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**FRANKLIN
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Chief Internal Auditor

Internal Audit Charter¹

1. PURPOSE AND MISSION

The purpose of the Guam Department of Education (GDOE)'s Internal Audit Office (IAO) is to provide independent, objective assurance and consulting services designed to add value and improve GDOE's operations. The mission of the IAO is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The IAO helps GDOE accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

2. STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING

The IAO will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors (IIA)'s International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing*, and the Definition of Internal Auditing. The Chief Auditor will report periodically to the Audit Committee regarding the IAO's conformance to the *Standards*.

In addition, the IAO shall conduct its activities in accordance with the U.S. Government Accountability Office's *Government Auditing Standards* and *Standards for Internal Control in the Federal Government*, GDOE's policies and procedures, and applicable Government of Guam laws and regulations.

3. AUTHORITY

The Chief Auditor will report functionally to the Audit Committee and administratively to the Superintendent. To establish, maintain, and assure that the IAO has sufficient authority to fulfill its duties, the Audit Committee will:

- Approve the IAO's charter.
- Approve the risk-based internal audit plan.
- Receive communications from the Chief Auditor on the IAO's performance relative to its audit plan and other matters.
- Make appropriate inquiries of management and the Chief Auditor to determine whether there is inappropriate scope or resource limitations.

¹ The Institute of Internal Auditors, Inc. (2017, March 17). *Model internal audit activity charter*. <https://www.theiia.org/en/content/guidance/recommended/supplemental/practice-guides/model-internal-audit-activity-charter/>

The Chief Auditor will have unrestricted access to and communicate and interact directly with the Audit Committee, including in private meetings without management present.

The Audit Committee authorizes the IAO to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information. This includes free and unrestricted access to the Superintendent, U.S. Department of Education officials, the Office of Public Accountability (OPA), and any staff or organization pertinent to the IAO's scope of work.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of GDOE, as well as other specialized services from within or outside GDOE, in order to complete an engagement.

4. INDEPENDENCE AND OBJECTIVITY

The Chief Auditor will ensure that the IAO 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. If the Chief Auditor determines that independence or objectivity may be impaired, in fact or appearance, the details of impairment will be disclosed to appropriate parties. Additionally, the Chief Auditor shall report to the Audit Committee any threats to auditor independence, to include budgetary cuts, restrictions in resources such as office space and equipment, and detailing of audit staff to perform non-audit functions.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for GDOE or its affiliates.
- Initiating or approving transactions external to the IAO.
- Directing the activities of any GDOE employee not employed by the IAO, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the Chief Auditor has, or is expected to have, roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The Chief Auditor will confirm to the Audit Committee, at least annually, the organizational independence of the IAO. Any impairment to the independence or objectivity of the IAO, in fact or in appearance, should be disclosed to the Audit Committee.

The Chief Auditor will disclose to the Audit Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

5. SCOPE OF THE IAO

The scope of the IAO encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for GDOE. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of GDOE's strategic objectives are appropriately identified and managed.
- The actions of GDOE's management, employees, and contractors are in compliance with GDOE's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact GDOE.
- 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.

The Chief Auditor will report periodically to the Audit Committee regarding:

- The IAO's purpose, authority, and responsibility.
- The IAO's audit plan and performance relative to its plan.
- The IAO's conformance with The IIA's Code of Ethics and *Standards*, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit Committee.
- Results of audit engagements or other activities.
- Resource requirements.

- Any response to risk by management that may be unacceptable to GDOE.

The Chief Auditor also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The IAO may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the IAO does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

6. RESPONSIBILITY

The Chief Auditor has the responsibility to:

- Submit, at least annually, to the Audit Committee a risk-based internal audit plan for review and approval.
- Communicate to the Audit Committee the impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan, as necessary, in response to changes in GDOE's business, risks, operations, programs, systems, and controls.
- Communicate to the Audit Committee any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report periodically to the Audit Committee any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the IAO collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Internal Audit Charter.
- Ensure trends and emerging issues that could impact GDOE are considered and communicated to the Audit Committee as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the IAO.
- Ensure adherence to GDOE's relevant policies and procedures, unless such policies and procedures conflict with the Internal Audit Charter. Any such conflicts will be resolved or otherwise communicated to the Audit Committee.
- Ensure conformance of the IAO with applicable standards.
- Document and report to the Audit Committee any threats to staff in violation of Guam Education Board Policy 901 and any and all actions that may constitute or lead to retaliation in the form of a hostile work environment.

7. QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The IAO will maintain a quality assurance and improvement program that covers all aspects of the IAO. The program will include an evaluation of the IAO's conformance with the *Standards* and an evaluation of whether internal auditors apply The IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the IAO and identify opportunities for improvement.

The Chief Auditor will communicate to the Audit Committee on the IAO's quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside GDOE.

8. REFERRALS

When appropriate, the IAO may refer findings to other authorities such as the Guam OPA, Guam Police Department or the Office of the Attorney General for further action or investigation.

9. REVIEW OF THE INTERNAL AUDIT CHARTER

This policy may be updated as necessary to reflect IAO's operations and assure that it remains effective and in line with best practice. Proposed changes or amendments to this policy are subject to review, approval, and adoption by the Audit Committee.

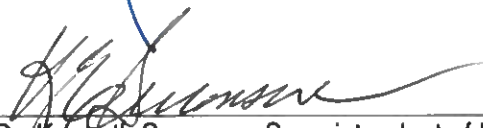
Guam Department of Education
Internal Audit Office's Internal Audit Charter

GDOE Officials:



Franklin Cooper-Nurse, Chief Auditor

3/6/24
Date



Dr. Kenneth Swanson, Superintendent of Education

3/8/24
Date

Guam Education Board Audit Committee:



Dr. Mary Okada, Audit Committee Chairwoman

03/07/2024
Date



Maria Gutierrez, Audit Committee Member

03/07/2024
Date



Christine Baletto, Audit Committee Member

3/8/2024
Date