

STATE BOARD OF EDUCATION
Internal Audit Charter

Adopted: 1/22/19

A. Purpose and Mission

The purpose of the Department of Education's Internal Audit Program is to provide independent, objective assurance and consulting services that facilitate improved government operations, better decision-making and oversight, and greater transparency and accountability.

The mission of the Internal Audit Program is to enhance and protect the value of the Department of Education, by providing risk-based and objective assurance, advice, and insight. The Program helps the State Board of Education, the Department of Education, and the Early Learning and Youth Development divisions accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes, within the context of individual audits.

B. Auditing Standards and Code of Ethics

The Internal Audit Program will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the *International Standards for the Professional Practice of Internal Auditing*, the Definition of Internal Auditing.

The Program's internal auditors will comply with the Code of Ethics of the Institute of Internal Auditors, and the Oregon Government Ethics Law. These set forth the principles that guide the work of the internal audit function, including the public interest, integrity, objectivity, professional behavior, and proper use of government information, resources, and position.

A limited number of *Standards* challenge the capability of one-person audit programs. The chief audit executive will seek to institute alternate methods for achieving the goals of these.

At least annually, the internal auditor should report Program activities, and *Standards* and ethics compliance, to Agency management and the Audit Committee.

C. Authority

The Board of Education authorizes the Internal Audit Program to audit all units and functions within the Oregon Department of Education and the Early Learning and Youth Development Divisions. Internal auditors shall have full, free, and unrestricted access to all department records, physical properties, assets, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information. Internal auditors also have access to personnel, assets, and records, under the administration of third parties, that are related to delivery of services paid for by funds provided by and/or through the Agency, within the authority conferred by public records law, contract terms and conditions, and any other operation of law.

The chief audit executive has authority to obtain the assistance of personnel in other State agencies, as well as services from outside State government. The chief audit executive must comply with applicable laws, rules, policies and procedures, to acquire services from outside State government.

To establish, maintain, and assure that the Program has sufficient authority to fulfill its duties, the Audit Committee will:

- Approve the internal audit program’s charter.
- Approve the risk-based internal audit plan.
- Approve the internal audit program’s budget and resource plan.
- Receive communications from the chief audit executive on the internal audit program’s performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the chief audit executive.
- Approve the remuneration of the chief audit executive.
- Make appropriate inquiries of management and the chief audit executive to determine whether there is inappropriate scope or resource limitations.
- 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 of [name of organization], as well as other specialized services from within or outside [name of organization], in order to complete the engagement.

D. Independence and Objectivity

The chief audit executive will report functionally to the Audit Committee and administratively to the Department of Education Chief of Staff. Department management will not constrain access to the Superintendent of Public Instruction, Deputy Superintendent, members of the State Board of Education, the Oregon Audits Division, the Joint Legislative Audit Committee, the Department of Administrative Services, or the internal audit offices in other state agencies. The internal audit program shall be sufficiently removed from political pressures, in order to conduct audits and report findings, opinions, and conclusions objectively without fear of political reprisal.

The chief audit executive will ensure that the internal audit program 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 chief audit executive determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

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.
- Make no compromises to quality.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

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. To ensure independence and objectivity, internal auditors shall have no immediate or recent (within two years) authority over, and no direct responsibility for, any activities reviewed. Where the chief audit executive 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.

The chief audit executive will confirm to the Audit Committee, at least annually, the organizational independence of the internal audit program. The chief audit executive also will disclose any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

E. Quality Assurance and Improvement

The internal auditor shall institute a Quality Assurance and Improvement Program (QAIP), in compliance with Oregon Rules and Auditing *Standards*. Periodically, the Audit Committee will direct the chief audit executive to obtain an external peer review, conducted in accordance with auditing *Standards*. The results of QAIP self-assessments, and external peer reviews, will be communicated to Agency management and the Audit Committee.

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