

Synod Internal Audit Charter

1. Purpose and overview

The Synod of Victoria and Tasmania's (**Synod**) governance bodies and General Secretary have established the Internal Audit function as a key component of the Synod's governance framework. The Synod Internal Audit Charter (**Charter**) provides the framework for the conduct and scope of Internal Audit across the Synod and its related bodies.

The Executive Officer – Mission Resourcing Unit is responsible for the management of the internal audit function as a whole.

Internal Audit provides independent and objective assurance and advisory services to:

- provide assurance to General Secretary and the Synod Standing Committee (**SSC**) through the Audit and Risk Committee (**ARC**) that Synod's financial and operational controls are operating in an efficient, effective, economical and ethical manner; and
- assist management in improving the Synod's operations and performance across Synod Ministries and Operations and the Synod's Presbyteries and Congregations.

2. Internal Audit within the Church

Through its Constitution and Regulations, the Church has established a range of roles and responsibilities for key Synod bodies which it is expected will be fulfilled, in both word and principle. Doing so allows us to continue to offer a welcoming place to engage in the exploration and expression of discipleship and mission. Further, the Church exists within a society that has quite specific expectations of its institutions and organisations. Irrespective of the required response to these responsibilities and expectations, the Church and the Synod seek to operate in a safe, compliant and transparent manner. Thus the engagement in internal audit is about best practice in being the people of God, ensuring fair and transparent practices in the fulfilment of our respective responsibilities.

Our awareness of internal audit and our commitment to the processes set out in this document relate, in part, to our historical and traditional understanding of stewardship. The Church acts as steward of its resources which are to be used for the mission of God and the sustainability of that mission into future generations (in whatever shape or form). Caring for those resources is a duty that we accept as the Synod and as individual members of the Church.

Internal audit is also part of the ongoing engagement as Church operating in a society that has certain legal and moral expectations that we must uphold if we wish to continue to operate within that society.

3. Scope

Internal audit activity encompasses the review of all financial and non-financial policies and operations. Internal audit reviews may cover any of the programs and activities of Synod Ministries and Operations (**SMO**), Presbyteries, Congregations and all of the Synod's associated governance bodies and personnel.

Internal audit activities may consider the review of other Synod bodies and Institutions with the primary purpose of supporting effective Synod oversight and the management of inter-entity risks. In addition to the above, Internal Audit may perform special reviews requested by the General Secretary or the ARC.

4. Independence

Independence is essential to the effectiveness of the internal audit function.

Internal Audit has no direct authority or responsibility for the activities it reviews. Internal Audit has no responsibility for developing or implementing procedures or systems and does not perform operational functions and activities. However, Internal Audit may facilitate, support and guide those

responsible for operational functions and activities to ensure the effective implementation of audit recommendations and address risks identified through the internal audit process.

Internal Audit reports functionally to the ARC. The Executive Officer – Mission Resourcing Unit is accountable to the General Secretary and the ARC for the efficient and effective operation of the Internal Audit function.

Internal Audit has direct access to the General Secretary, and the Chair and other members of the ARC. Periodic meetings will be held between Internal Audit and the ARC without other parties being present.

It is the responsibility of the Executive Officer – Mission Resourcing Unit to communicate to the General Secretary, and the Chair of the ARC any perceived or potential conflicts that may compromise the objectivity or independence of Internal Audit.

5. Authority and confidentiality

All reviews are undertaken under the authority of the General Secretary and ARC.

Subject to compliance with relevant security policies, Internal Auditors are authorised to have full, free and unrestricted access to all functions, premises, assets, personnel, records, and other documentation and information that are considered necessary to enable Internal Audit to meet its responsibilities.

All records, documentation and information accessed in the course of undertaking internal audit activities are to be used solely for the conduct of these activities. The individual internal audit staff (including contractors and external service providers performing work on behalf of internal audit) are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

Inter-agency arrangements with other entities also provide for consultation and disclosure of audit matters affecting other entity operations and other circumstances.

6. Roles and responsibilities

6.1 Synod Standing Committee (SSC)

The SSC is ultimately responsible for ensuring that all key Synod bodies have sound internal controls and appropriate systems for managing risk and meeting their internal and external regulatory requirements and responsibilities. To support this responsibility, it has established the Property and Operations Committee (**P&O**), and the ARC as a sub-committee to this which has been delegated a range of responsibilities to assist the SSC in fulfilling its duties.

6.2 Audit and Risk Committee

As the SSC's delegated body for the oversight of internal audit and risk management, the ARC is responsible for providing independent review, advice and assistance to P&O on the Synod's financial controls, and its external financial accountability responsibilities. The ARC's key internal audit responsibilities include:

- approving the internal audit Charter to ensure that appropriate organisational structures, authorities, access and reporting are in place;
- reviewing all internal audit reports and advising the Property and Operations Committee on any significant issues identified and the remedies required to address these;
- monitoring management's implementation of internal audit recommendations; and
- reviewing, on an annual basis, the performance of Internal Audit.

6.3 Internal Audit Team

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

- developing and maintaining a culture of accountability, integrity and adherence to high ethical standards;

- facilitating the integration of risk management into operational activities and processes; and
- promoting a culture of cost-consciousness and self-assessment.

Internal Audit has a primary responsibility to advise on governance, risk management and control issues and is required to report inadequately addressed risks and non-effective control processes to management and/or the ARC. Reporting will be escalated to a level consistent with Internal Audit's assessment of the risk.

In the conduct of internal audit work, Internal Audit staff will comply with relevant professional standards as well as Synod values, policies and procedures and will exercise due professional care in performing their duties.

The coverage of internal audit activities is detailed further in the sections below.

6.3.1 Assurance activities

Internal audit assurance activities include audits with the following orientation:

Compliance

- compliance with internal and external regulatory responsibilities and requirements, Australian Government and Synod policies and procedures;
- the adequacy and effectiveness of internal controls, including information technology system controls such as those relating to finance, operations, information technology systems and information security;
- the ethical conduct of key Synod bodies and their employees, contractors and agents;
- the recording, control and use of Synod assets; and

Performance improvement

- the economy, efficiency and effectiveness of operational systems and processes.

6.3.2 Advisory services

Internal audit can advise management on a range of matters including:

New programs, systems and processes

- providing advice on the development of new programs and processes and/or significant changes to existing programs and processes, including the design of appropriate controls;

Risk management

- assisting management to identify risks and develop risk mitigation and monitoring strategies as part of internal audit engagements;

Fraud control

- assisting management to identify the risks of fraud and develop fraud prevention and monitoring strategies; and
- coordinating the Fraud and Corruption Control Framework.

6.3.3 Audit support activities

Internal Audit is also responsible for:

- assisting the ARC to discharge its responsibilities;
- monitoring the implementation of recommendations;
- disseminating better practice and lessons learnt from its audit activities across the Synod; and
- Relationship with external audit and other assurance activities

Internal Audit will establish and maintain an open relationship with the external auditor and any other assurance providers. Consistent with the internal audit strategy, Internal Audit will plan its activity to help ensure the adequacy of overall audit coverage and to minimise duplication of assurance effort. This may also include liaising with the relevant stakeholders for Internal Audit from related bodies.

Where relevant, external auditors have full and free access to all internal audit strategies, plans, working papers and reports.

7. Planning

Internal Audit will prepare, for the ARC's consideration, an internal audit strategy and an annual internal audit work plan in a form and in accordance with a timetable agreed with the ARC.

The Manager – Audit, Risk and Records Management will communicate the impact of resource limitations and any significant changes in the strategy and plan to the ARC.

8. Reporting to the ARC

Internal Audit will report to each meeting of the ARC on:

- audits completed;
- progress in implementing the internal audit strategy and work plan; and
- the status of the implementation of agreed internal and external audit, Parliamentary Committee and other relevant external body recommendations.

Internal Audit will also report to the ARC at least once annually on the overall state of internal controls in Synod and any systemic issues requiring management attention, based on the work of Internal Audit and other assurance providers.

9. Administrative arrangements

Any change to the position of the structure and composition of the Internal Audit Team, or a service provider, will be approved by Executive Officer – Mission Resourcing Unit. The Chair of ARC will be consulted as part of the process.

As part of a comprehensive quality assurance program, the Executive Officer – Mission Resourcing Unit will consider the need for an independent review of the efficiency and effectiveness of the operations of the internal audit function at least every five years. The results of the quality assurance program and, in particular, of the external review, will be reported to the ARC.

10. Related Synod documents

- Synod Ministries and Operations Risk Management Framework
- Fraud and Corruption Control Framework

11. Definitions

| Term | Definition |
|-------------------------|---|
| Assurance | The level of confidence that the Synod's financial and operational controls are operating in an efficient, effective, economical and ethical manner |
| Charter | The internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organisation; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. |
| Compliance | Adherence to policies, plans, procedures, laws, regulations, contracts, or other requirements. Compliance may relate to either internal or external requirements or responsibilities. |
| Engagement | A specific internal audit assignment, task, or review activity. An engagement may include multiple tasks or activities designed to accomplish a specific set of related objectives. |
| Fraud | Dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and where deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position for personal financial benefit. |
| Governance | The combination of processes and structures implemented by an entity to inform, direct, manage, and monitor the activities of the organisation toward the achievement of its objectives. |
| Independence | The freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. |
| Institution | Institution means Institution as defined in Regulation 3.7.4.7 (a) (i) that has a direct reporting relationship with the Synod, whether such Institution is incorporated or not. These include Uniting, AgeWell, and Uethical. |
| Internal audit | An internal audit is the independent review of an entity's systems, policies and processes, and their compliance with relevant internal and external requirements. An internal audit generally evaluates the effectiveness of internal controls and governance mechanisms and provides objective advice to management and the relevant oversight committee on any weaknesses and/or required improvements. |
| Internal control | Policies and procedures designed to provide reasonable assurance that specific entity objectives will be achieved. It consists of the control environment, risk assessment, control activities, information and communications, and monitoring. |
| Key Synod body | A key Synod body refers to all the entities and bodies of the Synod of Victoria and Tasmania. These include Synod Ministries and Operations, Presbyteries, Congregations and Institutions, |
| Personnel | Personnel in relation to this document, and its applicability, is considered to be any persons directly or indirectly employed by the bodies or entities this Charter applies to, as well as any contractors or volunteers or others that are associated with those bodies or entities. |
| Risk | Risk is the effect of uncertainty on objectives. It is the exposure to the possibility of financial or non-financial loss or gain; any kind of injury, damage or benefit, resulting from a course of action. Losses or gains may the direct or indirect effect of an event. |
| Risk management | The overall process of risk identification, analysis and mitigation. |
| Synod | The Synod of Victoria and Tasmania and the governance bodies it has established to discharge its responsibilities. |

12. Document control

Review cycle: This charter will be reviewed every two years.

Next review date: October 2026

Policy Manager: Manager – Audit, Risk and Records Management is responsible for the management and maintenance of this document.

Approver: Audit and Risk Committee

Document management: Any minor changes made between review periods should be reflected in the below table, however, only changes of a material nature will require formal review and approval by the approver between formal review periods.

| Version | Date | Updated by | Summary of changes | Approval date |
|---------|--------------|---|---|---------------|
| 1.0 | October 2019 | Team Leader – Audit and Risk Management | Initial version | 01/10/2019 |
| 1.1 | July 2021 | Internal Audit and Risk Advisor | Minor amendments identified from periodic review to align to organisation context and current practices | 07/12/2021 |
| 1.2 | October 2023 | Internal Audit and Risk Advisor | Minor amendments to align to changes in team structure and roles | 27/11/2023 |
| 1.3 | October 2024 | Internal Audit and Risk Advisor | Minor amendments to change from annual review of Charter to biennial | 03/12/2024 |
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Note: when reviewing this document, the reviewer should ensure the template used is still the most current template for Synod policies and procedures, as found on the Synod intranet. This document is based on the August 2019 template.