

Jefferson County Public Schools Internal Audit Charter

INTRODUCTION

Jefferson County Public School District's (the District) internal audit activity is an independent, objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the District. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The internal audit activity assists the District in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and internal control.

ROLE

The internal audit activity is established by the District's Board of Education (the Board). The internal audit activity's responsibilities are defined by the Board as part of their oversight role. The Board has designated the Audit and Risk Management Advisory Committee (Audit Committee) to advise the Board on qualifications, independence, and performance of the internal audit activity.

STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING

The internal audit activity will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Codes of Ethics, the *International Standards for the Professional Practice of Internal Auditing*, and the Definition of Internal Auditing. This mandatory guidance constitutes principles for the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to the District's relevant policies and procedures and the internal audit activity's standard operating procedures manual.

AUTHORITY

The Internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorized full, fee, and unrestricted access to any and all of the District's records, physical properties, and personnel pertinent to carrying out any engagement. All employees requested to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the Board and Audit Committee.

ORGANIZATION

The internal audit activity, led by a director (referred to herein as the chief audit executive), will report functionally to the District's Board of Education (the Board) and administratively (i.e., day-to-day operations) to the Superintendent. To establish, maintain, and assure that the District's internal audit activity has sufficient authority to fulfill its duties, the Board will:

- Approve the internal audit's charter.
- Approve the risk-based internal audit plan.
- Approve the internal audit activity's budget and resource plan.
- Receive communications from the chief audit executive on the internal audit's performance relative to its plan and other matters.
- Review decisions regarding the appointment and removal of the chief audit executive.
- Review the remuneration of the chief audit executive.
- Make appropriate inquiries of management and the chief audit executive to determine whether there is inappropriate scope or resource limitations.

The Chief Audit Executive will communicate and interact directly with the Board and Audit Committee, including executive sessions and between Board meetings as appropriate.

INDEPENDENCE AND OBJECTIVITY

The internal audit activity will remain free from interference by any element in the organizations, 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 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 interests or by others in forming judgments.

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

RESPONSIBILITIES

The scope of internal audit activities encompasses, but is not limited to, objective examinations and evaluation of the adequacy and effectiveness of the District's governance, risk management, and internal control as well as the quality of performance in carrying out assigned responsibilities to achieve the District's state goals and objectives. This includes:

- Evaluating risk exposure relating to the achievement of the District'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.
- Evaluating the quality of performance of external auditors and the degree of coordination with internal audit.
- 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 Board.
- Evaluating specific operations at the request of the Board or management, as appropriate.
- Administers the anonymous hotline for staff and citizen complaints.

INTERNAL AUDIT PLAN

At least annually, the Chief Audit Executive will submit to senior management and the Board the internal audit plan for review and approval. 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 resource limitations and significant interim changes to senior management and the Board.

The internal audit plan will be developed based on prioritization of the audit universe using a risk-based methodology, including input of senior management and the Board. 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 and the Board 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 Board.

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 by management of the audited area should

include a timetable for anticipated completion of action to be taken 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 by resolution of the issue or acceptance of the risk by the appropriate level of management – a cabinet member, the Superintendent, or the Board based on the significance of the issue.

The chief audit executive will report periodically to senior management and the Board 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 and the Board.

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 *Standards* and an evaluation of whether internal auditors apply The IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.

The Chief Audit Executive will communicate to senior management and the Board on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the District.

Internal Audit Activity Charter

Approved this 30th day of October, 2018



Chief Audit Executive



Chairman of the Board



Superintendent