

APPENDIX O

Louisiana Division of Administration Internal Audit Charter

State of Louisiana

Certification Checklist

Prepared by



LOUISIANA
Office of
COMMUNITY
DEVELOPMENT

Louisiana Division of Administration

Internal Audit Charter

Purpose and Mission

The purpose of the Division of Administration's (DOA's) Internal Audit Section is to provide independent, objective assurance and consulting services designed to add value and improve DOA's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The Internal Audit Section helps DOA accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Standards for the Professional Practice of Internal Auditing

DOA's Internal Audit Section will govern itself by adherence to the mandatory elements of the Institute of Internal Auditors' (IIA's) 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 Internal Audit Administrator will report annually to senior management within DOA, including the Commissioner of Administration, regarding the Internal Audit Section's conformance to the Code of Ethics and the *Standards*.

Authority

The Internal Audit Administrator will report functionally to the Commissioner of Administration and administratively to the Assistant Commissioner of Policy/Personnel. To establish, maintain, and assure that DOA's Internal Audit Section has sufficient authority to fulfill its duties, the Commissioner of Administration and Deputy Commissioner will:

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

The Internal Audit Administrator will have unrestricted access to, communicate with, and interact directly with the Commissioner of Administration, Deputy Commissioner, and the Assistant Commissioners within DOA senior management, including in private meetings without management present as necessary.

The Commissioner of Administration authorizes the Internal Audit Section 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 within DOA as well as other specialized services from outside DOA in order to complete engagements.

All employees are requested to assist DOA's Internal Audit Section in fulfilling the internal audit function. Any information obtained during audits or engagements will be maintained with appropriate confidentiality.

Independence and Objectivity

The Internal Audit Administrator will ensure that the Internal Audit Section 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 Internal Audit Administrator determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to the 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 DOA or its affiliates.
- Initiating or approving transactions external to the Internal Audit Section.
- Directing the activities of any DOA employee not employed by the Internal Audit Section except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the Internal Audit Administrator 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 Internal Audit Administrator will disclose to the Commissioner of Administration, the Deputy Commissioner, and the Assistant Commissioners any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

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

Scope of Internal Audit Activities

The scope of DOA's internal audit activities encompasses but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Commissioner of Administration and other senior management within DOA on the adequacy and effectiveness of governance, risk management, and control processes for DOA. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of DOA's strategic objectives are appropriately identified and managed.
- Interaction with the various agencies and sections within DOA occurs as needed.
- The actions of DOA senior management, employees, and contractors are in compliance with DOA'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.
- Programs, plans, and objectives are achieved.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact DOA.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Resources and assets are acquired economically, used efficiently, and protected adequately.
- Quality and continuous improvement are fostered in the DOA's control process.
- Significant legislative or regulatory issues impacting DOA are recognized and addressed properly.

The Internal Audit Administrator will report periodically to senior management and the Commissioner of Administration regarding:

- The Internal Audit Section's purpose, authority, and responsibility.
- The Internal Audit Section's plan and performance relative to its plan.
- The Internal Audit's conformance with the IIA's Code of Ethics and 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 Commissioner of Administration or other senior management within DOA.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to DOA.

The Internal Audit Administrator 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 Section may perform advisory and related client service activities, the nature and scope of which will be agreed with the agency or section, provided the Internal Audit Section 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 Internal Audit Administrator has the responsibility to:

- Develop an annual audit plan, IT audit plan, and audit work schedules 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 senior management for review and comment. The final audit plans will be approved by the Commissioner and Deputy Commissioner.
- Communicate to senior management and the Commissioner of Administration the impact of resource limitations on the internal audit plan.
- Implement the annual audit plans, as approved, including, as appropriate, any special tasks or projects requested by management and approved by the Commissioner of Administration.
- Review and adjust the internal audit plans as necessary, in response to changes in DOA's business, risks, operations, programs, systems, and controls.
- Communicate to senior management and the Commissioner of Administration any significant interim changes to the internal audit plans and work schedules.
- 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 in narratives/programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties within DOA.
- 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.
- Assist in the investigation of significant suspected fraudulent activities within DOA and notify management of the results.
- Follow-up on observations (findings) and corrective actions, and report periodically to senior management and the Commissioner of Administration any corrective actions not effectively implemented.
- Monitor the external audit activities of DOA and keep management informed of these activities.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the Internal Audit Section collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.
- Ensure trends and emerging issues that could impact DOA are considered and communicated to senior management and the Commissioner of Administration 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 Section.
- Ensure adherence to DOA's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to DOA senior management and the Commissioner of Administration.
- Ensure conformance of the Internal Audit Section activities with the *IIA Standards*.

Reporting

Internal audit reports resulting from internal audit activities will be issued and distributed to the Commissioner of Administration, Deputy Commissioner, and to management within the DOA in the form of a letter or formal written report at the conclusion of an audit or project.

Quality Assurance and Improvement Program

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 an evaluation of the Internal Audit Section's conformance with the *Standards* and an evaluation of whether internal auditors apply the IIA's Code of Ethics. The quality assurance and improvement program will also assess the efficiency and effectiveness of internal audit activities and identify opportunities for improvement.

The Internal Audit Administrator will communicate annually to DOA senior management and the Commissioner of Administration on the internal audit activity's quality and assurance improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside of DOA.

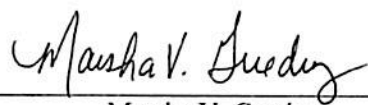
Approvals

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

9/26/19
Date



Marsha V. Guedry
Internal Audit Administrator
Division of Administration

9/25/19
Date