



(Internal Audit) Internal Audit Department Charter

Effective Date: December 8, 2009
BOC Amended: 11/22/ 2016

Owner	Board of Commissioners (BOC)
Reviewer(s)	Audit Committee; Internal Audit (IA) Director; IA Team Members
Approver(s)	Audit Committee; BOC
Related Policies	BOC Resolution (Audit Committee)-rev.11/22/2016; Audit Committee Charter-rev.12/13/2016
Related Standards	N/A
Storage Location	IA Department
IA Last Review Date	12/31/2019
IA Next Review Date	12/31/2020, with changes incorporated for BOC approval as needed
IA Review Cycle	Annually, with changes incorporated for BOC approval as needed
Employee Acknowledgement	N/A

1. PURPOSE

The IA charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The IA charter establishes the internal audit activity's position within the organization, including the nature of the chief audit executive's (IA Director) functional reporting relationship with the BOC; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the IA charter resides with the BOC. The IA charter also recognizes and establishes the mandatory nature of the core principles for the Professional Practice of Internal Auditing, the Code of Ethics, the IIA Standards, and the definition of internal auditing.

2. SCOPE

This document applies to the IA Department and its activities. If you have questions regarding this document, contact the IA Director.

3. GOVERNING LAWS, REGULATIONS & STANDARDS

Guidance	Section
International Standards for the Professional Practice of Internal Auditing (the Standards)	https://na.theiia.org/standards-guidance/Pages/Standards-and-Guidance-IPPF.aspx
Georgia Open Records Act	O.C.G.A. 50-18-70, et Seq.
Georgia Archives as adopted by County Code	https://www.georgiaarchives.org/records/retention_schedules
And all other applicable laws and regulations	

4. STANDARDS OF PRACTICE

Institute of Internal Auditors (IIA) [www.theiia.org]
International Standards for the Professional Practice of Internal Auditing (the Standards)

5. INTERNAL AUDIT DEPARTMENT CHARTER

See Attachment I.

6. REVISIONS

Revisions to this charter must be approved in advance by the BOC.



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REVISION HISTORY

Version ID	Revision Date	Author	Reason for Revision
v.1.0 – 2009	12/8/2009	Internal Audit Department	BOC Approval
v.2.0 – 2016	11/22/2016	Internal Audit Department	BOC Approval
v.2.0 – 2016	11/9/2020	Internal Audit Department	Reformat



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Attachment I

Cobb County Government Internal Audit Department Charter

(revised November 22, 2016)

In 1983, the County Manager of Cobb County established the Internal Audit Department. The Department has undergone several changes, the most recent of which occurred in July, 2008, when the Budget/Internal Audit Department was reorganized to create two separate divisions. The Internal Audit function of the Budget/Internal Audit Department became the Internal Audit Division of the County Manager's office. Effective October 1, 2014, the Internal Audit Division was reclassified to the Internal Audit Department.

As such, upon approval of the Board of Commissioners the following provision, terms, responsibilities, and standards are established to be binding on the Internal Audit Department.

Mission and Scope of Work

The mission of the Internal Audit Department is to provide independent, objective assurance and consulting services designed to add value and improve Cobb County's (the "County") operations. It serves to help the County accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the County's risk management, internal control, and governance processes.

As the Internal Audit Department supports the Board of Commissioners, County Manager, Departments, and Elected Officials in the realization of their business goals and objectives, its contributions will be in the form of testing and reporting on the efficiency and effectiveness of departmental internal control systems and processes. County management relies on these systems and processes for safeguarding the County's assets and resources.

The scope of work of the Internal Audit Department is to determine through the performance of audits whether the County's network of risk management, internal control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employees' 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.



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- Quality and continuous improvement are fostered in the County's control process, and
- Significant legislative or regulatory issues impacting the County and its departments are recognized and addressed properly.

Opportunities for improving management control, financial results, and the County's image may be identified during audits. If such opportunities are identified, they will be communicated to the appropriate level of management.

Accountability¹

The Internal Audit Director, in the discharge of his/her duties, shall be accountable to the County Manager to:

- Provide an assessment on the adequacy and effectiveness of the County's processes for controlling its activities and managing its risks in the areas set forth under the Mission and Scope of Work section of this Charter.
- Report significant issues related to the processes for controlling the activities of the County, including potential opportunities to improve those processes, and continue to provide information concerning such issues until resolution of issues have been fully implemented.
- Provide information periodically on the status and results of the annual audit plan and the sufficiency of resources.
- Coordinate with other control and monitoring functions, as requested.

Independence

Independence is the fundamental principle that guides the reporting relationship of the internal auditor. Internal auditor independence is strongly emphasized by authoritative bodies including the Institute of Internal Auditors, the U.S. General Accounting Office, and the American Institute of CPA's. Auditor independence is essential to receive full value and credible information from the internal audit function.

The Internal Audit Director reports administratively to the County Manager and functionally to the County Manager and Audit Committee (see Audit Committee Charter for oversight responsibilities). To provide for further independence, an annual report of the Internal Audit Department's accomplishments and its efforts to add value and improve County operations is distributed to the Board of Commissioners, Audit Committee, and County Manager.

The Internal Audit Director and staff shall follow the recognized IIA professional auditing standards and be exempt from county operational and management responsibilities that might affect their independence (i.e. responsibilities that include, but are not limited to: design, implement, maintain, operate, manage, supervise, or partner).

¹ See Audit Committee Charter for oversight responsibilities.



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Responsibility

The responsibility of the Internal Audit Department is to serve the County in a manner that is consistent with the Standards for the Professional Practice of Internal Auditing, and with the professional standards of conduct in the Code of Ethics of the Institute of Internal Auditors, Inc.

The Internal Audit Director and staff have the responsibility to:

- Develop a flexible biennial audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the County Manager and Audit Committee for review and approval.
- Implement an annual audit plan (from the biennial plan) including, as appropriate, any special tasks or projects requested by the County Manager, the Board of Commissioners, or agency/department heads. Requests from Elected Officials must be approved by the County Manager, Audit Committee, and/or Board of Commissioners.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Establish a quality assurance program by which the Internal Audit Director assures the operation of internal auditing activities. The results of any internal or external assessments will be communicated to the County Manager, Audit Committee, and Board of Commissioners.
- Perform consulting services, beyond internal auditing's assurance services, to assist management in meeting its objectives. Examples may include training and advisory services. Updates and statuses will be included in bi-weekly status meetings, as needed, or as requested by direction of the County Manager.
- Issue an annual report to the Board of Commissioners, Audit Committee, and County Manager summarizing the accomplishments and performance measures of the Internal Audit Department and its efforts to add value and improve County operations.
- Keep the County Manager, Audit Committee, and Board of Commissioners informed of emerging trends and successful practices in internal auditing.
- Initiate probes to identify and assist in the investigation of suspected fraudulent activities within the County and notify the appropriate level of management, County Manager, and/or the Audit Committee of the results.
- Consider the scope of work of the external auditors, as appropriate, for the purpose of providing optimal audit coverage to the County at a reasonable overall cost.
- Develop a system to follow-up on reported audit findings which should include updated comments and recommendations as appropriate.
- Periodically review this Charter and present it and any changes to it to the County Manager, Audit Committee, and the Board of Commissioners for approval.



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Authority

Except as prohibited by law (i.e. HIPPA regulations, ongoing legal investigations, and attorney-client privileged communications, etc.), the Internal Audit Director and staff are authorized to:

- Have unrestricted access to all functions, records, property, and personnel, under the direct authority of the County Manager.
- Have full and free access to the County Manager.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of operational personnel as well as other specialized services from within or outside the County to assist in the completion of audit assignments with approval of the County Manager or the Board of Commissioners.

The Internal Audit Director and staff are not authorized to:

- Perform any operational duties for the County or its affiliates.
- Initiate or approve accounting transactions external to the internal auditing function.
- Direct the activities of any County employee not employed within the Internal Auditing Department, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

Internal Audit's Relationships with Elected Officials

If an audit of an Elected Official's office is requested and approved by the County Manager, Audit Committee, and/or Board of Commissioners, the Internal Audit Director and staff shall have complete and unrestricted access to all of the County's (including the Elected Official's) financial records, files, information systems, personnel, and properties, except as prohibited or protected by law. The Internal Audit Director shall notify the County Manager, Audit Committee, and appropriate Elected Official of any scope impairment. Results of the audit shall be subject to the provisions of the Georgia Open Records Act, but actual records utilized in performing such audit that are protected by applicable laws shall remain protected.



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Standards of Practice

The Internal Audit Department will meet or exceed the *International Standards for the Professional Practice of Internal Auditing* of the Institute of Internal Auditors and those Standards are made a part of this Charter by specific reference as if fully set forth herein, with the exception of Sections 1110 and 1111 that require the Internal Audit Director to report directly to the Board of Commissioners.

Effective Date

This Charter becomes effective immediately upon approval by the Board of Commissioners on December 8, 2009.