

Greater Cleveland Regional Transit Authority



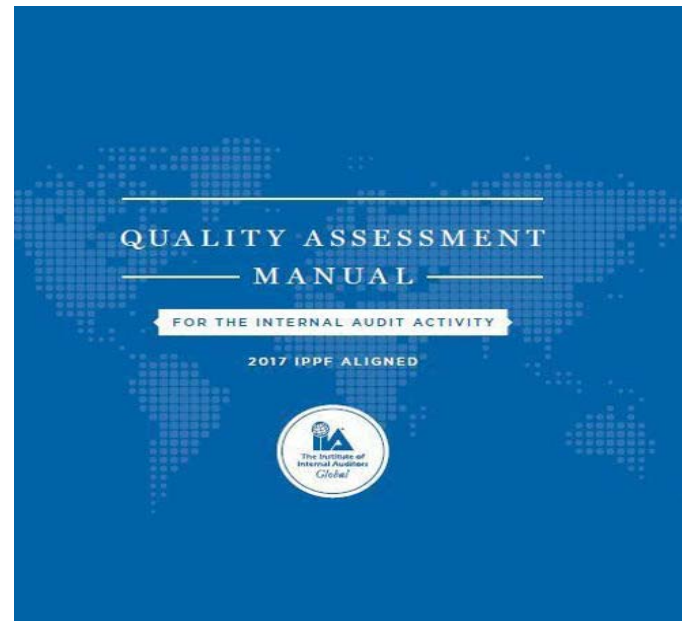
GCRTA Internal Audit Charter

Audit, Compliance, and Real Estate Committee

October 27, 2021



IPPF (Standards)



IPPF (Standards)

- Code of Ethics
- Attribute Standards
- Performance Standards
- Quality Assurance Assessment

1997 Internal Audit Charter

- Outdated references to federal regulations and internal audit standards
- Outdated references to GCRTA officials
- Antiquated manual audit processes
- Antiquated scope of audit services

Bylaws and Board Policies Update

- The Board of Trustees formed a task force and directed a review and update of GCRTA Bylaws and Board Policies in 2018.
- Internal Audit participated in the task force and updated the Internal Audit Charter.

Internal Audit Charter



International Professional
Practices Framework

Implementation Guide 1000 – Purpose, Authority, and Responsibility

Standard 1000 – Purpose, Authority, and Responsibility

The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *Standards*, and the Definition of Internal Auditing). The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.

Internal Audit Charter



International Professional
Practices Framework

Implementation Guide 1010 – Recognizing Mandatory Guidance in the Internal Audit Charter

Standard 1010 – Recognizing Mandatory Guidance in the Internal Audit Charter

The mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *Standards*, and the Definition of Internal Auditing must be recognized in the internal audit charter. The chief audit executive should discuss the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework with senior management and the board.

Revised Standards, effective 1 January 2017

Internal Audit Charter

- The internal audit charter provides the organization a blueprint for how internal audit operates.

Internal Audit Charter

- IPPF minimum standards for the charter:
 - purpose within the organization
 - authority
 - responsibilities
 - position within the organization

Update Internal Audit Charter

- IIA Position Paper:

Provides seven key areas that should be covered in the internal audit charter.

1. Mission and Purpose
2. IPPF (Standards) – Self Governance

Update Internal Audit Charter

- IIA Position Paper:
 3. Authority (functional and administrative reporting relationship in the organization)
 4. Independence and Objectivity
 5. Scope of Internal Audit Activities

Update Internal Audit Charter

- IIA Position Paper:
 6. Responsibilities
 7. Quality Assurance and Improvement Program

Update Internal Audit Charter

Model Internal Audit Activity Charter to assist with conforming to IIA Standard 1000: Purpose, Authority, and Responsibility and IIA Standard 1010: Recognizing Mandatory Guidance in the Internal Audit Charter.

Update Internal Audit Charter

- Board Resolution 2019-025
 - Repealed old charter and enacted new charter
- Board Resolution 2020-003
 - Amended charter to emphasize functional and administrative reporting structure

Internal Audit Charter

- 262.01(b) GCRTA Internal Audit functions as the inspector general for the GCRTA.
 - The mission of the IG is to detect and deter fraud, waste, abuse, and misconduct in GCRTA.
 - Section carried forward from 1997 charter.

Quality Assurance Review



International Professional
Practices Framework

Implementation Guide 1310

Standard 1310 – Requirements of the Quality Assurance and Improvement Program

The quality assurance and improvement program must include both internal and external assessments.

Revised *Standards*, Effective 1 January 2017

Quality Assurance Review



Standard 1311 – Internal Assessments

Internal assessments must include:

- Ongoing monitoring of the performance of the internal audit activity.
- Periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices.

Quality Assurance Review

- Internal Assessment Preparation:
 - IIA Quality Assessment Manual
 - Participation in 2021 APTA Peer Review of RTD
 - 2021 department plan for internal assessment

Quality Assurance Review



International Professional
Practices Framework

Implementation Guide 1312

Standard 1312 – External Assessments

External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The chief audit executive must discuss with the board:

- The form and frequency of external assessment.
- The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.

Quality Assurance Review

- External Assessment Preparation:
 - IIA Quality Assessment Manual
 - Completion of internal assessment
 - Engage an independent assessor to complete the external assessment

Questions

