

OFFICE OF INTERNAL AUDIT CHARTER

This Charter establishes the operating framework for the District's Office of Internal Audit (OIA).

ROLE:

The Office of Internal Audit and the internal audit activity are established by the Columbus City Schools District Board of Education (BOE). The internal audit activity's responsibilities are defined by the BOE as part of its oversight role.

INTRODUCTION:

"Internal auditing" is an independent, objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of Columbus City Schools. It assists Columbus City Schools in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management, and internal control.

GUIDING PRINCIPLES:

The OIA will govern itself by adherence to The Institute of Internal Auditor's mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (*Standards*).

AUTHORITY:

The OIA activity will adhere to relevant policies and procedures of the BOE and the OIA standard operating procedures manual. The OIA, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all of Columbus City Schools records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the OIA in fulfilling its roles and responsibilities. The OIA activity will also have free and unrestricted access to the BOE and the BOE's Audit and Accountability Committee (Committee).

ORGANIZATION:

The Chief Audit Executive will report to the BOE.

The BOE will:

- Approve the internal audit charter.
- Approve the risk based internal audit plan.
- Approve the internal audit budget and resource plan.
- Receive communications from the Chief Audit Executive on the OIA activity's performance relative to its plan and other matters.
- Make appropriate inquiries of management and the Chief Audit Executive to determine whether there is an inappropriate scope or resource limitation.

The Chief Audit Executive will communicate and interact directly with the BOE and the Committee, including in executive sessions and between Board meetings as appropriate and in compliance with Ohio's Open Meeting Laws.

INDEPENDENCE AND OBJECTIVITY:

The OIA activity will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditor's judgment.

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interest or by others in forming judgments.

The Chief Audit Executive will confirm to the Committee, at least annually, the organizational independence of the internal audit activity.

RESPONSIBILITY:

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. This includes:

- Evaluating risk exposure relating to achievement of the organization's strategic objectives.
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Monitoring and evaluating governance processes.
- Monitoring and evaluating the effectiveness of the organization's risk management processes.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization.
- Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Committee or BOE.
- Evaluating specific operations at the request of the BOE, Committee or management, as appropriate.

INTERNAL AUDIT PLAN:

At least annually, the Chief Audit Executive will submit to senior management, the Committee and the BOE an internal audit plan. The plan will be recommended by the Committee and approved by the BOE. The internal audit plan will consist of a work schedule as well as budget and resource requirements for

the next fiscal year. The Chief Audit Executive will communicate the impact of resources limitations and significant interim changes to senior management, the Committee and the BOE.

The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of senior management, the Committee and the BOE. The Chief Audit Executive will review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan will be communicated to senior management, the Committee and the BOE through periodic activity reports.

REPORTING AND MONITORING:

A written report will be prepared and issued by the Chief Audit Executive or designee following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the BOE.

The internal audit report may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response, whether included within the original audit report or provided thereafter (i.e. within ten days) by management of the audited area should include a timetable for anticipated completion of action to be taken, the person responsible for the implementation and an explanation for any corrective action that will not be implemented.

The internal audit activity will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

The Chief Audit Executive will periodically report to senior management, the Committee and the BOE on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management, the Committee and the BOE.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM:

The internal audit activity will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the *Standards* and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The Chief Audit Executive will communicate to senior management, the Committee and the BOE on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments, and external assessment conducted at least every five years.

Approved 8/08/2002
Revised & Adopted 10/06/2015