



Internal Audit Charter

*This charter defines the purpose, authority, and
responsibility of the Internal Audit Department within
Buncombe County Government.*

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PURPOSE

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve Buncombe County (County) operations. It helps the Buncombe County Board of County Commissioners (Board) and County, through the Audit Committee, accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The Internal Audit Department enhances and protects the County's value by providing risk-based and objective assurance, advice, and insight.

Vision Statement

To be a preeminent partner for the County, peer internal audit shops, and professional organizations that adds value, provides objective insight, and proactively collaborates to maintain the highest standard of excellence.

Mission Statement:

Driven by the highest professional and ethical standards, the Internal Audit Department will perform high quality work with competence, integrity, objectivity, and independence that provides accountability and helps improve the County's operations and services.

Professional Standards:

The Internal Audit Department operates within the context of Government Auditing Standards (GAS) promulgated by the United States Government Accountability Office (GAO), Comptroller General of the United States. Internal auditors that use the GAO's framework are encouraged by GAS to use the Institute of Internal Audit's (IIA's) International Professional Practices Framework (IPPF) in conjunction with GAS. In addition, the Internal Audit Department's procedure manual will be a source that reflects the expectations of GAS and the IPPF.

Audits will be conducted with integrity, objectivity, confidentiality, and competency as defined by Generally Accepted Government Auditing Standards (GAGAS). Additionally, the Internal Audit Department references other appropriate audit frameworks, such as the IIA's Code of Ethics and COSO guidance.

The Internal Audit Department will undergo external peer reviews pursuant to GAS. The Audit Committee shall have input into peer reviews and results of peer reviews will be available to the Committee upon completion.

AUTHORITY

To ensure the independence of the Internal Audit Department, the Internal Audit Director reports administratively to the County Manager and functionally to the Audit Committee (Committee) of the Buncombe County Board of Commissioners.

The Internal Audit Department is granted full and unrestricted access to all functions, records, systems, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.



Any documents or information obtained by the Internal Audit Department through the course of work will be handled with the confidentiality defined by the ethical principles defined by the GAS and the Code of Ethics defined by the IIA.

The Internal Audit Department has authority to audit any function, program, account or system deemed necessary and appropriate in the judgment of the Internal Audit Director, notwithstanding a flexible audit plan that is pre-approved by the Committee. County management is responsible for risk management, control, and governance of the areas audited.

The Internal Audit Department has no direct responsibility or authority over any of the areas audited. Internal Audit Department staff shall not perform any operational duties for the County, initiate or approve accounting transactions of areas under review, or direct the activities of any County employee, except to the extent such employees have been appropriately assigned to an audit team or to otherwise assist the auditors.

All County employees are expected to comply fully and timely with requests made by the Internal Audit Department. Denial or untimely access can lead to a scope limitation for the service performed. This includes, but is not limited to, timely provision of information, access to information, or responses to draft reports. Recommendations made by the Internal Audit Department shall be taken seriously and the County Manager shall take steps to assess and determine a course of action in response to the recommendations. The Internal Audit Director will report any non-compliance on the part of County programs or employees to the County Manager and the Committee.

RESPONSIBILITY

The Internal Audit Department is responsible for developing and implementing a flexible annual audit plan using an appropriate risk-based methodology. The annual audit plan should include consideration of any risks or control concerns identified by management, and should be reviewed and approved by the County Manager and the Committee. Any changes from the approved plan shall be approved by the Committee. Any engagement performed by the Internal Audit Department shall not impair the independence of the department, and safeguards must be implemented in the event that staff objectivity is impaired. The Internal Audit Director 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, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Internal Audit Director determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to the Audit Committee and Board of Commissioners. The Internal Audit Director will confirm to the Audit Committee, at least annually, the organizational independence of the Internal Audit Department.



The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes relating to county operations.

The Internal Audit Department shall perform engagements in the following areas:

Audit Services:

- Assurance Audits: These services are independent and objective evaluations designed to provide reasonable assurance regarding the achievement of objectives over the effectiveness and efficiency of operations, reliability of reporting, compliance with applicable laws and regulations or performance of programs.
- Follow-Up Audits: These services are independent and objective evaluations performed to ensure corrective actions are taken, as needed, to correct areas identified during an audit.
- Risk Assessments: These services are independent and objective evaluations of risk in the County to determine the priorities of the Internal Audit Department.

Nonaudit Services:

Investigations: These services evaluate allegations of suspected ethical and legal violations. The Employee Ethics Report Line is operated by a third party for true independence and confidentiality. It is free, confidential, and available to all employees to report suspected unlawful or unethical concerns. All reports are directed to the Internal Audit Department to investigate and ensure appropriate follow up action occurs, if appropriate. Reports can also be made directly to the Internal Audit Department. The Internal Audit Department has the responsibility to investigate all reported complaints. For personnel matters such as discrimination, harassment, and performance conduct, Internal Audit will leverage the expertise of the Human Resources Department's Employee Relations team and receive updates from Human Resources as to update the records for Internal Audit complaints. These investigations are subject to Internal Audit review as necessary. For complaints related to the activities of the Human Resources Department, the Internal Audit Department will investigate such complaints so that the complaint is handled independently and without conflict of interest. Such investigations may include but are not limited to, allegations of recruitment irregularities, benefits administration, and compensation practices. County supervisors and managers are required to report complaints or concerns about suspected ethical and legal violations in writing to the County's Internal Audit Director. The Internal Audit Director will notify the Committee of any concerns or complaints regarding the County's accounting practices, internal controls, or auditing. The Internal Audit Director will work with the Committee and the Human Resources Director as appropriate until the matter is resolved. Investigative services do not require government auditing standards.



Process Reviews: These services may be requested by the Board, senior leadership or department heads to help identify a variety of areas for improvement. The scope and objectives are agreed upon by the Internal Audit Director and management of the area.

- *Training:* These services provide training, speeches, and technical presentations.
- *Coordination:* These services include coordination and facilitation for external auditing or monitoring agencies.
- *Departmental Administrative Duties:* The Internal Audit Department must perform administrative duties related to the internal audit function. These include, among other things: creating or updating departmental policies and procedures, ensuring Committee meetings are announced, conducted appropriately, minutes maintained, and member issues are addressed. In addition, the Internal Audit Department must ensure orientation programs for new Committee members exist, are conducted timely, and cover topics to enable the Committee to function appropriately. In addition, ongoing development should be available to assist Committee members in staying current.
- *County Administrative Duties:* The Internal Audit Department must perform administrative duties related to operations. These include, among other things: staff meetings, Internal Audit departmental transaction processing, participating in management meetings, County advisory workgroups, including information technology needs assessments, testing and auditor access, Internal Audit departmental budget preparation and monitoring, strategic planning and implementation, and obtain required Continuing Professional Education (CPE) as required by Government Auditing Standards and other relevant certifying organizations.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The Internal Audit department will maintain a quality assurance and improvement program that covers all aspects of the Internal Audit Department. The program will include an evaluation of the Internal Audit Department's conformance with the Standards and an evaluation of whether internal auditors apply The IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the Internal Audit Department and identify opportunities for improvement.

The Internal Audit Director will communicate to senior management and the Audit Committee on the Internal Audit Department's quality assurance and 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 the organization.

