

RESOLUTION NO. 2019-25

REPEALING CHAPTER 262 OF THE CODIFIED RULES AND REGULATIONS
OF THE GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY AND
ENACTING A NEW INTERNAL AUDIT CHARTER

WHEREAS, pursuant to Resolution No. 1989-176, the Board of Trustees of the Authority codified the resolutions establishing its policies and procedures; and

WHEREAS, over the years, many of the resolutions have been amended; and

WHEREAS, at the present time, the Authority deems it necessary to review, revise and update the codified rules and regulations; and

WHEREAS, the Authority has conducted a review and determined that certain chapters need to be added to reflect current legal and ethical standards; and

WHEREAS, the Greater Cleveland Regional Transit Authority is required to maintain an effective internal audit program as a condition of receiving federal financial assistance; and

WHEREAS, the Bylaws of the Greater Cleveland Regional Transit Authority require that the Authority maintain an Internal Audit Department whose Executive Director reports to the Board of Trustees; and

WHEREAS, having a clear definition of the duties and responsibilities of the Department of Internal Audit will serve to insure that the best interest of the Authority and the general public are adequately protected; and

WHEREAS, the Board of Trustees of The Greater Cleveland Regional Transit Authority established the Policies and Procedures Covering the Internal Audit function for the Authority pursuant to Resolution No. 1988-207 adopted November 15, 1988 and adopted the Internal Audit Charter pursuant to Resolution No. 1992-028 adopted February 18, 1992; and

WHEREAS, a new Internal Audit Charter is needed to comply with the Standards for the Professional Practice of Internal Auditing.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio:

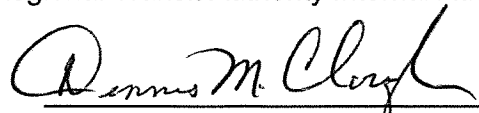
Section 1. That Chapter 262 is hereby repealed in its entirety.

Section 2. That the attached Internal Audit charter, Chapter 262, is hereby enacted.

Section 3. That this resolution shall become effective immediately upon its adoption.

Attachment: A. Chapter 262 Greater Cleveland Regional Transit Authority Internal Audit Charter

Adopted: February 19, 2019



President

Attest: 

Interim CEO, General Manager/Secretary-Treasurer



Attachment A

Chapter 262: Greater Cleveland Regional Transit Authority Internal Audit Charter

262.01 Purpose and Mission:

- (a) The purpose of the Greater Cleveland Regional Transit Authority's Internal Audit Department is to provide independent, objective assurance and consulting services designed to add value and improve GCRTA'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 Internal Audit Department helps GCRTA accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.
- (b) The Internal Audit Department functions as the inspector general for the GCRTA. The mission of the inspector general is to detect and deter waste, fraud, abuse, and misconduct in GCRTA programs and personnel, and to promote economy and efficiency in those programs. These responsibilities include initiating and conducting inspections and investigations of GCRTA operations and activities. Also, forwarding to the appropriate authorities evidence of criminal wrongdoing that is discovered as a result of any inspection or investigation.

262.02 Standards for the Professional Practice of Internal Auditing:

The Internal Audit Department will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing ("Standards"), and the Definition of Internal Auditing. The Executive Director of Internal Audit will report periodically to executive management and the Board of Trustees regarding the Internal Audit Department's conformance to the Code of Ethics and the Standards.

262.03 Authority:

- (a) The Executive Director of Internal Audit will report functionally to the Board of Trustees and administratively (i.e., day-to-day operations) to the CEO, General Manager. To establish, maintain, and assure the GCRTA's Internal Audit Department has sufficient authority to fulfill its duties, the Board of Trustees will:
- Approve the Internal Audit Department's charter.
 - Approve the risk-based internal audit plan.
 - Approve the Internal Audit Department's budget and resource plan.
 - Receive communications from the Executive Director of Internal Audit on the Internal Audit Department's performance relative to its plan and other matters.
 - Make decisions regarding the appointment and removal of the Executive Director of Internal Audit.
 - Determine the remuneration of the Executive Director of Internal Audit.
 - Make appropriate inquiries of management and the Executive Director of Internal Audit to determine whether there is inappropriate scope or resource limitations.
- (b) The Executive Director of Internal Audit will have unrestricted access to, and communicate and interact directly with the Board of Trustees, including in private meetings without management present.

262.04 The Board of Trustees authorizes the Internal Audit Department to:

- (a) 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.
- (b) Allocate resources, set frequencies, select subjects, determine scopes of work, and apply techniques required to accomplish audit objectives and issue reports.
- (c) Obtain assistance from the necessary personnel of the GCRTA, as well as other specialized services from within or outside the GCRTA, in order to complete the engagement.

262.05 Independence and Objectivity:

- (a) The Executive Director of Internal Audit will ensure the Internal Audit Department 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 Executive Director of Internal Audit determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.
- (b) Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner, they believe in their work product, that no quality compromises are made, and they do not subordinate their judgment on audit matters to others.
- (c) 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 GCRTA or its affiliates.
 - Initiating or approving transactions external to the Internal Audit Department.
 - Directing the activities of any GCRTA employee not employed by the Internal Audit Department, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.
- (d) Where the Executive Director of Internal Audit 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.
- (e) 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.

- (f) The Executive Director of Internal Audit will confirm to the Board of Trustees at least annually, the organizational independence of the Internal Audit Department.
- (g) The Executive Director of Internal Audit will disclose to the Board of Trustees any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

262.06 Scope of Internal Audit Activities:

- (a) The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Board of Trustees, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for GCRTA. Internal audit assessments include evaluating whether:
 - Risks relating to the achievement of GCRTA's strategic objectives are appropriately identified and managed.
 - The actions of GCRTA's trustees, executive management, directors, employees, and contractors are in compliance with GCRTA's policies, procedures, and applicable laws, regulations, contracts and agreements, 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 the GCRTA.
 - 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.
- (b) The Executive Director of Internal Audit will report Quarterly to executive management and the Board of Trustees regarding:
 - The Internal Audit Department's purpose, authority, and responsibility.
 - The Internal Audit Department's plan and performance relative to its plan.
 - The Internal Audit Department'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, executive management or the Board of Trustees.
 - Results of audit engagements or other activities.
 - Resource requirements.
 - Any response to risk by management that may be unacceptable to the GCRTA.
- (c) The Executive Director of Internal Audit also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The Internal Audit Department may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the Internal Audit Department does not assume management responsibility.
- (d) 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.

262.07 Responsibility:

(a) The Executive Director of Internal Audit has the responsibility to:

- Submit, at least annually, to executive management and the Board of Trustees a risk-based internal audit plan for review and approval.
- Communicate to executive management and the Board of Trustees the impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan, as necessary, in response to changes in the GCRTA's business, risks, operations, programs, systems, and controls.
- Communicate to executive management and the Board of Trustees 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.
- All assurance audit, investigative and internal consulting reports will be provided to the CEO, General Manager and appropriate management for review and response.
- Follow up on engagement findings and corrective actions, and report periodically to executive management and the Board of Trustees any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the Internal Audit Department 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 the GCRTA are considered and communicated to executive management and the Board of Trustees 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 Internal Audit Department.
- Ensure adherence to the GCRTA'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 executive management and the Board of Trustees.
- Ensure conformance of the Internal Audit Department with the Standards, with the following qualifications:
 - If law or regulation from conformance with certain parts of the Standards prohibits the Internal Audit Department, the Executive Director of Internal Audit will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
 - If the Standards are used in conjunction with requirements issued by other authoritative bodies, the Executive Director of Internal Audit will ensure the Internal Audit Department conforms with the Standards, even if the Internal Audit Department also conforms with the more restrictive requirements of other authoritative bodies.

262.08 Quality Assurance and Improvement Program:

(a) The Internal Audit Department will maintain a quality assurance and improvement program that covers all aspects of the Internal Audit Department. The program will include an evaluation of the Internal Audit Department'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 Internal Audit Department and identify opportunities for improvement.

- (b) The Executive Director of Internal Audit will communicate to senior management and the Board of Trustees on the Internal Audit Department'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 GCRTA.

262.09 Periodic Review and Amendment:

- (a) The Internal Audit Charter delineated herein will be subject to review and revision by the Board of Trustees at least once every three years. This does not preclude the Board of Trustees from revising specific policies included herein or adding additional policies should the Board of Trustees determine that the best interests of the public and/or the Authority would be served by making such a revision.
- (b) Any member of the Board of Trustees, the CEO, General Manager, or the Executive Director of Internal Audit can initiate or propose revisions to this charter.
- (c) Proposed amendments or revisions to this charter will be subject to review and study by the Audit Committee of the Board of Trustees. The Audit Committee will make recommendations on any proposed amendment or revision to the Board of Trustees. The Board of Trustees must approve any amendment or revision by majority vote before said amendment or revision will become official policy of the Authority.



TITLE/DESCRIPTION: REPEALING CHAPTER 262 OF THE CODIFIED RULES AND REGULATIONS OF THE GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY AND ENACTING A NEW INTERNAL AUDIT CHARTER.	Resolution No.: 2019-25
	Date: February 14, 2019
	Initiator: Internal Audit
ACTION REQUEST: <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____	

- 1.0 PURPOSE/SCOPE: This resolution will repeal Chapter 262 of the Codified Rules and Regulations ("Code") of the Greater Cleveland Regional Transit Authority and enact a new Internal Audit charter.
- 2.0 DESCRIPTION/JUSTIFICATION: The Policies and Procedures of the Board of Trustees were codified in 1989, pursuant to Resolution No. 1989-176. The Internal Audit charter was adopted in 1988, pursuant to Resolution No. 1988-207, repealed and re-enacted by Resolution No. 1992-28 and reviewed and amended by Resolution No. 1997-199.

The current Internal Audit Charter was developed in response to a structured oversight of the procurement process and now represents an outdated risk universe, business practices, and audit techniques. The charter includes prescriptive and inflexible audits and procedures. It does not reflect current best practices for internal auditing. The Institute of Internal Auditors ("IIA") provides internal audit professionals worldwide with authoritative guidance and best practices through published standards. The proposed amended Internal Audit Charter properly aligns with the Standards for the Profession of Internal Audit ("Standards").

In both the existing and proposed charters, the Internal Audit Department is established as an independent, objective assurance function for the Authority, as well as Inspector General. The charter continues to require an annual audit plan, but the proposed amendment focuses on risk-based planning and alignment with the Authority's strategic objectives. The Executive Director of Internal Audit continues to report functionally to the Board of Trustees and administratively to the General Manager/Chief Executive Officer. Quarterly reports to the Board of Trustees remain.

Additions to the proposed charter include the Executive Director's unrestricted access to the Board of Trustees, review and study of charter amendments by the Board's Audit Committee before recommendation to the Board of Trustees, a Quality Assurance and Improvement program for the Internal Audit Department, greatly expanded requirements for the department's objectivity and independence and a provision for all draft and final assurance audit, investigative and internal consulting reports to be provided to the CEO, General Manager and appropriate management for review and response. The proposed charter also includes the mission and responsibilities of the department as the Inspector General for the Authority, and defines the authority and responsibility of the Board of Trustees regarding the Internal Audit Department. In line with the Standards, the charter enables the Internal Audit Department to perform consulting engagements for the organization.

Elements of the existing charter that are not included in the amended charter include the following: audit procedure steps, lists of audits to be performed, and methods for implementation follow-up. These elements are more appropriate for a procedure manual

than the audit charter. Additionally, the authority of the GM/CEO is amended in the proposed charter, removing the requirement for the GM/CEO to review all draft and final audit reports, and removing the GM/CEO's authority to direct Internal Audit activities and scope. To maintain independence and objectivity, the activities and scope of the Internal Audit Department must be risk-based and free of bias. Finally, the existing charter designates Internal Audit as a managerial control; rather, Internal Audit performs assurance and consulting activities to review management's controls.

- 3.0 PROCUREMENT BACKGROUND: Does not apply.
- 4.0 AFFIRMATIVE ACTION/DBE BACKGROUND: Does not apply.
- 5.0 POLICY IMPACT: Adoption of the resolution will result in an updated Internal Audit charter.
- 6.0 ECONOMIC IMPACT: Does not apply.
- 7.0 ALTERNATIVES: Not adopting this resolution. Not adopting this resolution would result in the Internal Audit charter not being in conformance with the Institute of Internal Auditors professional standards.
- 8.0 RECOMMENDATION: It is recommended that this resolution be adopted.
- 9.0 ATTACHMENTS:
 - A. Redline copy of current Chapter 262
 - B. Summary of Proposed Changes
 - C. Proposed Amendment Change Log

Attachment A

TITLE SIX - Internal Audit
Chap. 260. Department of Internal Audit.
Chap. 262. GCRTA Internal Audit Charter.

CHAPTER 260 Department of Internal Audit

EDITOR'S NOTE: There are no sections in Chapter 260. This chapter has been established to provide a place for cross references and any future legislation.

CROSS REFERENCES

~~Records; audit and examination; award of contracts for acquisition of rolling stock~~
Contract requirements - see 49 U.S.C.A. 1608(b)5325

State Auditor - see Ohio R.C. ~~117.0115-01~~ et seq.
County auditors - see Ohio R.C. 319.01 et seq.
City auditors - see Ohio R.C. 733.10 et seq.

Department of Internal Audit - see Bylaws Art. VIII, Sec. 5
Personnel decisions re Director of Internal Audit - see Bylaws Art. VIII, Sec. 6

~~Internal audit policies and procedures~~
GCRTA Internal Audit Charter - see ADM. Ch. 262

Appointment and promotion of Director of Internal Audit - see PERS. 622.04

CHAPTER 262 GCRTA Internal Audit Charter

EDITOR'S NOTE: This chapter, previously titled "Internal Audit Policies and Procedures," and being a codification of Resolution 1988-207, passed November 15, 1988, was repealed and re-enacted in its entirety by Resolution 1992-28, passed February 18, 1992, which approved and adopted the Greater Cleveland Regional Transit Authority Internal Audit Charter. The Charter was reviewed and amended by Resolution 1997-199, passed November 18, 1997. The Charter was reviewed and amended by Resolution _____, passed February _____, 2019.

262.01 ~~Adoption and implementation~~Purpose and Mission.
262.02 ~~Purpose and scope~~Standards for the Professional Practice of Internal Auditing.
262.03 ~~Legal authority~~Authority.
262.04 ~~Mission statement and objectives~~The Board of Trustees Authorizes the

Internal Audit Department to.

- 262.05 ~~Scope of activities~~Independence and Objectivity.
262.06 ~~Reporting and follow-up~~Scope of Internal Audit Activities.
262.07 ~~Contract audits~~Responsibility.
262.08 ~~Internal audits~~Quality Assurance and Improvement Program.
262.09 Periodic review and amendment.

CROSS REFERENCES

~~Records; audit and examination; award of contracts for acquisition of rolling stock~~Contract requirements - see 49 U.S.C.A. 1608(b)5325

Office of Management & Budget Circulars 87, 102 & 133

Federal Transit Administration Circular 4220.1F

State Auditor - see Ohio R.C. 115.01 et seq.

County auditors - see Ohio R.C. 319.01 et seq.

City auditors - see Ohio R.C. 733.10 et seq.

Legal Authority – see Ohio R.C. 306.31, 306.34 306.35

Department of Internal Audit - see Bylaws Art. VIII, Sec. 5, 6

Personnel decisions re Director of Internal Audit - see Bylaws Art. VIII, Sec. 6

Department of Internal Audit - see ADM. Ch. 260

Appointment and promotion of Director of Internal Audit - see PERS. 622.04

~~262.01 — ADOPTION AND IMPLEMENTATION.~~

~~(a) The Greater Cleveland Regional Transit Authority Internal Audit Charter, contained herein, is hereby adopted as the policy of the Greater Cleveland Regional Transit Authority.~~

~~(b) The Director of Internal Audit is hereby authorized to take necessary administrative steps required to implement the policies contained herein.~~

~~(c) The General Manager/Secretary Treasurer is hereby authorized, pursuant to the authority granted by the Greater Cleveland Regional Transit Authority Bylaws, to issue the necessary administrative procedures to implement the Greater Cleveland Regional Transit Authority Internal Audit Charter.~~

~~262.02 — PURPOSE AND SCOPE.~~

~~(a) The Internal Audit Charter described herein delineates the duties and responsibilities of the Department of Internal Audit for the Authority. Its provisions are designed to clearly define the role which the Department of Internal Audit plays in carrying out the Authority's mission to provide public transportation services and in protecting the public interest.~~

~~(b) The Internal Audit Charter established herein covers the following areas: (1) Mission Statement and Objectives~~

~~(2) Scope of Activities~~

- ~~(3) Reporting and Follow Up~~
 - ~~(4) Contract Audits~~
 - ~~(5) Internal Audits~~
- ~~(Res. 1997 199. Passed 11 18 97.)~~

~~262.03 LEGAL AUTHORITY.~~

~~The legal authority for this Internal Audit Charter is derived from the following sources:~~

- ~~(a) From Ohio R.C. Chapter 306, Regional Transit Authority, as follows:

 - ~~(1) Section 306.31 Creation of Authority~~
 - ~~(2) Section 306.34 Board of Trustees to manage and conduct affairs~~
 - ~~(3) Section 306.35 Powers and duties~~~~
- ~~(b) Additionally, from the Authority's Bylaws the following sections are germane: Article VIII Administration and Employment, Sections 5 and 6~~
- ~~(c) Finally, Federal laws and regulations which are germane include:

 - ~~OMB Circulars: A 87 Cost Principles for State, Local and Indian Tribal Governments~~
 - ~~A 102 Grants and Cooperative Agreements w/With State and Local Governments~~
 - ~~A 133 Audits of State and Local Governments and Non-Profit Organizations~~~~

~~OMB Common Rule for Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments notably:~~

- ~~C4220.1B Third Party Contracting Guidelines~~
 - ~~C5010.1B Grant Management Guidelines O~~
 - ~~9010.1A Section 9 Triennial Reviews~~
- ~~(Res. 1997 199. Passed 11 18 97.)~~

~~262.04 MISSION STATEMENT AND OBJECTIVES.~~

~~(a) Mission. The Department of Internal Audit is an independent unit within the Greater Cleveland Regional Transit Authority (GCRTA) for the review of all activities as a service to the Board of Trustees and Authority Management. This office functions as an independent appraiser and internal monitor for reviewing and evaluating each unit within the Authority as to the adequacy of controls and records, and as to adherence to established policies, plans, procedures and regulations, and for reporting on the efficiency and effectiveness of the Authority's activities. The Department of Internal Audit functions as the inspector general for the Authority and serves as a managerial control which functions by measuring and evaluating the effectiveness of all other internal controls and operations.~~

~~(b) Objectives. The goal of the Department of Internal Audit is to assist the Board of Trustees, Authority Management, and related governmental entities, in the effective discharge of their responsibilities by furnishing them with independent analyses, appraisals, recommendations, and pertinent comments concerning the~~

~~activities under audit. The Department of Internal Audit is concerned with, and may review, any phase of the GCRTA or a GCRTA related activity.~~

~~The objectives of the Department of Internal Audit include the following:~~

- ~~(1) To determine the establishment and efficiency of internal controls and management's adherence to the controls;~~
- ~~(2) To ascertain the extent of compliance with established GCRTA policies, guidelines, procedures, and appropriate governmental regulations;~~
- ~~(3) To ascertain the extent to which GCRTA assets are accounted for and safeguarded from losses;~~
- ~~(4) To appraise the economy and efficiency with which resources are employed;~~
- ~~(5) To prevent, discover and report errors or irregularities in conducting Authority activities;~~
- ~~(6) To develop, maintain, and implement audit procedures to cover all aspects of GCRTA's operating and capital programs;~~
- ~~(7) To objectively report audit findings with recommendations for corrective actions;~~
- ~~(8) To facilitate implementation of corrective actions through an effective audit recommendation follow-up system;~~
- ~~(9) To ascertain the appropriateness of management response to audit recommendations and provide follow-up status reports to the Board and the General Manager/Secretary-Treasurer.~~

~~(Res. 1997-199. Passed 11-18-97.)~~

~~262.05 SCOPE OF ACTIVITIES.~~

~~The Department of Internal Audit activities extend to all operations of the Authority.~~

~~The Department's independence is critical to provide assurance to the Board of Trustees, Authority Management, cognizant governmental entities and the public at large that Authority affairs are in order. The Department of Internal Audit has no direct responsibility for, nor authority over, any of the areas under audit review; therefore, the audit review does not in any way relieve other persons of their assigned responsibility. (Res. 1997-199. Passed 11-18-97.)~~

~~262.06 REPORTING AND FOLLOW UP.~~

~~(a) Reporting Relationships and Requirements. The Department of Internal Audit reports functionally to the President of the Board and administratively to the General Manager/Secretary-Treasurer. All draft and final audit reports will be provided to the General Manager (GMGR) for review. A summary report will be provided to the Board of Trustees on a quarterly basis and discussed with the Committee of the Whole Board. Such reports will outline work performed, major recommendations made, management's response, including specific steps for the implementation of all agreed upon recommendations, and other pertinent data. Board~~

~~requests for audit services will be addressed in a timely manner.~~

~~(b) Follow Up Activities. The Department of Internal Audit is required by the Standards for the Professional Practice of Internal Auditing to maintain an audit recommendation follow up procedure to ensure the timely implementation of all accepted recommendations.~~

~~Should corrective action be indicated, as evidenced by specific recommendations contained in an audit report, the management at interest shall include in their response specific steps taken or steps to be taken to effect the corrective action.~~

~~In the event that agreement between the Department of Internal Audit and the auditee cannot be reached as to acceptable corrective action, the matter at hand will be referred to the appropriate Deputy General Manager and/or the General Manager/Secretary Treasurer for resolution. Should an impasse occur at this level, the General Manager/Secretary Treasurer and the chairperson of the Board Committee relating to the auditee will be asked to resolve the matter.~~

~~(Res. 1997-199. Passed 11-18-97; Res. 1999-147. Passed 10-26-99.)~~

~~262.07 — CONTRACT AUDITS.~~

~~(a) Purpose and Scope. The purpose of contract auditing is to assist in achieving prudent contracting by providing those responsible for procurement with financial information and advice relating to contractual matters and contractors. Audit activities include providing professional advice on accounting and financial matters to assist in the negotiation, award, administration, repricing and settlement of contracts, and to assist the Deputy General Manager - Legal Affairs in disputes. Areas of interest to the auditor include a contractor's policies and procedures affecting costs, the accuracy, timeliness, completeness and reasonableness of cost representations, the financial capabilities of the contractor, the appropriateness of contractual provisions having accounting or financial significance and the validation of all financial and factual elements in the contractor's cost and pricing data, proposal or claim.~~

~~The scope of the contract audit program includes, but is not limited to, the following activities:~~

- ~~(1) — Audit review of contractor proposals for engineering and architectural design, technical inspection and construction management services.~~
- ~~(2) — Audit review of fixed price contract proposals to be negotiated and negotiated contracts for professional services.~~
- ~~(3) — Audit review of consultant contract proposals.~~
- ~~(4) — Annual audit review of cost plus fixed fee contracts as to allocability and allowability of costs.~~
- ~~(5) — Review of the financial capability of a contractor prior to award of a contract.~~
- ~~(6) — Audit review of all contractor cost proposals pertaining to pending change orders, contract modifications and claims, in excess of Board-specified amounts prior to negotiation with a contractor, or when specifically requested by the Contracting Officer (C.O.), the General Manager/Secretary Treasurer, the Board of Trustees or their authorized representatives.~~

- ~~(7) Audit review of negotiated contract modifications not previously audited, in accordance with the contract clauses for defective cost or pricing data, when requested by the C.O., the General Manager/ Secretary Treasurer, the Board of Trustees or their authorized representatives.~~
- ~~(8) Audit review of contractor claims in quantum litigation when requested by Deputy General Manager Legal Affairs or the General Manager/Secretary Treasurer.~~
- ~~(9) Audit review of indirect rates of contractors who have a continuing contractual relationship with GCRTA to aid in the negotiation and settlement of contract modifications.~~
- ~~(10) Audit review of contract terminations.~~
- ~~(11) Selected audit review of contract monthly estimates for payment to contractor.~~
- ~~(12) Audit review of contract close outs.~~
- ~~(13) Audit review of costs of construction work, relocations, and other activities by utilities or governmental agencies pursuant to master agreements.~~
- ~~(14) Other audit reviews as may be required by GCRTA, DOT, the State Auditor, ODOT, or FTA rules and regulations.~~

~~(b) Responsibility of Director of Internal Audit. The Director of Internal Audit is responsible for the enforcement, application and timeliness of this policy as authorized and directed by the Board of Trustees and the General Manager/Secretary Treasurer.~~

~~The Director of Internal Audit acts for the General Manager/Secretary Treasurer, and the Board of Trustees in formulating, planning, and implementing contract audits relating to proposals/claims for contracts, modifications, and master agreements. Because the Director of Internal Audit also serves management by independently conducting audits to determine if contracting is being done in accordance with Authority policy and Federal, State and local regulations and laws and is being accomplished in a cost efficient manner, the audit function is separate and independent of procurement and contract administration.~~

~~The Director of Internal Audit assists management and staff by providing accounting and financial advisory services (in connection with the negotiation and modification of existing contracts, and the administration and settlement of negotiated contracts and subcontracts) to the Authority's Contracting Officer and to his or her authorized representatives. Accordingly audit reports and other services provided are for the most part advisory and are intended to be responsive to the needs of the party requesting the audit.~~

~~(e) Procedures.~~

- ~~(1) The auditors shall have access to all work areas and all papers, records, procedures, minutes, reports, and work files needed for their examination in order to insure that the whole record will be considered.~~
- ~~(2) Depending upon the specific contractual terms, external contracting and financial activities of the Authority are subject to appropriate contract audit. Such audits will be planned and scheduled on the basis of available manpower, priority needed for the audit, and probable benefits to be realized.~~
- ~~(3) The cognizant contracting officer (C.O.) or authorized representative, and others affected, will be contacted by the Director of Internal Audit prior to the start of a scheduled audit, be briefed on the reasons and general objectives of the audit, and be afforded an opportunity to suggest specific input believed applicable to the audit to be undertaken. An exception is made where the work is a continuation of an on going audit effort previously coordinated with the cognizant department.~~
- ~~(4) Prior to the start of field audit work on the contractor's records, the auditor will review the contract/modification file and may meet with cognizant Authority officials to obtain a full understanding of the scope of the planned audit.~~
- ~~(5) During the course of an audit, the C.O. will be kept informed of any major discrepancies noted and will be immediately notified should the contractor refuse to cooperate with the auditor.~~
- ~~(6) At the conclusion of each field audit, the auditor will meet with the contractor's representatives to review the results of the audit and afford them an opportunity to correct any error in fact, to explain discrepancies in the claim and to present any material, fact or record not previously disclosed. The auditor will also meet with cognizant Authority officials and/or negotiators to discuss the results of the audit as well as to correct any error in fact. The Director of Internal Audit will then complete the audit examination and issue the audit report, including, as deemed appropriate, relevant comments of affected parties.~~
- ~~(7) When requested, the Director of Internal Audit will provide necessary representation to the C.O.'s negotiation team when audit reports are being discussed with a contractor. Such representation is for the sole purpose of explaining and supporting the findings of the audit.~~

- ~~(8) At the conclusion of negotiations or other completed actions, the cognizant C.O. or the Director will include in the contract modification documentation a reconciliation of the negotiated settlement to the audit report, which fully explains the differences.~~
- ~~(9) Sixty days after the issuance of an audit report, or as otherwise agreed by the parties, the Director of Internal Audit will follow up with the cognizant officer (C.O.) or his or her authorized representative to ascertain the status of the audit report recommendations and will continue to follow up, until the negotiations or other contract action has been finalized, to ascertain the extent to which the audit recommendations were followed in the negotiations.~~
- ~~(10) The Director of Internal Audit is authorized to report independently to all department directors, the GMGR, the AGM's, the Board of Trustees, the independent auditors, or any other Authority level appropriate for a given audit, with a copy of the report to the cognizant officer. With respect to any outside agencies and organizations, copies of audit reports shall be transmitted in the following manner:~~
- ~~A. Contractors or related third parties, over the signature of the applicable contracting officer.~~
 - ~~B. Government agencies and organizations, over the signature of the General Manager/Secretary-Treasurer; and~~
 - ~~C. Matters involving litigation, over the signature of the Deputy General Manager - Legal Affairs and the General Manager/Secretary-Treasurer.~~
- ~~(Res. 1997-199. Passed 11-18-97; Res. 1999-147. Passed 10-26-99.)~~

~~262.08 INTERNAL AUDITS.~~

~~(a) Purpose and Scope. The purpose of this section is to set forth Authority policy concerning the internal audit and inspection activities conducted by the Department of Internal Audit. It will apply to all Authority organizations and activities without limitation.~~

- ~~(1) The scope of internal audit work is divided into four major categories, as follows:~~
- ~~A. Financial and compliance. This includes audits and examinations of selected financial transactions and operations. Areas covered include whether:~~
 - ~~1. GCRTA is maintaining effective control over revenues, expenditures, assets and liabilities.~~
 - ~~2. GCRTA is properly accounting for its resources, liabilities and operations;~~
 - ~~3. GCRTA's financial reports contain accurate, reliable, and useful financial data and are fairly presented; and~~
 - ~~4. GCRTA is complying with the requirements of applicable~~

laws and regulations.

~~B. Operational. This includes reviews and audits of resource use in programs, activities, operations, and program results. Matters of interest would include, but are not limited to:~~

- ~~1. Procedures, whether officially prescribed or merely followed, which are ineffective or found to be more costly than justified;~~
- ~~2. Duplication of effort by employees or between organizational units which, if eliminated, could increase overall efficiency;~~
- ~~3. Performance of work which serves little or no useful purpose;~~
- ~~4. Inefficient or uneconomical use of equipment;~~
- ~~5. Staffing levels in relation to work to be done;~~
- ~~6. Faulty buying practices;~~
- ~~7. Procurement and accumulation of unneeded or excess quantities of property, materials, or supplies; and~~
- ~~8. Wasteful use of property.~~

~~C. Program results. This includes surveys and reviews of programs, activities and operations to consider whether objectives are being achieved effectively. Major questions to be addressed in this category include:~~

- ~~1. Program effectiveness. Is the program accomplishing the results intended, as spelled out in the legislative objectives or in the implementing directives of GCRTA?~~
- ~~2. Cost effectiveness. Is the program succeeding within the costs anticipated at the time the legislation was enacted?~~
- ~~3. Adequacy of information system. Does top management have the essential and reliable information necessary to exercise supervision and controls and to ascertain direction or trends?~~
- ~~4. Cost benefit relationship. Are program costs reasonably commensurate with the benefits achieved?~~
- ~~5. Consideration of alternatives. Have alternative programs or procedures been examined or should they be examined for potential in achieving objectives with the greatest economic efficiency?~~
- ~~6. Clarity and consistency of objectives. Are program objectives sufficiently clear to permit agency management to effectively accomplish the desired program results? Are the objectives of the component parts of the program consistent with overall program objectives?~~

D. ~~EDP auditing. The overall objectives of EDP auditing are, to a great extent, synonymous with those of the other two audit categories (financial and compliance, and operational). The types of EDP reviews which may be performed are described below:~~

- ~~1. General data processing reviews. These consist of examining, at a relatively high level, accounting and administrative controls, and determining if the design of key controls, as well as compliance with them, are adequate.~~
- ~~2. Data processing technology area reviews. These are reviews of specific technology areas relevant to data processing activities to ensure that data are generally processed in a consistent, accurate and complete manner and that security and contingency procedures are appropriate.~~
- ~~3. Application reviews. These are performed to determine the adequacy of controls (programmed or manual) in a specific system and to establish the reliance that can be placed on the controls affecting the transaction processed by that system. Inquiries, reviews and tests are performed which allow the auditor, to form an opinion relative to the:
 - ~~a. Completeness and accuracy (i.e. possibilities for error) of data input, processing, storage and output distribution; and~~
 - ~~b. The proper authorization for transactions (i.e. the possibilities for unauthorized access).~~~~
- ~~4. System development reviews. These are performed during the development and implementation of a data processing application system to ensure that the system will be implemented in an efficient and controlled manner. In addition, a review of the security, controls and auditability of the new system application and applicable manual procedures is performed to ensure that the new system will provide management with complete and accurate information.~~

~~(2) This scope of audit of organizations, programs, activities, and functions is in accordance with the Governments Auditing Standards prescribed by the Comptroller General (1988 Revision) and the Professional Internal Auditing Standards. The Office of Management and Budget, by circular, established audit requirements for state and local governments receiving Federal assistance and required that audits of these entities are to be made in accordance with the Comptroller General's standards. Moreover, in 1978 the Institute of Internal Auditors issued standards which are compatible with these standards.~~

~~(3) The Director of Internal Audit also supervises and directs official inquiries into allegations of employee/contractor misconduct, or allegations of mismanagement, waste or abuse in any of the Authority's programs, activities or operations. When the Director of Internal Audit's investigatory work uncovers criminal activity, such cases will be referred to the Director of Security for the Authority. The Board of Trustees and the General Manager will be kept abreast of all such cases on a timely basis. Discussion of all such items will be conducted in executive session in order to maintain confidentiality in accordance with the provisions of Ohio law regarding executive sessions.~~

~~Fraud against the Authority may be accomplished by false claims for benefits or services, false statements to induce contracts or to secure benefits, bribery of officials or claims for payment when goods or services are not delivered. Official inquiries of fraud, waste, or abuse are essentially reactive in nature and usually begin with the receipt of allegations of wrongdoing and/or requests for examination from a variety of sources, including:~~

- ~~A. Authority Management~~
- ~~B. Board members~~
- ~~C. Hotline complaints~~
- ~~D. Outside audits~~
- ~~E. News media~~

~~Priorities are established based on the significance of the allegations and the limited availability of resources. Significance is determined by any of the following: potential impact on public integrity and safety, dollar impact, high level of interest and sensitivity, or potential embarrassment to the Authority.~~

~~(b) Annual Audit Plan. Each year an annual Internal Audit Plan will be prepared by the Director of Internal Audit. The Plan will delineate those internal audit activities which are expected to be completed during the year. The Plan will be reviewed with the General Manager/Secretary Treasurer and the Board of Trustees in accordance with paragraph (d)(2) hereof.~~

~~(c) Responsibility. The Director of Internal Audit is responsible for the enforcement, application, and timeliness of this policy as directed by the Board of Trustees and the General Manager/Secretary Treasurer.~~

~~The Director of Internal Audit acts as directed by the GMGR in:~~

~~(1) Formulation, planning, and implementing financial compliance audits, reviews of economy and efficiency of~~

~~operations, evaluations of program results, and comprehensive review of Authority organizational units; and~~

~~(2) Supervising and directing officials' inquiries relating to alleged improprieties in programs and activities of the Authority. All Authority activities are subject to review by the Director of Internal Audit.~~

~~(d) Procedures.~~

~~(1) In deciding which areas should be audited, the following criteria will be considered:~~

~~A. Emphasis by the Board, the General Manager/Secretary Treasurer and Management.~~

~~B. Ethical climate and pressure on management to meet objectives.~~

~~C. Competence, adequacy and integrity of personnel.~~

~~D. Asset, size liquidity or transaction volume.~~

~~E. Financial and economic conditions.~~

~~F. Competitive conditions.~~

~~G. Complexity or volatility of activities.~~

~~H. Impact of customers, suppliers and government regulations.~~

~~I. Degree of computerized information systems.~~

~~J. Geographical dispersion of operations.~~

~~K. Adequacy and effectiveness of the system of internal control.~~

~~L. Organizational, operational, technological or economic changes.~~

~~M. Management judgments and accounting estimates.~~

~~N. Acceptance of audit findings and corrective action taken.~~

~~O. Date and results of previous audits.~~

~~(2) The Director of Internal Audit will meet at least annually with the Board of Trustees, and at such other times with the Board, as the Board President, the Director of Internal Audit or the General Manager/Secretary Treasurer determine. The Board of Trustees will review the annual internal audit work program of the Director of Internal Audit after approval of the General Manager/Secretary Treasurer. This review will be conducted at the beginning of each fiscal year and its purpose is to ensure that the program includes work in areas of interest to the Board of Trustees.~~

~~(3) The Director of Internal Audit will ensure that the President of the Board of Trustees is fully informed of major work in~~

~~progress and will make available to Board members summaries of audit/inspection reports and such other documents and materials as Board members may request or require to carry out their responsibility. Matters involving contractor proprietary data, Authority personnel matters, or other matters of a private nature shall be conducted in executive session in accordance with Ohio law.~~

~~(4) The Director of Internal Audit will keep the President of the Board of Trustees informed of any audits or surveys being made or proposed by outside organizations such as the DOT's Inspector General or the General Accounting Office.~~

~~(5) When such services are retained, the Director of Internal Audit will cooperate with the external auditors to maximize the benefit to the Authority.~~

~~(6) The Department of Internal Audit staff shall have unrestricted access to all work areas and all papers, records, procedures, reports and work files needed for their department examinations. It is the responsibility of each department director (DD) to ensure that their organization cooperates fully with audit staff and is responsive to legitimate requests. Excluded are matters involving active criminal/civil prosecutions where the access to records, etc., has been judicially restricted.~~

~~(7) Except where the nature of the audit necessitates otherwise (such as a surprise cash audit) or in the instance of a routine and informal inquiry for information, prior to the start of a scheduled review the auditee will be briefed on the general objectives of the audit and the personnel to be assigned, and be afforded an opportunity to suggest specific areas for emphasis. Arrangements for work space or other necessary facilities also will be completed at that time.~~

~~(8) Before concluding the audit, the Director of Internal Audit will schedule an exit conference with the auditee to informally apprise the auditee of the various matters observed during the audit and secure the auditee's views on the specific issues.~~

~~(9) Prior to the exit conference, the Director of Internal Audit will issue a draft report to the involved management for review. The Director of Internal Audit or a senior member of his or her staff will be available, if desired, to discuss the draft report prior to the submission of written comments.~~

- ~~(10) Within fifteen days after receipt of the draft audit report the auditee will respond, in writing, to the Director of Internal Audit giving his or her view on the relative significance of the matters reported, and stating what, if any, actions will be taken. If additional time is needed, the auditee should discuss the unusual circumstances with the Director of Internal Audit.~~
- ~~(11) The final report will be addressed to the auditee, with copies to the General Manager/Secretary Treasurer.~~
- ~~(12) Within sixty days after receipt of the final report, the auditee will provide written comments to the Director of Internal Audit stating what actions have been taken or planned with respect to matters presented in the report. Where planned actions are indicated, milestones or target dates will be included.~~
- ~~(13) Quarterly, the Director of Internal Audit will report to the General Manager/Secretary Treasurer on the status of recommendations in issued reports. The Director of Internal Audit will comment on whether action was taken and, if so, whether it was effective.~~
- ~~(14) With respect to the handling of formal comments on draft or final reports prepared by outside agencies or organizations, such official responses or other pertinent correspondence shall be transmitted only over the signature of the General Manager/Secretary Treasurer.~~
- ~~(15) Questions which arise during the audit concerning the interpretation of the law or compliance therewith shall be referred by the Director of Internal Audit to the AGM Legal for resolution and disposition.~~
- ~~(Res. 1997-199. Passed 11-18-97.)~~

~~262.09 PERIODIC REVIEW AND AMENDMENT.~~

~~(a) The Internal Audit Charter delineated herein will be subject to review and revision by the Board of Trustees at least once every three years. This does not preclude the Board of Trustees from revising specific policies included herein or adding additional policies should the Board of Trustees determine that the best interests of the public and/or the Authority would be served by making such a revision.~~

~~(b) Amendments or revisions to this Charter can be initiated or proposed by any member of the Board of Trustees, by the General Manager/Secretary Treasurer of the Authority, or by the Director of Internal Audit.~~

~~(c) Proposed amendments or revisions to this Charter will be subject to review and study by the Committee of the Whole Board. The Committee of the Whole Board~~

~~will make recommendations on any proposed amendment or revision to the Board of Trustees. The Board of Trustees must approve any amendment or revision by majority vote before said amendment or revision will become official policy of the Authority.~~
(Res. 1997-199. Passed 11-18-97. Res. 2019-XXX. Passed 2-XX-19.)

ATTACHMENT B

New Elements in 2018 Charter	Elements from 1997 Charter included in 2018 Charter (<i>revisions noted</i>)	Removed Elements from 1997 Charter
Alignment with Standards for Profession of Internal Audit	Preparation of annual audit plan. <i>Revised - plan is risk-based instead of all-encompassing</i>	Audit procedure steps
Mission and responsibilities as Inspector General	Internal Audit remains liaison between Board and external auditors/investigators	List of audits to be performed
Clear explanation of Board of Trustees' responsibilities and authority regarding Internal Audit Department	Internal Audit is authorized to all necessary resources (additional to 1997 charter authority)	GM review of all draft and final reports
Executive Director of IA has unrestricted access to Board of Trustees	Executive Director of IA reports administratively to GM/CEO and functionally to Board of Trustees	GM Authority to direct IA activities and scope
Greatly expanded "Independence and Objectivity" responsibilities and procedures to conform with professional standards	2018 charter expands IA access to include "all functions, records, property, and personnel" to carry out engagement, and adds accountability for confidentiality. Previously, access was limited to "all work areas and all papers, records, procedures, minutes, reports, and work files" and did not include accountability for confidentiality	Adoption and Implementation of Charter
Align risk assessment approach with strategic objectives of the organization	2018 charter and 1997 charter include sections for the "Scope of Internal Audit Activities." 2018 charter has a greater emphasis on the strategic plan with a risk-based approach, and excludes prescriptive, required audits.	Purpose and Scope of Charter
Greater emphasis on responsibilities of Director surrounding audit plan review and development, department competencies, and responding to emerging issues	Quarterly report to BOT is retained, and charter now reflects practice	Legal Authority of Charter
Quality Assurance and Improvement Program added to 2018 charter for alignment and conformance with Standards	Responsibility of Executive Director is included in both charters; 2018 charter provides all responsibilities in one section whereas 1997 charter had responsibilities in various sections	Methods for follow-up of recommendation implementation
Internal Audit performs both assurance and consulting activities for organization	"Periodic Review and Amendment" is retained in full, with exception of Audit Committee review of proposed amendments and revisions (formerly, Committee of the Whole)	Designation of Internal Audit as a managerial control

ATTACHMENT C

2018 Charter	1997 Charter	Comments
Purpose & Mission	262.04 (a) Mission	Purpose and mission align with Standards for Professional Practice of Internal Auditing
	262.04 (a) Mission	Retains dual role of Internal Audit Department and Inspector General for the Authority; revised to include responsibilities as Inspector General.
	262.08 (a) (3) Purpose and Scope	Revised to reflect current activities
Standards for Professional Practice of Internal Auditing	262.08 (a) (2) standards alignment	Revised to reflect alignment with Standards for Professional Practice of Internal Auditing
	262.06 (a) Reporting Relationships and Requirements	Retains functional and administrative reporting responsibilities
Authority	262.08 (d) (3) Procedures	Allows more discretion on behalf of the IA Director and BOT regarding updates relative to plan
	262.07 (c) (1) Procedures	2018 charter expands authority to include "all functions, records, property, and personnel" to carry out engagement, and adds accountability for confidentiality
Board of Trustees authorizes Internal Audit to	262.08 (d) (6) Procedures	
	262.05 Scope of Activities	Expanded section on independence and objectivity of internal audit function.
Independence and Objectivity	262.04 (b) (1 - 5) Objectives	Retained high-level objectives of department
	n/a New to 2018 Charter	Evaluate risks relating to identifying and managing strategic objectives
Scope of Internal Audit Activities	262.05 Scope of Activities	Audits cover all operations of Authority; independence of function
	262.06 (b) Follow-up activities	Portion of follow-up activities regarding management's acceptance of risk; will be reported quarterly to Board and executive management
Responsibility	262.08 (d) (2) Procedures	Revised to meet quarterly with Board and executive management team; removes GM's approval of plan
	262.08 (d) (13) Procedures	Retains requirement to cooperate with external audits. Language revised but effect is retained
	262.04 (b) (6,7,9) Objectives	Revised audit plan scope from all-encompassing to risk-based
	262.06 (b) Follow-up activities	Portion of follow-up activities regarding ineffective implementation of corrective action
	262.08 (b) Annual audit plan	Revised to include risk-based assessment

New
Transferred/Revised
Removed

ATTACHMENT C

Quality Assurance and Improvement Program	n/a	New to 2018 Charter	
Periodic Review and Amendment	262.09	Periodic Review and Amendment	Transferred in full; adjusted language to account for Audit Committee instead of Committee of the Whole
Removed from 2018 charter	262.01	Adoption and Implementation	
	262.02	Purpose and Scope	refers to purpose and scope of charter document
	262.03	Legal Authority	
	262.04 (b) (8)	Objectives	Reflected in Administrative Procedure 006
	262.04 (a)	Mission	Removed language that designates IA as managerial control
	262.06 (a)	Reporting Relationships and Requirements	Removes requirement for GM to review all draft and final audit reports; The GM/CEO or his designee will have the opportunity to provide a management response to all draft and final reports.
	262.06 (b)	Follow-up Activities	Removes: portion of follow-up activity referring to means and methods of follow-up because this is reflected in AP 006
	262.07 (a)	Purpose and Scope of Contract Audits	Audit procedure guidance; this is reflected at the engagement level in electronic audit management system
	262.07 (b)	Responsibility of Director of Internal Audit	Removed - language is specific to contract audits - will be reflected in procedure manual
	262.07 (c) (2-10)	Procedures	Removed - language is specific to contract audits - will be reflected in procedure manual
	262.08 (a) (1)	Purpose and Scope	Removed - language is specific to internal audits - will be reflected in procedure manual
	262.08 (c)	Responsibility	IA Director is not directed by GM/CEO to formulate, plan, or implement audits, reviews, or evaluations. IA Director is not directed by GM to supervise and direct inquiries relating to alleged improprieties.
	262.08 (d) (1)	Procedures	Areas to audit will be determined in annual risk assessment
	262.08 (d) (7-12, 14-15)	Procedures	Removed from charter; currently exists or will be added to AP 006