

## El Paso ISD Internal Audit Department Charter

### ~~Purpose and Mission~~ 1. PURPOSE

The purpose of the ~~El Paso Independent School District's (the "District")~~ internal audit department is to **STRENGTHEN THE EL PASO INDEPENDENT SCHOOL DISTRICT'S ("DISTRICT") ABILITY TO CREATE, PROTECT, AND SUSTAIN VALUE BY PROVIDING THE BOARD OF TRUSTEES (BOARD) AND MANAGEMENT WITH INDEPENDENT, provide objective assurance and consulting services designed to add value and improve the District's operations. The mission of the internal audit department is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight, AND FORESIGHT.**

The internal audit department ~~helps~~ **ENHANCES** the District's: ~~accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.~~

- **SUCCESSFUL ACHIEVEMENT OF ITS OBJECTIVES.**
- **GOVERNANCE, RISK MANAGEMENT, AND CONTROL PROCESSES.**
- **DECISION-MAKING AND OVERSIGHT.**
- **REPUTATION AND CREDIBILITY WITH ITS STAKEHOLDERS.**
- **ABILITY TO SERVE THE PUBLIC INTEREST.**

**THE DISTRICT'S INTERNAL AUDIT DEPARTMENT IS MOST EFFECTIVE WHEN:**

- **IT IS INDEPENDENTLY POSITIONED WITH DIRECT ACCOUNTABILITY TO THE BOARD.**
- **INTERNAL AUDITING IS PERFORMED BY COMPETENT PROFESSIONALS IN CONFORMANCE WITH THE INSTITUTE OF INTERNAL AUDITORS' (IIA) GLOBAL INTERNAL AUDIT STANDARDS, WHICH ARE SET IN THE PUBLIC INTEREST.**
- **INTERNAL AUDITORS ARE FREE FROM UNDUE INFLUENCE AND COMMITTED TO MAKING OBJECTIVE ASSESSMENTS.**

### ~~Standards for the Professional Practice of Internal Auditing~~

#### 1.1 COMMITMENT TO ADHERING TO THE GLOBAL INTERNAL AUDIT STANDARDS

The Internal Audit Department will ~~govern itself by adherence~~ **ADHERE** to the mandatory elements of the ~~Institute of Internal Auditors' (IIA'S) International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing (Standards)~~ **WHICH ARE THE GLOBAL INTERNAL AUDIT STANDARDS AND TOPICAL REQUIREMENTS.** The chief internal auditor will report periodically to the District's Board of Trustees (the "Board") regarding the internal audit depart-

ment's conformance to the Code of Ethics and **WITH** the Standards, **WHICH WILL BE ASSESSED THROUGH A QUALITY ASSURANCE AND IMPROVEMENT PROGRAM**. In addition, the Internal Audit Department will adhere to the District's policies and procedures.

## 2. MANDATE

### 2.1 Authority

The **INTERNAL AUDIT DEPARTMENT'S AUTHORITY IS CREATED BY THE** District's chief internal auditor's reports functionally and administratively to the District's **REPORTING RELATIONSHIP TO THE** Board. The chief internal auditor will have unrestricted access to, and communicate and interact directly, with the Board, including in private meetings without management present.

~~To establish, maintain, and assure the District's internal audit department has sufficient authority to fulfill its duties, the Board will:~~

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

The Board authorizes the internal audit department to:

- Have full, free, and unrestricted access to all the District's functions, **DATA**, records, **INFORMATION**, property, and personnel pertinent to carrying out **INTERNAL AUDIT RESPONSIBILITIES**. ~~any engagement, subject to accountability~~ **INTERNAL AUDITORS ARE ACCOUNTABLE** for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish **INTERNAL** audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of the District, as well as other specialized services from within or outside the District, in order to complete ~~the engagement~~ **INTERNAL AUDIT SERVICES**. All employees are required to assist the internal audit department in fulfilling its roles and responsibilities.

## **2.2 Independence and Objectivity, ORGANIZATIONAL POSITION, AND REPORTING RELATIONSHIPS**

THE CHIEF INTERNAL AUDITOR WILL BE POSITIONED AT A LEVEL IN THE DISTRICT THAT ENABLES INTERNAL AUDIT SERVICES AND RESPONSIBILITIES TO BE PERFORMED WITHOUT INTERFERENCE FROM MANAGEMENT, THEREBY ESTABLISHING THE INDEPENDENCE OF THE INTERNAL AUDIT DEPARTMENT. THE CHIEF INTERNAL AUDITOR WILL REPORT FUNCTIONALLY AND ADMINISTRATIVELY TO THE BOARD. THE DEPARTMENT'S PERSONNEL WILL REPORT TO AND BE EVALUATED BY THE CHIEF INTERNAL AUDITOR. THIS POSITIONING PROVIDES THE ORGANIZATIONAL AUTHORITY AND STATUS TO BRING MATTERS DIRECTLY TO SENIOR MANAGEMENT AND ESCALATE MATTERS TO THE BOARD, WHEN NECESSARY, WITHOUT INTERFERENCE AND SUPPORTS THE INTERNAL AUDITORS' ABILITY TO MAINTAIN OBJECTIVITY.

THE CHIEF INTERNAL AUDITOR WILL CONFIRM TO THE BOARD, AT LEAST ANNUALLY, THE ORGANIZATIONAL INDEPENDENCE OF THE INTERNAL AUDIT DEPARTMENT. IF THE GOVERNANCE STRUCTURE DOES NOT SUPPORT ORGANIZATIONAL INDEPENDENCE, THE CHIEF INTERNAL AUDITOR WILL DOCUMENT THE CHARACTERISTICS OF THE GOVERNANCE STRUCTURE LIMITING INDEPENDENCE AND ANY SAFEGUARDS EMPLOYED TO ACHIEVE THE PRINCIPLE OF INDEPENDENCE. THE CHIEF INTERNAL AUDITOR WILL DISCLOSE TO THE BOARD ANY INTERFERENCE INTERNAL AUDITORS ENCOUNTER RELATED TO THE SCOPE, PERFORMANCE, OR COMMUNICATION OF INTERNAL AUDIT WORK AND RESULTS. THE DISCLOSURE WILL INCLUDE COMMUNICATING THE IMPLICATIONS OF SUCH INTERFERENCE ON THE INTERNAL AUDIT DEPARTMENT'S EFFECTIVENESS AND ABILITY TO FULFILL ITS MANDATE.

## **2.3 CHANGES TO THE MANDATE AND CHARTER**

CIRCUMSTANCES MAY JUSTIFY A FOLLOW-UP DISCUSSION BETWEEN THE CHIEF INTERNAL AUDITOR AND THE BOARD ON THE INTERNAL AUDIT MANDATE OR OTHER ASPECTS OF THE INTERNAL AUDIT CHARTER. SUCH CIRCUMSTANCES MAY INCLUDE BUT ARE NOT LIMITED TO:

- A SIGNIFICANT CHANGE IN THE GLOBAL INTERNAL AUDIT STANDARDS.
- A SIGNIFICANT REORGANIZATION WITHIN THE DISTRICT, INCLUDING SIGNIFICANT CHANGES IN THE CHIEF INTERNAL AUDITOR, BOARD, AND/OR SENIOR MANAGEMENT.
- SIGNIFICANT CHANGES TO THE DISTRICT'S STRATEGIES, OBJECTIVES, RISK PROFILE, OR THE ENVIRONMENT IN WHICH THE DISTRICT OPERATES.
- NEW LAWS OR REGULATIONS THAT MAY AFFECT THE NATURE AND/OR SCOPE OF INTERNAL AUDIT SERVICES.

**THIS CHARTER AND THE MANDATE HAVE BEEN APPROVED BY THE BOARD OF TRUSTEES AND WILL ONLY BE MODIFIED UPON A MAJORITY VOTE OF THE BOARD.**

### **3. BOARD OVERSIGHT**

**TO ESTABLISH, MAINTAIN, AND ASSURE THE DISTRICT'S INTERNAL AUDIT DEPARTMENT HAS SUFFICIENT AUTHORITY TO FULFILL ITS DUTIES, THE BOARD WILL:**

- 1. DISCUSS WITH THE CHIEF INTERNAL AUDITOR THE APPROPRIATE AUTHORITY, ROLE, RESPONSIBILITIES, SCOPE, AND SERVICES (ASSURANCE AND/OR ADVISORY) OF THE INTERNAL AUDIT DEPARTMENT.**
- 2. ENSURE THE CHIEF INTERNAL AUDITOR HAS UNRESTRICTED ACCESS TO AND COMMUNICATES AND INTERACTS DIRECTLY WITH BOARD MEMBERS, INCLUDING IN PRIVATE MEETINGS WITHOUT SENIOR MANAGEMENT PRESENT.**
- 3. PARTICIPATE IN DISCUSSIONS WITH THE CHIEF INTERNAL AUDITOR ABOUT THE "ESSENTIAL CONDITIONS," DESCRIBED IN THE GLOBAL INTERNAL AUDIT STANDARDS, WHICH ESTABLISH THE FOUNDATION THAT ENABLES AN EFFECTIVE INTERNAL AUDIT DEPARTMENT.**
- 4. APPROVE THE INTERNAL AUDIT CHARTER, WHICH INCLUDES THE INTERNAL AUDIT MANDATE AND THE SCOPE AND TYPES OF INTERNAL AUDIT SERVICES.**
- 5. DISCUSS WITH THE CHIEF INTERNAL AUDITOR OTHER TOPICS THAT SHOULD BE INCLUDED IN THE INTERNAL AUDIT CHARTER.**
- 6. REVIEW THE INTERNAL AUDIT CHARTER PERIODICALLY WITH THE CHIEF INTERNAL AUDITOR TO CONSIDER CHANGES AFFECTING THE DISTRICT, SUCH AS THE EMPLOYMENT OF A NEW CHIEF INTERNAL AUDITOR OR CHANGES IN THE TYPE, SEVERITY, AND INTERDEPENDENCIES OF RISKS TO THE DISTRICT, AND APPROVE CHANGES TO THE INTERNAL AUDIT CHARTER AS NEEDED.**
- 7. APPROVE THE RISK-BASED INTERNAL AUDIT PLAN.**
- 8. APPROVE THE INTERNAL AUDIT BUDGET AND RESOURCES.**
- 9. RECEIVE COMMUNICATIONS FROM THE CHIEF INTERNAL AUDITOR ABOUT THE INTERNAL AUDIT DEPARTMENT INCLUDING ITS PERFORMANCE RELATIVE TO ITS PLAN.**
- 10. ENSURE A QUALITY ASSURANCE AND IMPROVEMENT PROGRAM HAS BEEN ESTABLISHED AND REVIEW THE RESULTS ANNUALLY.**
- 11. APPROVE DECISIONS REGARDING THE APPOINTMENT AND REMOVAL OF THE CHIEF INTERNAL AUDITOR, ENSURING ADEQUATE COMPETENCIES AND QUALIFICATIONS AND CONFORMANCE WITH THE GLOBAL INTERNAL AUDIT STANDARDS.**
- 12. CONDUCT THE PERFORMANCE EVALUATION FOR THE CHIEF INTERNAL AUDITOR.**
- 13. APPROVE THE REMUNERATION OF THE CHIEF INTERNAL AUDITOR; AND**

**14. MAKE APPROPRIATE INQUIRIES OF THE CHIEF INTERNAL AUDITOR TO DETERMINE WHETHER THERE ARE INAPPROPRIATE SCOPE OR RESOURCE LIMITATIONS.**

**4. CHIEF INTERNAL AUDITOR ROLES AND RESPONSIBILITIES**

**4.1 ETHICS AND PROFESSIONALISM**

**THE CHIEF INTERNAL AUDITOR WILL ENSURE THAT INTERNAL AUDITORS:**

- **CONFORM WITH THE GLOBAL INTERNAL AUDIT STANDARDS, INCLUDING THE PRINCIPLES OF ETHICS AND PROFESSIONALISM: INTEGRITY, OBJECTIVITY, COMPETENCY, DUE PROFESSIONAL CARE, AND CONFIDENTIALITY.**
- **UNDERSTAND, RESPECT, MEET, AND CONTRIBUTE TO THE LEGITIMATE AND ETHICAL EXPECTATIONS OF THE DISTRICT AND BE ABLE TO RECOGNIZE CONDUCT THAT IS CONTRARY TO THOSE EXPECTATIONS.**
- **ENCOURAGE AND PROMOTE AN ETHICS-BASED CULTURE IN THE DISTRICT.**
- **REPORT BEHAVIOR THAT IS INCONSISTENT WITH THE DISTRICT'S ETHICAL EXPECTATIONS, AS DESCRIBED IN APPLICABLE POLICIES AND PROCEDURES.**

**4.2 OBJECTIVITY**

The chief internal auditor will ensure that the internal audit department remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of ~~audit~~ **ENGAGEMENT** selection, scope, procedures, frequency, timing, and ~~report content~~ **COMMUNICATION**. If the chief internal auditor determines that ~~independence or objectivity~~ may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will ~~remain~~ **MAINTAIN AN** unbiased **MENTAL ATTITUDE THAT** ~~to allow~~ **S** them to perform engagements objectively ~~and in such a manner that they believe in their work product, that no~~ **DO NOT COMPROMISE** quality, ~~compromises are made, and that they do not subordinate their judgment on audit matters to others,~~ **EITHER IN FACT OR APPEARANCE**. ~~In order to provide for the independence of the internal audit department, the department's personnel will report to and be evaluated by the chief internal auditor.~~

Internal auditors will have no direct operational responsibility or authority over any of the activities ~~audited~~ **THEY REVIEW**. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for the District.
- Initiating or approving transactions external to the internal audit department.

- Directing the activities of any District employee not employed by the internal audit department, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties **SUCH AS THE CHIEF INTERNAL AUDITOR, AND AT LEAST ANNUALLY.**
- Exhibit professional objectivity in gathering, evaluating, and communicating information ~~about the activity or process being examined.~~
- Make a balanced assessment of all available and relevant facts and circumstances.
- Take necessary precautions to avoid **CONFLICTS OF INTEREST, BIAS, AND UNDUE INFLUENCE.** ~~being unduly influenced by their own interests or by others in forming judgments.~~

~~The chief internal auditor will confirm to the Board, at least annually, the organizational independence of the internal audit department.~~

#### **4.3 MANAGING THE INTERNAL AUDIT DEPARTMENT**

**THE CHIEF INTERNAL AUDITOR HAS THE RESPONSIBILITY TO:**

1. **AT LEAST ANNUALLY, DEVELOP A RISK-BASED INTERNAL AUDIT PLAN THAT CONSIDERS THE INPUT OF THE BOARD AND SENIOR MANAGEMENT. DISCUSS THE PLAN WITH THE BOARD AND SENIOR MANAGEMENT AND SUBMIT THE AUDIT PLAN TO THE BOARD FOR REVIEW AND APPROVAL.**
2. **COMMUNICATE TO THE BOARD THE IMPACT OF RESOURCE LIMITATIONS ON THE INTERNAL AUDIT PLAN.**
3. **REVIEW AND ADJUST THE INTERNAL AUDIT PLAN, AS NECESSARY, IN RESPONSE TO CHANGES IN THE DISTRICT'S BUSINESS, RISKS, OPERATIONS, PROGRAMS, SYSTEMS, AND CONTROLS.**
4. **COMMUNICATE TO THE BOARD, FOR REVIEW AND APPROVAL, ANY SIGNIFICANT INTERIM CHANGES TO THE INTERNAL AUDIT PLAN.**
5. **ENSURE INTERNAL AUDIT ENGAGEMENTS ARE PERFORMED, DOCUMENTED, AND COMMUNICATED IN ACCORDANCE WITH THE GLOBAL INTERNAL AUDIT STANDARDS.**
6. **FOLLOW UP ON ENGAGEMENT FINDINGS TO CONFIRM THE IMPLEMENTATION OF RECOMMENDATIONS OR CORRECTIVE ACTIONS AND COMMUNICATE THE RESULTS OF INTERNAL AUDIT SERVICES TO THE BOARD AND SENIOR MANAGEMENT AND FOR EACH ENGAGEMENT AS APPROPRIATE. THE CHIEF INTERNAL AUDITOR WILL COMMUNICATE TO THE BOARD AND SENIOR LEADERSHIP ANY CORRECTIVE ACTIONS NOT EFFECTIVELY IMPLEMENTED OR UNDULY DELAYED.**

7. ENSURE THE INTERNAL AUDIT DEPARTMENT COLLECTIVELY POSSESSES OR OBTAINS THE KNOWLEDGE, SKILLS, AND OTHER COMPETENCIES AND QUALIFICATIONS NEEDED TO MEET THE REQUIREMENTS OF THE GLOBAL INTERNAL AUDIT STANDARDS AND FULFILL THE INTERNAL AUDIT MANDATE.
8. IDENTIFY AND CONSIDER TRENDS AND EMERGING ISSUES THAT COULD IMPACT THE DISTRICT AND COMMUNICATE TO THE BOARD AND SENIOR MANAGEMENT AS APPROPRIATE.
9. ENSURE EMERGING TRENDS AND SUCCESSFUL PRACTICES IN INTERNAL AUDITING ARE CONSIDERED.
10. ESTABLISH AND ENSURE ADHERENCE TO METHODOLOGIES AND PROCEDURES DESIGNED TO GUIDE THE INTERNAL AUDIT DEPARTMENT.
11. ENSURE ADHERENCE TO THE DISTRICT'S RELEVANT POLICIES AND PROCEDURES, UNLESS SUCH POLICIES AND PROCEDURES CONFLICT WITH THE INTERNAL AUDIT CHARTER OR THE GLOBAL INTERNAL AUDIT STANDARDS. ANY SUCH CONFLICTS WILL BE RESOLVED OR DOCUMENTED AND COMMUNICATED TO THE BOARD.
12. COORDINATE ACTIVITIES AND CONSIDER RELYING UPON THE WORK OF OTHER INTERNAL AND EXTERNAL PROVIDERS OF ASSURANCE AND ADVISORY SERVICES PROVIDERS. THE SUPERINTENDENT OR DESIGNEE IS RESPONSIBLE FOR ENSURING THE CHIEF INTERNAL AUDITOR RECEIVES COPIES OF ALL EXTERNAL AUDIT/ASSESSMENT REPORTS. IF THE CHIEF INTERNAL AUDITOR CANNOT ACHIEVE AN APPROPRIATE LEVEL OF COORDINATION, THE ISSUE MUST BE COMMUNICATED TO SENIOR MANAGEMENT AND, IF NECESSARY, ESCALATED TO THE BOARD.
13. MANAGE THE DISTRICT'S FRAUD, WASTE, AND ABUSE HOTLINE AS A LONG-TERM RESPONSIBILITY. TO SAFEGUARD INDEPENDENCE, INTERNAL AUDIT'S ROLE WILL BE LIMITED TO RECEIVING, DOCUMENTING, AND REFERRING ALLEGATIONS FOR APPROPRIATE REVIEW WHILE MAINTAINING OBJECTIVITY AND AVOIDING OPERATIONAL DECISION-MAKING. HOWEVER, IF AN ALLEGATION FALLS WITHIN THE SCOPE OF INTERNAL AUDIT'S DEFINED RESPONSIBILITIES IN THIS CHARTER, THE DEPARTMENT MAY CONDUCT AN INDEPENDENT INVESTIGATION. THE EFFECTIVENESS OF THESE SAFEGUARDS WILL BE EVALUATED PERIODICALLY THROUGH THE DEPARTMENT'S QUALITY ASSURANCE AND IMPROVEMENT PROGRAM. ALSO, SHOULD THE BOARD REQUEST AN AUDIT OF THE FRAUD, WASTE, AND ABUSE HOTLINE, AN INDEPENDENT THIRD-PARTY FIRM WILL BE ENGAGED, AND THIS AUDIT SHOULD NOT BE MANAGED BY THE CHIEF INTERNAL AUDITOR OR THE INTERNAL AUDIT DEPARTMENT.

#### **4.4 COMMUNICATION WITH THE BOARD**

**THE CHIEF INTERNAL AUDITOR WILL REPORT PERIODICALLY TO THE BOARD REGARDING:**

1. THE INTERNAL AUDIT DEPARTMENT'S MANDATE.
2. THE INTERNAL AUDIT PLAN AND PERFORMANCE RELATIVE TO ITS PLAN.
3. INTERNAL AUDIT BUDGET AND RESOURCE REQUIREMENTS.
4. SIGNIFICANT REVISIONS TO THE INTERNAL AUDIT PLAN.
5. POTENTIAL IMPAIRMENTS TO INDEPENDENCE, INCLUDING RELEVANT DISCLOSURES AS APPLICABLE.
6. RESULTS FROM THE QUALITY ASSURANCE AND IMPROVEMENT PROGRAM, WHICH INCLUDE THE INTERNAL AUDIT DEPARTMENT'S CONFORMANCE WITH THE IIA'S GLOBAL INTERNAL AUDIT STANDARDS, AND ACTION PLANS TO ADDRESS ANY DEFICIENCIES AND OPPORTUNITIES FOR IMPROVEMENT.
7. SIGNIFICANT RISK EXPOSURES AND CONTROL ISSUES, INCLUDING FRAUD RISKS, GOVERNANCE ISSUES, AND OTHER AREAS OF FOCUS FOR THE BOARD THAT COULD INTERFERE WITH THE ACHIEVEMENT OF THE DISTRICT'S STRATEGIC OBJECTIVES.
8. RESULTS OF ASSURANCE AND ADVISORY SERVICES.
9. MANAGEMENT'S RESPONSES TO RISK THAT THE INTERNAL AUDIT DEPARTMENT DETERMINES MAY BE UNACCEPTABLE OR ACCEPTANCE OF A RISK THAT IS BEYOND THE DISTRICT'S APPETITE.

THE CHIEF INTERNAL AUDITOR WILL ALSO MEET WITH THE BOARD AUDIT COMMITTEE ON A QUARTERLY BASIS TO DISCUSS THE STATUS OF THE INTERNAL AUDIT PLAN, RESULTS OF AUDIT ENGAGEMENTS OR OTHER ACTIVITIES, AND OTHER MATTERS REQUESTED BY THE BOARD.

#### **4.5 QUALITY ASSURANCE AND IMPROVEMENT PROGRAM**

THE CHIEF INTERNAL AUDITOR WILL DEVELOP, IMPLEMENT, AND MAINTAIN A QUALITY ASSURANCE AND IMPROVEMENT PROGRAM THAT COVERS ALL ASPECTS OF THE INTERNAL AUDIT DEPARTMENT. THE PROGRAM WILL INCLUDE EXTERNAL AND INTERNAL ASSESSMENTS OF THE INTERNAL AUDIT DEPARTMENT'S CONFORMANCE WITH THE GLOBAL INTERNAL AUDIT STANDARDS, AS WELL AS PERFORMANCE MEASUREMENT TO ASSESS THE INTERNAL AUDIT FUNCTION'S PROGRESS TOWARD THE ACHIEVEMENT OF ITS OBJECTIVES AND PROMOTION OF CONTINUOUS IMPROVEMENT. THE PROGRAM ALSO WILL ASSESS, WHEN APPLICABLE, COMPLIANCE WITH LAWS AND/OR REGULATIONS RELEVANT TO INTERNAL AUDITING. ALSO, IF APPLICABLE, THE ASSESSMENT WILL INCLUDE PLANS TO ADDRESS THE INTERNAL AUDIT DEPARTMENT'S DEFICIENCIES AND OPPORTUNITIES FOR IMPROVEMENT.

ANNUALLY, THE CHIEF INTERNAL AUDITOR WILL COMMUNICATE WITH THE BOARD ABOUT THE INTERNAL AUDIT DEPARTMENT'S QUALITY ASSURANCE AND IMPROVEMENT PROGRAM, INCLUDING THE RESULTS OF INTERNAL ASSESSMENTS



**(ONGOING MONITORING AND PERIODIC SELF-ASSESSMENTS) AND EXTERNAL ASSESSMENTS. EXTERNAL ASSESSMENTS WILL BE CONDUCTED AT LEAST ONCE EVERY FIVE YEARS BY A QUALIFIED, INDEPENDENT ASSESSOR OR ASSESSMENT TEAM FROM OUTSIDE THE DISTRICT. QUALIFICATIONS MUST INCLUDE AT LEAST ONE ASSESSOR HOLDING AN ACTIVE CERTIFIED INTERNAL AUDITOR CREDENTIAL.**

## **5. Scope AND TYPES of Internal Audit Activities**

The scope of internal audit activities **SERVICES COVERS THE ENTIRE BREADTH OF THE DISTRICT, INCLUDING ALL OF THE DISTRICT'S ACTIVITIES, ASSETS, AND PERSONNEL. THE SCOPE OF INTERNAL AUDIT ACTIVITIES ALSO** encompasses, but is not limited to, objective examinations of evidence ~~for the purpose of providing~~ **TO PROVIDE** independent ~~assessments~~ **ASSURANCE AND ADVISORY SERVICES** to the Board **AND** management, ~~and outside parties~~ on the adequacy and effectiveness of governance, risk management, and control processes for the District.

**THE NATURE AND SCOPE OF ADVISORY SERVICES MAY BE AGREED UPON WITH THE PARTY REQUESTING THE SERVICE, PROVIDED THE INTERNAL AUDIT DEPARTMENT DOES NOT ASSUME MANAGEMENT RESPONSIBILITY. OPPORTUNITIES FOR IMPROVING THE EFFICIENCY OF GOVERNANCE, RISK MANAGEMENT, AND CONTROL PROCESSES MAY BE IDENTIFIED DURING ADVISORY ENGAGEMENTS. THESE OPPORTUNITIES WILL BE COMMUNICATED TO THE APPROPRIATE LEVEL OF MANAGEMENT.**

Internal audit assessments include evaluating whether:

1. Risks relating to the achievement of the District's goals and strategic objectives are appropriately identified and managed.
2. The actions of the District's **LEADERSHIP, MANAGEMENT**, employees, and vendors/contractors, **OR OTHER RELEVANT PARTIES COMPLY** ~~are in compliance~~ with the District's policies, procedures, and applicable laws, regulations, and governance standards.
3. The results of operations or programs are consistent with established goals and objectives.
4. Operations or programs are being carried out effectively, ~~and~~ efficiently, **ETHICALLY, AND EQUITABLY.**
5. Established processes and systems enable compliance with the policies, plans, laws, regulations, and procedures that could significantly impact the District.
6. **THE INTEGRITY OF** Information and the means used to identify, measure, analyze, classify, and report such information **IS** ~~are reliable and have integrity.~~
7. Resources and assets are acquired economically, used efficiently, and adequately protected.
8. ~~The chief internal auditor also coordinates activities and considers relying on the work of other internal and external assurance and consulting service providers in order to avoid~~

ACCOUNTING  
AUDITS

CFC  
(EXHIBIT)

duplication of effort, minimize audit findings, improve the effectiveness of corrective action plans, and improve communications between affected departments and personnel. The Superintendent or designee is responsible for ensuring the chief internal auditor receives copies of all external audit/reviews reports. External audit/review reports will be used for audit plan risk analysis purposes and to monitor the progress made by management to address high risk findings.

~~9. The internal audit department may perform advisory and related client service activities, the nature and scope of which will be agreed upon with the client, provided the internal audit department does not assume management responsibility.~~

~~10. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.~~

~~The chief internal auditor will:~~

~~14. Periodically report to the Board and inform senior management regarding the internal audit department's purpose, authority, and responsibility.~~

~~15. Provide quarterly reports to the Board on the internal audit department's plan and performance relative to its plan.~~

~~16. Periodically report to the Board the internal audit department's conformance with the IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.~~

~~17. Periodically report significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Board.~~

~~18. Meet with the Board audit committee on a quarterly basis to discuss the status of the audit plan, results of audit engagements or other activities, and other matters requested by the Board.~~

~~19. Periodically report resource requirements to the Board.~~

~~20. Report to the Board and inform senior management of any response to risk (including responses to audit findings) by management that may be unacceptable to the District.~~

### **Responsibility**

~~The chief internal auditor has the responsibility to:~~

~~1. Submit, at least annually, to the Board a risk-based audit plan for review and approval.~~

~~2. Communicate to the Board the impact of resource limitations on the audit plan.~~

~~3. Review and adjust the audit plan, as necessary, in response to changes in the District's business, risks, operations, programs, systems, and controls.~~

ACCOUNTING  
AUDITS

CFC  
(EXHIBIT)

- ~~4. Communicate to the Board, for review and approval, any significant interim changes to the audit plan.~~
- ~~5. Ensure audit engagements executed include the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.~~
- ~~6. Follow up on engagement findings and corrective actions, and report to the Board and senior management any corrective actions not effectively implemented or unduly delayed. The chief internal auditor will notify the Board of delayed/past due corrective action plan activities during the regularly scheduled monthly Board meetings.~~
- ~~7. Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.~~
- ~~8. Ensure the internal audit department collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.~~
- ~~9. Ensure trends and emerging issues that could impact the District are considered and communicated to the Board and senior management as appropriate.~~
- ~~10. Ensure emerging trends and successful practices in internal auditing are considered.~~
- ~~11. Establish and ensure adherence to policies and procedures designed to guide the internal audit department.~~
- ~~12. Ensure adherence to the District's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to the Board.~~
- ~~13. Establish a quality assurance and improvement program designed to enable an evaluation of the internal audit department's conformance with the Standards and an evaluation of whether internal auditors apply the IIA's Code of Ethics.~~
- ~~14. Communicate to the Board on the quality assurance and improvement program, including results of internal and external assessments.~~
- ~~15. Ensure conformance of the internal audit department with the Standards, with the following qualifications:~~
  - ~~• If the internal audit department is prohibited by law or regulation from conformance with certain parts of the Standards, the chief internal auditor will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.~~
  - ~~• If the Standards are used in conjunction with requirements issued by other authoritative bodies, the chief internal auditor will ensure the internal audit department conforms with the Standards, even if the internal audit department also conforms with the more restrictive requirements of other authoritative bodies.~~

## Internal Audit Reports and Corrective Action Plans

Internal audit reports will be communicated in accordance with the internal audit department's policies and procedures manual. Draft internal audit reports are distributed to the Superintendent and levels of management that have functional responsibility for acting on the findings and recommendations reported. The chief internal auditor will ensure draft internal audit reports are distributed to the Board for informational purposes.

District management and leadership are responsible for developing a corrective action plan (CAP) to address findings, recommendations, and observations. Once a CAP has been submitted to and found to be adequate, the internal audit report will be finalized. If in the opinion of the chief internal auditor the approval or adequacy of a CAP is unduly delayed, the chief internal auditor will report the same to the Board.

Finalized internal audit reports will be posted on the District's website, except information that is protected under the Family Educational Rights and Privacy Act (FERPA). Some reports may require special consideration. In cases where related investigations are being performed by human resources/other departments or findings are referred to law enforcement, the report posting may be delayed. In other cases, a more generalized report will be prepared for publication. When disclosing detailed weaknesses, such as nonfunctioning controls, would put the District at risk until fixed, a general report would be prepared for the public and a more detailed report would be prepared for the department personnel charged with correcting the weaknesses. In either case, the chief internal auditor will work with the District's legal counsel.

The chief internal auditor will ensure final internal audit reports are distributed to the Board, Superintendent, and management at least five working days prior to posting the report on the District's website.

*Note: The language that follows was moved under section 2.3 Changes to the Mandate and Charter, which is deemed more appropriate*

~~*This charter has been approved by the El Paso Board of Trustees and will only be modified upon a majority vote of the Board.*~~