

INTERNAL AUDIT POLICY

PUBLIC EMPLOYEES RETIREMENT SYSTEM INTERNAL AUDIT POLICIES	Policy No. 103
	Effective Date: 6/24/93
	Revised: 10/19/00
Subject: Internal Audit Division Policy Statement	Page 1 of 2

It is the policy of this agency to establish and support an internal auditing division as an independent appraisal function to examine and evaluate agency activities as a service to management and the board of directors. The internal auditing division reports administratively to executive management and functionally to the Audit Committee of the Board of Directors. In carrying out duties and responsibilities, the internal auditing division will have full, free, and unrestricted access to all agency activities, records, property, and personnel.

The primary objective of the internal auditing division is to assist members of management and the Board in the effective discharge of their responsibilities. To this end, internal auditing will furnish them with analyses, recommendations, counsel, and information concerning the activities reviewed.

The missions of the internal auditing division are as follows:

Review organizations within the agency at appropriate intervals to determine whether they are efficiently and effectively carrying out their functions of planning, organizing directing, and controlling in accordance with management instructions, policies, and procedures, and in a manner that is consonant with both agency objectives and high standards of administrative practice.

Determine the adequacy and effectiveness of the agency's systems of internal accounting and operating controls.

Review the reliability and integrity of financial information and the means used to identify, measure, classify, and report such information.

Review the established systems to ensure compliance with those policies, plans, procedures, laws, and regulations, which could have a significant impact on operations and reports, and determine whether the organization is in compliance. Suggest policy where required.

Review the means of safeguarding assets and, as appropriate, verify the existence of such assets.

Appraise the economy and efficiency with which resources are employed, identify opportunities to improve operating performance, and recommend solutions to problems where appropriate.

Review operations and programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.

Coordinate audit efforts with those of the agency's external auditors.

Participate in the planning, design, development, implementation, and operation of major computer-based systems to determine whether (a) adequate controls are incorporated in the systems, (b) thorough system testing is performed at appropriate stages, (c) system documentation is complete and accurate, and (d) the needs of user organization are met. Conduct periodic audits of computer service centers and make post-installation evaluations of major data processing systems to determine whether these systems meet their intended purposes and objectives.

Develop and perform audits of political subdivisions. Follow up to assure the proper accomplishment of the audit objectives.

Review compliance with the agency's guidelines for ethical business conduct and see that the highest standards of personal and government performance are met.

Submit annual audit plans to the Executive Director and the Audit Committee for their review and approval.

Report every quarter to the Audit Committee of the Board on whether:

Appropriate action has been taken on significant audit findings.

Audit activities have been directed toward the highest exposures to risk and toward increasing efficiency, economy, and effectiveness of operations.

Internal and external audits are coordinated so as to avoid duplications.

Internal audit plans are adequate.

There is any restriction on the staffing and authority of the internal auditing division or on access by internal auditors to all agency activities, records, property and personnel.

Report to those members of management who should be informed or who should take corrective action, the results of audit examinations, the audit opinions formed, and the recommendations made.

Evaluate any plans or actions taken to correct reported conditions for satisfactory disposition of audit findings. If the corrective action is considered unsatisfactory, hold further discussions to achieve acceptable disposition.

Provide adequate follow up to make sure that adequate corrective action is taken and that it is effective.

The division manager is responsible for seeing that corrective action on reported weaknesses is either planned or taken within 30 days from receipt of a report disclosing those weaknesses. The division manager is also responsible for seeing that a written report of action planned or completed is sent to the executive director. If a plan for action is reported, a second report shall be made promptly upon completion of the plan.

Submitted by: Jamie Kinsella

Approved by: NDPERS Audit Committee

Date: October 19, 2000