

ALAMO COLLEGES DISTRICT INTERNAL AUDIT DEPARTMENT CHARTER

Effective January 22, 2019

PURPOSE AND MISSION:

The purpose of the Alamo Colleges District's Internal Audit Department is to provide independent, objective assurance and consulting services designed to add value and improve the Alamo Colleges 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. The Internal Audit Department helps the Alamo Colleges District accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. The Internal Audit Department is established by the Board of Trustees, the highest level of governing body (hereafter referred to as the Board). The Internal Audit Department's responsibilities are defined by the Board as part of their oversight role.

STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING:

The Internal Audit Department will govern itself by adherence to the *Generally Accepted Government Auditing Standards* issued by the U.S. Government Accountability Office and the mandatory elements of The Institute of Internal Auditors' (IIA) International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing*, and the Definition of Internal Auditing. The Chief Audit Executive will report periodically to senior management and the Board regarding the Internal Audit Department's conformance to the Code of Ethics and the *Standards*.

AUTHORITY:

The District Director of Internal Audit is the Chief Audit Executive at the Alamo Colleges District. To provide for the independence of the Internal Audit Department, the Chief Audit Executive will report functionally to the Board and administratively to the Chancellor. To establish, maintain, and assure that the Alamo Colleges District's Internal Audit Department has sufficient authority to fulfill its duties, the Board will:

- Approve the Internal Audit Department's charter.
- Approve the risk-based internal audit plan.
- Approve the Internal Audit Department's budget and resource plan.
- Receive communications from the Chief Audit Executive on the Internal Audit Department's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Chief Audit Executive.
- At least once per year, review the performance of the Chief Audit Executive.
- Approve the remuneration of the Chief Audit Executive.
- Review the effectiveness of the Internal Audit Department.
- Make appropriate inquiries of management and the Chief Audit Executive to determine whether there are inappropriate scope or resource limitations.

To the extent permitted by the Texas Open Meetings Act, the Chief Audit Executive will have unrestricted access to, and communicate and interact directly with, the Board, including in private meetings without management present.

The Board authorizes the Internal Audit Department to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of the Alamo Colleges District, as well as other specialized services from within or outside the Alamo Colleges District, in order to complete the engagement.

INDEPENDENCE AND OBJECTIVITY:

The Chief Audit Executive 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 selection, scope, procedures, frequency, timing, and report content. If the Chief Audit Executive 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 maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors 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 Alamo Colleges District or its affiliates.
- Initiating or approving transactions external to the Internal Audit Department.
- Directing the activities of any Alamo Colleges 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.

Where the Chief Audit Executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The Chief Audit Executive will confirm to the Board, at least annually, the organizational independence of the Internal Audit Department.

The Chief Audit Executive will disclose to the Board any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

SCOPE OF INTERNAL AUDIT ACTIVITIES:

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Board, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the Alamo Colleges District. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of the Alamo Colleges District's strategic objectives are appropriately identified and managed.
- The actions of the Alamo Colleges District's senior leadership, directors, managers, employees, and contractors are in compliance with the Alamo Colleges District's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Alamo Colleges District.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The Chief Audit Executive will report periodically to senior management and the Board regarding:

- The Internal Audit Department's purpose, authority, and responsibility.
- The Internal Audit Department's plan and performance relative to its plan.
- The Internal Audit Department's conformance with the IIA's Code of Ethics and *Standards*, the U.S. Government Accountability Office's *Generally Accepted Government Auditing Standards*, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Board.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the Alamo Colleges District.

The Chief Audit Executive also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The Internal Audit Department may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, 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 engagements. These opportunities will be communicated to the appropriate level of management.

RESPONSIBILITY:

The Chief Audit Executive has the responsibility to:

- Submit, at least annually, to senior management and the Board a risk-based internal audit plan for review and approval.
- Communicate to senior management and the Board the impact of resource limitations on the internal audit plan.

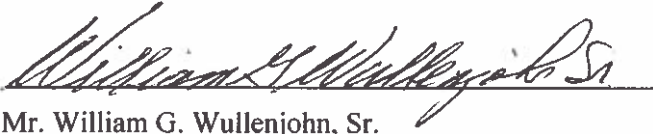
- Review and adjust the internal audit plan, as necessary, in response to changes in the Alamo College District's business, risks, operations, programs, systems, and controls.
- Communicate to senior management and the Board any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including 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.
- Follow up on engagement findings and corrective actions, and report periodically to senior management and the Board any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the Internal Audit Department collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Internal Audit Department Charter.
- Ensure trends and emerging issues that could impact the Alamo Colleges District are considered and communicated to senior management and the Board as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the Internal Audit Department.
- Ensure adherence to the Alamo Colleges District's relevant policies and procedures, unless such policies and procedures conflict with the Internal Audit Department Charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Board.
- 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 audit executive will ensure appropriate disclosures and will ensure conformance with all other parts of the *Standards*.
 - If the *Standards* are used in conjunction with requirements contained in the *Generally Accepted Government Auditing Standards* issued by the U.S. Government Accountability Office, the Chief Audit Executive will ensure that the Internal Audit Department conforms with the *Standards*, even if the Internal Audit Department also conforms with the more restrictive requirements of the U.S. Government Accountability Office.
- Ensure conformance of the Internal Audit Department with *Generally Accepted Government Auditing Standards* issued by the U.S. Government Accountability Office. Those standards require auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on the audit objectives.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM:

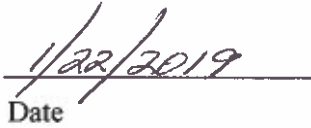
The Internal Audit Department will maintain a quality assurance and improvement program that covers all aspects of the Internal Audit Department. The program will include an evaluation of the Internal Audit Department's conformance with *Generally Accepted Government Auditing Standards*, conformance with the *Standards*, and an evaluation of whether internal auditors apply the IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the Internal Audit Department and identify opportunities for improvement.

The Chief Audit Executive will communicate to senior management and the Board on the Internal Audit Department's quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every three years by a qualified, independent assessor or assessment team from outside the Alamo Colleges District.

APPROVAL / SIGNATURES:



Mr. William G. Wullenjohn, Sr.
Chief Audit Executive
District Director of Internal Audit



Date



Mr. Roberto Zárate
Topic Chairman, Audit, Budget, & Finance,
Committee of the Whole



Date



Dr. Michael Flores
Chancellor



Date

Related Procedure:

Alamo Colleges Internal Audit Protocol