



INTERNAL AUDIT CHARTER

ROLE:

The Internal Auditor's responsibilities are defined by the Board of Education as part of their oversight role and by the Ohio Revised Code.

ORGANIZATIONAL INDEPENDENCE:

Organizational independence is effectively achieved by the Internal Auditor reporting to the Board of Education and functionally to the Audit Committee. The Internal Auditor reports to a level within the organization that allows the internal audit activity to fulfill its responsibilities.

The Internal Auditor will have no direct operational responsibility or authority over any of the activities or operations being audited. Accordingly, The Internal Auditor will not implement internal controls, develop procedures, install systems, prepare records, or engage in activities that might bias the auditor's opinion. The Internal Auditor confirms to the Audit Committee, at least annually, that organizational independence does exist and is not impaired.

AUTHORITY:

The Internal Auditor, with strict accountability for confidentiality and safeguarding records & information, shall be granted authority for full, free and unrestricted access to any and all of the District's records, physical properties, and personnel relevant to any function under review. All District personnel are requested to assist the Internal Auditor in fulfilling the requirements of the position. The Internal Auditor shall also have full, free, and unrestricted access to the Board of Education, any member of the Board, any member of the Audit Committee, the District's Legal Counsel, and to the District's External Auditor.

The Internal Auditor shall have the authority to conduct financial, operational, and information systems audits or reviews of all departments, offices, activities, programs, and systems under the control of the Board and of expenditures incurred by the District. Documents and information given to the Internal Auditor, during a periodic review, shall be handled in the same prudent and confidential manner as by those employees normally accountable for them.

The purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing (Standards)*. The Internal Auditor must periodically review and update the internal audit charter then present it to the Audit Committee for comment and to the Board of Education for approval.

PROFESSIONALISM:

The Internal Auditor will govern him/herself in accordance with The Institute of Internal Auditors mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the *Standards*. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

ORC: 126.45, 126.47, 126.48

Revised: 6/24/14
Adopted: 6/8/09

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 Auditor will adhere to CPS policies and the internal audit activity's standard operating procedures manual.

SCOPE OF WORK:

The objective of the Internal Auditor is to assist the Board of Education and District Administration in the effective discharge of their responsibilities by furnishing them with recommendations on strengthening internal controls of activities reviewed.

The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the District's governance, risk management process, system of internal control structure, and the quality of performance in carrying out assigned responsibilities to achieve the District's strategic goals. This includes:

- Ensuring that significant financial, managerial, and operating information are accurate, reliable, and timely.
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such data to ensure it is accurate and complete.
- Assessing the systems established to ensure compliance with policies, procedures, laws, and regulations which could have a significant impact on the District.
- Verifying the means of safeguarding assets and, as appropriate, validate the existence of such assets.
- Ensuring that resources are acquired economically, used efficiently, adequately protected and effectively and efficiently employed.
- Evaluating operations to determine whether results are consistent with established objectives and goals.
- Monitoring and assessing the effectiveness of the District's risk management and governance processes to ensure clear accountability.
- Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.
- Reporting significant risk exposure 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.

According to the *Standards* the nature of assurance and consulting services must be defined in the internal audit charter.

Assurance services are defined as: an objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples may include financial, performance, compliance, system security, and due diligence engagements.

Consulting Services are defined as: advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation, and training.

This Internal Audit Charter also recognizes the mandatory nature of the Definition of Internal Auditing, the Code of Ethics, and the Standards.

INTERNAL AUDIT PLAN:

Annually, the Internal Auditor shall develop and submit to the Audit Committee an internal audit plan for approval by the Board of Education. The internal audit plan will be developed using a risk-based methodology, including input from Administration and the Board. Any significant deviation from the approved internal audit plan will be communicated to the Audit Committee and the Board of Education through periodic activity reports.

REPORTING AND MONITORING:

A written report will be prepared and issued by the Internal Auditor following the conclusion of each audit and will be distributed as appropriate.

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 will include a timetable for anticipated completion of action to be taken, expected outcome of those actions, and an explanation for any recommendations not implemented.

The Internal Auditor will be responsible for appropriate follow-up on audit findings and recommendations.

All Internal Audit working papers, notes and preliminary draft audit reports shall be held confidential and exempt from public records until the audit is completed by submission of the final audit report to the Audit Committee. Final reports on audits and reviews shall become a public record upon presentation and discussion at Audit Committee meetings.

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, the Standards and an evaluation of whether the Code of Ethics are being applied. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The Internal Auditor will communicate to the Audit Committee about the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.