

## section VII

# fiscal management

### fm-1 Internal Audit & Management Advisory Services Department Charter

#### MISSION

The mission of the Internal Audit & Management Advisory Services (IAMAS) Department is twofold: to support the vision, mission and values of the Maricopa County Community College District (MCCCD) and its colleges and centers by providing independent, objective assurance and consulting services designed to add value and improve the organization's operations; and to help ensure the efficient and effective use of resources, program operations, and stewardship over assets. The IAMAS department helps the MCCCD accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

#### SCOPE OF WORK

The scope of work of IAMAS is to determine whether the organization's network of risk management, control and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable and timely.
- Employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations.
- Resources are acquired economically, are used efficiently and are adequately protected.
- Programs, plans and objectives are achieved.
- Quality and continuous improvement are fostered in MCCCD's control process.
- Significant legislative or regulatory issues impacting the organization are recognized and addressed properly.

#### ACCOUNTABILITY

The Director of IAMAS, in the discharge of his/her duties, shall be accountable to management and the Audit & Finance Committee to:

- Provide annually an assessment on the adequacy and effectiveness of MCCCD's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.
- Report significant issues related to the processes for controlling the activities of the MCCCD, including potential improvements to those processes, and provide information concerning such issues through resolution. This would include informing and advising the Audit & Finance Committee of the Governing Board and management on the areas examined, and discharging the responsibilities in a manner that is consistent with the Institute of Internal Auditors (IIA) code of ethics.
- Provide copies of completed audits to the Audit & Finance Committee and Governing Board Members. The Audit Director and staff will lead the discussion on audit reports with the

## section VII fiscal management

Audit & Finance Committee. The Audit & Finance Committee may choose to send a letter to the auditee requesting the status and corrective action taken on significant findings. Audits with significant findings will be referred to the appropriate Vice Chancellor for follow-up with the auditee. This is in addition to the IAMAS follow up that will occur three months after the audit is completed. This will serve to ensure timely implementation of findings. If progress on findings is unclear as to a plan of action to address the findings within six months, the Audit & Finance Committee will require the auditee to attend the next Audit & Finance committee meeting to review the status of the audit findings. If the Audit & Finance Committee does not find that the auditee's response is adequate, it will so notify the Chancellor and Governing Board.

### REPORTING RELATIONSHIPS AND INDEPENDENCE

Reporting relationships will be maintained in a manner that supports departmental independence and promotes comprehensive audit coverage. To provide for the independence of IAMAS, its personnel report to the Director of IAMAS, who reports administratively to the Vice Chancellor for Business Services while operating under the direction of the Audit & Finance Committee. The Director of IAMAS will periodically report to the Audit & Finance Committee in a manner outlined in the section on accountability. Periodically, it will include as part of its reports to the Audit & Finance Committee a regular report on Internal Audit personnel. The Audit Director will meet regularly with the Maricopa Community Colleges' Chancellor to discuss the status of the audit plan and matters of concern.

### THE DIRECTOR OF IAMAS HAS RESPONSIBILITY TO:

- Develop a flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the Audit & Finance Committee for review and approval. The audit plan is approved at the beginning of each fiscal year. Annually, the Audit & Finance Committee formally authorizes the three-year audit plan. This plan is used in planning and budgeting audit assignments and is annually re-evaluated using a risk assessment process. Input obtained from the District Office, college administrators, and the Auditor General's Office is instrumental in developing this plan. The audit plan is considered a guide to distribute internal audit coverage across MCCCD but remain flexible enough to accommodate unexpected changes.
- Implement the annual audit plan, as approved, including, and as appropriate, any special reviews or projects requested by members of the Chancellor's Executive Council (CEC) and the Governing Board. An audit intake form will be completed by a CEC or Governing Board Member and submitted to IAMAS for review. In consultation with the Vice Chancellor for Business Services, the Director of IAMAS will schedule special reviews requested during the year provided that sufficient resources are available to meet the request and not have an adverse impact on the audit plan. Otherwise, the Director of IAMAS, the Chancellor and Vice Chancellor for Business Services will review these requests and submit their recommendations to the Audit & Finance Committee for authorization. The Audit & Finance Committee shall determine if an audit should be conducted or another referral shall be made. If an audit will be conducted, the Audit & Finance Committee shall make a determination of the impact on the audit plan and necessary adjustments in this plan.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Establish a quality assurance program by which the director of IAMAS assures the operations of internal auditing activities.
- Perform consulting services, beyond IAMAS' assurance services, to assist management in meeting its objectives. Examples may include facilitation, process design, training and advisory services.

# section VII fiscal management

- Evaluate and assess significant new functions, changing services, processes, operations and control processes coincident with their development, implementation and/or expansion.
- Issue periodic reports to the Audit & Finance Committee and management summarizing results of audit activities.
- Keep the Audit & Finance Committee informed of emerging trends and successful practices in internal auditing.
- Provide a list of significant measurement goals and results to the Audit & Finance Committee.
- Assist in the investigation of significant suspected fraudulent activities within the organization and notify management and the Audit & Finance Committee of the results.
- Consider the scope of work of the Auditor General’s Office and regulators, as appropriate, for the purpose of providing optimal audit coverage to the MCCCDC at a reasonable overall cost.

### STANDARDS OF AUDIT PRACTICE

The IAMAS department recognizes the mandatory nature of the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors.

Note: below is a formal sign-off of the Internal Audit Charter by the Audit & Finance Committee Chair, Chancellor, Vice Chancellor for Business Services and the Director of Internal Audit.

_____	_____
Chair of the Audit & Finance Committee	Date
_____	_____
Chancellor	Date
_____	_____
Vice Chancellor for Business Services	Date
_____	_____
Director of Internal Audit	Date

AMENDED through the Administrative Regulation approval process, May 4, 2010  
 AMENDED through the Administrative Regulation approval process, January 23, 2009  
 AMENDED through the Administrative Regulation approval process, August 30, 2006  
 AMENDED by the Governing Board, February 27, 2007, Motion No. 9411