



**INTERNAL AUDIT  
CHARTER**

**OF THE BOARD OF  
COMMISSIONERS**

**OF THE  
CHICAGO HOUSING  
AUTHORITY**

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**Angela Hurlock, Chairperson  
Craig Chico, Vice Chairman**

## **Mission**

The CHA Internal Audit mission states,

“Independently and objectively perform assurance and consulting activity designed to add value and improve operations of the Chicago Housing Authority. Help the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process.”

### **I. Authority**

The Internal Audit function is authorized by the CHA Board of Commissioners’ Finance and Audit Committee. The Internal Audit activity has strict responsibility to safeguard confidential records and information. Internal Audit has full, free, and unrestricted access to any and all of CHA’s records, physical properties, and personnel pertinent to carrying out any engagement, except to the extent such records are protected by the attorney-client privilege or other privileges or confidentiality agreements, or include minutes or records from an executive session of the Board or any of its committees which have not been released to the public. All CHA employees are required to assist the Internal Audit activity in fulfilling its roles and responsibilities.

### **II. Organization**

The Senior Director, Audit Management and Compliance will report to the Chief Executive Officer (CEO). The Senior Director, Audit Management and Compliance will communicate and interact directly with the Finance and Audit Committee, as appropriate.

The Finance and Audit Committee will:

- Approve the Internal Audit Charter.
- Approve the risk based internal audit plan.
- Approve the internal audit budget and resource plan.
- Receive regular reports from the Senior Director, Audit Management and Compliance on the Internal Audit activity’s performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Senior Director, Audit Management and Compliance.
- Approve the remuneration of the Senior Director, Audit Management and Compliance.
- Receive updates from the Senior Director, Audit Management and Compliance to determine whether there is inappropriate scope or resource limitations.

### **III. Independence and Objectivity**

The Internal Audit activity will operate independently from CHA management with respect to matters of audit selection, scope, procedures, frequency, timing, or report content to enable an independent and objective Internal Audit function. Closed/Executive sessions, without

management present, are allowed and encouraged as needed.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not design or implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditors' judgment.

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Senior Director, Audit Management and Compliance will confirm to the Finance and Audit Committee, at least annually, the organizational independence of the Internal Audit activity.

#### **IV. Responsibility**

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of CHA's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve CHA's stated goals and objectives. This includes:

- Evaluating risk exposure relating to achievement of CHA's strategic objectives.
- Evaluating the reliability and integrity of financial information and the means used to identify, measure, classify, and report such information.
- Evaluating the controls established to ensure CHA's compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the CHA.
- Evaluating the means of safeguarding CHA assets and, as appropriate, verifying the existence of such assets.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the CHA is executing its objectives in an efficient and effective manner.
- Monitoring and evaluating governance processes and management processes as necessary to complete audit activity.
- Evaluating the quality of performance of external auditors and the degree of coordination with internal audit.
- Evaluating the quality of performance of internal auditors and the degree of coordination with external audit.
- Assuring appropriate follow-up with management to determine whether management is addressing risks identified by audit activity.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for CHA.
- Reporting periodically on the Internal Audit activity's purpose, authority, responsibility, and performance relative to its plan.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Finance and Audit Committee.

- Evaluating specific operations at the request of the Finance and Audit Committee or management, as appropriate.

## **V. Internal Audit Plan**

At least annually, the Senior Director, Audit Management and Compliance will submit to the Finance and Audit Committee an Internal Audit Plan for review and approval. The Internal Audit Plan will consist of a work schedule as well as estimated budget for the next fiscal/calendar year.

The Internal Audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of senior management and the Finance and Audit Committee. The Senior Director, Audit Management and Compliance will review and adjust the plan, as necessary, in response to changes in CHA's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan will be communicated to the Finance and Audit Committee and subject to the Finance and Audit Committee's approval.

## **VI. Reporting and Monitoring**

A written report will be prepared and issued by the Senior Director, Audit Management and Compliance or designee following the conclusion of each internal audit engagement and will be distributed to the stakeholders. Internal Audit results will also be communicated to the Finance and Audit Committee.

The Internal Audit report may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The Internal Audit activity will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

The Senior Director, Audit Management and Compliance will periodically report to the Finance and Audit Committee on the Internal Audit activity's purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Finance and Audit Committee.

## **VII. Relationship with External Auditors**

The External Auditors will work directly with CHA's Chief Financial Officer. Internal Audit will work proactively with the Chief Financial Officer and External Auditors to determine areas where assistance and direct audit comfort can be provided by Internal Audit. Internal Audit will regularly meet with the Chief Financial Officer and External Auditor to discuss the internal and external audit plans and to share knowledge of any issues. These meetings will help ensure that the roles of the two functions are coordinated and that there is no duplication.

## **VIII. Relationship with Office of Inspector General**

Internal Audit will work proactively with the OIG to determine areas where assistance and direct audit comfort can be provided by Internal Audit. Internal Audit will regularly meet with the OIG to discuss the internal and OIG audit plans and to share knowledge of any issues. These meetings will help ensure that the roles of the two functions are coordinated and that there is no duplication.

## **IX. Quality Assurance**

Internal Audit will maintain a quality assurance and improvement program that covers all aspects of the Internal Audit activity. The program will include an evaluation of the Internal Audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors comply with the Code of Ethics. The program also assesses the efficiency and effectiveness of the Internal Audit activity and identifies opportunities for improvement.

The Senior Director, Audit Management and Compliance will communicate to the Finance and Audit Committee on the Internal Audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.

## **X. Professional Standards**

The Internal Audit Department works to serve the CHA using the framework of the following organizations:

- The Standards and the Code of Ethics produced by the Institute of Internal Auditors (IIA) and published in The Professional Practices Framework, as updated.
- Generally Accepted Government Accounting Standards (GAGAS).