Internal Audit Charter

Section 1 - Introduction

(1) The Internal Audit function assists the Council and Risk Committee in the effective execution of its responsibilities by providing independent, risk-based and objective assurance, advice, insight and foresight concerning the operations and processes of the University.

(2) An effective internal audit service is required by Section 11 of the Government Sector Audit Act 1983 and supported by Section 17(A) of the University of Newcastle Act 1989.

(3) The Risk Committee has been established by the Council as a formal Committee. Its terms of reference, documenting its role and authority, are defined in the Risk Committee Charter. The Risk Committee is authorised by Council to provide oversight of the Internal Audit function.

(4) Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the University's operations. It helps the University of Newcastle (University) accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

(5) The Internal Audit function, within the context of the University's operations, comprises those resources directly associated with the provision of internal audit services, whether they be resources internal or external to the University. Refer to section 3, Internal Audit Model.

(6) The Internal Audit function is informed by the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors (IIA) which is discussed and considered by the General Counsel and Chief Governance Officer (as the Chief Audit Executive) and the Risk Committee.

Section 2 - Purpose

(7) This Charter establishes the Internal Audit mandate including the purpose, scope, authorities and responsibilities, organisational relationships and independence conferred by the University of Newcastle's Council on Legal and Governance Services with respect to carrying out internal audit duties.

(8) Internal audit strengthens the University's ability to create, protect and sustain value by identifying areas for improvement and enhancing governance, risk management and control processes, supporting achievement of its strategic objectives. It also supports the efficient, effective and economical management of its operations and resources.

Section 3 - Internal Audit Model

(9) Internal Audit operates as an outsourced function with in-house management. The nature and extent of outsourced services will be determined by the University's requirements.

(10) For contractual and operational purposes, the outsourced Internal Audit provider reports to the General Counsel

and Chief Governance Officer; however, retains unrestricted access to the Risk Committee to discuss any matters relating to the operations of the University.

(11) The General Counsel and Chief Governance Officer is responsible for identifying and advocating for sufficient human, financial, and technology resources and budget necessary to achieve the Internal Audit mandate and Plan.

Section 4 - Scope

(12) The scope and coverage of internal audit work is not limited in any way and may cover any activity, operation and program of the University and its controlled entities.

Section 5 - Authority

(13) All internal audit work is conducted under the authority of the Council.

(14) Internal Audit will carry out audits in accordance with the Plans approved by the Risk Committee on behalf of Council.

(15) Internal Audit may undertake further audits and reviews as Council, a Council Committee, the Vice-Chancellor, or members of the Executive Leadership Team may request from time to time. These requests will be considered based on the level of risk, availability of budget and resources, and on endorsement from the Risk Committee with the recommendation from the General Counsel and Chief Governance Officer.

(16) The General Counsel and Chief Governance Officer, as the Chief Audit Executive:

a. is authorised to develop, in collaboration with outsourced Internal Audit providers, a comprehensive risk-based Internal Audit Plan;
b. in undertaking the Internal Audit Plan or other tasks as endorsed under clause 14, is authorised to allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and approve the final audit report in consultation with key stakeholders in each individual audit;
c. subject to the availability of an approved budget, is authorised to engage an external service provider to conduct the audit, specific task or investigation, or where additional resources are required;
d. may decline any engagement if Internal Audit has a conflict of interest which cannot be effectively managed or are otherwise unable to obtain or lack the requisite knowledge, skills, or other competencies needed to perform all or part of the engagement.

(17) For the duration of the audit and in carrying out its duties and responsibilities, Internal Audit is entitled to full, free and unrestricted access to all of the University's and its controlled entities activities, records, premises, property, personnel and any other documentation or information which the General Counsel and Chief Governance Officer considers necessary to properly fulfil its functions as specified in the Internal Audit Plan, scope of individual audits, or other special tasks or investigations.

(18) University staff and personnel employed by a University controlled entity are required to fully cooperate with internal audit activities and to facilitate the progress of audit work by providing input and assistance in an appropriate manner.

(19) The existence of the Internal Audit function does not reduce or transfer accountability for financial management, operational performance, risk management, internal controls, or the ongoing assessment of the effectiveness of systems and processes.

Section 6 - Independence and Objectivity

(20) The Internal Audit function has independent status within the University to ensure its effectiveness. To achieve this, Internal Audit:

a. is functionally responsible to the Council via the Risk Committee;
b. is administratively responsible to the Vice-Chancellor; and
c. operates independently of any other organisational unit, employee or official of the University.

(21) The General Counsel and Chief Governance Officer has unrestricted access to the Chair of the Risk Committee to raise any concerns about audit matters or other significant risks that in their opinion are not being adequately dealt with by the University.

(22) All internal audit activities must be free of influence from any element in the organisation, including matters related to audit selection, scope, procedures, frequency, timing, or report content.

(23) Internal Audit is independent of the activities that it audits to ensure unbiased judgements, proper conduct and impartial advice to management and the Council. Internal Audit has no direct operational responsibility or authority over any of 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 first or second line processing functions or activities, including the implementation of risk mitigations or controls.

(24) Where the General Counsel and Chief Governance Officer is responsible for a non-audit activity (functions outside Internal Audit) safeguards are implemented to maintain independence. Reviews of non-audit activities are managed and performed independently of the General Counsel and Chief Governance Officer and reported directly to the Risk Committee, who may nominate an appropriate Executive Sponsor for the audit in lieu of the General Counsel and Chief Governance Officer. The effectiveness of safeguards will be considered in line with this Charter.

(25) Potential impairments to independence or objectivity relating to other management reviews must be disclosed to the key stakeholders of the engagement prior to acceptance of the engagement.

(26) To further preserve independence, staff working within Internal Audit, including the team of staff from the outsourced Internal Audit provider, will not undertake secondary employment within the University unless approved by the Risk Committee on the recommendation of the General Counsel and Chief Governance Officer.

(27) Actual, potential or perceived conflicts of interest must be identified and disclosed by Internal Audit team members and appropriately managed by the General Counsel and Chief Governance Officer in accordance with the Disclosure of Interest Procedure and the requirements of this Charter.

Section 7 - Confidentiality

(28) All records, documentation and information accessed during internal audit activities must be used solely for the conduct of these activities. All Internal Audit team members are responsible and accountable for maintaining the confidentiality of information they receive in the course of their work.

(29) Internal Audit reports are deemed to be confidential reports of the Council and will be provided to the University's appointed external auditors and/or any other government agency in accordance with legislative requirements. Access to Internal Audit records will be managed by the General Counsel and Chief Governance Officer after consideration from relevant senior management.

Section 8 - Scope of Responsibilities

(30) The General Counsel and Chief Governance Officer is responsible for supervising the performance of the outsourced Internal Audit provider and ensuring internal audits and agreed engagements are conducted in accordance with this Charter, University policies and wherever practicable the IPPF.

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

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

(32) Internal Audit in the performance of its function and in accordance with the approved Internal Audit Plan, may consider the following, but is not limited to:

a. compliance with internal and external legislation and instruments;
b. the adequacy, reliability, integrity and effectiveness of the financial and operational controls, including IT system controls;
c. whether the governance arrangements support the University's strategies and objectives;
d. the recording, control and use of the University's assets;
e. the efficiency, effectiveness, design, implementation and ethical conduct of the University's systems and processes with an aim to contribute to the improvement in internal controls and risk management processes;
f. the extent to which public and other property, money and resources under the control of the University are accounted for, used and safeguarded from loss, including misuse;
g. emerging risks;
h. assurance services, through which Internal Auditors perform objective assessments to provide assurance; and
i. advisory and value adding services, through which Internal Auditors provide advice to stakeholders without providing assurance or taking on management responsibilities, with particular emphasis on the matters identified in Section 4.

(33) By request from the Council or the Vice-Chancellor, Internal Audit may be asked to engage with associated/related bodies that are part of, attached to or otherwise partially controlled by the University.

(34) Internal Audit activities does not, in any instance, extend to:

a. exercising executive or managerial authority functions except those related to the Internal Audit function;
b. performing any operational duties for the University or its controlled entities;
c. initiating or approving accounting transactions outside the Internal Audit area; or
d. involvement in any day-to-day operations or internal control functions of the University except those related to the Internal Audit function.

Section 9 - Management Obligations

(35) An Executive Sponsor (a member of the Executive Leadership Team) will be nominated as the management ‘owner’ for each internal audit.

(36) The Executive Sponsor will be required to approve the audit Terms of Reference and final audit report.

(37) The audit Executive Sponsor, University staff and personnel employed by a University controlled entity, are obligated to professionally and constructively contribute to the internal audit work and implementation of audit recommendations and actions that result from internal audit reports.

(38) Any refusal to provide information, unreasonable delay, or obstruction of audit activities by University staff or personnel employed by a University controlled entity, will be escalated to the General Counsel and Chief Governance Officer and/or Vice-Chancellor and may be considered misconduct or serious misconduct under relevant Enterprise Agreements or employment contracts.

Section 10 - Internal Audit Plan

(39) Following consultation with the Vice-Chancellor, members of the Executive Leadership Team, and other relevant stakeholders, a risk-based Internal Audit Plan will be prepared annually by the General Counsel and Chief Governance Officer and the outsourced Internal Audit provider, for approval of the Risk Committee on behalf of Council.

(40) Amendments to the approved Internal Audit Plan shall be submitted to the Risk Committee for consideration and approval.

Section 11 - Audit Recommendations and Actions

(41) The General Counsel and Chief Governance Officer is responsible for working with relevant stakeholders to ensure that a system is in place which supports the implementation of agreed audit recommendations and actions within required timeframes.

(42) Internal Audit will request regular updates from stakeholders on progress of audit action implementation, and the timing will align to Executive Leadership Team and Risk Committee meetings.

(43) It is the responsibility of University staff and personnel employed by a University controlled entity to ensure the agreed audit recommendations and actions are completed within the required timeframe. Where originally agreed deadlines cannot be met, stakeholders must request an extension which must be approved by Risk Committee. The request for extension will be presented via regular reporting of audit findings and management actions to Risk Committee, prepared by the Internal Audit team. The Risk Committee may require relevant stakeholders to present to the committee to explain progress and implementation barriers where appropriate.

(44) Where University staff or personnel employed by a University controlled entity wishes to accept a risk from an audit recommendation, a ‘risk acceptance’ must be approved by the Risk Committee, and where the risk is outside Council appetitie, escalation to Council may be required. The request for risk acceptance will be presented via regular reporting of audit findings and management actions to Risk Committee, prepared by the Internal Audit team.

Section 12 - Professional Standards and Quality Assurance

(45) Internal Audit will conduct activities consistent with this Charter and informed by the Global Internal Audit Standards (issued by the Institute of Internal Auditors), noting that:

a. external audit activities remain the prerogative of the NSW Audit Office, or their agents; and
b. internal audit activities do not extend to the coordination of external audit on behalf of the NSW Audit Office although Internal Audit will collaborate with the University's external auditors to reduce duplication of audit activity;

c. where applicable, Internal Audit will have regard for the standards and guidance issued by the Institute of Internal Auditors.

(46) The General Counsel and Chief Governance Officer may establish and maintain a quality assurance and improvement program to periodically assess and promote the efficiency, effectiveness and best practice of the Internal Audit function.

Section 13 - Reporting

(47) The General Counsel and Chief Governance Officer will provide the results of internal audits to the Vice-Chancellor, Executive Leadership Team, relevant members of University management and University Council through the Risk Committee.

(48) The General Counsel and Chief Governance Officer will report to the Risk Committee on:

a. details of audits completed;
b. progress in implementing the Internal Audit Plan;
c. progress in implementing agreed audit recommendations and actions arising from audit findings, and requests for extensions to originally agreed deadlines;
d. requests for risk acceptances in relation to audit findings and actions;
e. common themes emerging from internal audit engagements; and
f. any other information requested by the Risk Committee.

(49) Annually, the Internal Audit function will provide an attestation to the Risk Committee to support the independence of the internal audit services provided and a summary of the performance of the Internal Audit function and the results of any quality assurance findings.

Section 14 - Review of Charter

(50) The General Counsel and Chief Governance Officer is responsible for review of this Charter in accordance with the University's Policy Framework, or where there are changes that affect the nature or scope of internal audit services.

(51) Amendments to this Charter require the approval of the Council on the recommendation of the Risk Committee.

Status and Details

Status	Current
Effective Date	5th November 2026
Review Date	5th November 2029
Approval Authority	Risk Committee
Approval Date	30th October 2026
Expiry Date	Not Applicable
Responsible Executive	Daniel Bell General Counsel and Chief Governance Officer
Enquiries Contact	Daniel Bell General Counsel and Chief Governance Officer Legal and Governance Services

Glossary Terms and Definitions

"University" - The University of Newcastle, a body corporate established under sections 4 and 5 of the University of Newcastle Act 1989.

"Risk" - Effect of uncertainty on objectives. Note: An effect is a deviation from the expected, whether it is positive and/or negative.

"Risk management" - The co-ordinated activities of assessing, controlling, monitoring, and reviewing risk in the pursuit of the University's objectives.

"Asset" - Any tangible or intangible item (or group of items) that the University owns or has a legal or other right to control and exploit to obtain financial or other economic benefits.

"Controlled entity" - Has the same meaning as in section 16A of the University of Newcastle Act 1989.

"Staff" - Means a person who was at the relevant time employed by the University and includes professional and academic staff of the University, by contract or ongoing, as well as conjoint staff but does not include visitors to the University.