

AMENDMENTS TO THE INTERNAL AUDIT CHARTER

Sandra Vice, Director of Internal Audit

**Agenda Item 3
May 30-31, 2019
Board Meeting**

TMRS Internal Audit Charter

- A formal document that defines the internal audit activity's purpose, authority, and responsibility
- A mutual agreement among the Board, senior management, and the chief audit executive:
 - Functional reporting relationship with the Board
 - Authorizes access to records, personnel, and physical properties relevant to the performance of engagements
 - Defines the scope of internal audit activities
- Must be reviewed periodically and approved by the Board and senior management

History of Internal Audit Charter

Dec. 9,
2016

- TMRS Board approves Charter

Dec. 7,
2017

- *Readiness Review of Internal Audit Department* recommends further enhancements to the Charter

March 11,
2019

- Proposed amendments to Charter reviewed at Internal Audit Committee meeting

May 30-31,
2019

- Amendments to Charter presented to Board for review and approval

Amendments to Charter

- Add reference to Core Principles for the Professional Practice of Internal Auditing
- Add the purpose and key elements of internal audit's Quality Assurance and Improvement Program
- Add other information from the Institute of Internal Audit's model charter (issued March 2017) that may be useful to TMRS

Changes to the International Professional Practices Framework

Then



NEW



Now

Quality Assurance and Improvement Program

- Designed to enable an evaluation of the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics
- Assesses the efficiency and effectiveness of the internal audit activity
- Identifies opportunities for improvement
- Must include both internal (ongoing and periodic) and external (peer review) assessments

Recommendation

The Internal Audit Committee recommends that the Board of Trustees approve the Internal Audit Charter as amended.