

C1 Risk management and internal audit

The Directorate's risk management framework is based on the Australian and New Zealand Standard (43:60) and the AS/NZS ISO 31000:2009. The Directorate's Audit Committee Charter reflects the Australian National Audit Office and the ACT Treasury best practice guides for Audit Committees.

The Directorate's planning and implementation cycle for risk management and internal audit activities, has historically been based on a financial year. During 2010 the Directorate changed the planning and implementation cycles to a calendar year basis to align with the school year.

For continuity purposes the Directorate's *2009-10 Risk Management and Audit Plan* was continued until the new planning and implementation cycle commenced on 1 January 2011 with the *2011 Assurance Plan*.

Through both the *2009-10 Risk Management and Audit Plan* and the *2011 Assurance Plan* risks are identified and mitigated through the Directorate's internal governance controls including:

- *Risk Management Framework*
- *Strategic Risk Profile*
- *2009-2010 and 2011 School Audit Program*
- *Fraud & Corruption, Prevention & Response Plan 2009-2011*
- Internal Audit Program
- detailed financial policies and controls, such as the *Director-General's Financial Instructions* and the *School Management Manual*
- detailed financial operating procedures and practices
- risk identification and analysis by executive directors, directors and managers.

The Directorate's risk management and internal audit functions are managed by the Chief Internal Auditor and senior staff of the Risk Management and Audit Section. The Section is complemented with additional resources through a panel of external audit service providers.

The Directorate's senior executive and the Audit Committee receive regular risk management reports, providing an overview of significant risks, mitigation strategies, responsibilities and an oversight on the implementation of audit recommendations.

The senior executive and the Audit Committee assist with the allocation of resources and timeframes to ensure appropriate mitigation and monitoring strategies are implemented. Monitoring and reporting on risk management occurs through:

- regular monitoring of outcomes by the executive
- quarterly reporting to the Audit Committee
- quarterly reporting to the Senior Executive Team
- implementation of internal and external audit recommendations.

The Directorate manages financial risks through a well-defined financial management framework that includes:

- clearly established ownership of internal budgets
- monthly variance reporting by senior management
- quarterly strategic review of financial performance and corrective actions as required by the executive
- regularly updated financial procedures and practices documents
- provision of training to office and school-based staff.

The audits conducted in 2010-11 included:

- February 2011 school census
- English as a Second Language program
- Critical and serious incident reporting
- ICT Governance
- Flex and leave
- Nine comprehensive financial and administrative school audits.

Reviews conducted in 2010-11 included:

- Human Resources Business Improvement Project
- Grants Administration Review Project
- User Choice Review.

Twenty financial acquittals were conducted in 2010-11.

The Audit Committee met five times during 2010-11. The Committee membership and attendance are displayed in Table C1.1.

Table C1.1: Audit Committee membership and meetings in 2010-11

Members	Title	Meetings attended
Ms Jenny Morison	Chairperson (external)	5
Ms Diane Fielding	External member	5
Ms Diane Joseph	Internal member	4
Mr Phillip Tardif ^a	Internal member	1
Ms Jayne Johnston	Internal member	4
Ms Leanne Cover	Internal member	5
Mr Mark Whybrow ^b	Internal member	1

Source: Chief Internal Auditor

Notes:

- Mr Tardif was on temporary transfer from the Directorate from October 2010 to mid April 2011.
- Mr Whybrow acted in Mr Tardif's position during his absence.

For more information contact:
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