

Internal Audit Charter - July 2016 to June 2020

Introduction

This charter provides the framework for the conduct of the internal audit function in Elections ACT and has been approved by the ACT Electoral Commission.

The Electoral Commissioner is responsible for the management of the internal audit function.

Purpose of internal audit

Internal audit provides an independent and objective assurance and advisory service to:

- Provide assurance to the ACT Electoral Commission that the entity's financial and operational controls are operating in an efficient, effective, economical and ethical manner; and
- Assist management in improving the entity's business performance.

Scope of internal audit activity

Internal audit activity encompasses the review of all financial and non-financial policies and operations. Internal audit reviews may cover any of the programs and activities of Elections ACT.

Independence

Independence is essential to the effectiveness of the internal audit function. Internal audit 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 perform in-line management functions.

Internal audit reports functionally to the ACT Electoral Commission. The Electoral Commissioner is accountable to the ACT Electoral Commission for the efficient and effective operation of the internal audit function.

Authority and confidentiality

All audits are undertaken under the authority of the ACT Electoral Commission.

Subject to compliance with Elections ACT security policies, 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 Electoral Commissioner considers necessary to enable internal audit 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. Individual internal audit staff (including contractors and external service providers performing work on behalf of internal audit) are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

Roles and responsibilities

In the conduct of its activities, internal audit will play an active role in:

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

Internal audit has a primary responsibility to advise on governance, risk management and control issues and is required to report inadequately addressed risks and non-effective control processes to management and/or the ACT Electoral Commission. Reporting will be escalated to a level consistent with the internal audit assessment of the risk.

Internal audit activities will encompass the following areas.

Assurance activities

Internal audit assurance activities include audits with the following orientation:

Compliance

- Compliance with legislative requirements, ACT Government and Elections ACT policies and procedures;
- The adequacy and effectiveness of internal controls, including information technology system controls such as those relating to finance, operations, information technology systems and information security;
- The ethical conduct of the agency and its employees, contractors and agents; and
- The recording, control and use of entity assets.

Performance improvement

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

Advisory services

Internal audit can advise Elections ACT management on a range of matters as appropriate, including:

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.

Risk management

- Assisting management to identify risks and develop risk mitigation and monitoring strategies as part of the risk management framework; and
- Monitoring and reporting on the implementation of risk mitigation strategies.

Fraud control

- Assisting management to identify the risks of fraud and develop fraud prevention and monitoring strategies.

Follow-up activities

The Electoral Commissioner will be responsible for appropriate follow-up of audit engagement findings and recommendations.

Standards

Audit activities will be conducted in accordance with the professional standards promulgated by The Institute of Internal Auditors, Australia.

Internal audit activities will also be conducted in accordance with the Australian Capital Territory Public Service and supporting Elections ACT values, policies and procedures.

In the conduct of internal audit work, internal audit staff, including contract staff, will comply with relevant professional standards of conduct and exercise due professional care in performing their duties.

Relationship with the Auditor General's office and other assurance activities

The Electoral Commissioner will establish and maintain an open relationship with the Auditor General's Office and any other assurance providers. Consistent with the internal audit strategy, internal audit activity should be planned to ensure the adequacy of overall audit coverage and to minimise duplication of assurance effort. The Auditor General's Office has full and free access to all internal audit strategies, plans, working papers and reports.

Planning

The Electoral Commissioner will prepare, for the ACT Electoral Commission's consideration, an internal audit strategy and an internal audit work plan in a form and in accordance with a timetable agreed with the ACT Electoral Commission. The Electoral Commissioner will communicate the impact of resource limitations and any significant changes in the strategy and plan to the ACT Electoral Commission.

Reporting to the ACT Electoral Commission

The Electoral Commissioner will report to each meeting of the ACT Electoral Commission on:

- Audits completed;
- Progress in implementing the internal audit strategy and work plan;
- The overall state of internal controls in Elections ACT and any systemic issues requiring management attention, based on the work of internal audit and other assurance providers; and
- The status of the implementation of agreed internal and external audit, Legislative Assembly Committee and other relevant external body recommendations.

Administrative arrangements

As part of a comprehensive quality assurance program, the Electoral Commissioner will arrange for an independent review of the efficiency and effectiveness of the operations of the internal audit function at least every five years. The results of the quality assurance program and of audits by the Auditor General will be reported to the ACT Electoral Commission.

Review of the charter

This charter will be reviewed annually by the ACT Electoral Commission. Any substantive changes will be formally approved by the ACT Electoral Commission.