

Tūtohinga Tātari ā-Roto Internal Audit Charter



Te Pūkenga

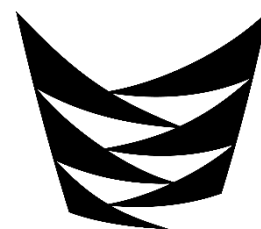
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1. Kupu whakataki | Foreword

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 harekeke of Te Pūkenga will help ensure that we provide a safe and conducive environment in which our kaimahi and ākongā will grow and flourish and we protect Te Pūkenga as an organisation.

While we spend much of our time working within our pā harekeke, 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 harekeke 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 harekeke.

2. He whakarāpopotonga | Executive Summary

Tūtohunga Tātari ā-Roto (Te Pūkenga Internal Audit Charter) formally defines the purpose, authority, and responsibility of all internal audit activity performed within Te Pūkenga. Furthermore, Tūtohunga 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 Charter document is consistent with the mandatory elements of the International Professional Practices Framework (IPPF) including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the definition of 'internal auditing'.

2.1 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 |
| 2 | 29 November 2023 (RAC) | 29 November 2025 | Changes to align with operating model and establishment of Risk and Assurance Directorate. |

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 and operation of an internal audit function in accordance with this Charter.

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 guide the organisation's risk and assurance activities, including Internal Audit. The requirements of this policy should be read in conjunction with this Charter.

4. Ngā Tauākī Matua | Key Statements

4.1 Internal audit purpose and mission

The mission of internal audit is to enhance and protect organisational value.

The purpose of the internal audit function is to provide independent, objective assurance, advice and insight to add value and improve the operations of Te Pūkenga.

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 Risk and Assurance Director 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 Risk and Assurance Director will report functionally to the Chair of the RAC on matters pertaining to internal audit, and administratively (i.e. day-to-day operations) to the Chief of Staff. 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 Charter for Te Pūkenga Council approval
- approve the risk-based annual internal audit and assurance plan
- approve the internal audit budget and resource plan
- receive communications from the Risk and Assurance Director on internal audit performance relative to its plan and other matters
- make appropriate inquiries of the ELT and the Risk and Assurance Director to determine whether there is inappropriate scope or resource limitations to execute internal audit activities.

The Risk and Assurance Director will have unrestricted access to and communicate, and interact directly with the RAC, including in private meetings without management present.

The RAC authorises the Risk and Assurance Director 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 Internal audit resourcing

The Internal Audit function is managed by the Risk and Assurance Director. The delivery of the annual internal audit and assurance plan may at any time be resourced through an appropriate combination of the following:

- in-house internal audit staff employed directly by Te Pūkenga, reporting to the Risk and Assurance Director
- resource provided by an external audit service provider, under a service agreement managed by the Risk and Assurance Director

In this Charter, unless otherwise specified, reference to the Internal Audit function and internal audit staff, encompasses all the above-mentioned internal audit resources.

4.5 Independence and objectivity

The Risk and Assurance Director 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 Risk and Assurance Director 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 risk and 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 Risk and Assurance Director 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 Risk and Assurance Director will confirm to the RAC at least annually, the organisational independence of the internal audit function, and will disclose to the RAC any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

4.6 Scope of internal audit activities

The scope of internal audit activities encompasses all of the operational areas and activities within Te Pūkenga, as well as those of any controlled entity. Activities from these areas include (but are not limited to) all financial, academic and administrative functions and operations.

The Internal Audit function will undertake a range of assurance services, with a view to providing independent assurance and where appropriate, making recommendations for improving the governance, risk management and control processes of Te Pūkenga.

The Risk and Assurance Director will report periodically to the ELT and the RAC regarding:

- 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 Risk and Assurance Director will coordinate activities, where possible, and consider 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.

4.7 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.

4.8 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 provided to external auditor as part of the external audit. | 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 | 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 |

| Reports | To | When | Content |
|-----------------------------------|--|--|--|
| | Copy to external auditor. | | <ul style="list-style-type: none"> ○ summary of major findings and recommendations ○ amendments to audit plan |
| Internal Audit and Assurance 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 and assurance plan |
| Interim Status Reports | Te Pūkenga ELT, RAC. | Quarterly | <ul style="list-style-type: none"> ○ progress against, and significant amendments to the current annual audit plan ○ summary of major findings and recommendations |

4.9 Quality assurance and improvement programme

The 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 requirements of this Charter, including adherence to IIA Standards and Code of Ethics. The programme will also assess the efficiency and effectiveness of the internal audit function and identify opportunities for improvement.

The Risk and Assurance Director 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 any external assessments undertaken from time to time...

4.10 Review of the Charter

This Charter must be reviewed every two years, or 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 Charter • receive an annual internal audit summary report |
| Risk and Audit Committee (RAC) | <ul style="list-style-type: none"> • review and endorse the Internal Audit Charter 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 Risk and Assurance Director on internal audit performance relative to its plan and other matters |

| Position | Roles and Responsibilities |
|------------------------------------|---|
| | <ul style="list-style-type: none"> • make appropriate inquiries of the ELT and the Director Risk and Assurance 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 and assurance plan |
| Risk and Assurance Director | <ul style="list-style-type: none"> • submit, at least annually, to the ELT and the RAC a risk-based internal audit and assurance plan for review and approval • communicate to the ELT and the RAC the impact of any resource limitations on the internal audit plan • 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 changes to the internal audit plan • ensure each engagement of the internal audit plan is executed to a high standard, in accordance with good audit practice and any relevant standards. • follow up on engagement findings and corrective actions • 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 Charter • 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 |

Position**Roles and Responsibilities**

- ensure adherence to relevant Te Pūkenga policies and procedures, unless such policies and procedures conflict with the Internal Audit Charter. 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
- 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 Charter

Staff of the internal audit function

- 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
-