



INTERNAL AUDIT CHARTER

INTRODUCTION:

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 City of Columbia. It assists the City in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management, internal control.

ROLE:

The internal audit activity is established by the City Council, as per policy.

PROFESSIONALISM:

The internal audit activity will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (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.

AUTHORITY:

The Internal Auditor, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all of the City of Columbia's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the Internal Auditor in fulfilling the activity's roles and responsibilities. The Internal Auditor will also have free and unrestricted access to the City Manager, and if needed, the City Council (via consultation with the City Counselor) and the Finance Advisory and Audit Committee (FAAC) via consultation with the Finance Director.

ORGANIZATION:

The Internal Auditor will report to the City Manager, who assumes the responsibility of communicating any pertinent audit matters to the City Council. Should an audit concern involve the City Manager's office, the Internal Auditor shall have the authority to communicate directly with the City Council via the City Counselor. The City Manager, with input from the City Council, will:

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

INDEPENDENCE AND OBJECTIVITY:

The Internal Auditor 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.

The Internal Auditor will have no direct operational responsibility or authority over any of the activities audited. Accordingly, the activity will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair auditor judgment.

The Internal Auditor will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. The Internal Auditor 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 Internal Auditor will have unrestricted access to the law department for advice and consultation.

The Internal Auditor will confirm to the City Manager, City Council, and the City Counselor, at least annually, the organizational independence of the internal audit activity.

RESPONSIBILITY:

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal controls, as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. This includes:

- Evaluating risk exposure relating to achievement of the organization'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.
- 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 City Manager, or the City Council via the City Manager or City Counselor, if needed.
- Evaluating specific operations at the request of management, as appropriate.

INTERNAL AUDIT PLAN:

At least annually, the Internal Auditor will submit to the City Manager, who will present to the City Council, an internal audit plan for review and approval. The internal audit plan will consist of a work schedule for the next fiscal year. The Internal Auditor will communicate the impact of resource limitations to the City Manager. The

internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of senior management and the City Council. The Internal Auditor will review and adjust the plan, as necessary, in response to changes in the organization's risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan will be communicated to the City Manager, who will communicate this information to the City Council.

REPORTING AND MONITORING:

A written report will be prepared and issued by the Internal Auditor following the conclusion of each internal audit engagement 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, whether included within the original audit report or provided thereafter (within thirty days) 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 Auditor will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared. The Internal Auditor will periodically report to the City Manager 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.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM:

The Internal Auditor 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 and the Standards and an evaluation of whether internal audit activity applies the Code of Ethics. 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 City Manager on 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.

Approved: May 20, 2019



Carey Bryce, Internal Auditor



John Glascock, Interim City Manager

