



Office of Internal Audit Mission Statement and Charter

Purpose and Mission and Scope of Work

The ~~mission-purpose~~ of Columbia Association (CA)'s Office of Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve CA's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The Office of Internal Audit helps accomplish its objectives in order to evaluate the accuracy and effectiveness of CA's operations, financial reporting, internal controls, and policies and procedures. The Office of Internal Audit is guided by a philosophy of adding value in order to improve operations. It assists CA in accomplishing its objectives by bringing a systematic, ~~and~~ disciplined approach to evaluate and improve the effectiveness of the ~~organization's~~ governance, risk management, and control processes.

Standards for the Professional Practice of Internal Auditing

The Office of Internal Audit ~~adheres will govern itself by adherence~~ to the ~~Institute of Internal Auditors'~~ mandatory elements of the Institute of Internal Auditor's International Professional Practices Framework, guidance including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). The Director of Internal Audit will report periodically to the President/CEO and the Audit Committee regarding the Office of Internal Audit's conformance to the Code of Ethics and the Standards.

Authority

The Director of Internal Audit shall report administratively to the President/CEO and functionally to the President/CEO and the Audit Committee.

The Director of Internal Audit and the staff of the Office of Internal Audit are authorized 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. In the case of records and communications which are protected by the attorney-client privilege or are otherwise legally recognized as privileged documents or communications, the Office of Internal Audit may not further disclose such documents or communications to any party outside of CA unless the Board has voted to waive the privilege.

- Allocate resources, set frequencies, select subjects, determine scopes of work, ~~and~~ apply the techniques required to accomplish audit objectives, and issue reports.
- have full and free access to the Audit Committee Obtain assistance from the necessary personnel of CA, as well as other specialized services from within or outside CA, in order to complete the engagement.

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

Independence and Objectivity

The Director of Internal Audit will ensure that the Office of Internal Audit 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 Director of Internal Audit determines that independence may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

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.

Independence requires that the auditors' work be performed freely and objectively. As such, Internal auditors will have the Office of Internal Audit has no authority over or direct operational responsibility for 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: ~~reviewed and is not authorized to~~

- Performing operational duties for CA or its affiliates.
- Initiating or approving accounting transactions external to the Office of Internal Audit.
- Directing the activities of any CA employees not assigned to employed by the Office Internal of Internal Audit, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the Director of Internal Audit has or is expected to have roles and/or responsibilities that fall outside of internal audit, 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 Director of Internal Audit will confirm to the Audit Committee, at least annually, the organizational independence of the Office of Internal Audit.

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

Scope of Internal Audit Activities

~~The scope of work of the Office of Internal Audit~~ internal audit activities 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 ~~is to determine whether the Columbia Association's control processes for CA.~~ Internal audit assessments include evaluating whether: ~~as designed and represented by management, are adequate and functioning in a manner to ensure that~~

- Risks relating to the achievement of CA's strategic objectives are appropriately identified and managed.
- The actions of CA's officers, directors, employees, and contractors are in compliance with CA's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- ~~programs, plans, and objectives are achieved; and~~ 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 CA.
- ~~significant financial, managerial, and operating information and the means used to identify, measure, analyze, classify, and report such information is are accurate, reliable, and timely; have integrity.~~
- Resources are acquired economically, used efficiently, and adequately protected.
- ~~programs, plans, and objectives are achieved; and~~
- ~~quality and continuous improvement are fostered in the organization's control processes.~~

The Director of Internal Audit ~~will report shall provide information~~ periodically to the President/CEO and the Audit Committee regarding:

- The Office of Internal Audit's purpose, authority, and responsibility.
- The Office of Internal Audit's ~~the status and results of the biannual audit~~ plan and performance relative to its plan.

- The Office of Internal Audit's conformance with the Institute of Internal Auditors' 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.
- The sufficiency of Internal Audit's resources.
- Any response to risk by management that may be unacceptable to CA.

The Director of Internal Audit and shall also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The Office of Internal Audit may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the Office of Internal Audit does not assume management responsibility. The Director of Internal Audit shall also coordinate with and provide oversight of other control and monitoring functions as necessary (e.g., external and investigative audits).

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.

Responsibility

The responsibilities of the Director of Internal Audit ~~and the staff of the Office of Internal Audit~~ include but are not limited to:

- Developing a flexible biannual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management, and submitting that plan to ~~the President/CEO for feedback and~~ the Audit Committee for review and approval.
- Communicating to the President/CEO and the Audit Committee the impact of resource limitations on the internal audit plan.
- Reviewing and adjusting the internal audit plan as necessary in response to changes in CA's business, risks, operations, programs, systems, and controls.
- Communicating to the President/CEO and the Audit Committee any significant interim changes to the internal audit plan.
- Implementing the biannual audit plan, as approved, including, and as appropriate, any special tasks or projects requested by management.
- Ensuring each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, and the documentation of work programs and testing results.
- Issuing a ~~written~~ report to management following each internal audit engagement.
- Communicating ~~internal audit engagement~~ results with applicable conclusions and recommendations to the Audit Committee.

- Conducting appropriate follow up on engagement findings and recommendations and reporting periodically to the President/CEO and the Audit Committee any corrective actions not effectively implemented.
- Ensuring the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensuring that trends and emerging issues that could impact CA are considered and communicated to the President/CEO and the Audit Committee as necessary.
- Keeping the Audit Committee informed of emerging trends and successful practices in internal auditing.
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Establishing and ensuring adherence to policies and procedures designed to guide the Office of Internal Audit.
- Ensuring adherence to CA's relevant policies and procedures, unless such policies and procedures conflict with the Office of Internal Audit Mission Statement and Charter. Any such conflicts will be resolved or otherwise communicated to the President/CEO and the Audit Committee.
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Monitoring and evaluating governance processes.
- Maintaining a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter.
- Establishing a quality assurance program by which the Director of Internal Audit assures the operation of internal auditing activities and communicating the results of internal and external assessments.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for CA.
- Evaluating and assessing significant new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion as needed.
- Issuing periodic reports to the Audit Committee and management summarizing results of audit activities.
- Monitoring CA's ethics program.
- Assisting with investigations as needed.
- Considering the scope of work of the external auditors, as appropriate, for the purpose of providing optimal audit coverage to the organization at a reasonable overall cost.
- Performing audit procedures under the direction of the organization's external auditors to assist with their annual independent audit of CA's financial statements.

President/CEO

Date

Director of Internal Audit

Date

Audit Committee Chair

Date

~~*Reviewed by CA's Audit Committee on June 24, 2015.*~~
~~*Approved by CA's Board of Directors on July 9, 2015.*~~
~~*Reviewed by CA's Audit Committee on June 26, 2017.*~~
~~*Approved by CA's Board of Directors on _____.*~~

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- 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 CA.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
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President/CEO Date

Director of Internal Audit Date

Audit Committee Chair Date

*Reviewed by CA's Audit Committee on June 26, 2017.
Approved by CA's Board of Directors on _____.*