



INTERNAL AUDIT

ACTIVITY CHARTER

JANUARY 10, 2018

Contents

Introduction	- 3 -
Internal Audit Definition	- 3 -
Internal Audit Role	- 3 -
Principles and Standards of the Internal Audit Function	- 3 -
Professionalism	- 3 -
Authority	- 3 -
Organization	- 3 -
Independence and Objectivity	- 4 -
Scope and Responsibility	- 4 -
Scope	- 4 -
Responsibility	- 4 -
Planning and Reporting	- 5 -
Internal Audit Plan	- 5 -
Reporting and Monitoring	- 5 -
Internal Audit Activity Charter Approval	Error! Bookmark not defined.

Introduction

INTERNAL AUDIT DEFINITION

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 Newfoundland and Labrador English School District (hereafter referred to as the District). It assists the District 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.

INTERNAL AUDIT ROLE

The internal audit activity is established by the Board of Directors, Audit Committee, or highest level of governing body (hereafter referred to as the Board). The internal audit activity's responsibilities are defined by the Board as part of their oversight role.

Principles and Standards of the Internal Audit Function

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.

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 audit activity will adhere to the District's relevant policies and procedures.

AUTHORITY

The internal audit activity, with strict accountability for confidentiality and safeguarding records 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. The internal audit activity will also have free and unrestricted access to the Board.

ORGANIZATION

The Internal Auditor will report functionally to the Board and administratively (i.e. day to day operations) to the Assistant Director of Education - Finance.

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 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.
- Make appropriate inquiries of management and the Internal Auditor to determine whether there is inappropriate scope or resource limitations.

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

INDEPENDENCE AND OBJECTIVITY

The internal audit activity 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 Internal Auditor will confirm to the board, at least annually, the organizational independence of the internal audit activity.

Scope and Responsibility

SCOPE

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 may be completed through evaluation of the following:

- Risk exposure relating to achievement of the organization’s strategic objectives.
- Systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.
- Actions by NLESD employees to ensure compliance with policies, contracts, standards, procedures and applicable laws and regulations.
- Means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Effectiveness and efficiency with which resources are employed.
- Effectiveness of the organization's risk management processes.
- Quality of performance of external auditors and the degree of coordination with internal audit.
- Specific operations at the request of the Board or management, as appropriate.

RESPONSIBILITY

The main responsibilities of the Internal audit function will include, but are not limited to:

- Developing a flexible annual audit plan using a risk based approach, including and considering any risks or control concerns identified by management or the Board as described below.
 - Implementing the plan and perform audit engagements according to the audit plan approved by the board. It is the Internal Auditors responsibility to review and adjust this plan as necessary in response to changes in the District’s business, risks, operations, programs, systems and controls.
 - Communicating findings, results, opportunities for improvement and recommendations in a report submitted to the Board.
 - Following up on progress of recommendations and any agreed implementation plans or responses received.
 - Performing various other duties or special assignments as requested or as necessary including investigations or training.
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The internal audit function will look for opportunities for improvement for the district in all of the regards mentioned above. This will be identified during the course of the internal audits conducted and will be communicated appropriately.

The responsibility of the internal auditor should be reviewed in conjunction with the Internal Audit Activity Charter planning and reporting section which elaborates the responsibilities in these areas.

Planning and Reporting

INTERNAL AUDIT PLAN

At least annually, the Internal Auditor will submit to senior management and the Board an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next fiscal/calendar year. The Internal Auditor will communicate the impact of resource limitations and significant interim changes to senior management and the Board.

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 Board. The Internal Auditor will review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan will be communicated to senior management and the Board through periodic activity reports.

REPORTING AND MONITORING

A written report will be prepared and issued by the Internal Auditor or designee following the conclusion of each internal audit engagement and will be distributed as appropriate. A summary of internal audit findings will also be communicated to the Board on a periodic basis.

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 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 audit activity 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 senior management and the Board 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 and the Board.
