

## **Internal Audit Services Charter**

This charter establishes the internal audit function that shall be considered an essential element in achieving the goals and objectives of the District. Internal Auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the District. It assists the School Board of Polk County (Board) 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.

### **A. Authority**

Section 1001.42 (12) (1) of the Florida Statutes states that the Board ."May employ an internal auditor to perform ongoing financial verification of the financial records of the district and such other audits and reviews as the district school board directs for the purpose of overseeing school district resources and determining compliance with applicable laws and district school board-approved policies, procedures, and contracts. The internal auditor shall report directly to the district school board or its designee."

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

### **B. Purpose**

Internal Audit Services is to determine that the District's stated policies and procedures are being followed by employees at all levels. The objective is to provide the School Board and management of the District with information about the adequacy and effectiveness of the District's system of internal controls and the quality of performance in carrying out assigned responsibilities. Internal Audit will furnish the School Board and management of the District with analyses, appraisals, recommendations, counsel and information concerning the activities reviewed.

### **C. Organization**

**The Director of Internal Audit Services will report directly to the district school board**

The Board 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 Director of Internal Audit Services on the Internal Audit Services activity's performance relative to its plan and other matters
- Approve decisions regarding the appointment and removal of the Director of Internal Audit Services as provided in employment contract
- Approve the remuneration of the Director of Internal Audit Services
- Make appropriate inquiries of management and the Director of Internal Audit Services to determine whether there is inappropriate scope or resource limitations.

The Director of Internal audit will communicate and interact directly with the Board, including in executive sessions and between Board meetings as appropriate.

**D. Independence and Objectivity:**

Internal Audit Services 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 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 Director of Internal Audit Services will confirm to the board, at least annually, the organizational independence of the internal audit activity.

**E. Responsibilities**

The Board Internal Auditor shall have the authority to conduct examination and evaluation of the adequacy and effectiveness of the District's governance, risk management, and internal controls as well as the District's quality of performance in carrying out assigned responsibilities of all departments, offices, activities and programs under control of the District's School Board. This includes:

- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the District

- 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.
- Monitoring and evaluating governance processes.
- Monitoring and evaluating the effectiveness of the District'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 is appropriate for the District.
- 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, as appropriate.

#### **F. Internal Audit Plan**

The Director of Internal Audit Services will submit to the Board within 60 days of the beginning of each fiscal year, an Internal Audit Plan for review and approval. The Director of Internal Audit will communicate the impact of resource limitations and significant interim changes to the Board.

The Director of Internal Audit Services will review and adjust the plan, as necessary, in response to changes in the District's risks, operations, programs, systems, and controls. Any significant deviation from the approved Internal Audit Plan will be communicated to the Board through periodic activity report.

The Board Internal Auditor, in collaboration with School Board, may initiate and conduct any audit or review deemed necessary to undertake. Reasonable notice will be given to appropriate personnel over the area of the intended audit. An exception to reasonable notice will be taken in cases that involve unannounced audits.

#### **G. Reporting and Monitoring**

Internal Audit Services will review the report and response with the respective audited department/office before issuing a final written report.

A written report will be prepared and issued by Internal Audit Services following the conclusion of each engagement.

To enhance the independence and objectivity of the auditing process, the Director of Internal Audit Services will submit the final audit report to all members of the School Board, the Superintendent and the affected department heads at the same time. The Institute of Internal Auditors (IIA) and the Generally Accepted Governmental Auditing Standards (GAGAS) both state, "the head of the internal audit organization should

communicate results to the parties who can ensure that the results are given due consideration.

The report will contain professional conclusions of the auditor regarding the activities audited. The report shall be objective, clear, concise, constructive and timely.

During the course of audit work, the Internal Auditor shall be alert to indications of fraud, abuse or illegal works.

Internal Audit Services will be responsible for appropriate follow-up on engagement findings and recommendations.

The Director of Internal Audit Services will be the liaison between the board and the Audit Committee. See Audit Committee Charter.

Approved by Board on 8-13-13.