

2.1	INTERNAL AUDIT POLICY	Resolution Number	08-166
		Resolution Date	05/21/08
		Effective Date	05/21/08
		Revision Date	3/1/2012
		Procedure Number	

PURPOSE	To establish and support an internal audit organization, led by the Director of Internal Audit, as an independent function with responsibility to examine and evaluate the activities of the Authority as a service to Management and the Board of Directors.
POLICY STATEMENT	<p>It is the policy of North Texas Tollway Authority (the Authority) to establish and support an internal audit organization, led by the Director of Internal Audit, as an independent function with responsibility to examine and evaluate the activities of the Authority as a service to Management and the Board of Directors. This policy corresponds to and supplements the Internal Audit Department Charter. Internal Audit reports functionally to the Finance and Audit Committee of the Board of Directors and administratively to the Executive Director. In carrying out their duties and responsibilities, members of Internal Audit will have full, free and unrestricted access to all Authority activities, systems, records, property and personnel.</p> <p>The primary objective of Internal Audit is to assist members of management and the Board of Directors in the effective discharge of their responsibilities. To this end, Internal Audit may furnish them with analyses, recommendations, counsel and information concerning the activities reviewed.</p>
RESPONSIBILITIES	Director of Internal Audit – Responsible for ensuring that the Internal Audit department is an independent function with responsibility to examine and evaluate the activities of the Authority as a service to Management and the Board of Directors.

SCOPE

The scope of internal audit activities includes:

- Reviewing activities within the Authority at appropriate intervals to determine whether there is efficient and effective performance of planning, organizing, directing and controlling in accordance with management instructions, policies and procedures, and in a manner that is consistent with both Authority objectives and high standards of administrative practice.
- Determining the adequacy and effectiveness of the Authority's systems of risk management, governance and internal accounting and operating controls.
- Reviewing the reliability and integrity of financial and operational information and the means used to identify, record, measure, classify and report such information.
- Reviewing the established systems to ensure compliance with those policies, plans, procedures, laws and regulations that could have a significant impact on operations and reports, and determine whether the Authority is in compliance. Internal Audit may also suggest policy where required.
- Reviewing the means of safeguarding assets and, as appropriate, verify the existence of such assets.
- Appraising the economy and efficiency with which resources are employed, identify opportunities to improve operating performance and recommend solutions to problems where appropriate.
- Reviewing operations and programs to ascertain whether activities are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Coordinating audit efforts with those of the Authority's independent auditors.
- Participating in the planning, design,

	<p>development, implementation and evaluation of the 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 users are met. Conducting periodic audits of computer service centers and post-installation evaluations of major data processing systems to determine whether these systems meet their intended purposes and objectives.</p> <ul style="list-style-type: none">• Participating in the planning and performance of audits for outside organizations utilized by the Authority.• Reviewing and investigating compliance with the Authority's guidelines for ethical business conduct to help ensure that the highest standards of personal and Authority performance are met.• Submitting risk-based annual audit plans to the Finance and Audit Committee of the Board of Directors for their review and approval. Providing updates to the Finance and Audit Committee of the Board of Directors on the status of these plans.• Reporting to the Finance and Audit Committee of the Board of Directors as to whether:<ul style="list-style-type: none">○ Appropriate action has been taken on significant audit findings.○ Audit activities have been directed toward the highest exposures to risk, including the risk of misstatements and fraud, 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 unwarranted restriction on the staffing and authority of the internal audit activity or on access by internal auditors to all Authority activities, records, property and personnel.• Issuing audit reports to those members of
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	<p>management who should be informed or who should take corrective action. Reports will include (a) the results of audit examinations, (b) the recommendations made, if applicable, and (c) the management actions planned to address audit findings. The Finance and Audit Committee of the Board of Directors will be copied on all audit reports.</p> <ul style="list-style-type: none">• Evaluating Management’s plans to correct reported conditions for satisfactory disposition of internal and external audit findings/management letter comments and management identified issues, such as internal control gaps. If the corrective action is considered unsatisfactory, Internal Audit will hold further discussions with applicable management to achieve acceptable disposition.• Providing adequate follow-up activities on previously identified weaknesses or deficiencies to ensure that appropriate corrective action was taken and controls are functioning as designed. This includes internal and external audit findings.• Monitor the NTA Ethics and Fraud Hotline including ensuring the appropriate research and resolution is completed for all items. For any items that are identified as fraud related, the Finance and Audit Committee will be notified and status reports will be provided.
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