

**TREASURER'S INSTRUCTION**  
**FINANCIAL MANAGEMENT ACT 2016**  
**INTERNAL AUDIT**

**EFFECTIVE DATE**

1 July 2019

**SCOPE**

This Treasurer's Instruction applies to all agencies listed in Column I of Schedule I, Part I in the *Financial Management Act 2016* unless otherwise exempted or provided for under the provisions of the Act.

**APPLICATION**

At all times.

**OBJECTIVE**

To provide direction on the required agency internal audit function and establishing and operating an Audit Committee to provide objective advice and assurance to the Accountable Authority.

**INSTRUCTION****Internal Audit**

- 2.1 The Accountable Authority is responsible for the oversight and management of the Agency's internal audit function.
- 2.2 The Accountable Authority must ensure that effective and appropriate internal audit arrangements are established and sufficiently resourced by the Agency.
- 2.3 The internal audit function must provide for the ongoing review of the effectiveness of internal governance, risk management and control processes in the Agency.
- 2.4 The Accountable Authority must ensure that those undertaking the internal audit function have unrestricted access to all records, data, assets, personnel, premises and information that is relevant and necessary to perform the internal audit function.
- 2.5 The Accountable Authority must ensure that those undertaking the internal audit function have the necessary authority to perform reviews, evaluations, appraisals, assessments and investigations of functions, processes, controls and governance frameworks of the Agency.

## **Audit Committee**

- 2.6 The Accountable Authority must ensure that the Agency has an Audit Committee.
- 2.7 The Audit Committee must comprise at least three persons that have appropriate qualifications, knowledge, skills or experience to enable the Committee to perform its functions.
- 2.8 The Accountable Authority must ensure that the Audit Committee is sufficiently resourced to undertake its functions.

## **Internal Audit Charter**

- 2.9 The Accountable Authority must ensure that the Agency has an Internal Audit Charter that specifies the function, purpose, authority and responsibility of those undertaking the internal audit function.
- 2.10 The Internal Audit Charter must define the function, purpose, authority and responsibility of the Audit Committee established by the Accountable Authority.
- 2.11 The Accountable Authority must approve the Internal Audit Charter.

## **Internal Audit Plan**

- 2.12 The Accountable Authority must ensure that those responsible for undertaking the internal audit function develop an Internal Audit Plan, spanning a minimum of three financial years.
- 2.13 The Internal Audit Plan must be informed by, and take into consideration, Agency risks and objectives.
- 2.14 The Internal Audit Plan must detail the program of specific internal audit activity intended to be undertaken and the areas within the Agency which will be subject to that internal audit activity.
- 2.15 The Internal Audit Plan must be reviewed and updated on an annual basis.
- 2.16 The Internal Audit Plan must be reviewed and approved by the Audit Committee prior to the first financial year it references.

## **ADDITIONAL GUIDANCE**

Further information in support of this Treasurer's Instruction can be found in the *Financial Management - Better Practice Guidelines*.