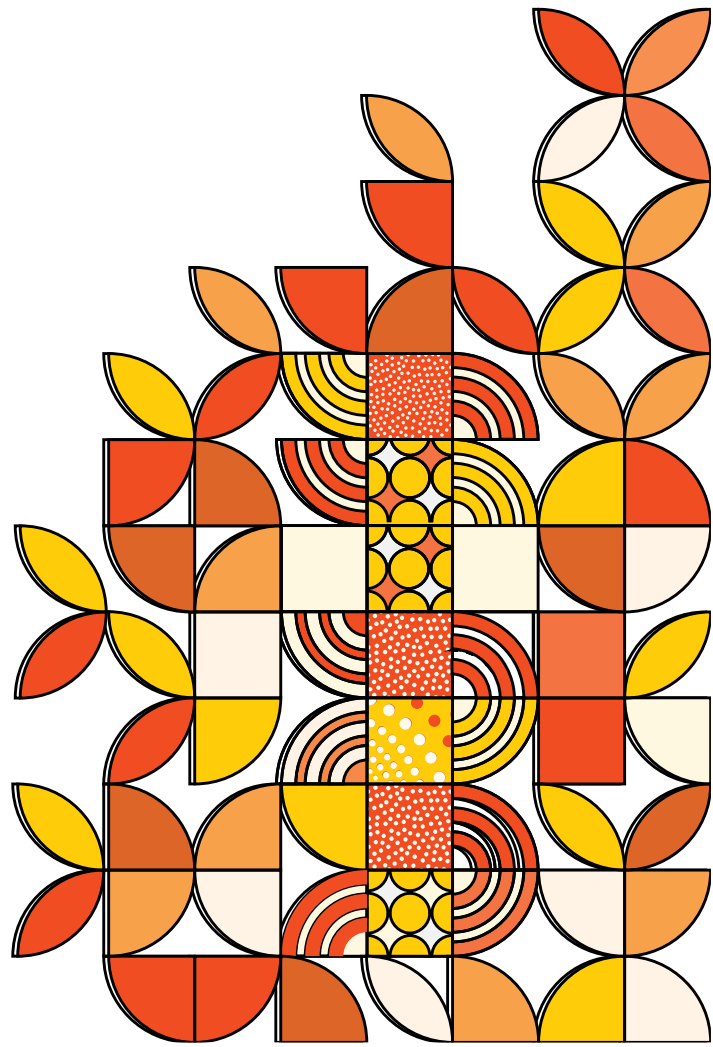


# Internal Audit Procedure



## SECTION 1

### Purpose

1. With the assistance of this procedure, the organization can establish and maintain an efficient internal audit function as a vital part of its governance framework and adhere to legal obligations for internal audits.

### Scope

2. This Procedure applies to the Internal Audit function and the planned audits, activities, and reviews that this function conducts.

### Definitions

3. Definitions for key terms are presented in the [Glossary of Terms](#).

### Suite Documents

4. This Procedure is linked to the following:
  - a) Internal Audit Policy
  - b) See also the Associated Information listed in the 'Related Internal Documents' in Section 3 below

## SECTION 2

### Internal Audit Procedure

#### 1. Internal Audit:

A systematic and independent examination to determine whether quality activities and related results comply with planned arrangements and whether these arrangements are implemented effectively and are suitable to achieve quality objectives.

#### 2. Action Plan Register:

The system used for recording actions taken by IHM as part of ongoing continuous improvement and quality management.

#### 3. Annual Internal Audit Plan:

4. Every year the Director of Quality Management shall create a process-based Internal Audit Plan specifying the audits to be commenced by the Internal Audit function for the relevant year. The Senior Executive Team, senior Institution administrators and other relevant stakeholders shall be consulted during the development of the Annual Internal Audit Plan.

- a) The CEO and Senior Executive Team shall examine the Internal Audit Plan before sending it on to the Audit and Risk Committee (ARC) for assessment and approval.
- b) The Director of Quality Management shall evaluate the approved Internal Audit Plan every six months, and any significant changes shall be reported to the CEO and approved by the ARC.
- c) The approved Annual Internal Audit Plan shall be made known to all staff by the Director of Quality Management.

## 5. Audit Planning:

6. The Internal Audit function shall carry out preparatory planning tasks to create an initial draft of the audit or review's terms of reference.
  - a) The audit's goal and scope, pertinent risks, important deadlines, and other specifications are all included in the terms of the reference document.
7. At an audit scope meeting, the terms of reference shall be discussed and approved with the appropriate staff.
  - b) Before work begins, the agreed-upon terms of reference shall be distributed to all relevant staff who are likely to be involved in the audit.
8. The Internal Audit function shall have additional meetings with relevant staff to conduct thorough planning for the audit, including process walkthroughs, to gain a sufficient understanding of the area and carry out an efficient risk-based audit.

## 9. Audit fieldwork:

- a) The Internal Audit function shall carry out an in-depth analysis of the audit area, which shall involve further staff discussions, data analysis, and examination of relevant paperwork and systems.
10. Any potential audit findings that are discovered during the audit's preparation or research phases shall be reviewed with the appropriate staff members and confirmed before being included in the report's draft. This entails investigating specifics and assuring the veracity of the audit observation, the root cause(s), and any accompanying hazards/risks.
11. A meeting with the appropriate staff shall be held after the completion of audit testing and fieldwork to review the audit fieldwork findings and any potential audit findings included in the draft Internal Audit Report.

## 12. Auditor Selection:

13. Senior Management shall ensure that auditors have appropriate training and qualifications either through internal training or qualification as "Internal Auditor" from a "Training Institution".
  - a) Selected auditors shall be independent of the area they are auditing.

## 14. Conducting the Audit:

15. Previous audit reports (both internal and external) shall be reviewed prior to conducting the audit, along with any related action item issues identified.
16. Objective evidence shall be examined and reviewed to ascertain compliance with the audited area requirements.
17. Auditors shall conduct themselves professionally and comply with the code of ethics and company policies.
  - a) The Internal Audit function shall carry out an in-depth analysis of the audit area, which shall involve further staff discussions, data analysis, and examination of relevant paperwork and systems.
18. Any potential audit findings that are discovered during the audit's preparation or research phases shall be reviewed with the appropriate staff members and confirmed before being included in the report's draft. This entails investigating specifics and assuring the veracity of the audit observation, the root cause(s), and any accompanying hazards.
19. A meeting with the appropriate person shall be held after the completion of audit testing and fieldwork to review the audit fieldwork findings and any potential audit findings included in the draft Internal Audit Report.

## 20. Reporting of Audit Results:

- a) Based on the work done during the audit, the internal audit function shall create an internal audit report that includes the audit results and any findings and recommendations. At an audit exit meeting, the draft Internal Audit Report shall be discussed with the related employees.
21. A draft of the internal audit report shall be distributed to related staff for assessment and feedback. The comments must contain action plans, responsibilities, and deadlines for any audit suggestions. Before sending the report to the Internal Audit function, the staff person in charge of ensuring that action plans shall be followed must make any comments, which must then be addressed with and approved by the senior executive team's related member(s).
22. The Internal Audit function has established a period for the timely submission of comments on the draft Internal Audit Report (at a minimum, this shall be 10 working days after the draft Internal Audit Report has been received by management). This must be reviewed with the Internal Audit department if the deadline cannot be reached.
23. The Director of Quality Management shall escalate the report to the appropriate member(s) of the Senior Executive Team and/or the CEO if comments are not received within a reasonable amount of time.

- b) All comments shall be reviewed by the Internal Audit function to make sure they address the audit recommendation's matter and that acceptable timelines for implementing action plans have been created.
- 24. The draft Internal Audit Report shall be sent to the CEO for review and, if necessary, additional comments after the required remarks have been added. Any feedback given shall be set into the draft internal audit report and shall necessitate additional follow-up with the appropriate people on the part of the internal audit function.
- 25. The appropriate employees shall get the final Internal Audit Report after the CEO's reviews have been received (as outlined on the report's cover page). The CEO and each ARC member shall also have access to the Internal Audit Report.

## 26. Audit Completion and Management Review Meeting:

- 27. A survey asking for input on the audit process and/or the auditors who participated in the audit shall be given to the appropriate staff members after the final Internal Audit Report has been distributed.
  - a) Audit findings shall be discussed at the planned Management Review Meetings as an agenda item, with Action Plan Register issues also reviewed for trends and preventive actions.
  - b) The top management shall periodically conduct a review of the management system and technical activities to ensure their suitability and effectiveness and to introduce any necessary changes or improvements.
- 28. Management reviews should be planned to establish what changes, if any, are necessary to ensure that the management system needs and the requirements of ISO.
- 29. Quality policy and objectives shall be reviewed and revised if necessary.
  - c) Management review shall also take note of changes that have taken place (or are expected to take place) in the organization, facilities, equipment, procedures, and/ or activities and ensure (through the QA manager) that the management system continues to conform to the requirements of the relevant standard.
- 30. The need for changes to the system may also arise as a result of findings from internal or external quality audits, surveillance or reassessment visits by regulatory bodies, complaints from customers, or change in policies.
- 31. The top management shall be responsible for conducting reviews of the management system.
  - d) Those members of top management having overall responsibility for the design and implementation of the management system, and for taking decisions resulting from the findings of internal audits, shall be involved in management reviews.
- 32. As a normal practice management review shall be organized after the internal audit.

33. The QA manager shall be responsible for ensuring that all reviews are conducted in a systematic manner according to an established procedure and that the management review is recorded.
34. The QA manager shall also be responsible for ensuring that any action identified during a review is implemented within the agreed time limit.
35. Management reviews shall be carried out at least once every 3 months. The review shall be planned and the meeting shall be attended by the top management, including the person under whose authority the quality manual has been issued. It is essential that the QA manager and the section heads are present.
36. The management review shall be conducted in a systematic manner using a formal agenda. The agenda of the management review meeting shall at least cover the requirements given in the corresponding clause of the relevant standards.
37. All management reviews should be documented. The documentation may be in the form of minutes of review meetings together with clear indications as to the actions to be taken, by whom, and in what time limit.
38. It should be the QA manager's responsibility to ensure that all actions arising from reviews are recorded and discharged as required.
39. The records should be readily accessible and be retained for a minimum period of three years.
- e) After the CEO has reviewed the Internal Audit Report, the Director of Quality Management shall present the audit findings to the ARC.

#### 40. Follow-up and monitoring:

41. The Internal Audit function shall regularly request progress updates from employees designated as in charge of carrying out action plans, typically when action plan deadlines are approaching. Staff shall outline steps that have already been taken, those that still need to be done, and, if necessary, a revised implementation date during the status update.
  - a) Any action plans not carried out must be discussed with the Internal Audit department. The situation shall be escalated to the Senior Executive Team and/or the CEO for consideration, depending on the justifications and the related risk level for the first audit result.
42. When action plan deadlines are nearing, normally, the Internal Audit function shall frequently ask personnel designated as in charge of carrying out action plans for status reports. During the status update, staff shall list the actions that have already been performed, those that still need to be completed, and, if required, a revised implementation date.

- b) The Internal Audit department must be consulted about any unfulfilled action plans. Depending on the reasoning and the associated risk level for the first audit result, the case shall be escalated to the Senior Executive Team and/or the CEO for consideration.

### 43. Follow-up of Corrective Actions:

- 44. The implementation of the agreed corrective action is the responsibility of the QA manager.
  - a) The corrective actions procedure may need to be followed to reveal the root causes of some problems and to implement effective corrective actions.
  - b) The effectiveness of corrective actions should be checked by the QA manager as soon as possible after the agreed time limit has elapsed and clear/ close the non-conformity.

## SECTION 3

### Roles and Responsibilities

1. Internal auditors are independent and are to be kept free from company interests or undue management influence when they conduct their work freely and objectively. Independence allows internal auditors to render unbiased and impartial judgement. It is achieved through organizational status and objectivity.
2. The Director of Quality Management is the chief audit executive. Internal audit personnel report to the Director.
3. The Director of Quality Management shall report to the CEO and the Audit and Risk Management Committee on matters pertaining to audit results; report administratively to the CEO.

## SECTION 4

### Associated Information

<b>Related Internal Documents</b>	Internal Audit Policy Code of Conduct and Ethics Policy Records Management Policy
<b>Related Legislation, Standards and Codes</b>	Australian Qualifications Framework (2013) Higher Education Support Act (2003) Higher Education Standards Framework (Threshold Standards) 2021 National Code of Practice for Providers of Education and Training to Overseas Students (2018) Tertiary Education Quality and Standards Act (2011) The Institute of Internal Auditors Code of Ethics
<b>Date Approved</b>	02.08.2024
<b>Date of Effect</b>	03.08.2024
<b>Date of Next Review</b>	30.07.2027
<b>Approval Authority</b>	Audit and Risk Committee

	Endorsed by Board of Directors
<b>Responsibility for implementation</b>	Director Audit and Risk
<b>IHM Doc ID</b>	IHM-IAPR2-1.0

### Change History

<b>Version Control</b>		
<b>Change Summary</b>	<b>Date</b>	<b>Short description of change, incl version number, changes, who considered, approved etc.</b>
Version 1.0	01.08.2024	New Procedure