



**Australian Government**

---

**Office of the Australian Building and  
Construction Commissioner**

# **Finance Direction 4**

## **Internal Audit**

**Process Owner:** Chief Financial Officer  
**Version Number:** Version 2.0  
**Effective Date:** 22/8/2011

## Change History

Update the following table as necessary when this document is changed:

Date	Nature of Change
June 2007	Draft Procedure
December 2007	Approved version
August 2011	Procedure Updated for New Organisational Structure

## Table of Contents

<b>1. Commissioner’s Instruction (CI)</b> .....	<b>1</b>
<b>2. Introduction &amp; Objectives</b> .....	<b>1</b>
<b>3. Supporting Information</b> .....	<b>1</b>
3.1 Related References & Pronouncements .....	1
3.2 Process Overview .....	2
3.3 Responsible Officers and Contacts .....	2
<b>4. Guidelines</b> .....	<b>2</b>
4.1 Internal Audit Access .....	2
4.2 Additional Guidance for Internal Audits .....	3
4.3 Internal Audit Key Performance Indicators .....	3

# 1. Commissioner’s Instruction (CI)

The ABCC will maintain an internal audit function as deemed necessary by the Audit Committee.

The overall objective of the internal audit function is to assist all levels of management in the effective discharge of their responsibilities by providing independent analysis, appraisals, advice and recommendations.

Internal audit reports through the Audit Committee to the ABCC Commissioner and the Executive in accordance with the Internal Audit Charter.

# 2. Introduction & Objectives

The objective of this procedure is to explain the framework regarding the establishment and operation of Internal Audit.

The operations of Internal Audit are outlined in the Internal Audit Charter.

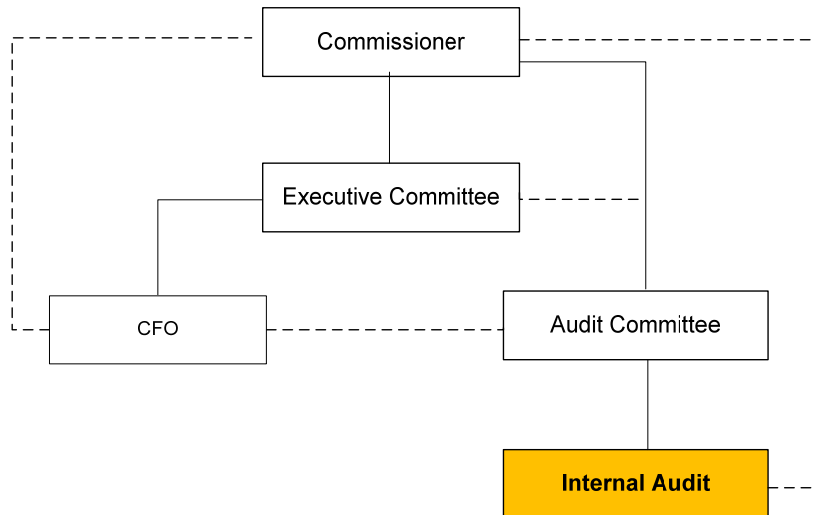
# 3. Supporting Information

## 3.1 Related References & Pronouncements

<b>FMA Act 1997:</b>	<ul style="list-style-type: none"> <li>■ N/A</li> </ul>
<b>FMA Regulations:</b>	<ul style="list-style-type: none"> <li>■ N/A</li> </ul>
<b>Related Finance Directions:</b>	<ul style="list-style-type: none"> <li>■ Finance Direction 3 – Audit Committee</li> </ul>
<b>Other References:</b>	<ul style="list-style-type: none"> <li>■ ANAO Better Practice Guide: Public Sector Internal Audit, 2007</li> <li>■ Internal Audit Charter</li> </ul>

## 3.2 Process Overview

The Audit Committee reports to both the Executive Board and the Commissioner.



## 3.3 Responsible Officers and Contacts

Position	Responsibility
Executive Director, Governance	Internal Audit Contract Management

# 4. Guidelines

## 4.1 Internal Audit Access

4.1.1 Internal auditors of the ABCC shall:

- have access at all reasonable times to all documents, accounts, correspondence and other data of the ABCC which is necessary for the proper performance of the Internal Audit function.
- have the right at reasonable times to enter any ABCC premises and to request any officer to furnish all information and explanations deemed necessary for them to form an opinion on the probity of action, adequacy of systems and or controls. The officer concerned shall respond promptly to such inquiries.

## 4.2 Additional Guidance for Internal Audits

4.2.1 The rules relating to the performance of internal audit are outlined in the Internal Audit Charter. The following rules also apply:

- Internal audits will be scheduled in accordance with the internal audit plan approved by the Audit Committee.
- The scope and timing of internal audits will be agreed by the internal auditor and key stakeholders prior to the commencement of any internal audit.
- Internal audit findings will be discussed with relevant stakeholders and management prior to submission of the final report to the Audit Committee.
- All completed internal audit reports, incorporating management comments, will be tabled at the Audit Committee.
- Any requests for additional internal audit activity outside the approved internal audit plan should be coordinated through the Executive Director, Governance or Chair of the Audit Committee.

## 4.3 Internal Audit Key Performance Indicators

ACTIVITY	DESIRED OUTCOME	PERFORMANCE INDICATORS
Audit Planning Memorandum	Ensure all audits are carried out in compliance with agreed Audit Planning Memorandum	<ul style="list-style-type: none"> <li>■ Audit Planning Memorandum to be issued and signed off by management prior to commencement of audit fieldwork</li> </ul>
Execution of Audit fieldwork	Ensure all audits are carried out within the parameters of the agreed Audit Planning Memorandum and performed in a timely manner	<ul style="list-style-type: none"> <li>■ Successful completion of Internal Audit Performance questionnaire for each audit activity undertaken</li> </ul>
Reporting	Ensure timely turnaround of Internal Audit reports.	<ul style="list-style-type: none"> <li>■ Draft report to be issued 5 working days after completion of fieldwork</li> <li>■ Management comments to be provided 5 working days after presentation of Draft report</li> <li>■ Final report to be issued 3 working days after Management comments received</li> </ul>