# 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 –** Atinvitation 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 -** Newpg 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