

Department of Environment and Conservation

MANAGEMENT AUDIT BRANCH CHARTER

INTRODUCTION

The Charter establishes the authority and responsibility of the Department of Environment and Conservation's (Department) Management Audit Branch in accordance with the requirements of Section 53 (1) (d) of the Financial Management Act 2006 and Part XII of the Act's Treasurers Instructions.

1. ROLE

The Management Audit Branch has been established to assist the Director General and other Departmental managers identify the key risks that threaten the achievement of the Department's goals and objectives. Accordingly, the Management Audit work program shall be sufficiently comprehensive to ensure the effective review of the operations and functions that have the greatest risk exposures.

Officers of the Department's Management Audit Branch undertake the following activities:

- internal audits – these are designed to meet the accountability needs of the Director General and Department's senior executive
- consulting – advice principally in relation to key Departmental structures, systems and processes.

Management Audit through the undertaking of internal audits and through the Audit and Risk Management Committee shall provide the Director General with:

- assurance as to the control of key risks to the accounting and financial management information and protection of the assets and resources under his control
- assurance as to compliance with legislation, policies and procedures
- independent and confidential advice on action needed to reduce existing risks to Departmental effectiveness, efficiency and economy to acceptable levels
- progress reports regarding remedial action taken by Departmental officers.

2. INDEPENDENCE

The Management Audit Branch shall have independent status within the Department and for that purpose shall:

- be directly responsible through its Manager to the Director General
- report to the Director General via the Audit and Risk Management Committee
- have no executive or managerial powers, authorities, functions or duties except those relating to the management of the Management Audit Branch
- not be involved in the day to day operations of the Department nor in the internal control system of the Department

Last revised 30 July 2010

- not be responsible for the detailed development, maintenance or implementation of Department's operations, but shall be consulted on these matters and provide assurances to management that the operations will contribute to the achievement of the intended corporate objectives, and that they include meaningful performance measures.

3. AUTHORITY

The Manager, Management Audit Branch is responsible to the Director General and acts with his authority and has direct access to him whenever considered necessary.

The Audit and Risk Management Committee has been established with responsibility to the Director General for, among other things, exercising quality control over the Management Audit function and providing advice on the recommendations of audits and their implementation.

Officers of the Management Audit Branch shall at all reasonable times, subject to security arrangements and observance of all expected courtesies, have unrestricted access to all property, accounts, information, documents and records of the Department's operations.

Every officer and employee of the Department shall furnish the Management Audit Branch with such information, advice or explanation and render every assistance necessary for audit purposes.

The Management Audit Branch shall have neither direct responsibility for, nor direct authority over, any of the activities which it reviews.

Management Audit Branch reviews or appraisals shall in no way relieve other officers and employees in the Department of the responsibilities assigned to them.

4. PLANNING

Management Audit shall have:

- a Strategic Audit Plan - being the broad objectives to be achieved over a three year period.
 - The plan will identify all areas to be covered by Management Audit and their relative priorities. It will be based on a thorough risk assessment. The three year plan should be endorsed by the Audit and Risk Management Committee and approved by the Director General and shall be reviewed annually to accommodate any changes in priorities.
- an Annual Audit Plan - each audit shall be supported by an Audit Scope Statement and shall be consistent with the three year plan. The Annual Audit Plan shall be endorsed by the Audit and Risk Management Committee and approved by the Director General
- Audit Scoping Statement - the scope for each individual audit.

5. METHODOLOGY

Wherever appropriate, audits shall be conducted using the current and accepted risk based audit methodology, and shall consider:

- legal compliance
- financial regularity
- effectiveness, efficiency and economy of the operations audited.

6. REPORTING

A draft report shall be prepared and issued by the Management Audit Branch following the conclusion of each audit and will be distributed as appropriate to the relevant Director(s) and key personnel. On receipt of comment from the relevant Divisional Director(s) and key personnel, the audit report will be finalised and issued to the Director General.

If the Director General is satisfied with the final audit report, he will write to the relevant stakeholders (invariably Divisional Directors) seeking their response to the attached audit report. Stakeholders will be asked:

- if they agreed with each audit recommendation
- how they intended to implement each recommendation
- by when they intended to implement each recommendation.

Stakeholders will be given 20 working days to respond in writing.

Stakeholder responses will be entered into the Management Audit Database so that the implementation of audit recommendations can be monitored. Reports will be run before each Audit and Risk Management Committee meeting to determine the extent to which audit recommendations have been implemented. A summary of these reports will be communicated at each Audit and Risk Management Committee meeting.

7. STANDARDS

The Manager, Management Audit shall liaise with professional organisations and bodies regarding developments in internal audit methodology and standards.

The Manager, Management Audit shall ensure that Management Audit complies with the 40 standards promulgated by the Institute of Internal Auditors. All audits will be undertaken in compliance with the Institute of Internal Auditor's *Professional Practices Framework*. In addition, the process of undertaking performance reviews will be governed by the 2004 *Implementation Guidelines for Performance Auditing* promulgated by the International Organisation of Supreme Audit Institutions (INTOSAI).

The Chairman of the Audit and Risk Management Committee may periodically assess the type, scope and quality of audit work performed to ensure that acceptable standards are maintained.

Last revised 30 July 2010

8. OTHER

Officers of the Office of the Auditor General, and persons approved by the Auditor General to conduct audits, shall have full and ready access to Management Audit plans, working papers and reports.

APPROVAL OF CHARTER

After the Charter and any amendments to it have been presented to the Audit and Risk Management Committee and accepted by the committee shall require approval of the Director General.