

# City of Charlotte

## Internal Audit Charter

*This Charter identifies the purpose, authority and responsibilities of the Internal Audit Department.*

### Purpose

Internal Auditing is an independent appraisal activity established to conduct reviews of the City's system of internal controls. Findings, recommendations and corrective actions are reported to Department Directors, the City Manager, and the City Council, as appropriate. Each audit report is submitted to the City Manager's Office and City Council.

The primary objective of Internal Audit is to provide reasonable assurance that the City has an operating and effective system of internal controls. Such a system encompasses the City's accounting and financial, administrative, operational and computer controls throughout the various departments.

A secondary objective of Internal Audit is to assist members of management in evaluating City operations. To this end, Internal Audit furnishes analyses, counsel and recommendations concerning those functions reviewed, promoting effective controls and efficient operations at a reasonable cost.

### Authority

The Internal Audit function was established by the City Manager and the City Council and reports administratively to the City Manager's Office.

Audit recommendations that are not resolved at the department level will be raised to the City Manager's Office. Audit reports may require a timely response from the Department Director to the City Manager.

Internal Auditors shall perform their work in compliance with the City's objectives and policies, as well as the Institute of Internal Auditors' Code of Ethics. The Audit Department also adheres to Generally Accepted Government Auditing Standards (GAGAS) as established by the U.S. Government Accountability Office.

Audit personnel are granted full access to all of the City's activities, records, property and employees, as necessary to the performance of their audit activities. Any lack of access impacts the ability of the audit function to comply with GAGAS and must be reflected in the related audit report. Auditors are strictly accountable for the safekeeping of records and property examined, and for maintaining the confidentiality of information obtained and reviewed during audits.

Audit has no line responsibilities and its activities do not relieve managers or staff of any assignments.

## Responsibilities

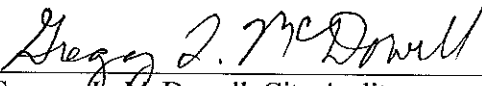
The City Auditor will ensure that the Internal Audit Department remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing and report content.

Auditing priorities are determined by the City Auditor in consultation with the City Manager's Office and with consideration of input from Department Directors, City Council and the independent outside auditors. Specific responsibilities include:


- Develop and adopt a multi-year Audit Plan aligned with Citywide priorities and department needs.
- Effectively communicate audit processes and results, including formal reports, to Departments, the City Manager and City Council.
- Help departments ensure that appropriate controls are in place to guard against fraud, misappropriation of funds or other misuse of City assets. Audit specific controls and systems periodically to ensure that procedures to guard against fraud or misappropriation are being followed. Investigate and report suspected or alleged improprieties. Provide evidence of any crimes to the proper law enforcement authorities.
- Administer the Charlotte Employee Hotline. Investigate allegations of fraud and/or refer information obtained anonymously to Human Resources, Legal or Police, as appropriate.
- Provide auditing assistance in areas determined by the City Manager to be a high priority.
- Follow up audit findings and corrective actions, and report periodically to senior management any corrective actions not effectively implemented.
- Maintain a quality assurance program and facilitate the timely conduct of Peer Reviews, as required by Government Auditing Standards.

## Scope of Internal Audit Activities

- Risk identification relating to the achievement of the City's strategic objectives.
- The actions of employees and contractors regarding compliance with City policies, procedures, applicable law, regulations and governance standards.
- The results of operations or programs for consistency with established goals and objectives.
- Operations and programs are being carried out effectively and efficiently.
- Information and the means used to identify, measure, analyze, classify and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

  
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Gregory L. McDowell, City Auditor

Date: 9/16/19

  
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Marcus D. Jones, City Manager

Date: 9/16/19