

What's the Purpose for an Internal Audit Charter? To provide the City Auditor's Office with clearly defined and articulated course of action that allow the internal audit function to operate at the highest levels

Why is an Internal Audit Charter Important?



- Provides a blueprint of how internal audit will operate
- Helps the governing body clearly signal the value it places on internal audit's independence

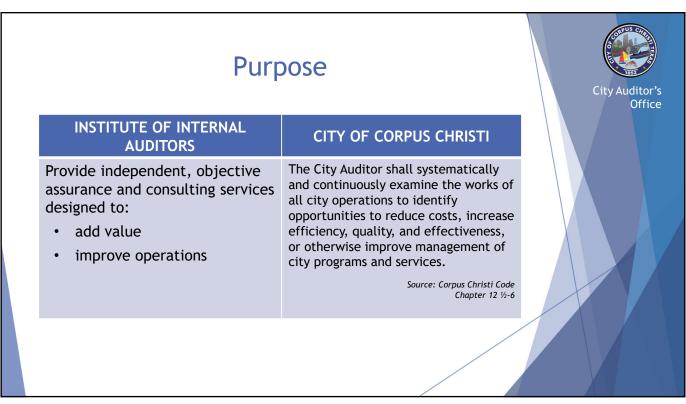
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What are the Vital Components of an Internal Audit Charter?



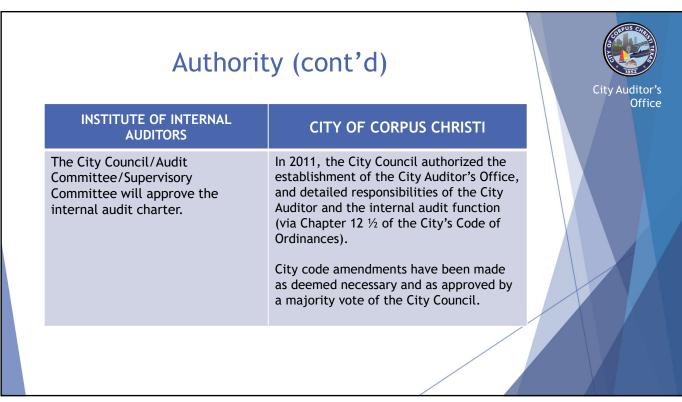
- Mission and Purpose
- Authority
- Independence and Objectivity
- Scope of Internal Audit Activities
- Responsibility
- Quality Assurance and Improvement Program

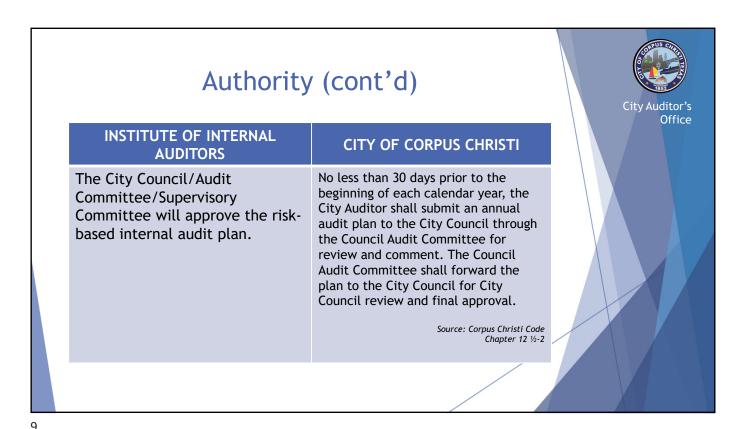
Mission **INSTITUTE OF INTERNAL CITY OF CORPUS CHRISTI AUDITORS** Enhance and protect organizational Under the direction and supervision of value by providing risk-based and the City Auditor, the City Auditor's Office is a department that provides objective: assurance to the City Council that assurance management has established an advice effective system of internal control. insight Source: Corpus Christi Code Chapter 2, Article III, Sec 2-51



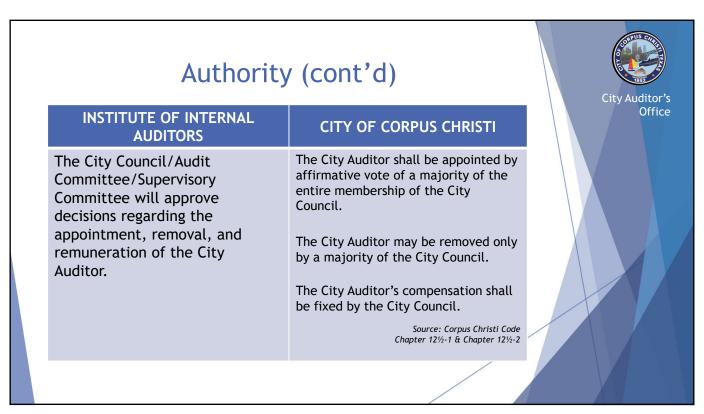
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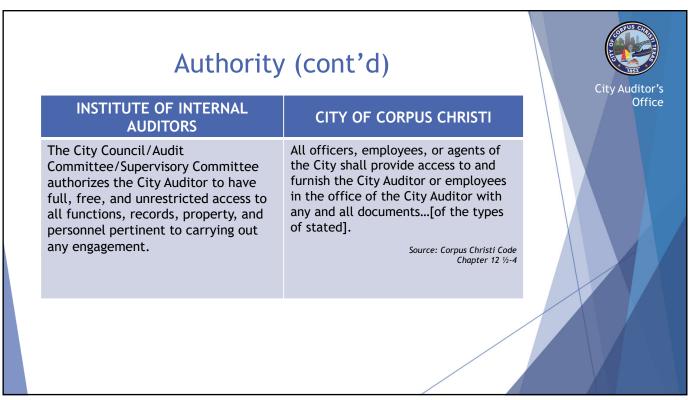
Authority INSTITUTE OF INTERNAL AUDITORS The Chief Audit Executive will report functionally to the City Council/Audit Committee/Supervisory Committee and administratively to the Chief Executive Officer. CITY OF CORPUS CHRISTI The City Auditor shall be appointed by affirmative vote of a majority of the entire membership of the City Council. Source: Corpus Christi Code Chapter 12 ½-1





Authority (cont'd) Office **INSTITUTE OF INTERNAL** CITY OF CORPUS CHRISTI **AUDITORS** The City Council/Audit The City Auditor administers the affairs of the City Auditor's Office Committee/Supervisory within the City's budget approval Committee will approve the process. internal audit department's Source: Corpus Christi Code budget and resource plan. Chapter 121/2-2





Independence & Objectivity

INSTITUTE OF INTERNAL AUDITORS

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.

CITY OF CORPUS CHRISTI

The organization and administration of the [City] Auditor's Office shall be sufficiently independent to assure that no interference or influence shall adversely affect an independent and objective judgment of the auditor.

> Source: Corpus Christi Code Chapter 12½-2

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Independence & Objectivity (cont'd)

INSTITUTE OF INTERNAL AUDITORS

The Chief Audit Executive will confirm to the Board/Audit Committee, at least annually, the organizational independence of the internal audit department.

CITY OF CORPUS CHRISTI

The City Code establishes the City Auditor's Office, with the City Auditor being appointed by affirmative vote of a majority of the entire City Council.

Additionally, each year, the City Auditor is required to submit an annual audit plan to the City Council through the Council Audit Committee for review and recommendation. The Council Audit Committee then forwards the plan to the City Council for review and final approval.



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 on the adequacy and effectiveness of governance, risk management, and control processes.

CITY OF CORPUS CHRISTI

The City Auditor is empowered to conduct performance and other work to determine whether activities, programs and systems were:

- implemented as authorized;
- · effective, economical, and efficient;
- compliant with applicable mandates; and to:
- determine whether financial and performance reports disclose information fairly, accurately, and in full

Source: Corpus Christi Code Chapter 12½-6

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Responsibility

INSTITUTE OF INTERNAL AUDITORS

The Chief Audit Executive has the responsibility to:

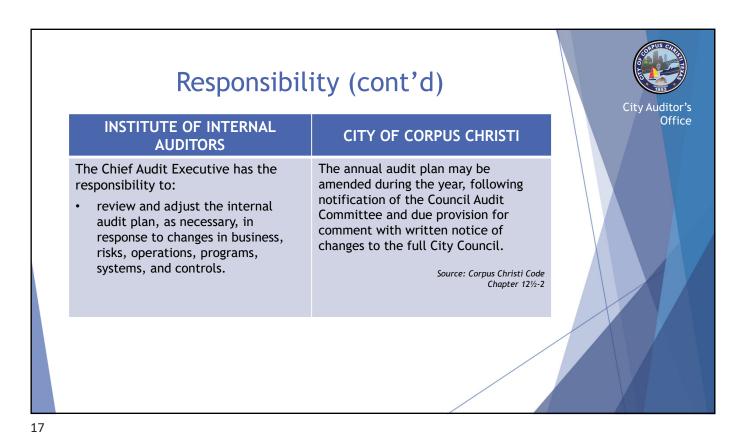
 submit, at least annually, to senior management and the Board/Audit Committee/Supervisory Committee, a risk-based internal audit plan for review and approval.

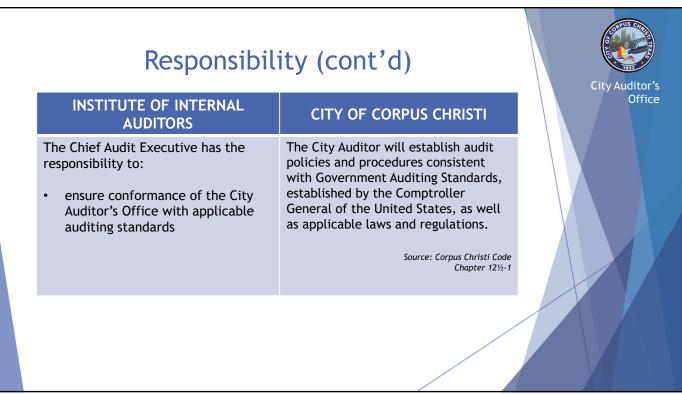
CITY OF CORPUS CHRISTI

No less than 30 days prior to the beginning of each calendar year, the City Auditor shall submit an annual audit plan to the City Council through the Council Audit Committee for review and comment. The Council Audit Committee shall forward the plan to the City Council for City Council review and final approval.

Source: Corpus Christi Code Chapter 12½-2







Responsibility (cont'd) **INSTITUTE OF INTERNAL** CITY OF CORPUS CHRISTI **AUDITORS** The Chief Audit Executive has the The City Auditor shall ensure accountability and implementation of a continuous responsibility to: improvement process by an annual status report of prior audit recommendations. follow-up on engagement findings At least 6 months, but no longer than 12 and corrective actions months, after the transmittal of an audit report to the City Council, the City Auditor report periodically to senior shall request a status report on actions taken management and the Board/Audit by appropriate officials in response to the Committee any corrective actions audit recommendations. not effectively implemented The City Auditor may request additional

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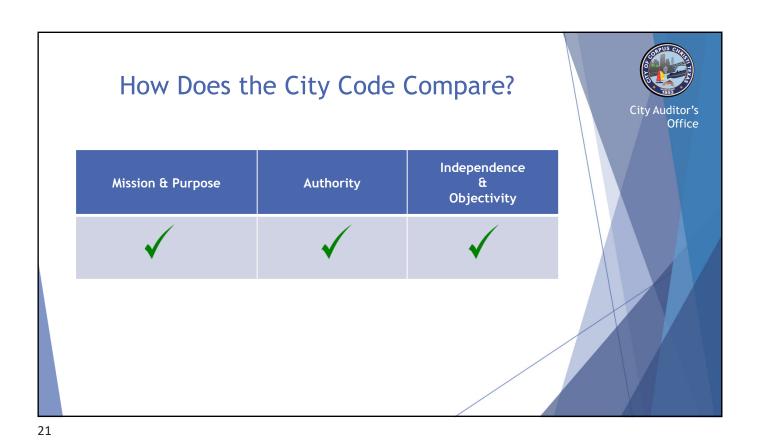
Quality Assurance & Improvement Plan Office **INSTITUTE OF INTERNAL** CITY OF CORPUS CHRISTI **AUDITORS** The Chief Audit Executive will The City Auditor's Office shall be subject to peer review not less than communicate to senior management once every 3 years. and the Board/Audit Committee/Supervisory Committee A copy of the peer review report shall on the internal audit department's be furnished to each member of the quality assurance and improvement City Council, after review and program. approval by the Council Audit Committee. Source: Corpus Christi Code Chapter 121/2-7

periodic status reports, and conduct follow-up

Source: Corpus Christi Code

Chapter 121/2-6

review as needed.



How Does the City Code Compare?

Scope of Internal Audit Activities

Responsibility

Quality Assurance & Improvement Program

Proposed Change - Audit Committee



CURRENT ORDINANCE

The audit committee will consist of four council members appointed by the Mayor at the beginning of each council term. The Mayor shall appoint one of the council members as the chairperson. The Mayor may change the membership of the audit committee at any time.

Source: Corpus Christi Code Chapter 12½-3.a.

PROPOSED CHANGE

Add:

Majority of members should collectively possess sufficient knowledge of audit, finance, local government, IT, law, governance, risk and control. At least one of the appointed members should possess sufficient knowledge of audit or finance. If not, appoint a member of the public to fulfill this role.

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Proposed Change - Access to Records & Property

CURRENT ORDINANCE

All officers, employees, or agents of the city shall provide access to and furnish the city auditor or employees in the office of the city auditor with any and all documents including but not limited to records, books, accounts, internal or external memoranda, writings and tapes, reports, vouchers, correspondence files, CDs, computer data, bank accounts, reports, funds, money, and other information or property in their custody. Also, such officers, employees, or agents shall fully cooperate with the office of the city auditor, and make full disclosure of all known information. In addition, they shall provide access for the city auditor to inspect all property, equipment, and facilities within their custody and observe any operations for which they are responsible.

> Source: Corpus Christi Code Chapter 12 ½-4

PROPOSED CHANGE

All officers, employees, or agents of the city shall provide the city auditor or employees in the office of the city auditor with free and open access to and furnish-the city auditor or employees in the office of the city auditor copies of information in any medium, with any and all documents-including any but not limited to-records, books, accounts, internal or external memoranda, writings and tapes, reports, files, vouchers, correspondence files, CDs, computer data, bank accounts, reports, funds, money, and other information or property in their custody.



Proposed Change - Access to Records & Property (cont'd)



CURRENT ORDINANCE

Also, such officers, employees, or agents shall fully cooperate with the office of the city auditor, and make full disclosure of all known information. In addition, they shall provide access for the city auditor to inspect all property, equipment, and facilities within their custody and observe any operations for which they are responsible.

Source: Corpus Christi Code Chapter 12 ½-4

PROPOSED CHANGE

Also, such officers, employees, or agents shall fully cooperate with the office of the city auditor, and make full disclosure of all known information. In addition, they shall provide the city auditor or employees in the office of the city auditor with free and open access for the city auditor—to inspect all property, equipment, and facilities within their custody and observe any operations for which they are responsible.

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Proposed Change - Follow-Up Projects

City Auditor's Office

CURRENT ORDINANCE

At least six (6) months, but no longer than twelve (12) months, after the transmittal of an audit report to the council, the City Auditor shall request a status report on actions taken by appropriate officials in response to the audit recommendations.

Source: Corpus Christi Code Chapter 12½-6.c.1.

PROPOSED CHANGE

At least six (6) months, but no longer than Subsequent to management's target implementation dates or within twelve (12) months after the transmittal of an audit report to the council, occurs first in time, the City Auditor shall request a status report on actions taken by appropriate officials in response to the audit recommendations.

Proposed Change - City Auditor Vacancy **CURRENT ORDINANCE PROPOSED CHANGE** Replace: The council shall appoint an ad hoc nominating committee to recommend An ad hoc nominating committee, to the City Council, candidates for consisting of the Council Audit City Auditor. The committee shall Committee plus the City Manager, or consist of five (5) members. designee, shall recommend to the Three members of the city City Council candidates for City council, nominated by the Council Auditor. **Audit Committee** One at-large City of Corpus Christi resident The City Manager or his or her designee Source: Corpus Christi Code Chapter 12½-8b

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