



INTERNAL AUDIT CHARTER

MISSION

To provide the agency audit and consulting services that enhance accountability and assist the agency in accomplishing its mission and objectives through managing risk, increasing control awareness, improving processes, facilitating change, and promoting best practices.

VALUES

- Internal Audit will promote an ethical culture by conducting its services with integrity, proficiency, and due professional care.
- Internal Audit is committed to performing accurate work and offering feasible recommendations for improvement.
- Internal Audit seeks to comply with the professional standards and authoritative literature of the Internal Audit profession.

AUTHORITY

In accordance with the Texas Internal Auditing Act (the "Act") (Chapter 2102, Texas Government Code), the Texas Juvenile Justice Department (TJJD) hereby establishes an Internal Audit Department, whose director is appointed by and reports to the governing board (Board), charged with developing and executing audit plans and programs designed to assess TJJD's operations. Internal Audit will operate in accordance with the Institute of Internal Auditors (IIA) Professional Practices Framework which includes the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing as mandatory guidance. In addition, Internal Audit will follow Generally Accepted Government Auditing Standards (GAGAS).

The objectivity of TJJD's Chief Auditor is established by reporting functionally to the Board and administratively to the Executive Director. Removal of the Chief Auditor shall be subject to Board approval.

The independence of the Chief Auditor and staff is maintained by keeping them free of all operational and management responsibilities that would impair their ability to make independent reviews of all aspects of TJJD's operations.

Access to Records

Personnel of Internal Audit, in the performance of audits and with strict accountability for safekeeping and confidentiality, shall have unrestricted access to all TJJJ activities, records, reports (regardless of media), property and employees.

The Institute of Internal Auditor's Definition of Internal Auditing

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Standards

Audit Standards. All work of Internal Audit shall be conducted in accordance with the *International Professional Practices Framework* established by The Institute of Internal Auditors; *Government Auditing Standards*, published by the U.S. General Accountability Office; and relevant TJJJ policies and procedures. Additionally, Information Technology audits will be conducted in accordance with *IT Standards, Guidelines, and Tools and Techniques* promulgated by the Information Systems Audit and Control Association (ISACA).

Standards of Conduct. All staff of Internal Audit shall carry out their duties in a manner that is consistent with the *Code of Ethics* of the Institute of Internal Auditors and TJJJ's *Integrity Program*. In particular, staff shall be prudent in the use of information acquired in the course of their duties.

RESPONSIBILITIES

Internal Audit

To accomplish its mission, Internal Audit will:

- Develop an annual audit plan using an appropriate risk-based methodology, including risks or control concerns identified by management, and submit the plan and periodic updates to the Board.
- Implement the annual audit plan, as approved, including any special tasks or projects requested by management and the Board.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications.
- Evaluate and assess significant functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and expansion.
- Issue reports to the Board, through the Finance and Audit Committee and Executive Director, summarizing the results of audit activities.

- Distribute audit reports to the Office of the Governor, Legislative Budget Board, Sunset Advisory Commission and State Auditor's Office as required by the Act.
- Periodically review audit goals and results with the Finance and Audit Committee.
- Follow up on prior audit recommendations and report the current status to executive management and the Finance and Audit Committee periodically.
- Verify effective implementation of recommendations from prior audits that have been reported as implemented.
- As appropriate, consider the scope of work of monitoring activities, the external auditors and regulators for the purpose of providing optimal audit coverage to the agency.
- Develop, maintain, and continuously improve a quality assurance and improvement program that ensures compliance with standards.
- Participate in the State Agency Internal Audit Forum Peer Review Process.
- As requested, assist the Office of Inspector General in the investigation of significant suspected fraudulent activities within the agency; the results of which will be handled by the Inspector General.

Scope of Work

Internal Audit shall ensure that financial and performance audits of TJJJ programs, functions, activities, and systems are accomplished. Internal Audit shall perform sufficient audit work to determine whether:

- The systems for corporate governance, risk management, and control are effective;
- Activities and programs being implemented are properly authorized and are being conducted in a manner consistent with their objectives;
- Resources are acquired, protected, and used economically and efficiently;
- Programs, services, and activities are being operated effectively;
- Financial and performance reports are being provided that disclose fairly, fully, and accurately all required and necessary information to determine the scope of operations and the proper basis for measuring results;
- Management has established operating and administrative systems to ensure accountability for public resources; and
- Risks of fraud, waste, and abuse in the agency have been identified and, to the extent possible, minimized.

If Internal Audit does not possess the appropriate expertise or for some other reason does not have the personnel resources to conduct an audit, the Chief Auditor may contract for audit services.

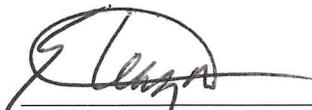
Internal Audit will also provide consultative and management assistance services to TJJJ Divisions. Requests for these services will be considered on an individual basis and must be approved by the Executive Director. Requests will not be approved if they will or can cause a loss of objectivity, impair the independence of Internal Audit, or will result in Internal Audit not being able to execute its annual plan.

Management

TJJD Management is responsible for:

- Applying resources efficiently, economically, and effectively to achieve the purposes for which the resources were furnished;
- Complying with applicable laws and regulations;
- Establishing and maintaining effective controls to ensure that appropriate goals and objectives are met;
- Ensuring resources are safeguarded;
- Ensuring reliable data is obtained, maintained, and fairly disclosed;
- Providing appropriate reports on efforts and accomplishments to those entities to which they are accountable;
- Providing information to Internal Audit as requested;
- Maintaining a process to ensure timely response and appropriate action is taken on audit recommendations; and
- Ensuring managers are trained on the role of Internal Audit in the agency.

Further, management should ensure that the Chief Auditor is informed of reviews, evaluations, assessments, audits, or inspections scheduled by local, state, or national agencies and/or external consultants or auditors evaluating programs or controls. This information is vital to Internal Audit's risk assessment and planning process and assists in minimizing duplication of effort.

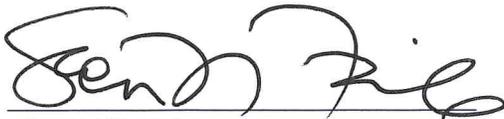


Eleazar Garcia, CIA, CRMA
Chief Auditor



David Reilly
Executive Director

This Charter is approved by the Texas Juvenile Justice Department Board on November 13, 2015.



Scott W. Fisher
Chairman of the TJJD Board