Attribute Standard 1000 – Purpose, Authority, and Responsibility

The purpose, authority, and responsibility of the internal audit activity are formally defined in the Internal Audit Charter that was formally approved by the Board of Education. The internal audit charter should be reviewed annually by the Internal Auditor to ensure that it continues to be adequate to enable the Internal Auditor to accomplish the objectives of the internal audit activity. The results of the Internal Auditor’s annual review of the internal audit charter should be communicated to the audit committee.

The CPS Internal Audit Charter is presented below:

Introduction:

Internal Auditing is an independent and objective assurance and consulting activity designed to add value and improve the operations of the Cincinnati Public Schools District. It assists the District in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the District’s risk management, control, and governance process.

Role:

The Internal Auditor position was established by the Board of Education, and its responsibilities are defined by the Audit Committee of the Board of Education as part of their oversight function.

Organization:

The Internal Auditor shall report administratively to the Chief Fiscal Officer/Treasurer (CFO) and functionally to the Audit Committee of the Board of Education.

Authority:

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 expenditures incurred by the District.

To properly carry out the position’s responsibilities, the Internal Auditor 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, the Audit Committee, any member of the Audit Committee, the District’s legal counsel, and to the District’s External Auditor.

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.

**Independence:**

The Internal Auditor’s functional reporting line to the Audit committee of the Board of Education provides for the independence of the position. Further, the Internal Auditor shall have no direct responsibility or any authority over any of the activities or operations subject to review. The Internal Auditor shall not develop and install procedures, prepare records, or in engage in activities which would normally be reviewed by internal auditors.

**Mission and 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 stated goals and objectives. The Internal Auditor is concerned with controls that ensure:

- Significant financial, managerial, and operating information is accurate, reliable, and timely;
- Assets are safeguarded;
- Compliance with applicable policies, plans, procedures, laws, and regulations;
- Resources are acquired economically, used efficiently, and adequately protected;
- Results of operations and programs are consistent with established objectives and goals;
- Operations and programs are carried out as planned; and
- Risks and appropriately identified and managed.

**Professional Standards:**
The operating practices and procedures of the Internal Auditor shall be in accordance with the “International Standards for the Professional Practice of Internal Auditing” (Standards) established by the Institute of Internal Auditors. The Standards constitute an addendum to this charter.

Audit Planning:

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 shall be developed using a risk-based methodology. Any significant deviation from the formally approved internal audit plan shall be communicated to the Audit Committee and the Board of Education through periodic activity reports.

Reporting:

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 Auditor may include in the audit report the auditee’s response and correction action taken or to be taken in regard to the specific findings and recommendations. Administration’s response shall include a timetable for anticipated completion of action to be taken, expected outcome of those actions, and an explanation for any recommendations not addressed.

The Internal Auditor shall 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.

Periodic Assessment:

The Internal Auditor should periodically assess whether the purpose, authority, and responsibility, as defined in this charter, continue to be adequate to enable the internal auditing activity to accomplish its objectives. The result of this periodic assessment should be communicated to the Audit Committee.