

APPENDIX K

Louisiana Division of Administration Internal Audit Charter

State of Louisiana Certification Checklist

Prepared by
Louisiana Office of Community Development/Disaster Recovery Unit

Louisiana Division of Administration

Internal Audit Charter

Purpose

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the Division of Administration's (DOA's) organizational operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Audit Scope

The scope of the internal audit function is to determine whether the DOA's network of risk management, control, and governance processes, as designed and represented by management, are adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Interaction with the various agencies and sections within DOA occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employee actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in the DOA's control process.
- Significant legislative or regulatory issues impacting DOA are recognized and addressed properly.

Opportunities for improving management control, program and cost effectiveness, and DOA's image may be identified during audits. These opportunities will be communicated to the appropriate level of management.

Standards of Internal Auditing

The Division of Administration's Internal Audit Section will adhere to the Institute of Internal Auditor's (IIA's) "International Standards for the Professional Practice of Internal Auditing" and "Code of Ethics."

Authority

Authority has been granted for full unrestricted access to any and all of the Division of Administration's records, physical properties, and personnel relevant to any function under audit or review. All employees are requested to assist DOA's Internal Audit Section in fulfilling the internal audit function. Information obtained will be maintained with appropriate confidentiality. The Internal Audit Section shall have free and unrestricted access to the Commissioner of Administration.

Organization

In order to comply with the IIA's standards of independence, the Internal Audit Administrator will report administratively and functionally to the Commissioner of Administration.

Independence

In order to maintain independence in fact and appearance, staff members of the Division of Administration's Internal Audit Section are not authorized to:

- Perform any operational duties for DOA or its affiliates.
- Initiate or approve accounting transactions external to the Internal Audit Section.
- Direct the activities of any DOA employee not employed by the Internal Audit Section, except to the extent such employees have been appropriately assigned to the auditing teams or to otherwise assist the Internal Audit Section.

Should an auditor become aware of any impairment to his or her independence whether in fact or appearance, the Internal Audit Administrator will report the impairment to the Assistant Commissioners, Deputy Commissioner, and/or the Commissioner of Administration.

The Internal Audit Administrator will confirm to the Commissioner of Administration, at least annually, the organizational independence of the internal audit activity within DOA.

Responsibility

DOA's Internal Audit Section has the responsibility to:

- Develop an annual audit plan and audit schedule using a risk-based approach, including any risks or control concerns identified by management, and submit that plan to the Commissioner of Administration and DOA Executive Management for review and comment. The final audit plan will be submitted to the Commissioner and Deputy Commissioner for final approval.
- Implement the annual audit work plan, as approved, including, as appropriate, any special tasks or projects requested by management and approved by the Commissioner or Administration.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of the Charter.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Issue reports to management summarizing results of audit activities.
- Assist in the investigation of significant suspected fraudulent activities within DOA and notify management of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to DOA at a reasonable overall cost.
- Monitor the external audit activities of DOA and keep management informed of these activities.

Reporting

Internal audit reports resulting from internal audit activities may be issued and distributed to the Commissioner of Administration and to management within the Division in the form of a letter, formal written report, or a verbal report at the conclusion of an audit or project. The Internal Audit Section shall be responsible for appropriate follow-up on observations and recommendations presented in audit reports.

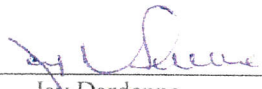
Periodic Assessments

The Internal Audit Section will maintain a quality assurance and improvement program that covers all aspects of DOA's internal audit activity. The program will include internal evaluations of the Internal Audit Section's conformance with the definition of internal auditing and standards and an evaluation of whether internal auditors apply the Code of Ethics in internal audit activities. The quality assurance and improvement program will also assess the efficiency and effectiveness of internal audit activities and identify opportunities for improvement. In addition to ongoing internal assessments, external assessments of DOA's internal audit activities will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside of DOA.

The result of these periodic internal and external assessments will be communicated to the Commissioner of Administration and other senior management within DOA.

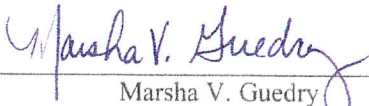
Approvals

The DOA Internal Audit Charter has been presented to the Internal Audit Administrator and the Commissioner of Administration for approval.



Jay Dardenne
Commissioner
Division of Administration

1/29/16
Date



Marsha V. Guedry
Internal Audit Administrator
Division of Administration

1/14/16
Date