

Example Charter

(Modified from IIA model charter)

Introduction:

Internal Auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the [Tribe]'s gaming operation(s). It assists [Tribe/Casino] in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management, internal control.

Role:

The internal audit department is established by the [Audit Committee, TGRA, governing body]. The internal audit activity's responsibilities are defined by the [Audit Committee, TGRA, governing body] as part of their oversight role. The internal audit activity will adhere to [TGRA/etc.] relevant policies and procedures and the internal audit activity's standard operating procedures manual.

Authority:

The internal audit activity, is authorized full, free, and unrestricted access to any and all of [Tribe/Casino] records, physical properties, and personnel pertinent to carrying out any engagement. Internal audit will maintain strict accountability for confidentiality and safeguarding records and information which is obtained. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities.

Organization:

The [Chief Audit Executive/Audit Manager/etc.] will report functionally to the [Audit Committee/TGRA/governing body/etc.] and administratively (i.e. day to day operations) to the [TGRA/etc.].

The [Audit Committee/TGRA/ governing body/etc.] will

- Approve the internal audit charter.
- Approve the risk based internal audit plan.
- Approve the internal audit budget and resource plan.
- Receive communications from the [Chief Audit Executive/Audit Manager/etc.] on the internal audit activity's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the [Chief Audit Executive/Audit Manager/etc.].
- Approve the remuneration of the [Chief Audit Executive/Audit Manager/etc.].
- Make appropriate inquiries of management and the [Chief Audit Executive/Audit Manager/etc.] to determine whether there are inappropriate scope or resource limitations.

The [Chief Audit Executive/Audit Manager/etc.] will communicate and interact directly with the [Audit Committee/TGRA/governing body/etc.], including in executive sessions and between [Audit Committee/TGRA/governing body/etc.] meetings as appropriate.

Independence and Objectivity:

The internal audit activity will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities

Example Charter

(Modified from IIA model charter)

audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's 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 [Chief Audit Executive/Audit Manager/etc.] will confirm to the [Audit Committee/TGRA/ governing body/etc.], at least annually, the organizational independence of the internal audit activity.

RESPONSIBILITY:

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

- Evaluating risk exposure relating to achievement of the organization's strategic objectives.
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Monitoring and evaluating governance processes.
- Monitoring and evaluating the effectiveness of the organization's risk management processes.
- Evaluating the quality of performance of external auditors and the degree of coordination with internal audit.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization.
- 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 [Audit Committee/TGRA/ governing body/etc.].
- Evaluating specific operations at the request of the [Audit Committee/TGRA/ governing body/etc.] or [Tribe/Casino], as appropriate.

INTERNAL AUDIT PLAN:

At least annually, the [Chief Audit Executive/Audit Manager/etc.] will submit to the [Audit Committee, TGRA, governing body] an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next fiscal/calendar year. The [Chief Audit Executive/Audit Manager/etc.] will communicate the impact of resource limitations and significant interim changes to the [Audit Committee, TGRA, governing body].

The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based

Example Charter

(Modified from IIA model charter)

methodology, including input of [Tribe/Casino] and the [Audit Committee, TGRA, governing body]. The [Chief Audit Executive/Audit Manager/etc.] will review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan will be communicated to the [Audit Committee, TGRA, governing body] through periodic activity reports.

REPORTING AND MONITORING:

A written report will be prepared and issued by the [Chief Audit Executive/Audit Manager/etc.] or designee following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the [Audit Committee, TGRA, governing body] and [Tribe/Casino].

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, whether included within the original audit report or provided thereafter (i.e. within thirty days) by management of the audited area 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 [Chief Audit Executive/Audit Manager/etc.] will periodically report to [Tribe/Casino] and the [Audit Committee, TGRA, governing body] 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 [Tribe/Casino] and the [Audit Committee, TGRA, governing body].

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM:

The internal audit activity 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 applicable Internal Auditing standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

Internal Audit Activity charter

Approved this _____ day of _____, _____.

[Chief Audit Executive /Audit Manager / etc.]

Chairman of the [Audit Committee, TGRA, governing body]