



INTERNAL AUDIT CHARTER

Purpose

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. Internal Auditing assists MaineHousing in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes.

The primary objective of the Internal Audit function is to assist members of MaineHousing Management and the Board of Commissioners in the effective discharge of their duties. The Internal Audit department conducts reviews of operations, procedures, and internal controls and reports findings and recommendations to MaineHousing Management and/or the Audit Committee of the Board of Commissioners.

The Internal Audit function is staffed by the Internal Audit Manager, who complies with the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing, the IIA Code of Ethics, and all applicable Governmental Auditing Standards.

Authority

The Internal Audit Manager is authorized to undertake a broad, comprehensive program of internal auditing within the Maine State Housing Authority. With stringent accountabilities for safekeeping and confidentiality, the Internal Audit Manager is authorized to have full, free, and unrestricted access to all MaineHousing activities, records, property, and personnel.

The Internal Audit Manager is independent of management and reports functionally to the Audit Committee of the Board of Commissioners. For administrative purposes, the Internal Audit Manager reports to the Deputy Director and is part of MaineHousing's Office of the Director. These reporting relationships provide departmental independence, promote comprehensive audit coverage, and ensure adequate consideration of audit recommendations.

Since objectivity is essential to the audit function, the Internal Audit Manager cannot be involved in the day-to-day activities of MaineHousing's operations. The Internal Audit Manager is authorized, however, to assist management by providing comprehensive consulting services, making specific recommendations to address identified problems, and performing other functions requested by management which will not affect overall audit independence.

Responsibilities

The Internal Audit Manager is responsible for assessing and reporting on the effectiveness of the company's risk management, internal control and governance processes with regard to:

- the reliability and integrity of financial and operational information,
- the effectiveness and efficiency of operations,
- the safeguarding of assets, and
- compliance with laws, regulations, and contracts.

Responsibilities of the Internal Audit Manager include (but are not limited to) the following:

- Develop and execute a flexible Audit Plan, based on input from the Audit Committee, MaineHousing Management, and through consultation with MaineHousing's external audit firm. Review progress or changes regarding the plan with the Audit Committee as needed.
- Following the conclusion of each audit, prepare a written report (including audit findings and recommendations) to be distributed to the Audit Committee and to appropriate MaineHousing Management. Include the auditee's response, corrective action already taken, or measures planned with regard to specific audit findings and recommendations. Upon recommendation of the Audit Committee, present audit results to the Board of Commissioners.
- Follow-up on all audit findings and recommendations. Maintain all significant findings in an open issues file until cleared by the Audit Committee.
- Investigate suspected fraudulent activities within the organization. Monitor fraud prevention efforts with regards to external financial threats targeted at MaineHousing. Notify Management and the Audit Committee of the results.
- Coordinate internal audit work with the work of MaineHousing's external audit firm, including the annual year-end financial statement review, the annual audit imposed by the Single Audit Act and the U.S. Office of Management and Budget (OMB) Circular No. A-133, and other engagements as deemed necessary.
- In conjunction with MaineHousing Legal Services Counsel, review Conflict of Interest disclosures and render opinions for review and/or approval by the Audit Committee.
- With an internal audit purpose, participate on MaineHousing committees, including the Incident Management Team (IMT), Safety and Security team, Executive Committee, the Middle Management Team, Program Review, and others as deemed necessary by the Audit Committee.