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Internal Audit Manual

Governance, Audit, & Risk Directorate

November 2024

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Glossary

Terms	Description
Assurance	A statement intended to increase the level of stakeholders' confidence about an organisation's governance, risk management, and control processes over an issue, condition, subject matter, or activity under review when compared to established criteria.
Audit and Risk Committee Charter	The Audit and Risk Committee Charter sets out the Committee's objectives, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.
Audit Engagement	A specific internal audit assignment, task, or review activity, such as an internal audit, control self-assessment review, fraud examination, or consultancy.
Chief Audit Executive	The leadership role responsible for effectively managing all aspects of the internal audit function and ensuring the quality performance of internal audit services in accordance with Global Internal Audit Standards.
Conflict of Interest	A situation, activity, or relationship that may influence, or appear to influence, an internal auditor's ability to make objective professional judgments or perform responsibilities objectively.
Control	Any action taken by management to manage risk and increase the likelihood that established objectives will be achieved.
Commissioner's Executive Team	The highest-level body charged with governance of the NSW Police Force.
External Service Provider	Resource from outside the NSW Police Force that provides relevant knowledge, skills, experience, and/or tools to support internal audit services.
Governance	The combination of processes and structures implemented by management to inform, direct, manage, and monitor the activities of the NSW Police Force toward the achievement of its objectives.
Independence	The freedom from conditions that may impair the ability of the internal audit function to carry out internal audit responsibilities in an unbiased manner.
Internal Audit Charter	The Internal Audit Charter, governed by TPP-20-08, outlines the purpose, authority, and responsibility for the internal audit function in the NSW Police Force.

Internal Audit Function	The group responsible for providing the NSW Police Force with assurance and advisory services.
Internal Audit Mandate	The internal audit function's authority, role, and responsibilities, which may be granted by the Commissioner of Police and/or laws and regulations.
Internal Audit Manual	The Chief Audit Executive's documentation of the methodologies (policies, processes, and procedures) to guide and direct internal auditors within the internal audit function.
Internal Audit Plan	A document, developed by the Chief Audit Executive, that identifies the engagements anticipated to be provided during a given period. The plan should be risk-based and dynamic, reflecting timely adjustments in response to changes affecting the NSW Police Force.
Internal Auditing	An independent, objective assurance and consulting activity designed to add value and improve the NSW Police Force's operations. It helps the NSW Police Force accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
International Professional Practices Framework (IPPF)	The conceptual framework that organises the authoritative guidance promulgated by the Institute of Internal Auditors.
IT	Information technology
Objectivity	An unbiased mental attitude that allows internal auditors to make professional judgments, fulfill their responsibilities, and achieve the Purpose of Internal Auditing without compromise.
Quality Assurance and Improvement Program	The program established by the Chief Audit Executive to evaluate and ensure the internal audit function conforms with the Global Internal Audit Standards, achieves performance objectives, and pursues continuous improvement. The program includes internal and external assessments.
Risk Appetite	The types and amount of risk the NSW Police Force is willing to accept in the pursuit of its strategies and objectives.
Risk Assessment	The identification and analysis of risks relevant to the achievement of the NSW Police Force's objectives. The significance of risks is assessed in terms of impact and likelihood.
Risk Management	A process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of the NSW Police Force's objectives.

Risk Tolerance	Acceptable variations in performance related to achieving objectives.
Schedule of Obligations	The Schedule of Obligations outlines what ARC Charter and legal/regulatory obligations internal audit will satisfy at each ARC meeting.
Senior Management	The highest level of executive management that is ultimately accountable to the Commissioner of Police and the Commissioner's Executive Team for executing the NSW Police Force's strategic decisions.
Stakeholder	A party with a direct or indirect interest in the NSW Police Force's activities and outcomes. Stakeholders may include the Commissioner's Executive Team, management, employees, customers, vendors, shareholders, regulatory agencies, financial institutions, external auditors, the public, and others.
Standards	The Global Internal Audit Standards for the Professional Practice of Internal Auditing contained in the IPPF.
Value-Add	Internal audit adds value to the NSW Police Force and its stakeholders when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management, and control processes.

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1. Background

1.1 In 2020, the NSW Government rolled out [Treasury Policy Paper 20-08 Internal Audit and Risk Management Policy for the General Government Sector](#), a policy designed to assist government agencies fulfil their legislative obligations under the *Government Sector Finance Act 2018* (NSW). Commonly known as TPP 20-08, the policy seeks to strengthen accountability, transparency, performance, and innovation in the NSW Government.

1.2 Among other things, TPP 20-08 requires NSW Government agencies to operate an independent internal audit function, capable of providing timely and useful information to management about:

- the adequacy of, and compliance with, the system of internal control
- whether agency results are consistent with established objectives, and
- whether operations or programs are being carried out as planned.¹

1.3 TPP 20-08 also requires NSW Government agencies to operate in conformance with the International Professional Practices Framework (IPPF),² a principles-focused framework for performing and promoting internal auditing. The [Global Internal Audit Standards](#) (the Standards), which form part of the IPPF, establish mandatory requirements for internal audit functions and individual internal auditors.

1.4 Together, TPP 20-08 and the IPPF form the basis on which the NSW Police Force's internal audit function has been built.

2. Purpose

2.1 The purpose of this internal audit manual (the Manual) is to outline the approach to internal auditing at the NSW Police Force. The Manual is designed to:

- establish a framework for planning, performance and reporting of internal audit services that meets the Standards and stakeholder expectations, and
- establish procedures and guidelines for internal audit staff and external auditors to help ensure quality and consistent delivery of internal audit services.

2.2 Additionally, the Manual helps ensure conformity with:

- TPP 20-08
- the IPPF
- the [Audit and Risk Committee Charter](#), and

¹ TPP 20-08 Internal Audit and Risk Management Policy for the General Government Sector ('TPP 20-08'), Principle 2.

² TPP 20-08, Core Requirement 2.2.

- the [Internal Audit Charter](#).

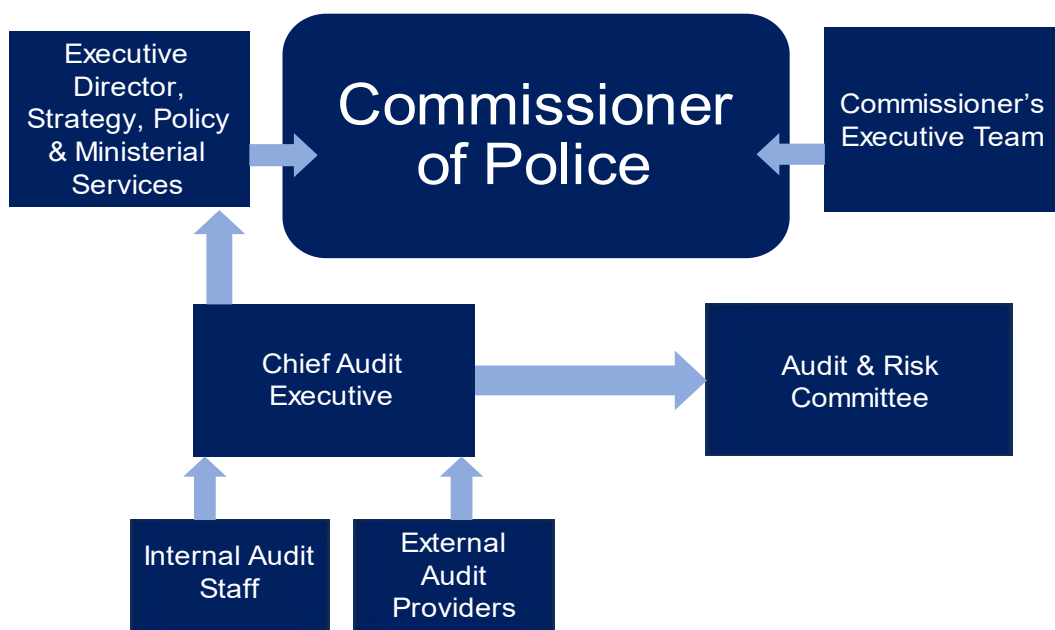
2.3 The framework established by this Manual applies to audit engagements appearing on the Strategic Internal Audit Plan only.

2.4 Internal audit staff, as well as external audit providers, should be familiar with the contents of this Manual and to adhere to its guidance.

3. Organisational Structure

3.1 Corporate Internal Audit forms part of the Governance, Audit & Risk Directorate, which is situated within the Office of the Commissioner.

3.2 Administratively, the Chief Audit Executive (CAE) reports to the Executive Director, Strategy, Policy & Ministerial Services. Functionally, the CAE reports to the Audit and Risk Committee (ARC).



4. Roles and Responsibilities

4.1 The following section provides a non-exhaustive list of key stakeholders' core roles and responsibilities as they relate to the internal audit function.

Commissioner of Police

4.2 The Commissioner of Police (CoP) is responsible for establishing, maintaining, and keeping under review effective and appropriate systems for risk management, internal control, and assurance.³

4.3 Among other things, the CoP is also responsible for:

- establishing and maintaining an internal audit function that is appropriate for the NSW Police Force and fit for purpose⁴
- championing the internal audit function to enable it to fulfill its purpose and pursue its strategy and objectives⁵
- ensuring the internal audit function has a budget and access to adequate professional resources with the necessary capabilities, skills, and experience that are sufficient relative to the risks and assurance needs of the agency⁶
- ensuring the operation of the internal audit function is consistent with the Standards⁷
- approving Internal Audit and Audit and Risk Committee Charters that are consistent with the model charters set out in TPP 20-08⁸
- ensuring there is a documented and operational Quality Assurance and Improvement Program for the internal audit function, which includes internal and external assessments⁹
- establishing and maintaining efficient and effective arrangements for independent ARC oversight to provide relevant guidance and advice,¹⁰ and
- annually attesting to the NSW Police Force's compliance with the Core Requirements of TPP 20-08.

Commissioner's Executive Team

4.4 The Commissioner's Executive Team (CET) is responsible for supporting the mandate of the internal audit function. The mandate empowers the internal audit function to provide the CoP, CET, and Senior Management with objective assurance, advice, insight, and foresight.

4.5 The CET is also responsible for:

³ *Government Sector Finance Act 2018* (NSW), s 3.6.

⁴ TPP 20-08, Core Requirement 2.1.

⁵ Global Internal Audit Standards, Standard 6.3.

⁶ TPP 20-08, Resourcing of the Internal Audit Function, 2.3.10.

⁷ TPP 20-08, Core Requirement 2.2.

⁸ TPP 20-08, Core Requirements 2.3, 3.2.

⁹ TPP 20-08, Internal Audit Quality Assurance and Improvement, 2.3.14.

¹⁰ TPP 20-08, Core Requirement 3.1.

- championing the internal audit function to enable it to fulfill its purpose and pursue its strategy and objectives¹¹
- helping protect the internal audit function's independence, and¹²
- communicating the CET's perspective on the NSW Police Force's strategies, objectives, and risks to assist the CAE to determine internal audit priorities.¹³

Senior Management

4.6 Senior Management is responsible for:

- participating in discussions with the CoP and/or CET and CAE and providing input on expectations for the internal audit function that the CoP and CET should consider when establishing the internal audit mandate¹⁴
- communicating with the CoP and/or CET and CAE about Senior Management's expectations about what should be included in the Internal Audit Charter¹⁵
- supporting the internal audit mandate throughout the NSW Police Force, including by working with the CoP, CET, and management to ensure the internal audit function's unrestricted access to data, records, information, personnel, and physical properties necessary to fulfil the internal audit mandate¹⁶
- communicating Senior Management's perspective on the NSW Police Force's strategies, objectives, and risks to assist the CAE to help determine internal audit priorities¹⁷
- assisting the CoP and CET to understand the effectiveness of the NSW Police Force's governance, risk management, and control processes¹⁸
- engaging with the CoP to ensure the internal audit function is sufficiently resourced, and¹⁹
- participating in the CoP's annual assessment of the CAE's and internal audit function's performance.²⁰

Chief Audit Executive

¹¹ Global Internal Audit Standards, Standard 6.3.

¹² Global Internal Audit Standards, Principle 7.

¹³ Global Internal Audit Standards, Standard 8.1.

¹⁴ Global Internal Audit Standards, Principle 6.

¹⁵ Global Internal Audit Standards, Standard 6.2.

¹⁶ Global Internal Audit Standards, Standard 6.3.

¹⁷ Global Internal Audit Standards, Standard 8.1.

¹⁸ Global Internal Audit Standards, Standard 8.1.

¹⁹ Global Internal Audit Standards, Standard 8.2.

²⁰ Global Internal Audit Standards, Standard 8.3.

4.7 The CAE is responsible for developing and implementing a strategy for the internal audit function that supports the strategic objectives and success of the NSW Police Force and aligns with the expectations of the CoP, CET, Senior Management, the ARC, and other key stakeholders.

4.8 The CAE is also responsible for:

- providing the CoP with the information necessary to establish the internal audit function's mandate²¹
- effectively managing the internal audit function to ensure it adds value to the organisation, including by enhancing the NSW Police Force's governance, risk management, and control processes
- developing and maintaining ARC and Internal Audit Charters that adhere to the requirements of TPP 20-08 and Standard 6.2
- developing and implementing a 3-year rolling risk-based internal audit plan
- establishing policies and procedures to guide the internal audit function
- supporting and promoting conformance with the Standards
- evaluating whether internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved internal audit plan, and if not, inform the CoP and CET,²² and
- ensuring the NSW Police Force's compliance with TPP 20-08 and other legal and regulatory requirements.

Audit and Risk Committee

4.9 The ARC is an independent advisory body responsible for providing the CoP with relevant and timely advice on the NSW Police Force's governance, risk and control frameworks, and its external accountability obligations.²³

4.10 The ARC must perform this function through a process of monitoring and review, including through attendance at ordinary and financial statements meetings.

4.11 The ARC is not a decision-making body.

4.12 The ARC's authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements are comprehensively laid out in the ARC Charter, which is consistent with TPP 20-08.

4.13 Some of the ARC's responsibilities include:

- reviewing whether management has in place a current and appropriate risk

²¹ Global Internal Audit Standards, Principle 6.

²² Global Internal Audit Standards, Standard 8.2.

²³ TPP 20-08, Principle 3.

management framework that is consistent with AS ISO 31000: 2018

- assessing the policies and procedures for management review and consideration of the financial position and performance of the NSW Police Force including the frequency and nature of that review
- reviewing the effectiveness of the system for monitoring the NSW Police Force's compliance with applicable laws, regulations, and associated government policies
- reviewing audit findings and related recommendations, particularly those that have been assessed as a high risk if audit finding recommendations are not implemented
- reviewing the internal audit plan and recommending its approval to the CoP
- reviewing and providing advice on internal audit policies and procedures prior to finalisation and adoption, and
- advising the CoP on the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved internal audit plan.²⁴

5. Strategic Internal Audit Plan

5.1 The CAE will create a 3-year rolling [internal audit plan](#) based on a documented assessment of the NSW Police Force's strategies, objectives, and risks. The assessment, which will be undertaken annually, will be informed by input from the CoP, CET, and Senior Management, as well as the key drivers listed in Diagram 1 (below).²⁵

5.2 Among other things, the internal audit plan will:

- consider coverage of information technology governance, fraud risk, the effectiveness of the NSW Police Force's compliance and ethics program, and other high-risk areas, and
- identify the necessary human, financial, and technological resources necessary to complete the plan.²⁶

5.3 To facilitate a dynamic response to emerging risks and evolving priorities, the CAE will reserve 30% of the audit budget (the approximate value of 2 audits conducted by an external provider) to commission additional audits where necessary.

5.4 Each audit included on the internal audit plan will include a proposed scope. Audit scopes will be cast broadly, with narrowed scopes provided to the CoP, CET, Executive Director, Strategy, Policy & Ministerial Services, and other key stakeholders for consideration prior to the CAE initiating the audit.

5.5 Before seeking CoP approval of the internal audit plan, the CAE will provide a draft to the ARC for consideration and advice (only).²⁷

²⁴ TPP 20-08, Resourcing of the Internal Audit Function, 2.3.11.

²⁵ Global Internal Audit Standards, Standard 9.4.

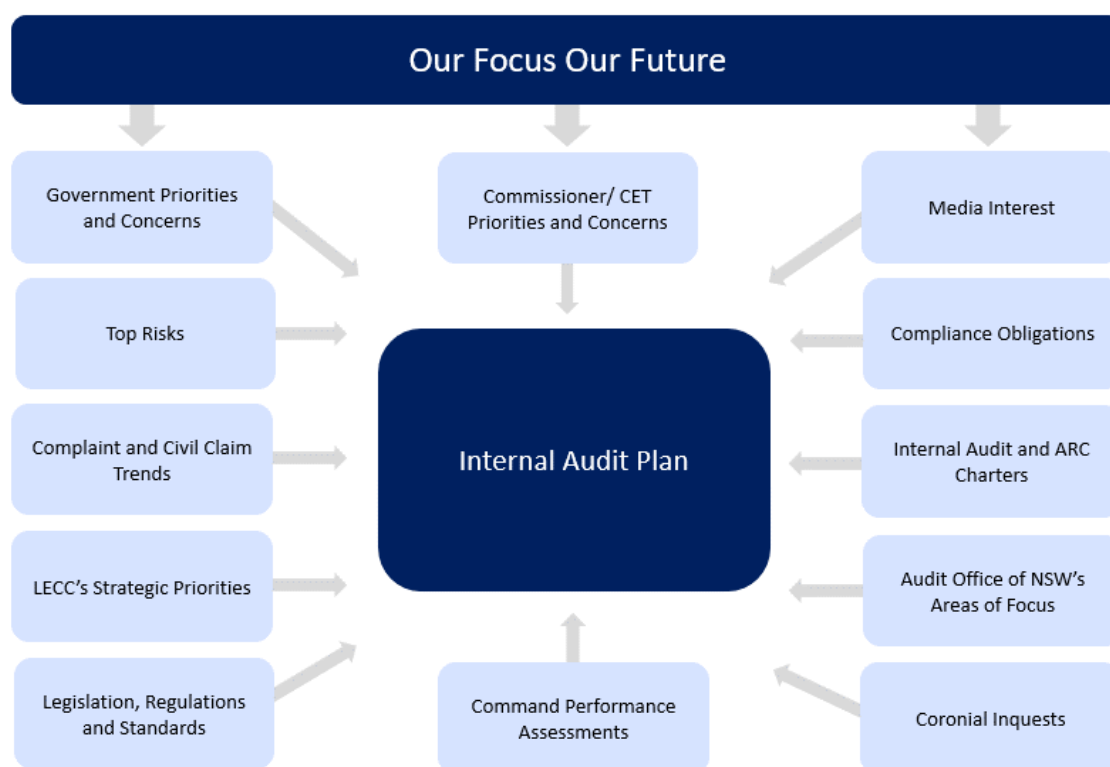
²⁶ Global Internal Audit Standards, Standard 9.4.

²⁷ ARC Charter.

5.6 When developing and updating the internal audit plan, the CAE will communicate to the CoP, CET, and Senior Management the rationale for not including an assurance engagement in respect of any top risk not addressed. The CAE will also communicate the impact of any resource limitations on the internal audit function.²⁸

5.7 The CAE will seek approval from the CoP prior to making any significant changes to the internal audit plan.

Diagram 1: Strategic Internal Audit Plan Methodology



6. Executing the Internal Audit Plan: External Audit Providers

Initiating the Audit Engagement

6.1 Prior to initiating an externally provided audit, the Internal Audit Manager will create an Audit Engagement Plan that outlines the audit:

- background
- objectives

²⁸ Global Internal Audit Standards, Standard 9.4.

- scope, and
- proposed external audit provider.

6.2 Once satisfied with the Audit Engagement Plan, the CAE will attach it to an issue paper seeking for final CoP and/or CET approval of the engagement.

6.3 Once the CoP and/or CET has expressed its continued support for the audit (and/or provided an additional input), the Internal Audit Manager will forward the Audit Engagement Plan to the proposed external audit provider for consideration and feedback.

6.4 The CAE may consult with the Deputy Commissioner(s) and/or Assistant Commissioner(s) responsible for the area(s) under review about any proposed material changes to the audit scope following consultation with the external audit provider.

6.5 Once the CAE is satisfied with the proposed scope and approach, the external audit provider will prepare an Audit Engagement Letter that sets out the audit:

- objectives
- risks
- scope
- methodology
- cost
- milestones (including dates),²⁹ and
- deliverables (i.e. draft and final audit reports, presentation to the ARC, etc.).

6.6 The CAE or Internal Audit Manager may, at any stage, consult with key internal or external stakeholders to gain their input about the audit (e.g. Senior Management, Operational Management, Regulators, etc.).

6.7 Once satisfied with the terms of the engagement, the CAE or Internal Audit Manager will sign the Audit Engagement Letter and provide a copy to the external audit provider. The Internal Audit Manager can authorise audits valued at up to \$100,000.³⁰ Otherwise, the CAE must authorise the audit.

6.8 If the external audit provider is on the panel, the CAE or Internal Audit Manager will forward the Audit Engagement Letter and supporting issue paper to BSC Finance and request initiation of a purchase order.

6.9 If the external audit provider is not on the panel but has been prequalified under NSW Treasury's Performance and Management Services Prequalification Scheme, the external provider must complete [Schedule 1B – Agreement Details – Full Prequalification](#). The Group Director, Strategic Procurement must then sign off on the Schedule 1B agreement.

²⁹ Note that BSC Finance will prepare a Purchase Order that is referable to these milestones. Ensure the external audit provider is satisfied with milestones doubling as the billing intervals.

³⁰ NSW Police Force Financial Delegations 2022, p. 7.

Conducting the Audit Engagement

National Security Clearance

- 6.10 Prior to granting external audit providers access to confidential police information, including any documents classified as Sensitive or Protected,³¹ the Internal Audit Manager will ensure that each member of the audit team has (at least) a National Baseline Security Clearance.
- 6.11 Where an external auditor does not have a National Baseline Security Clearance, the Internal Audit Manager will provide them with a National Baseline Security Clearance [application form](#). On completion, the Internal Audit Manager will submit the application to the Security Vetting Unit (SVU).
- 6.12 The SVU will assess the application and either grant or refuse the auditor National Baseline Security Clearance.
- 6.13 Where the NSW Police Force has already granted an auditor clearance, the Internal Audit Manager should:
- confirm with SVU that the auditor's clearance remains valid, and
 - remind the auditor of their responsibility to advise SVU of any material changes of circumstance (and provide a [change of circumstance form](#) where appropriate).
- 6.14 Where the auditor has a valid National Security Clearance granted by another agency, they may complete and submit to the SVU (via the Internal Audit Manager) an [external recognition form](#). The SVU will then determine whether the NSW Police Force will recognise the auditor's existing clearance or require the auditor to lodge a fresh National Baseline Security Clearance application.
- 6.15 Generally, the SVU takes approximately 10 days to grant or verify a National Baseline Security Clearance. As such, to avoid audit delays, the Internal Audit Manager should initiate the above process as soon as the external audit team has been identified.

Establishing Contact with Auditees

- 6.16 At the start of each audit, the CAE will contact the Assistant Commissioner(s), Executive Director(s), and/or Director(s) of the area(s) to be audited. The CAE will provide these stakeholders with the audit background, scope, and timeframe, and offer a broad overview of what will be required to complete the audit.³² The CAE will also ask these stakeholders to nominate a contact (or contacts) to assist with the audit.

³¹ Per the NSW Government Information Classification, Labelling and Handling Guidelines.

³² Global Internal Audit Standards, Standard 13.1.

- 6.17 With the CAE's approval, the Internal Audit Manager will then liaise with the nominated contact(s) and provide them with more detailed information about the audit, including the precise nature of the support required from them.³³
- 6.18 The CAE and/or Internal Audit Manager will communicate any material changes to the audit objectives, scope, or timeframe to the above stakeholders in a timely manner.³⁴
- 6.19 At no time should external audit providers contact members of the NSW Police Force without the Internal Audit Manager and/or the CAE having first made contact.
- 6.20 To ensure the Internal Audit Manager remains across the audit's progress, external audit providers will copy them on any written communications with members of the NSW Police Force.

Setting Up Interviews with Auditees

- 6.21 With the Internal Audit Manager's approval, external audit providers may contact relevant stakeholders (save the CoP or Deputy Commissioners) to set up interviews. The external audit provider must invite the Internal Audit Manager to all interviews. The Internal Audit Manager will attend interviews at their discretion.
- 6.22 The Internal Audit Manager must consult with the CAE prior to arranging an audit interview with the CoP or any of the Deputy Commissioners. The CAE will either facilitate the interview or authorise the Internal Audit Manager to do so.

Sharing Information with External Audit Providers

- 6.23 The Internal Audit Manager will determine the most appropriate means of sharing police information with the external audit provider.
- 6.24 Any information classified as Protected or above will be delivered to the external audit provider in-person or via DekkoSecure.

Use and Protection of Information

- 6.25 External audit providers will use and protect information appropriately, including by following any policies, procedures, laws, or regulations related to confidentiality, information privacy, or information security.³⁵
- 6.26 External audit providers will treat information learned during an audit as strictly confidential unless they have a legal or professional obligation not to do so.³⁶ They

³³ Global Internal Audit Standards, Standard 13.1.

³⁴ Global Internal Audit Standards, Standard 13.1.

³⁵ Global Internal Audit Standards, Standards 5.1 and 5.2.

³⁶ Global Internal Audit Standards, Standard 5.2.

will not use such information for personal gain or in a manner contrary or detrimental to the NSW Police Force's legitimate and ethical objectives.³⁷

Audit Reporting

6.27 On completion, the Internal Audit Manager or CAE will provide the draft audit report to the following stakeholders for information and/or feedback:

- the nominated contact (unless directed otherwise by the Assistant Commissioner(s) or Executive Director(s)),
- the Assistant Commissioner(s), Executive Director(s), and/or Director(s) of the area(s) audited, and
- with the Assistant Commissioner(s) or Executive Director(s) approval, any key stakeholder involved in the audit.

6.28 If the Assistant Commissioner(s), Executive Director(s), or Director(s) do not agree with the external audit provider's findings and/or recommendations, the CAE or Internal Audit Manager will offer them an opportunity to express their concerns. Where appropriate, the CAE or Internal Audit Manager will arrange a meeting between the external audit provider and relevant stakeholder(s) to discuss any issues.

6.29 The external audit provider may update their report to reflect any new or clarified information. However, if the external audit provider and relevant internal stakeholder(s) cannot reach consensus, the CAE is not obliged to ask the external audit provider to change their findings or recommendations unless there is a valid reason to do so.³⁸

6.30 Regardless, the relevant Assistant Commissioner(s) or Executive Director(s) are entitled to include their concerns or differences of opinion in the management response section of the audit report. They may also decline to adopt any recommendations but must include in the audit report their reasons for doing so.³⁹

6.31 Where the relevant Assistant Commissioner(s) or Executive Director(s) agree to management actions, in the report they must identify who will be responsible for implementing the recommendations and by when.⁴⁰

6.32 The CAE is not responsible for accepting or rejecting audit findings and recommendations, nor for agreeing to management actions.⁴¹

6.33 The relevant Assistant Commissioner(s) or Executive Director(s) (not the CAE) should ensure their Deputy Commissioner is provided with a copy of the draft report or provided with an overview of its findings and any proposed management action responses.

³⁷ Global Internal Audit Standards, Standard 5.1.

³⁸ Global Internal Audit Standards, Standard 13.1.

³⁹ TPP 20-08, 2.2.18.

⁴⁰ Global Internal Audit Standards, Standard 15.1

⁴¹ TPP 20-08, 2.2.18.

6.34 On finalisation of the report, the CAE will ensure the following stakeholders are provided with a copy for their information (only):

- the CoP and/or CET
- the Executive Director, Strategy, Policy, & Ministerial Services
- the Assistant Commissioner(s) or Executive Director(s) of the area(s) audited
- the ARC, and
- any further stakeholder the CAE considers appropriate.⁴²

6.35 If a final audit report or communication is later found to contain a significant error or omission, the CAE will promptly communicate corrected information to all stakeholders who received the original report.⁴³

6.36 Through the internal audit recommendation tracker, the Senior Audit Officer will track the progress of any agreed management actions resulting from audits. Where management is not making sufficient progress toward the achievement of agreed management actions in the agreed timeframes, the Senior Audit Officer should seek reasons written reasons for the delay.⁴⁴

6.37 The Senior Audit Officer will raise any delays or inaction with the CAE, who will decide whether the delay or inaction presents a risk that exceeds the NSW Police Force's risk appetite or tolerance.⁴⁵ The CAE may discuss the relevant delays or inaction with the responsible persons, and if appropriate, agree to alternative due dates.

6.38 Where the CAE considers the delays or inaction present a risk that exceeds the NSW Police Force's risk appetite or tolerance, they will escalate their ongoing concerns to Senior Management and the CET and/or CoP.⁴⁶ However, it is not the CAE's responsibility to resolve the risk.

6.39 Through the Internal Audit Status Report provided to the ARC at quarterly meetings, the CAE will apprise the ARC on the status of any agreed management actions resulting from an audit (see [Reporting to the ARC](#) below for more detail).⁴⁷

7. Executing the Internal Audit Plan: GARD-led Audit Engagements

Initiating the Audit Engagement

⁴² Global Internal Audit Standards, Standards 11.3 and 15.1. See Standard 11.3 for the CAE's obligations when findings from multiple audit activities, when viewed holistically, may reveal patterns or trends which must be communicated to the CoP and/or CET.

⁴³ Global Internal Audit Standards, Standard 11.4.

⁴⁴ Global Internal Audit Standards, Standard 15.2.

⁴⁵ Global Internal Audit Standards, Standard 15.2.

⁴⁶ Global Internal Audit Standards, Standard 11.5.

⁴⁷ Global Internal Audit Standards, Principle 15; TPP 20-08, 2.2.9 – 2.2.10.

7.1 From beginning to end, the Internal Audit Manager will supervise and quality assure all GARD-led audit engagements that appear on the Strategic Internal Audit Plan, including by ensuring conformance with the Standards.⁴⁸

7.2 Broadly speaking, GARD auditors should follow the same processes outlined above, with the following exceptions:

- Where the GARD conducts the audit in question annually or biennially, the auditors may use their discretion as to whether the CAE should reach out to the relevant Assistant Commissioner(s) or Executive Director(s) prior to establishing contact with the audit stakeholders.
- Where appropriate, audit documentation may be shared via internal email.
- GARD auditors may use their discretion as to whether to include the Internal Audit Manager on written communications to audit stakeholders.
- There is no need to generate a purchase order.
- GARD auditors do not need to obtain National Baseline Security Clearance.

7.3 The CAE may authorise members of the GARD to conduct internal audits, without the need for CoP or CET notification and approval. Most of these audits will appear on the 3-year Strategic Internal Audit Plan endorsed by the CoP (and will therefore have been endorsed at an earlier stage). However, from time-to-time emerging risks or evolving objectives may prompt the CAE to initiate a previously unanticipated internal audit.

Safeguarding Objectivity

7.4 Prior to commencing the audit, GARD auditors must complete an [attestation form](#) confirming their awareness of objectivity's importance and obligation to disclose any perceived, actual, or potential impairments or conflicts of interest.⁴⁹ The attestation, and any conflicts of interest declaration forms,⁵⁰ must be saved to the relevant audit folders on the Corporate Internal Audit or GARD P drive and RMS.

7.5 The Internal Audit Manager or CAE will review the attestation and any declared impairments or conflicts and manage them in accordance with the NSW Police Force's [Procedures for Managing Conflicts of Interest](#).

Developing the Audit Engagement Plan

7.6 Using the NSW Police Force's annotated internal audit templates, GARD auditors will first develop an Audit Engagement Plan for review and sign off by the CAE.⁵¹ The Audit Engagement Plan will establish the audit:

- background

⁴⁸ Global Internal Audit Standards, Standard 12.3.

⁴⁹ Global Internal Audit Standards, Standard 2.1.

⁵⁰ Find the conflicts of interest declaration form in Appendix 1 of the NSW Police Force *Procedures for Managing Conflicts of Interest*.

⁵¹ Global Internal Audit Standards, Standard 13.3.

- objectives
- risks
- scope
- methodology,
- deliverables, and
- proposed completion timeframe.

7.7 GARD auditors should follow the template guidance to ensure the Audit Engagement Plan complies with the Global Internal Audit Standards.

7.8 GARD auditors will also follow the rules for Use and Protection of Information outlined above (see [Use and Protection of Information](#)).

7.9 GARD auditors will not begin the audit fieldwork until the CAE has approved the Audit Engagement Plan.⁵² The CAE must also approve any proposed changes to the audit objectives or scope throughout the audit engagement.⁵³

Creating an Audit Work Plan

7.10 Once the CAE has approved the Audit Engagement Plan, the GARD auditor(s) should develop a detailed Audit Work Plan designed to achieve the audit objectives. The plan will identify:

- the criteria to be used to evaluate each objective
- the sampling and testing approach, and
- the GARD auditor(s) who will perform each task.⁵⁴

7.11 The CAE will review and approve the Audit Work Plan before it is implemented, and again if any material changes are made to it.⁵⁵

Conducting the Audit Engagement

7.12 Once the CAE has approved the Audit Work Plan, the GARD auditor(s) will commence the audit field work.

7.13 When conducting the field work, GARD auditor(s) will gather evidence that is relevant, reliable, and sufficient.⁵⁶

7.14 GARD auditors will document the information and evidence that supports their audit findings and recommendations and save it to the relevant audit folder on the Corporate Internal Audit or GARD P drive.

⁵² Global Internal Audit Standards, Standard 12.3.

⁵³ Global Internal Audit Standards, Standard 13.3.

⁵⁴ Global Internal Audit Standards, Standard 13.6.

⁵⁵ Global Internal Audit Standards, Standard 13.6.

⁵⁶ See Standard 14.1 and guided Audit Work Plan templates for further information on what is relevant, reliable, and sufficient information.

- 7.15 The audit information and evidence, as well as the auditors' analyses, will be documented such that an informed, prudent internal auditor could repeat the work and come to the same engagement results.⁵⁷
- 7.16 The Internal Audit Manager will review the audit documentation for accuracy, relevance, and completeness. The CAE will also review and approve the audit engagement documentation.⁵⁸

Analysing Audit Evidence

- 7.17 GARD auditors will analyse the audit evidence to determine whether there is a difference between the evaluation criteria and the practices, procedures, systems, etc. operating in the area under review. Where there is a gap between the criteria (e.g. the policy, law, KPI, internal control, etc.) and the practice, GARD auditors will consider whether an audit finding is warranted.⁵⁹
- 7.18 GARD auditors will then evaluate each potential audit finding, including by assessing the significance of any associated risks. Where GARD auditors consider the NSW Police Force is exposed to a significant risk, they will record a risk rated finding.⁶⁰

Audit Reporting

- 7.19 GARD auditors should use the approved annotated templates to report audit findings and recommendations.
- 7.20 Prior to soliciting feedback from the Assistant Commissioner(s), Executive Director(s), and Director(s) of the area(s) audited, the Internal Audit Manager will quality review the draft audit report for accuracy, cogency, and conformance with the Standards.
- 7.21 Otherwise, GARD auditors should follow the same audit reporting and engagement communication process as external audit providers (see [Audit Reporting](#) above).

8. Reporting to the ARC

- 8.1 In line with the ARC Charter, the CAE will report all audits that appear on the Strategic Internal Audit Plan to the ARC.
- 8.2 Through the Internal Audit Status Report provided to the ARC at quarterly meetings, the CAE will apprise the ARC on each audits' progress, including estimated F timeframes and reasons for any delays.

⁵⁷ Global Internal Audit Standards, Standard 14.6.

⁵⁸ Global Internal Audit Standards, Standard 14.6.

⁵⁹ Global Internal Audit Standards, Standard 14.2.

⁶⁰ See Standard 14.3 for a more exhaustive explanation of the obligation.

8.3 The CAE will provide final audit reports to key internal stakeholders, including the CoP and/or CET and the Executive Director, Strategy, Policy, & Ministerial Services, prior to providing a copy to the ARC.

8.4 The CAE will aim to provide a copy of the final audit report to the ARC at the ordinary ARC meeting that follows the audit's completion. Where an audit has been conducted by an external provider, the CAE will also request the external provider give a presentation to the ARC at that meeting.

8.5 Through the Internal Audit Status Report, the CAE will apprise the ARC on the status of any agreed management actions resulting from reported audits.⁶¹ Where the ARC is not satisfied with the progress in implementing management actions, they may raise their concerns with the CoP during the pre-meeting ahead of ordinary ARC meetings.⁶²

9. Retention of Engagement Document

9.1 The CAE will ensure audit reports and associated documentation are retained according to relevant laws and/or regulations, as well as NSW Police Force policies and procedures.⁶³

10. Quality Assurance and Improvement Program

10.1 The CAE will maintain a Quality Assurance and Improvement Program (QAIP),⁶⁴ and develop objectives to evaluate the internal audit function's performance.⁶⁵

10.2 Annually, the CAE will conduct an internal assessment of the internal audit function's conformance with the Standards and progress towards performance objectives. When assessing the internal audit function's performance, the CAE will seek feedback from the CET and/or CoP and Senior Management.⁶⁶

10.3 The CAE will report the results of the assessment, as well as the plan to address any nonconformances, to the Executive Director, Strategy, Policy, & Ministerial Services and the CET and/or CoP.⁶⁷

10.4 In addition to conducting an annual internal assessment, the CAE will commission an independent quality assessment of the internal audit function at least every 5 years.⁶⁸

⁶¹ Global Internal Audit Standards, Principle 15; TPP 20-08, 2.2.9 – 2.2.10.

⁶² TPP 20-08, 2.2.23.

⁶³ Global Internal Audit Standards, Standard, 14.6.

⁶⁴ Global Internal Audit Standards, Standard 8.3.

⁶⁵ Global Internal Audit Standards, Standard 12.2.

⁶⁶ Global Internal Audit Standards, Standard 12.2.

⁶⁷ Global Internal Audit Standards, Standard 12.1.

⁶⁸ Global Internal Audit Standards, Standard 8.4.

- 10.5 The CAE will review the results of the quality assessment with the Executive Director, Policy, Strategy, & Ministerial Services and CET and/or CoP and agree on an action plan and timeframe to address any identified deficiencies and/or opportunities for improvement.