

Anga Tātari ā-Roto Internal Audit Framework

2023



Te Pūkenga

Ngā ihirangi | Contents

Ngā ihirangi Contents	2
Kupu Whakataki Introductory Note	3
1. Matakōrero Forward	4
Whakatātare o te pā harekeke of Te Pūkenga.....	4
2. He whakarāpopotonga Executive Summary	5
2.1 Transition	5
2.2 Document review and approval.....	5
3. Kaitiakitanga me te Whakahaere Governance and Oversight	6
3.1 Governance and oversight principles	6
3.2 Risk and assurance policy.....	6
4. Ngā Tauākī Matua Key Statements	7
4.1 Internal audit purpose and mission	7
4.2 Standards for professional practice of internal auditing	7
4.3 Authority	7
4.4 Independence and objectivity	8
4.5 Scope of internal audit activities.....	9
4.6 Relationships with external audit	10
4.7 Reporting.....	10
4.8 Quality assurance and improvement programme.....	11
4.9 Review of the framework.....	11
5. Ngā Haepapatanga Roles and Responsibilities	12
6. Tukanga tātari ā-roto Internal Audit Process	15
7. Te Kaitiakitanga, te Pūhara Hangarau Tūraru me te Tūtohu hoki Governance, Risk and Compliance Technology Platform	16

Kupu Whakataki | Introductory Note

This Interim Internal Audit Framework indicates a provisional approach to internal audit pending the implementation of the new organisational structure for Te Pūkenga. It represents an aspirational state identifying activities that may prove challenging to complete until a national reporting line for the internal audit function is fully stood up and established. It is recognised that significant investment of time and effort will be required to transform this activity into the described state.

1. Matakōrero | Forward

Whakatātare o te pā harekeke of Te Pūkenga

The brand identity of Te Pūkenga is inspired by the base of the harakeke, the strongest part from where all the threads meet and grow. While Te Pūkenga network is made of many separate strands, we are far stronger together. We will draw on this strength and use it to support and lift each other up.



Regular whakatātare (inspection) of the health and management of the pā harakeke of Te Pūkenga will help ensure that we provide a safe and conducive environment in which our kaimahi and ākonga will grow and flourish and we protect Te Pūkenga as an organisation.



While we spend much of our time working within our pā harakeke, we can sometimes become complacent, forgetting some of our responsibilities and neglecting good practice as we become preoccupied and distracted by the many matters demanding our attention.

Internal audit adds value to our organisation, helping us to achieve our objectives and be successful by providing independent whakatātare that our pā harakeke is in good shape; identifying aspects of health and good practice, and recommending where the management can be improved to ensure a strong, healthy, and vibrant pā harakeke.

2. He whakarāpopotonga | Executive Summary

Anga Tātari ā-Roto (Te Pūkenga Internal Audit Framework) formally defines the purpose, authority, and responsibility of all internal audit activity performed within Te Pūkenga. Furthermore, Anga Tātari ā-Roto establishes the internal audit activity's position within Te Pūkenga, including reporting relationships; authority to access records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

The guidance provided in this framework document is consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (IPPF) including the Core Principles for the Professional Practice of Internal Auditing¹, the Code of Ethics², the Standards³, and the definition of 'internal auditing'⁴.

2.1 Transition

Te Pūkenga is still on its transition journey. This Framework will be reviewed as the implementation of the new organisation structure and design of the internal audit unfolds.

2.2 Document review and approval

This document has been reviewed and approved by Te Pūkenga Council following endorsement by Te Pūkenga Risk and Audit Committee.

Document History

Version	Approval date	Next review date	Key changes
1	1 March 2023	1 March 2024	Initial version

¹ <https://www.theiia.org/en/standards/what-are-the-standards/mandatory-guidance/core-principles/>

² <https://www.theiia.org/en/standards/what-are-the-standards/mandatory-guidance/code-of-ethics/>

³ <https://www.theiia.org/en/standards/what-are-the-standards/>

⁴ <https://www.theiia.org/en/about-us/about-internal-audit/>

3. Kaitiakitanga me te Whakahaere | Governance and Oversight

3.1 Governance and oversight principles

Te Pūkenga Risk and Audit Committee (RAC) is responsible for overseeing the establishment of effective systems of internal control to provide reasonable assurance that financial and non-financial objectives of Te Pūkenga are achieved. Executing this responsibility includes the establishment of an internal audit function in accordance with this framework document.

Internal control is understood to mean the processes aimed at achieving reasonable assurance about the realisation of the following objectives:

1. The accomplishment of established objectives and goals for operations
2. The economic and efficient use of resources
3. The reliability and integrity of financial and non-financial information
4. Compliance with relevant policies, procedures, laws, and regulations
5. Safeguarding of assets

3.2 Risk and assurance policy

The Risk and Assurance Policy outlines the key principles that guides the organisation's risk and assurance activities, including Internal Audit. The requirements of this policy should be read in conjunction with this framework.

4. Ngā Tauākī Matua | Key Statements

4.1 Internal audit purpose and mission

The purpose of the internal audit function at Te Pūkenga is to provide independent, objective assurance and consulting services designed to add value and improve the operations of the organisation.

The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight.

The internal audit function of Te Pūkenga will accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

4.2 Standards for professional practice of internal auditing

The internal audit function of Te Pūkenga will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' (IIA) International Professional Practices Framework (IPPF), including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics; the International Standards for the Professional Practice of Internal Auditing (the Standards), and the Definition of Internal Auditing. The Chief of Staff will appoint an internal audit manager (or such other title as is appropriate) who will report periodically to Te Pūkenga Executive Leadership Team (ELT) and the Risk and Audit Committee (RAC) regarding the conformance of the internal audit function to the Code of Ethics and the Standards.

4.3 Authority

The Chief of Staff will appoint an internal audit manager who will report functionally to the Chair of the RAC on matters pertaining to internal audit, and administratively (i.e. day-to-day operations) to Te Pūkenga Chief Executive Officer (CEO). To establish, maintain, and assure that the internal audit function at Te Pūkenga has sufficient authority to fulfil its duties, RAC will:

- review and endorse the internal audit framework for Te Pūkenga Council approval
- approve the risk-based internal audit plan
- approve the internal audit budget and resource plan
- receive communications from the appointed internal audit manager on internal audit performance relative to its plan and other matters
- make appropriate inquiries of the ELT and the appointed internal audit manager to determine whether there is inappropriate scope or resource limitations to execute internal audit activities.

The appointed internal audit manager will have unrestricted access to and communicate, and interact directly with the RAC, including in private meetings without management present.

The RAC authorises the appointed internal audit manager and delegated internal audit staff to:

- have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information
- allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives and issue reports
- obtain assistance from the necessary staff at Te Pūkenga, as well as other specialised services from within or outside Te Pūkenga, to complete internal audit engagements.

4.4 Independence and objectivity

The appointed internal audit manager will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an objective manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the appointed internal audit manager determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Te Pūkenga internal auditors will perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Te Pūkenga internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, Te Pūkenga internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- assessing specific operations for which they had responsibility within the previous year
- performing any operational duties for Te Pūkenga or its affiliates
- initiating or approving transactions external to the internal audit function
- directing the activities of any Te Pūkenga kaimahi not employed in the internal audit function, except to the extent that such kaimahi have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the appointed internal audit manager has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Te Pūkenga internal auditors will:

- disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties
- exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined
- make balanced assessments of all available and relevant facts and circumstances

- take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The appointed internal audit manager will confirm to the RAC at least annually, the organisational independence of the internal audit function.

The appointed internal audit manager will disclose to the RAC any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

4.5 Scope of internal audit activities

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the RAC, Te Pūkenga ELT, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for Te Pūkenga. Internal audit assessments include evaluating whether:

- risks relating to the achievement of the strategic objectives of Te Pūkenga are appropriately identified and managed
- the actions of kaimahi and contractors of Te Pūkenga comply with organisational policies, procedures, and applicable laws, regulations and governance standards
- the results of operations or programmes are consistent with established goals and objectives
- operations or programmes are being carried out effectively and efficiently
- established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Te Pūkenga
- information and the means used to identify, measure, analyse, classify, and report such information are reliable and have integrity
- resources and assets are acquired economically, used efficiently, and protected adequately.

The appointed internal audit manager will report periodically to the ELT and the RAC regarding:

- the internal audit function's purpose, authority, and responsibility
- the internal audit function's plan and performance relative to its plan
- the internal audit function's conformance with The IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues
- significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by the RAC
- results of audit engagements or other activities
- resource requirements
- any response to risk by the ELT that may be unacceptable to Te Pūkenga.

The appointed internal audit manager will coordinate activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The internal audit function may perform advisory and related organisational service activities, the

nature and scope of which will be agreed with Te Pūkenga business divisions/departments and subsidiaries, provided the internal audit function does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

4.6 Relationships with external audit

Te Pūkenga Internal Audit co-ordinates its work with that of other assurance providers. The appointed external auditors must be consulted in determining the activities of internal and external audit to minimise duplication of audit effort. This may involve:

1. Periodic meetings to discuss the planned activities
2. The exchange of audit work papers including systems documentation
3. The exchange of management letters
4. The forming of joint teams where appropriate
5. Internal audit carrying out certain (financial) audit work, and
6. Other aspects of the relationship between the Organisation and the external auditors.

Te Pūkenga Internal Audit must assess the adequacy of the combined assurance approach adopted by the organisation. This assessment includes the adequacy of risks covered by different assurance providers and the reliability of the assurance provided.

4.7 Reporting

The reporting protocol must take account of the various requirements during any one year, consider the integrated reporting requirements when developing the audit plan.

Reports	To	When	Content
Audit Reports	Te Pūkenga ELT, RAC, and Copies to external auditor.	At the end of each audit	<ul style="list-style-type: none"> ○ audit objective ○ audit scope ○ executive summary of major findings and recommendations ○ detailed recommendations ○ management response ○ agreed actions – with set timelines
Annual Report	Te Pūkenga ELT, RAC, Te Pūkenga Council, and Copy to external auditor.	By the end of Q1 each year for previous year's activities	<ul style="list-style-type: none"> ○ achievement of the annual audit plan, staffing plan and budgets ○ summary of major findings and recommendations ○ amendments to audit plan

Reports	To	When	Content
Internal Audit Plan	Te Pūkenga ELT, RAC, Te Pūkenga Council, and Copy to external auditor.	By the end of Q3 each year for following year's activities	<ul style="list-style-type: none"> ○ proposed annual audit plan
Interim Status Reports	Te Pūkenga ELT, RAC, and Copies to external auditor.	Quarterly	<ul style="list-style-type: none"> ○ progress against, and significant amendments to the current annual audit plan ○ summary of major findings and recommendations

4.8 Quality assurance and improvement programme

Te Pūkenga internal audit function will maintain a quality assurance and improvement programme that covers all aspects of internal audit. The programme will include an evaluation of the internal audit function's conformance with the Standards and an evaluation of whether internal auditors apply the IIA's Code of Ethics. The programme will also assess the efficiency and effectiveness of the internal audit function and identify opportunities for improvement.

The appointed internal audit manager will communicate to the ELT and the RAC on the internal audit function's quality assurance and improvement programme, including results of internal assessments (both ongoing and periodic) and external assessments conducted **at least once every five years** by a qualified, independent assessor or assessment team external to Te Pūkenga.

4.9 Review of the framework

This framework must be reviewed **annually**, but more frequently as circumstances may necessitate. It must be endorsed by the RAC and approved by Te Pūkenga Council to formally establish the authority of the internal audit function.

5. Ngā Haepapatanga | Roles and Responsibilities

Position	Roles and Responsibilities
Council	<ul style="list-style-type: none"> review and approve the Internal Audit Framework receive an annual internal audit summary report
Risk and Audit Committee (RAC)	<ul style="list-style-type: none"> review and endorse the Internal Audit Framework to Te Pūkenga Council inform and approve the risk-based internal audit plan approve the internal audit budget and resource plan receive communications from the appointed internal audit manager on internal audit performance relative to its plan and other matters make appropriate inquiries of the ELT and the appointed internal audit manager to determine whether there is inappropriate scope or resource limitations receive and discuss internal audit reports at the end of each audit receive an annual internal audit summary report receive and discuss quarterly interim status reports
Executive Leadership Team	<ul style="list-style-type: none"> receive and discuss internal audit reports at the end of each audit approve management responses to internal audit findings and recommendations receive an annual internal audit summary report receive and discuss quarterly interim status reports inform and endorse the risk-based internal audit plan
Chief of Staff	The Chief of Staff will oversee the recruitment of positions to achieve the objectives of the risk and audit functions. ⁵
Appointed internal audit manager (Role title TBC)	<p>The following roles and responsibilities are indicative pending confirmation of the operating model and organisational structure:</p> <ul style="list-style-type: none"> submit, at least annually, to the ELT and the RAC a risk-based internal audit plan for review and approval communicate to the ELT and the RAC the impact of resource limitations on the internal audit plan

⁵ These roles and associated responsibilities will be identified in the subsequent version of this framework document.

Position

Roles and Responsibilities

- review and adjust the internal audit plan, as necessary, in response to changes to Te Pūkenga business, risks, operations, programmes, systems, and controls
- communicate to the ELT and the RAC any significant interim changes to the internal audit plan
- ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties
- follow up on engagement findings and corrective actions, and report periodically to the ELT if integrity, objectivity, confidentiality, and competency are applied and upheld
- if the internal audit function is prohibited by law or regulation from conformance with certain parts of the Standards, ensure appropriate disclosures and will ensure conformance with all other parts of the Standards
- if the Standards are used in conjunction with requirements issued by other authoritative bodies, (such as the Ministry of Education (MoE) the New Zealand Qualifications Authority (NZQA) and, the Tertiary Education Commission (TEC), etc.) ensure that the internal audit function conforms with the Standards, even if the internal audit function also conforms with the more restrictive requirements of those other authoritative bodies
- ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit framework
- ensure trends and emerging issues that could impact Te Pūkenga are considered and communicated to the ELT and the RAC as appropriate
- ensure emerging trends and successful practices in internal auditing are considered
- establish and ensure adherence to policies and procedures designed to guide the internal audit function
- ensure adherence to relevant Te Pūkenga policies and procedures, unless such policies and procedures conflict with the internal audit framework. Any such conflicts will be resolved or otherwise communicated to the ELT and the RAC
- ensure conformance of the internal audit function with the Standards report periodically to Te Pūkenga Executive Leadership Team (ELT) and the RAC regarding the conformance of the internal audit function to the Code of Ethics and the Standards
- ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an objective manner, including matters of audit selection, scope, procedures, frequency, timing, and report content

Position**Roles and Responsibilities**

- consult with the external auditors must in determining the activities of internal and external audit in order to minimise duplication of audit effort
- maintain a quality assurance and improvement programme that covers all aspects of internal audit
- confirm to the RAC, at least annually, the organisational independence of the internal audit function
- disclose to the RAC any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results
- initiate an external assessment at least once every five years
- lead an annual review of the Internal Audit Framework

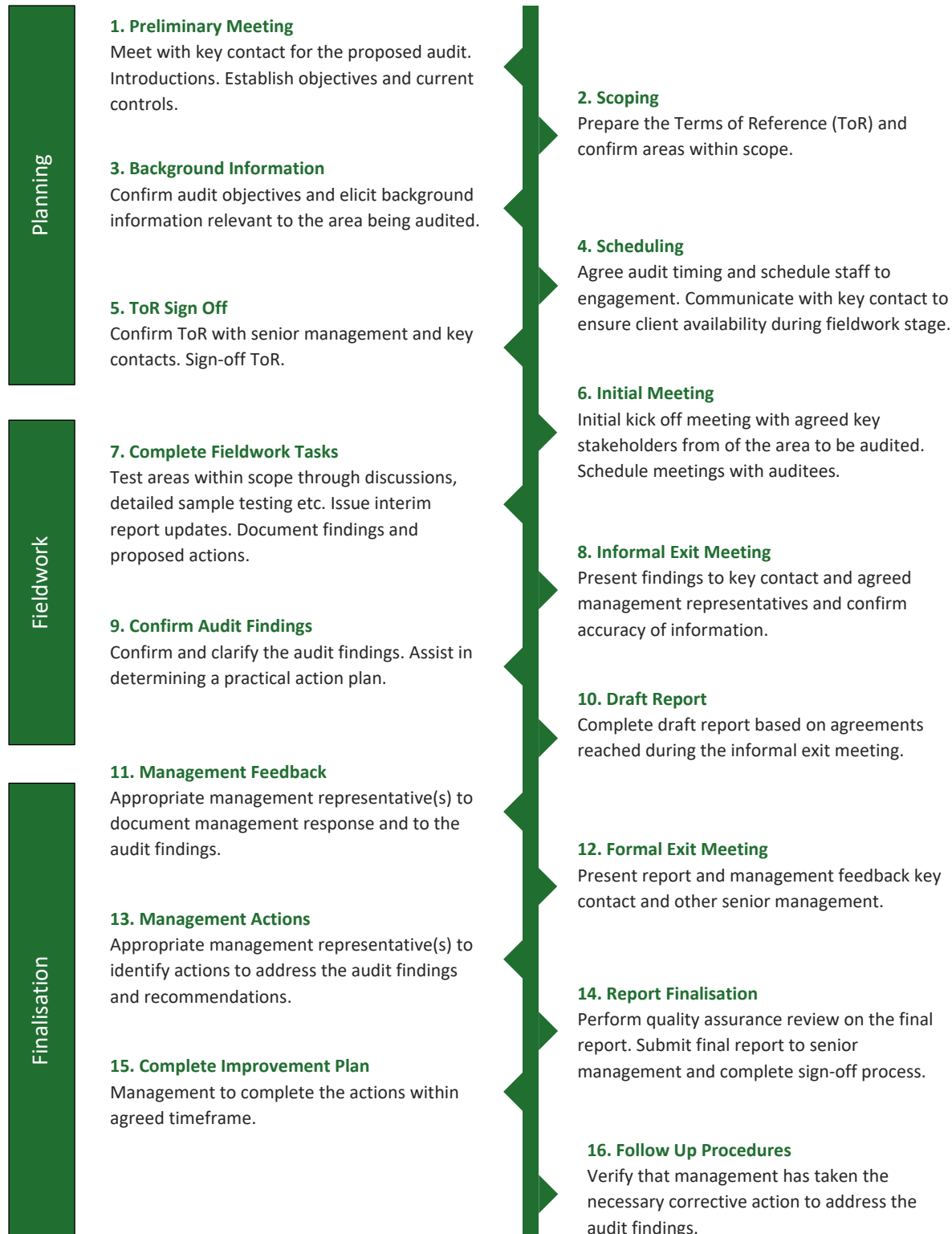
**Te Pūkenga
Internal Auditors**

The following roles and responsibilities are indicative pending confirmation of the operating model and organisational structure:

- provide independent, objective assurance and consulting services designed to add value and improve the operations of Te Pūkenga
- disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties
- exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined
- make balanced assessments of all available and relevant facts and circumstances
- take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments
- maintain an objective mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others

6. Tukanga tātari ā-roto | Internal Audit Process

The Internal Audit Process at Te Pūkenga consists of the steps depicted in the diagram below.



7. Te Kaitiakitanga, te Pūhara Hangarau Tūraru me te Tūtohu hoki | Governance, Risk and Compliance Technology Platform

Te Pūkenga Integrated Risk Management Framework uses Protecht ERM to facilitate the management risk at Te Pūkenga and each subsidiary to manage their risk within one platform. The framework incorporates a risk management process to monitor Te Pūkenga and subsidiary assurance and compliance functions. The platform has functions which incorporate:

- The Risk Register
- Compliance Assurance
- Internal Audit Register
- Internal Audit Findings

The platform will also hold the Organisation's internal audit plan and manage internal audit improvement plans by allowing the allocation of actions to owners, and use of workflows to facilitate the delegation of actions and recording of activity until actions are completed and the audit closed.



Te Pūkenga

tepūkenga.ac.nz