

# MECKLENBURG COUNTY

## Department of Internal Audit Charter

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### **VISION**

To be a catalyst for positive change in Mecklenburg County government.

### **MISSION**

To support key stakeholders to cultivate an environment of accountability, transparency, and good governance.

### **VALUE STATEMENT**

To be viewed as a trusted partner with management to collectively improve County operations, accountability, and transparency.

### **GUIDING PRINCIPLES**

Internal Audit will embrace the following values: Integrity, Objectivity, Confidentiality, and Competency as identified in The Institute of Internal Auditors Code of Ethics, which aligns with Mecklenburg County's Values and Guiding Principles regarding Ethics, Customers, Employees, Excellence, Teams, and Accountability.

### **PROFESSIONALISM**

Internal audit activity will be governed by conformance to The Institute of Internal Auditors' mandatory guidance, including the Mission, Core Principles, 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 fundamental principles for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit program.

In addition, Internal Audit will adhere to relevant federal, state, and local government statutes and regulations, Mecklenburg County's policies and procedures, and the Department of Internal Audit (Internal Audit) standard operating procedures. The standard operating procedures shall include attributes, performance, and implementation standards to guide Internal Audit.

### **ORGANIZATION**

The internal audit activity is established by the Mecklenburg County Board of County Commissioners (the Board). The Department of Internal Audit's responsibilities are defined by the Audit Review Committee of the Board and are part of its oversight role as defined in the Audit Review Committee Charter.

The Audit Review Committee established by the Board will concur with County executive management decisions regarding the appointment, reassignment, replacement, or dismissal of the internal audit director as a means of safeguarding the uniquely independent status of the internal audit function.

## **AUTHORITY**

The internal auditors, with strict accountability to laws for confidentiality and safeguarding records and information, are authorized full, free, and unrestricted access to any and all of Mecklenburg County records, physical properties, and personnel pertinent to carrying out any engagement. All County employees are expected to assist Internal Audit in fulfilling its roles and responsibilities. The internal audit director reports to the County Manager with direct access to the Board and the Audit Review Committee, including closed sessions in accordance with State statutes.

## **INDEPENDENCE AND OBJECTIVITY**

Internal auditing is an independent activity providing risk-based and objective assurance, consulting, advice, and insight to enhance and protect the organizational value of Mecklenburg County operations. The internal audit activity will remain free from negative interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, and report content to allow internal auditors to retain their independence and objectivity.

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 the internal auditor's judgment.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

At least annually, the internal audit director will confirm to the Audit Review Committee 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 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 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 policies, plans, procedures, laws, and regulations that could have a significant impact on the organization
- Evaluating the means of safeguarding and verifying the existence of assets
- Evaluating the effectiveness and efficiency with which resources are employed
- Evaluating operations or programs to ascertain whether results are consistent with established goals and objectives 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
- Monitoring and evaluating internal controls

- Providing feedback as necessary on the quality of external auditors' performance and help coordinate activities with Internal Audit
- Performing consulting and advisory services related to governance, risk management, and controls
- Managing the Fraud Hotline program and activities
- Investigating alleged or reported breaches of internal control including fraud, waste, and abuse.
- Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to the audit plan
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Board or the Audit Review Committee
- Evaluating specific operations at the request of the Board, the Audit Review Committee, or County executive management, as appropriate

## **INTERNAL AUDIT PLAN**

At least annually, the internal audit director will submit to the County Manager, County executive management, and the Audit Review Committee a summary of the annual audit plan, as well as projected resources required to implement the audit plan. The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input from the Board, the Audit Review Committee, the County Manager, and management. Any significant deviation from the approved internal audit plan will be periodically communicated to County Manager and the Audit Review Committee.

## **REPORTING AND MONITORING**

Following the conclusion of each internal audit, a final written audit report will be prepared and issued by the internal audit director or designee. The report will be distributed to the Board of County Commissioners, the Audit Review Committee, the County Manager, County executive management, and other key stakeholders. Subsequently, the final report will be posted to the County's internet website as allowed by State law.

The final report will include management's response and risk mitigation strategy for specific findings and recommendations. Management's response must include a timeline to implement any corrective action plans, as well as explanations for any recommendations they do not plan to implement. The County Manager's response to management's risk mitigation strategies will also be included in the final report. Internal Audit will be responsible for appropriate follow-up and reporting on all audit findings, recommendations, and action plans. All issues with open or partially implemented action plans will remain open until cleared.

## **PERIODIC ASSESSMENT**

The internal audit director will periodically report to the County Manager, County executive management, and the Audit Review Committee on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to the annual audit plan. Reporting will include significant risk exposures and control issues, such as fraud risks, governance issues, and other matters noted, as well

as any information requested by the County Manager, County executive management, and/or the Audit Review Committee.

In addition, the internal audit director will communicate to the County Manager, County executive management, and the Audit Review Committee on the internal audit activity's quality assurance and improvement program, including results of ongoing and annual internal self-assessments, external peer reviews, and conformance with The Institute of Internal Auditors' Code of Ethics and the Standards. Peer reviews will be conducted at least every five years.

***APPROVED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, \_\_\_\_\_***

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***CHAIRMAN OF THE BOARD OF COUNTY COMMISSIONERS***

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***CHAIRMAN OF THE AUDIT REVIEW COMMITTEE***

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***COUNTY MANAGER***

\_\_\_\_\_  
***DIRECTOR OF INTERNAL AUDIT***