



# WA Country Health Service Audit Policy

## 1. Background

The WA Country Health Service (WACHS) is committed to the development and maintenance of an efficient and effective internal audit function, as required by section 53(1) of the [Financial Management Act 2006](#) (FMA) and Treasurer's Instructions Part XII - Internal Audit.

Part XII of the FMA provides the basic requirements for an effective internal audit function as prescribed by the IIA International Professional Practices Framework.

The WA Health Compliance, Risk and Audit Policy Framework sets the WA Health context for compliance, risk and audit activities across the WA health system including setting out responsibilities of Boards and Chief Executives for Internal Audit within WA Health Service Providers (WA Health Internal Audit Policy).

## 2. Policy statement

The WACHS Audit Policy provides the framework for the conduct of the WACHS audit function, which in accordance with the WACHS Internal Audit Charter, provides objective and independent assurance and advice over processes and systems of internal control and risk management to the Board, Audit and Risk Committee, the Chief Executive (CE) and to the Executive.

## 3. Principles

The WACHS Audit Policy aims to provide an audit framework and governance practices that ensures independent and objective oversight of the organisations activities.

The principles below are fundamental to audit management in WACHS. These principles should guide the maintenance of the policy and ongoing management of the audit function (WACHS Audit) across the organisation:

- Independence and objectivity is essential to the effectiveness of WACHS Audit. Internal Auditors must be independent of the functions they audit and be objective in performing their work.
- The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results. The Chief Audit Executive (CAE) must disclose such interference to the Board and discuss the implications.

Note: The foregoing statement does not preclude the WACHS Audit and Risk Committee's involvement in matters of audit selection; and the CE's involvement in scope selection.

- The audit function can provide advice by assisting in identifying risk and working with the organisation to improve control and governance but is not responsible for implementing risk mitigation strategies or performing control functions.
- Internal audit activities are risk based and client focused. Auditors can be involved in all significant business processes, functions and organisational units and work with all levels of management to identify and assess risk, control and governance issues.
- Audit activities are supported by management. Through its' Accountable Authority, WACHS is committed to maintaining an effective audit function and will provide the necessary resources to support the audit function as an integral component of the governance structure. Allocation of resources will be based on overall assessment of need, risk and available budget.
- In appropriately exercising its functions, the audit function is to have complete and timely access at all reasonable times to WACHS property, accounts, information, documents, records and staff members.
- The audit function will work in partnership with functional areas and management to promote a strong governance, accountability and risk management environment. Advisory services will support proactive partnership. Key stakeholders and decision makers are included in audit activities in an appropriate and timely manner. Effective communication should ensure that there are 'no surprises' at the conclusion of an audit.
- The audit function, through its own practices and actions, will promote and contribute to continuous improvement. Internal audit activities will be conducted in accordance with intent of the International Professional Practices Framework issued by the Institute of Internal Auditors.

### 4. Authority

Audit function authority is derived from Part XII of the FMA - Internal Audit, which defines the:

- structure of the internal audit function (Treasurer's Instruction (TI) I201)
- conduct of audits and consultancy (TI,1202)
- management of the internal audit function (TI, 1203).

The WACHS Internal Audit Charter provides authority to the internal audit function, with strict accountability for confidentiality and safeguarding records and information, full, free, and unrestricted access to any and all of WACHS' records, personnel, and physical properties relevant to audit activities.

The Charter provides audit free and unrestricted access to the WACHS Board members, and the WACHS Audit and Risk Committee members.

### 5. Audit process

Audits are defined as being either internal or external audits, determined by whether they are initiated and governed by WACHS or an external organisation.

Internal Audits are those audits undertaken by WACHS Audit resources or those contracted out to suitably skilled auditors. External Audits are those audits undertaken by external agencies, primarily but not limited to the Office of the Auditor General (OAG).

WACHS defines the audit process as having five phases:

- Initiation
- Planning
- Fieldwork
- Reporting
- Management and Monitoring of Audit Findings.

These phases are outlined within the WACHS Internal and External Audit Management and Coordination Procedures.

## 6. Reporting Relationships

The WACHS audit function is within the Office of the Chief Executive and reports administratively to the Chief Executive through the Director of the Office of the Chief Executive and functionally to the Accountable Authority through the Audit and Risk Committee.

## 7. Roles and responsibilities

The accountability and responsibility for developing, implementing and maintaining this policy are defined as follows:

### 7.1 WACHS Board

The Board is responsible for:

- overseeing the WACHS Audit Policy and ensuring it is sound
- determining the appropriate service delivery model for the internal audit function based on the Accountable Authority's needs and ensure the service delivery model selected will provide assurance, independent from operational management, risk management, control and governance processes. In order to promote organisational independence, the internal audit function is to be directly answerable to the Accountable Authority through the head of internal audit/Chief Audit Executive (CAE)
- Provide assurance to the Department CEO through an annual attestation statement of compliance with the WA Health Internal Audit Core Policy Requirements by 30 June each year.

### 7.2 WACHS Audit and Risk Committee

The Audit and Risk Committee is responsible to the accountable authority for the review and oversight of the internal audit function by:

- ensuring that this policy is approved and implemented
- ensuring that this policy is established and operating effectively
- ensuring the continuing relevance of this policy and the currency of its content
- ensuring that appropriate remedial action is taken if there is a compliance breach.

### 7.3 WACHS Chief Executive (CE)

The CE is accountable for the implementation of this policy and is responsible for:

- endorsing this policy and presenting it to the Audit and Risk Committee for approval
- approving any procedures that enable this policy
- ensuring that people affected by this policy are aware of their responsibilities
- ensuring the approved and current version of this policy is available to all staff
- ensuring risk compliance monitoring mechanisms are in place
- ensuring non-compliance is identified and reported
- ensuring that appropriate remedial action is identified and implemented if there is a compliance breach
- ensuring sufficient resource is applied to the management of risks.

### 7.4 Manager Audit/Chief Audit Executive

The Manager Audit/CAE is responsible for:

- developing, reviewing and recommending revisions to this policy
- monitoring the continuing relevance of this policy and the currency of its content
- developing, issuing and maintaining procedures that enable this policy, are in line with the *Treasurer's Instructions Part XII - Internal Audit* and are aligned to the *IIA International Professional Practices Framework*
- ensuring compliance with this policy and any related procedures
- providing guidance to the business on their responsibilities to implement and enable this policy
- identifying and communicating threats of non-compliance to the Executive and Audit and Risk Committee
- identifying appropriate remedial action to compliance breaches
- ensuring that appropriate remedial action is taken if there is a compliance breach.

### 7.5 WACHS Senior Executive and Management

The Senior Executive and Management positions are responsible for:

- implementing mechanisms within their respective areas of responsibility and authority to ensure compliance with this policy and any related guidelines and procedures
- Ensuring that management actions to address audit findings are completed within the agreed completion dates
- ensuring that all employees within their areas of responsibility comply with this policy and any related guidelines and procedures
- identifying and communicating threats of non-compliance to the Manager Audit
- implementing appropriate remedial action if there is a compliance breach.

### 7.6 All employees

All employees are responsible for:

- complying to this policy and any relevant procedures
- on a timely basis, furnish internal audit with information, advice or explanation on such matters as may be requested, and shall render any assistance necessary for audit purposes.

### 8. Governance

Audit approvals are to be in accordance with the WACHS Authorisations Schedule section 10.

#### 8.1 Audit Process

The audit function engages with the auditable area through the identified Executive Sponsor who nominates a contact person for the audit (nominated contact). The nominated contact is responsible for overall co-ordination of the audit at the operational level and for the provision of management responses to issues that may be identified by the audit. For regional based audits the Regional Director is to nominate a key regional contact for the audit.

Audit Scopes are to be approved by the WACHS Chief Executive following development by the audit function in consultation with the Executive Sponsor and the auditable area.

Auditable areas will be given the opportunity to discuss initial audit findings at the conclusion of audit fieldwork.

Management comments are to be provided to audit findings (draft report) by the nominated contact and are to be endorsed by the relevant Executive Sponsor.

Audit reports/management comments are to be approved by the WACHS Chief Executive, prior to finalisation and distribution.

#### 8.2 Management and Monitoring of Audit Findings

Audit findings and management actions are entered in the WACHS register of audit findings (Audit Log), following approval of Audit final report. Management actions will be tracked and monitored via the WACHS Audit Log. Responsible Officers for all audit actions are required to provide progress updates on a quarterly or as required basis, to ensure the regular and timely reporting of implementation progress to audit findings.

Requests for closure on completion of management actions or requests for extension (were additional time is required to complete actions) must be submitted in sufficient time to allow for the appropriate approval to be obtained, to avoid the due date becoming overdue. All such requests must be supported by adequate and appropriate evidence and have appropriate approval.

#### 8.3 Reporting

Audit status and progress reports are tabled as a standing agenda item at the WACHS Board, Audit and Risk Committee, and WACHS Executive meetings.

## 9. Compliance

This policy is a mandatory requirement under the *Treasurer's Instruction PART XII – Internal Audit*. The Treasurer's instructions are issued under section 53 of the *Financial Administration and Audit Act 1985*. Failure to comply with this policy may constitute a breach of the WA Health Code of Conduct (Code). The Code is part of the [Employment Policy Framework](#) issued pursuant to section 26 of the [Health Services Act 2016 \(HSA\)](#) and is binding on all WACHS staff which for this purpose includes trainees, students, volunteers, researchers, contractors for service (including all visiting health professionals and agency staff) and persons delivering training or education within WACHS.

WACHS staff are reminded compliance with all policies is mandatory.

## 10. Related Documents

WACHS Internal Audit Charter

WACHS Audit and Risk Committee Terms of Reference

## 11. Evaluation

Evaluation is to address evidence of meeting compliance with the *Treasurer's Instruction PART XII – Internal Audit*.

This policy is to be reviewed every five years or earlier, if required by the Manager Audit.

## 12. Standards

Institute of Internal Auditors' (IIA) [International Standards for the Professional Practice of Internal Auditing](#)

[EQuIP National Standards](#) (Corporate) - 15.8.1

## 13. Legislation

[Health Services Act 2016 \(HSA\)](#)

[Financial Management Act 2006](#)

*Financial Administration and Audit Act 1985*: Treasurer's Instruction PART XII – Internal Audit. The Treasurer's instructions issued under section 58 of the Act, came into operation on 1 July 1986 and is continued under the transitional provisions of the [Financial Legislation Amendment and Repeal Act 2006](#) so as to have effect from 1 February 2007 as if they were issued under s.78 of the Act.

## 14. Related Policy Documents

WACHS [Internal Audit Management and Coordination Procedure](#)

WACHS [External Audit Monitoring and Coordination Procedure](#)

## 15. Related WA Health System Policies

[MP 0008/16 Internal Audit Policy](#)

## 16. Definitions

Term	Definition
<b>Assurance</b>	A process that provides a level of confidence that objectives will be achieved within an acceptable level of risk.
<b>Executive and Management positions</b>	An employee who is responsible for or has authority for a discrete region or area within WACHS.
<b>Internal Audit</b>	An independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness or risk management, control and governance processes.

## 17. Policy Framework

[Risk, Compliance and Audit Policy Framework](#)

**This document can be made available in alternative formats on request for a person with a disability**

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