INTERNAL AUDIT CHARTER

This Charter establishes the authority and responsibilities conferred by the Council of Monash University on the University's Internal Audit unit and the co-sourced provider of internal audit services.

Internal auditing is defined by the Institute of Internal Auditors as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

1. ROLE

Internal auditing is an independent assurance and advisory service designed to improve the University's governance and risk management processes. Internal Audit provides risk-based assurance, advice, insight and foresight to support the achievement of the University's strategic objectives.

The Internal Audit function is undertaken by the University's Internal Audit unit in conjunction with an external provider under a contractual co-sourcing arrangement.

2. INDEPENDENCE

The Internal Audit Unit has independent status within the University. For that purpose:-

- The Director, Internal Audit reports to the Executive Director, Governance, Risk and Policy, Office of the President and Vice-Chancellor and holds office with the agreement of the Chair of the Risk and Audit Committee of Council.
- The Director, Internal Audit is responsible for the leadership and management of the Internal Audit unit and the duties involved in the ongoing management and monitoring of the performance of the co-sourced provider, but has no other executive or managerial powers, authorities, functions or duties.
- The Director, Internal Audit:
  - has unrestricted access to the Risk and Audit Committee;
  - can meet separately and privately with the Risk and Audit Committee Chair and/or members as required;
  - can meet separately and privately with the Vice-Chancellor as required;
  - has no direct responsibility for, or authority over, any of the activities reviewed;
  - is free to determine the scope of internal audits and to perform the required work;
  - is free to communicate the results of internal audits to the Risk and Audit Committee;

- shall report promptly to the Risk and Audit Committee any actual or perceived impairment to Internal Audit independence or objectivity, including resource limitations or management interference (Global Internal Audit Standard 2.3 - Disclosing Impairments to Objectivity); and
- will confirm annually to the Risk and Audit Committee the organisational independence of Internal Audit (Global Internal Audit Standard 7.1 - Organisational Independence).

- Independence of the Internal Audit function is facilitated by the Director, Internal Audit functionally reporting to the Chair of the Risk and Audit Committee and administratively to the Executive Director, Governance, Risk and Policy , Office of the President and Vice-Chancellor.

3. AUTHORITY

The Director, Internal Audit:

- is authorised to develop and implement, in collaboration with the external co-sourced provider, a comprehensive risk-based Internal Audit Plan approved by the Risk and Audit Committee and informed by the University's strategic objectives and the Group Risk Profile;
- has discretionary authority to adjust the Internal Audit Plan as a result of receiving requests from management to undertake special advisory services or to conduct reviews that are not in the Internal Audit Plan, but any such adjustments must be reported to the Chair of the Risk and Audit Committee and submitted to the next meeting of the Risk and Audit Committee for approval or ratification; and
- is required to manage the use of the co-sourced provider within the scope of the contract with the provider to achieve the most efficient use of the co-sourced provider's staff.

To facilitate the implementation of the Internal Audit Plan, Council has determined that staff from the Internal Audit unit and the co-sourced provider's internal audit staff:

- have access to all premises and assets of the University and to all correspondence, files, records, accounts, data and other repositories of information held by the University as are necessary to perform their duties properly;
- may require all staff of the University to supply such information, explanations and documentation as is necessary for the proper performance of their duties; and
- will receive full assistance from University staff whilst carrying out their duties.

4. RESPONSIBILITIES

The Internal Audit Unit's responsibilities include:

- appraising the adequacy of governance and controls over the University's administrative and information systems;
- assessing management's controls in relation to the income and expenditure of the University;
- assessing management's controls in relation to the accuracy and adequacy of management information;
- reviewing and evaluating systems, policies and procedures, processes and other internal controls and recommending improvements to them, where appropriate;
- assessing the adequacy of the Monash Group Risk Management Framework and the associated policy and procedures, and recommending improvements as required;
- ensuring that appropriate auditing resources are directed towards areas of highest risk;
- appraising the efficiency and effectiveness with which University resources are employed;
- providing audit certifications and audit opinions as required;
- providing advice on a range of administrative and financial matters;
- maintaining contact and liaising with the University's external auditors to ensure the efficient and effective use of resources;
- conducting ad-hoc and confidential investigations at the request of senior management or the Risk and Audit Committee

- monitoring and evaluating the performance of the co-sourced provider and giving the provider constructive feedback on its performance;
- ensuring compliance with the standards detailed in this Charter; and
- conducting such other activities and tasks as may be delegated to Director Internal Audit by the Vice-Chancellor or directed by the Risk and Audit Committee from time to time.

5. INTERNAL AUDIT PLAN

A risk based, rolling three year Internal Audit Plan will be developed annually by the Director, Internal Audit, in conjunction with the co-sourced provider, and discussed with the Chair of the Risk and Audit Committee before being submitted to the Committee for approval.

The scope of the Internal Audit Plan may extend to:

- any academic or administrative department or other organisational unit of Monash University or of its controlled entities, including operations outside Australia; and
- any auxiliary operation.

6. REPORTING

The Director, Internal Audit will determine the most appropriate reporting methodology, having regard to the nature, scope and objectives of each audit or advisory engagement.

At the conclusion of each internal audit engagement, the Director, Internal Audit will issue a report to the responsible senior executive and other relevant members of management. Each audit report will, where applicable, include:

- the audit objectives and scope;
- the audit approach and any limitations on the engagement;
- an overall opinion or conclusion, where appropriate;
- the audit findings and their associated risk ratings;
- recommendations to address identified risks and control weaknesses;
- management's responses to the recommendations, including agreed actions, responsible officers and target implementation dates.

Prior to finalising an audit report, the Director, Internal Audit will provide a draft report to the responsible senior executive for review and comment. Management will normally be requested to provide its responses to the draft report, including proposed management actions and implementation timeframes, within two weeks of receiving the draft report, unless otherwise agreed.

Final audit reports will be made available to the Risk and Audit Committee.

At each meeting of the Risk and Audit Committee, the Director, Internal Audit will provide a report summarising Internal Audit activities since the previous meeting. The report will be in a format agreed with the Chair of the Risk and Audit Committee and will include, at a minimum:

- progress against the approved risk-based Internal Audit Plan;
- audits completed, in progress and planned;
- significant audit findings, themes and emerging risks identified through Internal Audit activities;
- management responses to significant findings;
- the status of agreed management actions, including any overdue high-risk actions;
- any significant issues affecting the independence, objectivity, resourcing or performance of the Internal Audit function; and
- any proposed changes to the approved Internal Audit Plan.

The Director, Internal Audit will provide the Risk and Audit Committee with an annual summary of significant root causes, systemic issues and emerging themes identified through internal audit activities to support oversight of the effectiveness of the University's governance, risk management and control processes.

The Director, Internal Audit will communicate promptly to the Chair of the Risk and Audit Committee any significant governance, risk management or control issues, instances of management override or interference with the Internal Audit function, or other matters requiring the Committee's immediate attention.

7. STANDARDS

The Internal Audit function will be conducted in accordance with relevant professional standards including:

- The Global Internal Audit Standards issued by The Institute of Internal Auditors.
- Standards relevant to internal audit issued by CPA Australia and the Institute of Chartered Accountants in Australia;
- The Statement on Information Systems Auditing Standards issued by the Information Systems and Control Association; and
- Standards issued by Standards Australia and the International Standards Organisation.

Staff of the Internal Audit unit and of the co-sourced provider will:

- comply with relevant professional standards of conduct;
- possess the knowledge, skills and technical proficiency relevant to the performance of their duties;
- be skilled in dealing with people and communicating audit and related issues effectively;
- maintain their technical competence through a programme of professional development; and
- exercise due professional care in performing their duties.

In the conduct of its activities, the Internal Audit unit will play an active role in:

- helping to develop and maintain a culture of accountability and integrity across the University; and
- promoting a culture of self-assessment and adherence to high ethical standards.

The Director, Internal Audit will establish and maintain a Quality Assurance and Improvement Program in accordance with the Global Internal Audit Standards, including ongoing internal assessments and an external quality assessment at least once every five years. The results of the Quality Assurance and Improvement Program, including the outcomes of any external quality assessment, will be reported to the Risk and Audit Committee.

8. REVIEW

The Risk and Audit Committee will review this Charter bi-annually and whenever significant changes occur to governance arrangements or the Global Internal Audit Standards.

APPROVED BY MONASH UNIVERSITY RISK AND AUDIT COMMITTEE 22 JULY 2026.