



<b>OTAGO POLYTECHNIC COUNCIL POLICY</b>		<b>Number: CP0014.03</b>
Title:	<b>Internal Audit</b>	
Classification:	<b>Operations</b>	
Chief Executive Approval:	Effective Date: <b>2 November 2018</b>	Review Date: <b>1 October 2019</b>
Previous Policy No:	<b>n/a</b>	Status: <b>Current</b>
Contact Authority:	<b>Secretary to Council</b>	

## Purpose

To detail the nature, role, responsibility, status, scope and authority of Internal Audit work within Otago Polytechnic.

The role of Internal Audit at Otago Polytechnic is to assist the organisation to meet its objectives and to facilitate the leadership team and the council carrying out their responsibilities in relation to these matters. The key objectives of the Internal Audit process are to:

- provide an independent appraisal of the adequacy and effectiveness of the controls in place.
- identify and recommend measures to achieve greater effectiveness, efficiency and economy
- remedy practices that expose Otago Polytechnic to risk and vulnerability
- bring a systematic and disciplined approach to evaluating and improving the effectiveness of Otago Polytechnic risk management, and internal control processes.

## Statutory Compliance

The Education Act 1989  
Tertiary Funding Information - [www.tec.govt.nz](http://www.tec.govt.nz)

## Definitions

**External Auditor** refers to the organisation appointed by the Office of the Auditor General to conduct the statutory annual audit of Otago Polytechnic and to provide an opinion on its annual financial statements and statement of service performance.

**Internal Auditor** refers to the person or organisation appointed to conduct internal audits for Otago Polytechnic. This person or organisation may be internal to Otago Polytechnic or a contracted external party (or both).

**Internal Audit** refers to an instance of (or function of) auditing within Otago Polytechnic itself with respect to its internal processes and controls.

## Policy

### Accountability

1. The Internal Auditor reports to the Finance and Audit Committee (FAC) of Council and liaises with the Deputy Chief Executive Corporate Services

### Responsibilities of the Finance and Audit Committee (FAC)

2. The FAC is responsible for the development, review, and monitoring of Internal Audit functions, policies, and procedures. This includes:
  - a. oversight of the Internal Audit function; and
  - b. setting the budget for Internal Audit; and
  - c. setting the Internal Audit work plan
  - d. recommending the appointment of the Internal Auditor and/or the use of internal resources to carry out internal audit work; and
  - e. receiving reports arising from Internal Audit activities; and
  - f. meeting with the Internal Auditor independently of management on an annual basis.



## Responsibilities of Management

3. The Deputy Chief Executive Corporate Services is responsible for ensuring that the those carrying out the Internal Audit function have:
  - a. operational cooperation from staff throughout the organisation
  - b. access to staff and systems requested by internal audit
  - c. direct access and freedom to report to the Chief Executive
  - d. unrestricted and independent access to the FAC.
4. Management is responsible for maintaining internal controls, including setting appropriate policies and monitoring compliance with these, and maintaining proper accounting records and other appropriate management information that ensures effective stewardship of government funds as required by the Education Act 1989 and with reference to Tertiary Funding information [www.tec.govt.nz](http://www.tec.govt.nz)

## Procedures - Planning and Reporting

5. The Deputy Chief Executive Corporate Services, and the FAC will agree on a 3 year (reviewed annually) Internal Audit work plan setting out the recommended scope of its work in the period. The work plan should have due regard to the key areas identified within the risk assessment framework in regard to internal control and include monitoring compliance with policies and procedures associated with the *Fraud Control Plan* and policy *CP0010 Fraud Prevention*, and an appropriate level of forensic audit.
6. The work plan will set the scope for each review, but will include:
  - a. reviewing systems established by management to ensure that major risks to the achievement of the organisation's objectives are being appropriately addressed by the controls inherent in these systems;
  - b. reviewing the reliability and integrity of financial and operating information and the means used to identify measure, classify, and report such information;
  - c. review of cyber security with reference to policy *MP0343 Use and Security of Information Systems*;
  - d. review of health and safety policies (*MP0400 – MP0421 series as published on the Otago Polytechnic website*), procedures and compliance;
  - e. assessing compliance with policies, plans, procedures, laws and regulations that could have a significant impact on operations and reports;
  - f. reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets;
  - g. appraising the economy and efficiency with which resources are employed;
  - h. investigating and reporting on alleged violations of policies and procedures, errors, fraud, or misuse of Otago Polytechnic assets;
  - i. assessing internal control risks to the Polytechnic;
  - j. performing and reporting on follow-up reviews to determine the status of recommendations contained in reports.
7. The Internal Auditor will complete the reviews identified and agreed in the annual Internal Audit work plan and:
  - a. report in writing to the FAC and COO setting out the processes followed, the findings and key concerns and recommendations;
  - b. raise any serious concerns about unresolved issues relating to projects or the management team itself directly with the FAC Chair;
  - c. meet with the FAC without Executive Leadership Team present, at least annually;

- d. Formally update the organisational internal control risk assessment annually. The update will be informed by the outcomes of the Internal Audit plan projects and will focus on the risks identified to the organisation and strategies to mitigate these risks and improve operational effectiveness.

**Referral Documents**

CP0010 Fraud Prevention and Response  
CP0010a Fraud Prevention and Response\_ SOP/001\_Fraud Control Plan

MP0343 Use and Security of Information Systems  
MP0400 Occupational Health and Safety - Commitments and Responsibilities  
MP0402 Health and Safety Induction and Training  
MP0403 Hazard Management  
MP0404 Accident, Incident and Occupational Illness Reporting  
MP0405 First Aid  
MP0406 Emergency Evacuation and Earthquakes  
MP0407 Computer Health and Safety  
MP0408 Protective Clothing and Equipment  
MP0409 Vision Safety  
MP0410 Employee Workplace Injury, Illness, Rehabilitation  
MP0411 After Hours Safety, Security and Building Access  
MP0412 Smokefree, Auahi Kore Policy  
MP0414 Contractor Health and Safety  
MP0417 Driving and Vehicle Safety  
MP0421 Occupational Health Monitoring

**Approved by Council**

**Date: 2 November 2018**

