Department of Public Safety Services

Internal Audit Charter

Purpose and Mission

The purpose of the Department of Public Safety Service's (the department) Internal Audit Division (IAD) is to provide independent, objective assurance and consulting services designed to add value and improve the department's operations. The mission of IAD is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. IAD helps the department accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Standards for the Professional Practice of Internal Auditing

IAD will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The Audit Director will report to the Deputy Secretary and Deputy Undersecretary regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

Authority/Mandate/Oversight

Louisiana Revised Statute 36:8.2 requires all agencies with an annual budget of thirty million dollars or more to establish an internal audit function that conforms to the Institute of Internal Auditors' International Professional Practices Framework.

The Audit Director will report functionally to the Deputy Secretary and administratively to the Deputy Undersecretary. To establish, maintain, and assure that the department's IAD has sufficient authority to fulfill its duties, the Deputy Secretary will:

- Approve IAD's charter.
- Approve the risk-based internal audit plan.
- Approve IAD's budget and resource plan.
- Receive communications from the Audit Director on IAD's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Audit Director.
- Approve the remuneration of the Audit Director.
- Make appropriate inquiries of management and the Audit Director to determine whether there is inappropriate scope or resource limitations.

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

The Deputy Secretary authorizes IAD 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.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary department personnel and other specialized services within or outside the department to complete the engagement.

Independence, Organizational Position, and Reporting Relationships

The Audit Director will be positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. The Audit Director will report functionally to the Deputy Secretary and administratively to the Deputy Undersecretary. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the Deputy Secretary, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The Audit Director will confirm to the Deputy Secretary, at least annually, the organizational independence of the internal audit function. If the governance structure does not support organizational independence, the Audit Director will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The Audit Director will disclose to the Deputy Secretary any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the Audit Director, Deputy Secretary, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganization within the organization.
- Significant changes in the Audit Director, and/or senior management.
- Significant changes to the organization's strategies, objectives, risk profile, or the environment in which the organization operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

Audit Director Roles and Responsibilities

Ethics and Professionalism

The Audit Director will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organization.
- Report organizational behavior that is inconsistent with the organization's ethical expectations, as described in applicable policies and procedures.

Objectivity

The Audit Director will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Audit Director determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively, such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for the department or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any department employee that is not employed by IAD, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the Audit Director, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Internal Audit Function

The Audit Director has the responsibility to:

- Annually develop a risk-based internal audit plan that considers the input of the Deputy Secretary and senior management. Discuss the plan with the Deputy Secretary and senior management and submit the plan to the Deputy Secretary for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Deputy Secretary and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in department's business, risks, operations, programs, systems, and controls.
- Communicate with the Deputy Secretary and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards and laws and/or regulations.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Deputy Secretary and senior management annually and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the department and communicate to the Deputy Secretary and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide IAD.
- Ensure adherence to the department's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Deputy Secretary and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Audit Director cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Deputy Secretary.

Communication with the Deputy Secretary and Senior Management

The Audit Director will report periodically to the Deputy Secretary and senior management regarding:

- IAD's authority and mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include IAD's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Deputy Secretary that could interfere with the achievement of the department's strategic objectives.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that IAD determines may be unacceptable or the acceptance of a risk that is beyond the department's risk appetite.

Quality Assurance and Improvement Program

The Audit Director will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program will also include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the Audit Director will communicate with the Deputy Secretary and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the department; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.

Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the organization, including all of the department's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Deputy Secretary and management on the adequacy and effectiveness of governance, risk management, and control processes for the department.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of the department's strategic objectives are appropriately identified and managed.
- The actions of the department's management, employees, and contractors or other relevant parties comply with the department's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively, efficiently, and ethically.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the department.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

Approval/Signatures

Patrick Bateman Digitally signed by Patrick Bateman
Date: 2025.05.27 12:26:48 -05'00'

Patrick Bateman, Audit Director   Date

COL Robert P. Hodges Digitally signed by COL Robert P. Hodges
Date: 2025.05.27 12:22:52 -05'00'   5-27-25

Colonel Robert P. Hodges, Deputy Secretary   Date