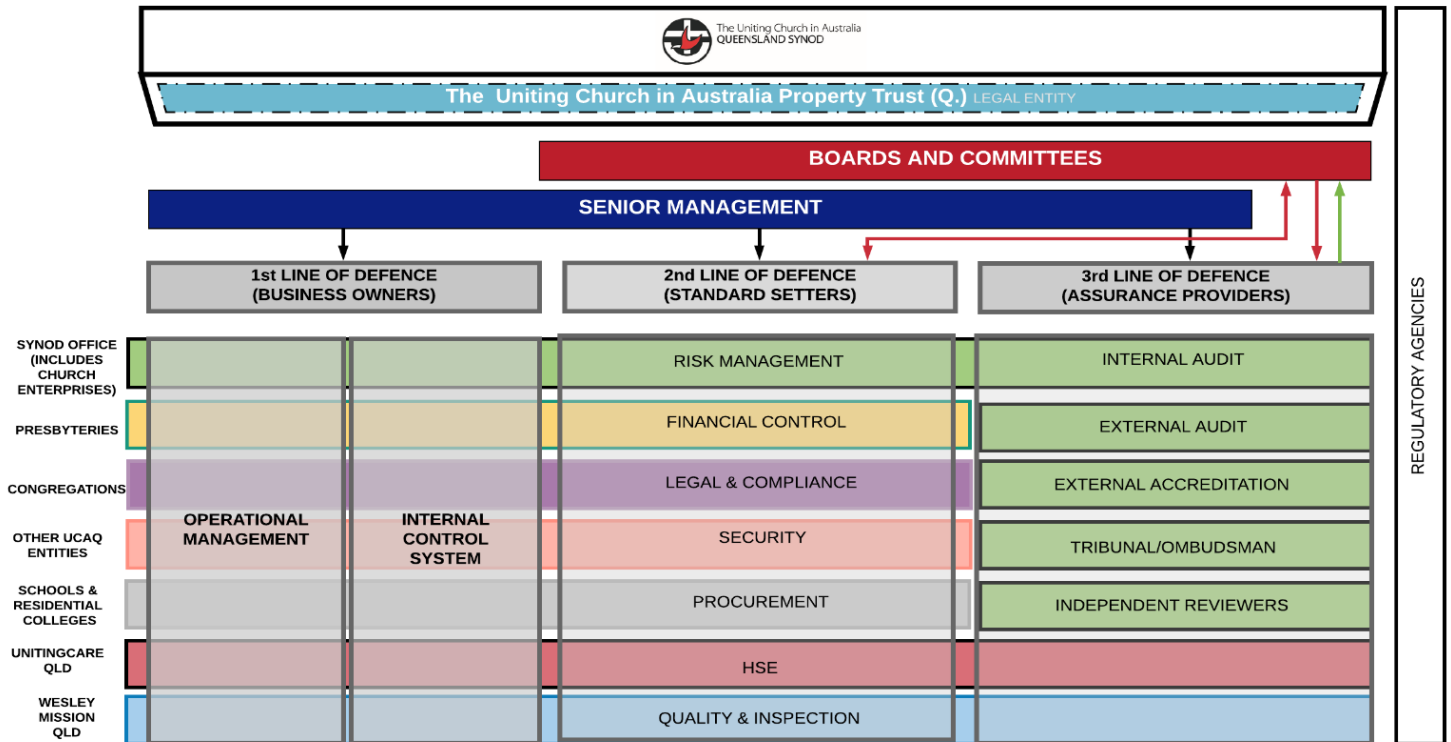
The main purpose of the Internal Audit activity is to assist the Queensland Synod to accomplish its objectives through independent, objective assurance and consulting services designed to:

- add value to the Synod and the different councils of the Church,
- support the overall governance process and therefore, promote strategic partnership with business leaders, and
- streamline business process and improve operations and controls over areas of risk and business priority.



The role of internal audit activity in the Synod’s monitoring and management of risks

Internal audit plays a key assurance role in corporate governance to assure the effective management of risk. A widely accepted ‘Three Lines of Defence’ model is to be used by the Synod as graphically depicted in the figure below.



- The first line of defence relates to activities undertaken by operational management who has ownership, direct responsibility and accountability for controlling and mitigating risks.
- The second line of defence consists of activities relating to oversight and governance of key organisational functions.
- The third line of defence consists of independent assurance providers.

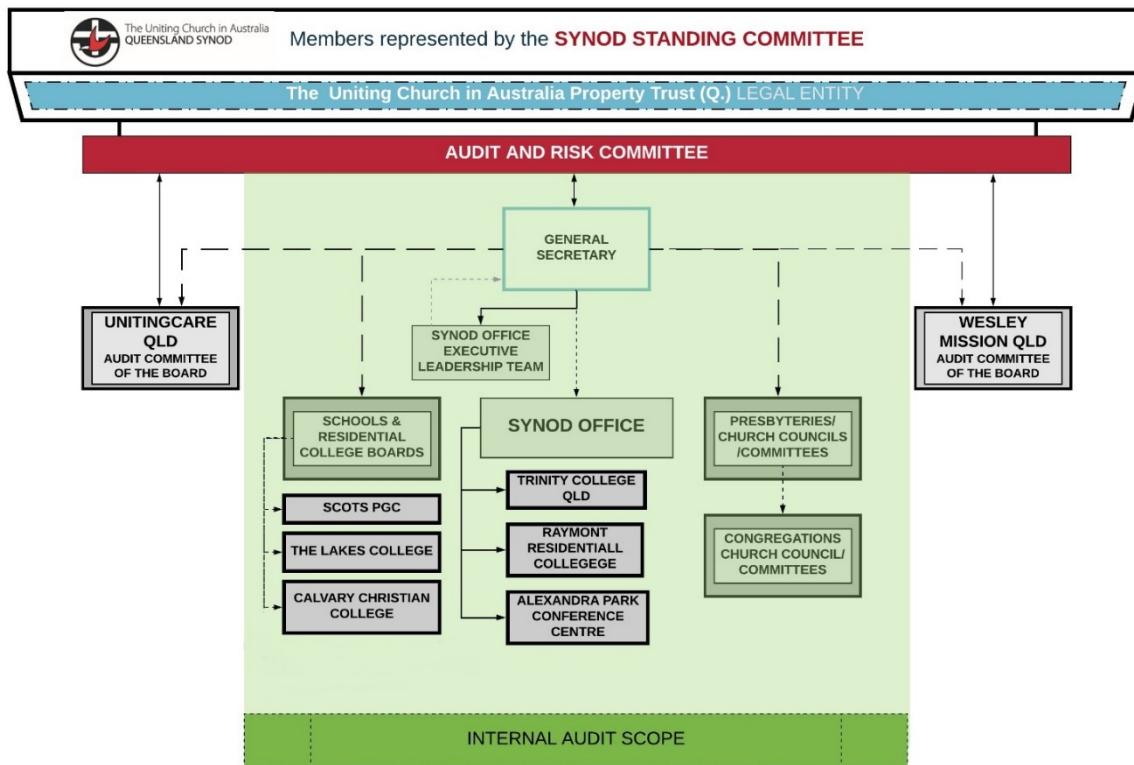
Scope

The Internal Audit Charter shall apply to the Synod Office and all entities under The Uniting Church in Australia, Queensland Synod except for UnitingCare Queensland and Wesley Mission Queensland.

The scope of the internal audit activity in the Synod Office is illustrated in the figure below.



INTERNAL AUDIT FRAMEWORK



Policy

1. Conformance with the Charter and Standards

The internal audit activity shall conduct its operations according to the Internal Audit Charter and the International Professional Practices Framework (IPPF) - the global Standard promulgated by the Institute of Internal Auditors.

The Internal Auditors will uphold and practice a high level of objectivity, integrity, confidentiality and competence.

2. Authority and functional reporting line

Under the Internal Audit Charter, the internal audit activity is authorised full, free and unrestricted access to any and all of Synod Office records, physical properties, and personnel pertinent to carrying out any engagement. This authority comes with the internal auditor’s strict accountability for confidentiality and safeguarding of records and information.

The Chief Audit Executive (CAE) has overall responsibility for the internal audit activity.

The CAE shall report to the General Secretary for administrative purposes and to the Audit and Risk Committee (ARC) for the internal audit function.

The Chief Audit Executive will communicate and interact directly with the ARC, including in executive sessions and between meetings as appropriate.

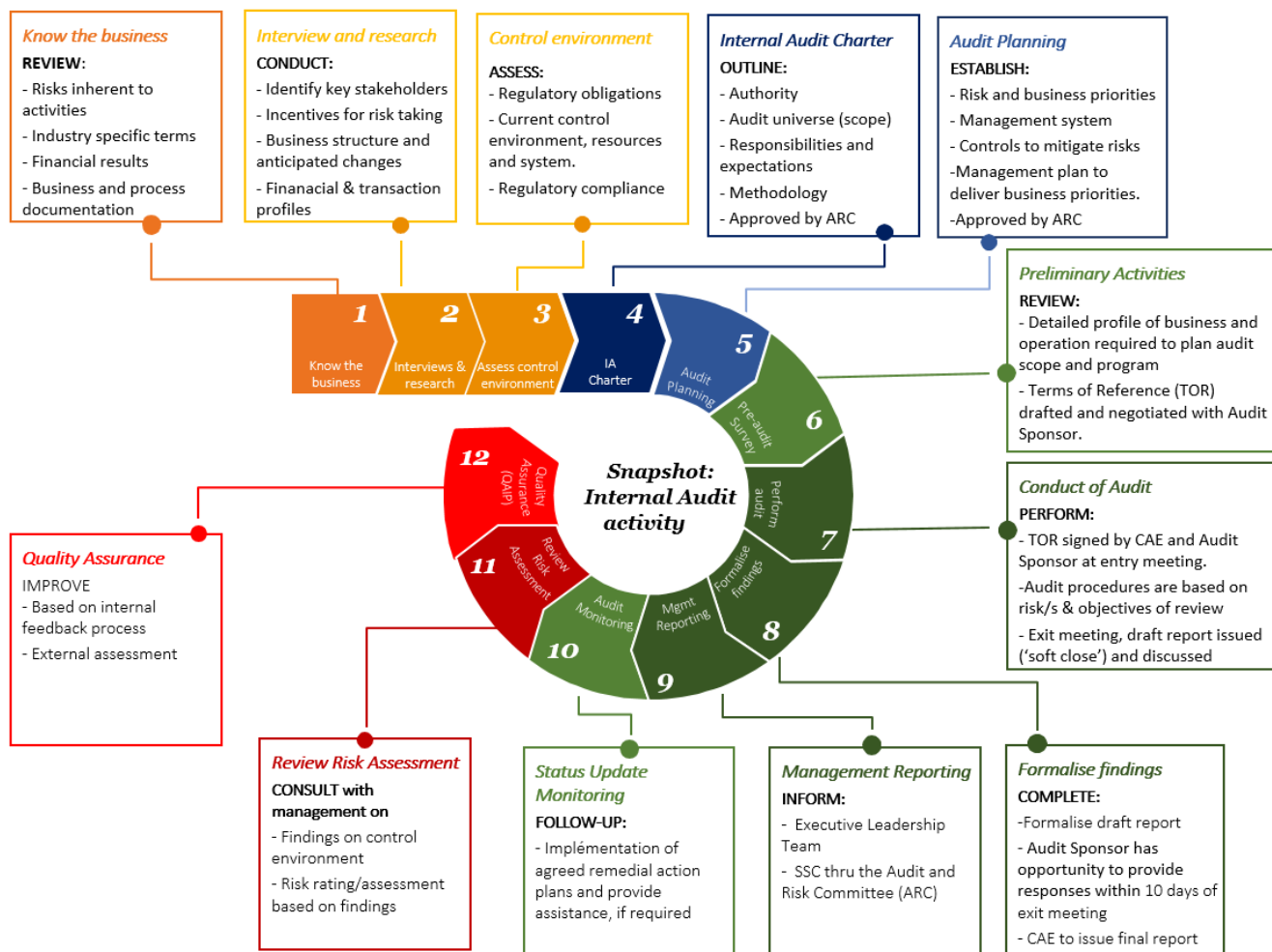
The CAE will have also have free and unrestricted access to the SSC, if required.



3. Services offered by internal audit

The internal audit activity may undertake an assurance or consulting service.

All employees of relevant bodies of the Queensland Synod are expected to assist the internal audit activity in fulfilling its roles and responsibilities.



4. Internal audit cycle

4.1. Planning internal audits

Internal audits are to be planned in the context of senior management's view of risks and business priorities.

- The **strategic internal audit plan** is designed to continue over a period of 3 years and subject to regular review and updating. This plan considers the areas of highest risks as well as the control systems which each entity is most reliant on.
- The rolling **operational plan** will be for 18 months. It will be derived from the strategic internal audit plan and developed in consultation with the CAE and leaders of audited entities.



The plan shall be flexible and dynamic to allow for changing needs and priorities of the organisation which may be in a form of projects (driven by urgency) and/or special audits required by the ARC or General Secretary.

Following consultation with the ELT the approval authority is ARC. Any subsequent change to the plan requires ARC's approval.

4.2. Conduct of internal audits

Internal audits are to be performed as scheduled in the operational Internal Audit Plan.

The conduct of audits shall conform to the prescribed processes and procedures for internal auditing.

- A *letter of engagement* for the upcoming audit will be issued at least two weeks before the approved schedule. This will outline the terms of reference for the audit engagement. It must be signed by the Chief Audit Executive and Audit Sponsor before commencement of the internal audit field work.
- An entry meeting between the Audit Sponsor and key stakeholders and Internal Auditor is required to discuss all expectations and any issue or concern pertaining to the audit.
- Conduct fieldwork including testing procedures, process walkthroughs and documenting results in internal audit working papers. All working papers will be subject to a quality assurance and technical review by the Manager, Risk and Compliance.
- Conduct an exit meeting so all findings and recommendations may be discussed with the line manager (and/or audit sponsor) of the audited area. This dialogue offers an opportunity to determine whether additional evidence is readily available that might alter the opinion of the Internal Auditor.
- Findings and recommendations will be presented in a formal draft at a 'soft close' exit discussion with the Audit Sponsor and other key stakeholders.

4.3. Formalise findings (Management comments)

For the purpose of transparency, the Audit Sponsor will be requested to provide an appropriate *formal* response for each finding and recommendation. The management response shall state whether or not the recommendations are accepted and what actions will be taken to address the concerns raised, by whom and by when.

This response should be provided within 2 weeks of the exit meeting.



4.4. Reporting

A final report will be issued by the Chief Audit Executive (CAE) within 2 weeks of receipt of management comment. The report will be issued to the Audit Sponsor and the ELT, and tabled at the next ARC meeting.

Internal Audit shall provide the ARC at least a bi-annual status update of the internal audit performance against the approved Operational Plan and the key internal audit metrics.

4.5. Monitoring

The Audit and Compliance Officer shall maintain a central registry to record audit issues and status of agreed management actions.

The CAE will provide the ARC and ELT a regular status update on the remediation plans, including any delay in management action.

4.6. Review risk assessment

Depending on the outcome/s of internal audit, the CAE may recommend a review of risk assessment to senior management

5. Managing the quality of internal audit activity

Within two weeks of receiving the final Internal Audit Report, the Audit Sponsor and key managers involved in the audit will be issued with a client satisfaction survey to provide the CAE with feedback on the quality of service provided by the internal audit activity.

The collective outcomes of post-audit surveys and any other internal assessments will be communicated to senior management and ARC on at least an annual basis.

An external review of the Quality Assurance and Improvement Program (QAIP) will be conducted at least once every five years by an independent assessor to the *Standards of the Institute of Internal Auditors*.

Related documents

Audit and Risk Committee Charter

<https://ucaqld.com.au/wp-content/uploads/2018/01/20180117-Audit-and-Risk-Committee-FINAL.pdf>

Internal Audit Charter

<insert link once available>

Risk Management Policy

<insert link once available>

The International Standards for the Professional Practice of Internal Auditing (Standards)

<https://www.iaa.org.au/technical-resources/professionalGuidance/standards.aspx>



Internal Audit Policy

Definitions

Term	Meaning
Internal Audit Charter	A written approval by the Audit and Risk Committee (ARC) that grants the authority and outlines the structure and governance of the internal audit activity in the Queensland Synod.
Assurance review	An objective examination of evidence for the purpose of providing an independent assessment of risk management, control or governance processes.
Consulting service	Advisory activity provided by Internal Audit where the nature and scope of the service is agreed with the client. This service is intended to add value and improve the operations of the business

Revisions

Document number		A/3.2			
Version	Approval date	Approved by	Effective date	Document owner	Document contact
1.0	08.03.2018	Audit and Risk Committee	08.03.2018	ED Risk/ Chief Audit Executive	Internal Audit and Compliance Officer
Next scheduled review		31.03.2019			