



Evaluation of an Agency's Internal Audit Framework

Internal Audit Function	Audit Committees
Does the Agency have an internal audit function?	Has the Accountable Officer established and maintained an Audit Committee to assist in discharging their responsibilities under the Act? (TD 3.3.3)
Does the Agency have an adequate internal audit capacity to assist the Accountable Officer in the performance of his or her functions under this Act? (FMA Section 15(1))	If yes, do the functions of the Audit Committee include: <ul style="list-style-type: none"> liaison with audit representatives; (TD 3.3.4) responsibility for internal audit; (TD 3.3.4) monitoring the implementation of audit recommendations; (TD 3.3.4) review of compliance with legislative requirements; (TD 3.3.4) review and approval of financial statements (in conjunction with an audit report); (TD 3.3.4) monitoring changes in accounting and reporting requirements (TD 3.3.4) monitoring policies; (TD 3.3.5) establishing and reviewing a code of conduct; (TD 3.3.5) and reviewing policies relating to conflicts of interest, misconduct and fraud. (TD 3.3.5)
Does the Agency's internal audit function operate under a charter that is supported by the Accountable Officer? (TD 3.2.3)	Has the Accountable Officer formulated the terms of reference clearly stating the authority, membership and responsibilities of the committee? This must take place when the Audit Committee is established. (TD 3.3.6)
Does the internal audit charter clearly state the authority, independence, responsibilities and scope of the internal audit function and is it consistent with standards of relevant professional bodies? (TD 3.2.4)	Are the Audit Committee's terms of reference reviewed periodically to ensure that they are consistent with the needs of the Agency? (TD 3.3.7)
Were any internal audits undertaken during the period of review? If yes, how many? If no, why not?	How many members are there on the Audit Committee? The optimal size of an Audit Committee is dependent on the extent of its terms of reference and the size and structure of the Agency. Ideally, an Audit Committee would normally consist of three to six members. (TD 3.3.8)
Were internal audits performed by auditors with adequate skills and competence such that the requirements of relevant professional bodies are satisfied? (TD 3.2.5)	Who are the Audit Committee members, their roles, and which Agency do they represent? Accountable Officers should appoint members to an Audit Committee, ensuring senior level representation from a cross section of the Agency, and where appropriate, members external to the Agency. (TD 3.3.9)
Did the Accountable Officer have processes in place designed to ensure that auditors had access to relevant information, employees and records of the Agency at all times, and that employees furnished necessary explanations to enable the proper performance of each audit? (TD 3.2.6)	Is there a process for membership appointment and how long have members been on the Audit Committee? Members should be appointed to an Audit Committee for specified terms on a staggered basis such that a core of experienced members is retained. (TD 3.3.10)
Did the Agency develop an appropriate program of internal audit that enabled the Accountable Officer to satisfy his/her responsibilities under the Act? (TD 3.2.7)	Are the Agency's auditors involved with the Audit Committee and in what capacity? An Agency's auditors should not be members of that Agency's Audit Committee, however, they could attend committee meetings as observers. (TD 3.3.11)
Were the results and recommendations of an internal audit reported to the Accountable Officer? (TD 3.2.8)	Are all minutes recorded of Audit Committee meetings and copies of those minutes provided to the Accountable Officer? (TD 3.3.12)
Did the person in charge of an internal audit of an Agency, as soon as practicable after completing the internal audit, report to the Accountable Officer of the Agency the result of the audit? (FMA Section 15(2))	

Agency Written Representation
How does the Accountable Officer sign off on the declaration to the Minister accompanying the Annual Report? (TD R2.1.6)
Does the written declaration match the TD or has it been amended? (TD 2.1.6 Appendix B)

CONCLUSION
Does the Agency have systems and process in place?
If yes, are these systems and processes adequate?

Note: The above diagram does not include better practice guidance which Agency's may find useful to enhance their performance management systems governing their internal audit framework.