

SUMMARY OF KEY CHANGES TO INTERNAL AUDIT FRAMEWORK 2007 TO THE 2020 FRAMEWORK FOR INTERNAL AUDIT COMMITTEE AND FUNCTION (FIACF)

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1.1 PURPOSE

New: Transition Arrangements (based on NSW)

2 DEFINITIONS

Expanded include: Independence-member/audit/organisation/objectivity, External Members, Governing Body, internal audit charter, HIA, audit committee charter, agency

3. GOVERNING BODY

Guideline changed: removed much and is as 2017 draft version

4 AUDIT COMMITTEE

4.1 STRUCTURE - AUDIT COMMITTEE

Principle included new: For some Territory Authorities' the audit committee will be a sub-committee of the board.

- New include option of: Shared Audit Committee* (based on idea NSW Treasury TPP16-02 and referenced in the IIA Draft Effective Internal Auditing in the Public Sector page 25)
- Key Responsibilities and Other Responsibilities** – Updated and expanded

4.1.2 Membership pg9

Principle included New: Chairperson not an ACT government employee.

- **Independence Assurance** – pg 10 New Guideline and pg 6 Definitions
- **Appointing Members** pg 10
Guideline Previous: Minister appoints chair/deputy chair.
Change: Responsible Governing Body to appoint all members include chair/deputy chair
- **External Members Appointment** pg 10 - procurement issues
- **Chairperson Appointment Term** pg 10
Guideline New: chair 3 to maximum 5 yrs. Chair term Included in total 8 yr period member appointment term
- **Membership Restrictions** pg 11
Guideline New: List not to be members committee except where governing body is section 4.1 small territory authority.
Position holders restricted: Head governing body, HIA CFO, COO, External Audit, SERBIR. Can be observers see 4.2.3
- **Member Appointment Term** pg 11
Guideline Previously: 5yrs depending on size of organisation.
Change: 3 to 5 yrs appoint terms. Reappointment/extend period not to exceed total 8 yrs. Any reappointment Agency Head must make formal assessment of members performance before reappointing member
- **Supplementary Appointment Term** pg 11
Guideline New: further 8 yrs but must have had a 3 year break from agency.

4.2.2 Succession Planning pg 13

Principle Previously: Membership of audit committee Review 3 yrs – Changed to 2 yrs

Guideline New: Stagger and Rotate membership renewal dates. On Multiple audit committees

4.2.3 Meetings pg 13

Formal meeting requirements includes: declare conflicts; makeup and quorum of meetings

Guideline New pg 14: **Non-Member Meeting Attendees** – At invitation and discretion of chairperson judgement, may include – HIA, CFO, COO, External Audit, Head Governing body, SERBIR.

4.2.4 Acting Chairperson pg 14

Guideline New: In absence of chair and no deputy chair appointed committee is authorised to appoint an acting chair who is attending audit committee meeting.

4.2.8 Reporting Governing Body – Findings pg 15

Guideline changes to Specific Issues: include identifying key risks and removed endorse financial statement.

5 INTERNAL AUDIT FUNCTION

5.1 STRUCTURE – INTERNAL AUDIT FUNCTION

Guideline New pg 17: **External Review** - independent external review of internal audit function at least once every 5 yrs (International Standards 2017 s1312)

5.1.1 Head of Internal Audit (HIA) and 5.1.2 HIA Independent Function pg 18

New Principle and Guideline

5.1.3 Written Charter – Internal Audit pg 19

Change: charter should be reviewed and updated annually for continued relevance and endorsed by the Audit Committee and approved by the governing body. (Ref Effective Internal Auditing in the Public Sector – A good practice guide Institute of Internal Auditors (Australia) (IIA)).

5.1.4 Internal Auditors – Skills, Competencies, Professional Membership pg 19

New principle and guide

5.2 PROCESS – INTERNAL AUDIT FUNCTION

5.2.1 Planning - New pg 20: endorsed internal audited program/plan reviewed 6 monthly by HIA and audit committee

5.2.3 Conduct During an Audit pg 21 – *New Principle:* areas audited to assist with the conduct of the audit

5.2.4 Reporting to Audit Committee pg 21 – *Principle/guide* additional reporting annual report directions and refocused reporting guideline