



Charter for the Internal Audit Division at the City of Wichita

Charter Review and Update

This charter was reviewed and approved, on December 19, 2022 by the City Manager.

General

It is the policy of the City to provide and support an Internal Auditing Division (IAD) as an independent and objective assurance and consulting group guided by a philosophy of adding value to improve the operations of the City. It assists the city to achieve its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's risk management, control, and governance processes.

Roles of Management, Mayor, and City Council:

- City Manager
 - Review and approve the internal audit charter.
 - Review and approve the policy manual.
 - Review the detailed risk assessment and provide suggestions on additional risks to consider. Additional risks are to be properly documented on the risk assessment.
 - Review audit plan before implementation of plan. The Audit Plan will be signed by City Manager.
 - Provide management response to the audit findings that will be included in the report reviewed by Council.
 - Review recommendations for improvement of processes, if necessary.
 - Review final report for submission to the online repository for transparency.
- Assistant City Manager
 - Complete administrative review and provide recommendations on documentation, plans and reports prior to submission to City Manager, Mayor, and City Council from an administrative perspective.
 - Periodic assessment of internal auditor's performance.
 - Conduct annual performance evaluation including employee development plan and potential merit increases.
- Mayor and City Council
 - Review, with the City Manager, the internal audit charter.
 - Review and provide suggestions on the Audit Plan before implementation.
 - Review the final draft report that includes the conclusion of the audit, recommendations for improvement, the findings, if any, and the management responses to findings. Management responses will be from the department and the City Manager.
- Management
 - Provide responses to the risk assessment on a triennial basis.
 - Provide access to all documentation and staff as reasonably necessary to complete the approved audit plan.
 - Provide management responses to findings.
 - Implement recommended improvements to policies and procedures for operations.



Scope of Work

The scope of the Internal Audit work encompasses the examination and evaluation of whether the organization's governance, risk management, and control processes, as designed and represented by management, are adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Implementation of recommendation from external auditors as needed.
- Interaction with the various City governance groups occurs as needed.
- Financial, managerial, and operating information is accurate, reliable, and timely.
- Employee actions are following policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programs, plans, and objectives are achieved.
- Legislative or regulatory issues impacting the organization are recognized and addressed properly.
- Review of specific operations at the request of the City Manager, Mayor or City Council, and management, as appropriate.
- Monitoring and evaluating the effectiveness of the organization's risk management system.
- Review of the quality and performance of external auditors and the degree of coordination with internal auditor.
- Review of the internal control statement by senior management and the related opinion by the external auditor or consultant, if any, for audit planning.
- Quality and continuous improvement are fostered in the organization's control process.

Opportunities for improving management control and the organization's image may be identified during audits. They will be communicated to the appropriate level of management.

Accountability

The chief audit executive (CAE), in the discharge of his/her duties, shall be accountable to the City Manager, City Council, and management to:

- Provide annually an assessment on the adequacy and effectiveness of the organization's internal controls over its activities and managing its risks in the areas set forth under the scope of work.
- Report issues related to the processes for controlling the activities of the organization and its affiliates, including potential improvements to those processes, and provide information concerning such issues through resolution.
- Periodically provide information on the status and results of the annual audit plan and the sufficiency of department resources.
- Coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, external audit).

Independence

All internal audit activities shall remain free of influence for matters such as audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective mental attitude necessary in rendering reports.



To provide for the independence of the IAD; its personnel will report to the chief audit executive, who reports functionally to the City Manager, Mayor, and City Council and administratively to the Assistant City Manager in a manner outlined in the above section on Accountability.

Responsibility

The CAE and staff of the IAD have responsibility to:

- Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management and submit that plan to the City Manager, Mayor, and City Council for review and final approval by the City Manager, as well as periodic updates.
- Implement the annual audit plan and annual budget, as approved, including as appropriate any special tasks or projects requested by management, City Manager, Mayor, and City Council.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Issue periodic reports to the management, City Manager, Mayor, and City Council summarizing results of audit activities.
- Keep the City Manager informed of emerging trends and successful practices in the internal auditing.
- Provide a list of significant measurement goals and results to the City Manager.
- Assist in the investigation of significant suspected fraudulent activities within the organization and notify management and the City Manager, Mayor, and City Council of the results.
- Under the direction of the City Manager, consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the organization at a reasonable overall cost.
- Establish a quality assurance program by which the CAE assures the effective operation of internal auditing activities on an ongoing basis. The results of this assessment shall be presented in a written report addressed to the City Manager, Mayor, and City Council annually.

Authority

The CAE and staff of the IAD are authorized to:

- Have unrestricted access to all functions, records, property, and personnel.
- Have full and free access to the City 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 personnel in units of the organization where audits are performed, as well as other specialized services from within or outside the organization.
- Provide strategic and tactical recommendations to both process management and contract administration by way or reviewing their processes and policies to mitigate risk and facilitate the audit program.

The CAE and staff of the IAD are not authorized to:



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

Professional Standards

The IAD will meet or exceed the International Standards for the Professional Practice of Internal Auditing and abide by the “Code of Ethics” as set forth by the Institute of Internal Auditors.

Periodic Assessment

The CAE should annually assess whether the elements defined in this charter continue to be adequate to enable the IAD to accomplish its objectives. The results of this periodic assessment should be communicated to the City Manager.

12/19/2022

Robert Layton, City Manager