



The Office of Internal Audit has adopted the following Audit Activity Charter.

OFFICE OF INTERNAL AUDIT ACTIVITY CHARTER

The Internal Audit Charter is the formal document that defines the Office of Internal Audit's (OIA) purpose, authority and responsibilities. The charter establishes OIA's position within the Detroit Public School Community District (DPSCD), its functional reporting relationship; authorization to access records, and scope of services.

Introduction

Internal audit is an independent, objective assurance and consulting activity that is guided to adding value to improve the operations of the DPSCD. The OIA assist DPSCD in accomplishing its objectives by using a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, governance processes, and internal controls.

The internal audit function is often equated with or mistaken for the purpose of an external audit, while and there may be similarities between the two processes, the scope of an internal audit function goes well beyond the financial statements of an external auditor. Internal Audit incorporates risk management and control procedures, while an external audit typically stops at reporting problems. Additionally, Internal Audit provides recommendations for improvement, follow-up on the progress of implementing recommendations and consultation on a diverse range of opportunities.

ORGANIZATION

The OIA reports functionally to the Chief Financial Officer and administratively to the Superintendent of DPSCD.

AUTHORITY AND INDEPENDENCE

In order to perform reviews, audits and examinations of varying types, Internal Auditors shall be granted authority for unrestricted access to DPSCD records, physical properties and personnel relevant to any function under review. Additionally, Internal Auditors will not implement internal controls, developed procedures, install systems, prepare records, or engage in any other activity that may impair an internal auditor's impartiality.



RESPONSIBILITY

The scope of the OIA encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of risk management, internal controls, as well as performance in carrying out assigned responsibilities to assist DPSCD reach its stated goals and objectives. This includes:

- Evaluating risk exposure relating to achievement of DPSCD's strategic objectives.
- Evaluate the reliability and integrity of information and the means used to identify, measure, classify, and report information.
- Evaluate the systems and internal controls established to ensure compliance with policy, plans, procedures, laws and regulations which could have a significant impact on DPSCD.
- Evaluate the means of safeguarding assets and as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluate operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Performing audits, analytical reviews, or investigations by applying various auditing techniques and procedures to evaluate the system of internal controls and/or for the detection and deterrence of fraud.
- Performing consulting and advisory services related to governance, risks management and control as appropriate to DPSCD.
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ANNUAL AUDIT PLAN

Annually, the OIA shall developed and submit to the Chief Finance Officer a schedule of internal audits that will be completed each fiscal year. The internal audit plan will be developed using a risk-based methodology. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next fiscal year.

Any significant deviations from the approved plan will be communicated to Chief Finance Officer and the Superintendent through periodic activity reports.

The Chief Financial Officer will review and adjust the approved plan as necessary in response to changes in DPSCD activities, risk operations program systems and controls when needed.

REPORT AND MONITORING

A written report will be prepared and issued by the Office of Internal Audit following the conclusion of each audit and will be distributed as appropriate.

The internal audit report may include Manager's responses and any corrective action taken or to be taken in regard to the specific findings and recommendations.

Management's responses will include a timetable for anticipated completion of actions to be taken, expected outcome of those actions, and explanation for any recommendations not implemented.



QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The Office of Internal Audit will maintain a quality assurance improvement program that covers all aspects of its internal audit activity. The program will include an evaluation of the internal audit activity's conformance with the definition of Internal Auditing and the standards and evaluation of whether internal auditors apply the Code of Ethics, and other applicable professional standards. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvements.

OFFICE OF INTERNAL AUDIT

The Office of Internal Audit performs its work in accordance with Generally Accepted Auditing Standards (GAAS) and researching best practices for the District promulgated by regulatory agencies and professional associations. The Office of Internal Audit is committed to serve the Detroit Public School Community District (DPSCD) by performing value-added, risk-based audits, enabling the Office of Internal Audit to give independent appraisals on the effectiveness of the District's operational controls.

PROFESSIONALISM

DPSCD Internal Auditors shall promote an ethical culture of professionalism by performing their work with honesty, diligence, and responsibility. Auditors are to maintain an independent mental attitude free of partiality or bias when performing examinations and are not to dispatch their judgement on audit matters to others. Internal Auditors are expected to report potential and actual conflicts of interest situations to the Chief Financial Officer, who will consider the conflict situation and reassign Internal Auditors as appropriate.

Internal Auditors shall perform audits in such a manner that they have an honest belief in their work product and that no significant quality compromises are made. Internal Auditors are not to be placed in situations in which they feel unable to make objectives professional judgement. Additionally, appropriate supervisory involvement will take place to ensure that audit objectives are met and that objectivity is maintained.