

# POLICY

## INTERNAL AUDIT CHARTER

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### Mission

The mission of the Office of University Audits (University Audits) is to protect and improve the University and its related organizations through independent, objective assurance and consulting services that evaluate the effectiveness of risk management, internal control, and governance processes.

### Purpose

The purpose of University Audits is to determine whether the University's control, risk management, and governance processes, as designed and implemented by management, are adequate and functioning to ensure:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Financial, managerial, and operating information is accurate, reliable, and timely.
- Employee actions are in compliance with University policies and procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Plans and objectives are achieved.
- Quality and continuous improvement are fostered in the University's control process.
- Significant legislative or regulatory issues impacting the University are recognized and addressed appropriately.

University Audits reports functionally to the President of the University (President) and The Board of Trustees (BOT) of the University of Illinois through its Budget and Audit Committee, and administratively to the Comptroller of the Board of Trustees, who is also the Vice President and Chief Financial Officer.

### Internal Auditing Responsibilities

University Audits responsibilities include:

- Develop a flexible two-year plan identifying audits scheduled for the pending fiscal year, using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit the plan to the President for approval by June 30 of each year.
- Implement the audit plan, as approved by the President, including as appropriate any special tasks or projects requested by management and the Budget and Audit Committee.
- Issue periodic reports to the President and Chairman of the Budget and Audit Committee summarizing results of audit activities.
- Report annually to the Budget and Audit Committee regarding audit plans, activities, staffing, and the organizational structure.
- Report to the Budget and Audit Committee by September 30 of each year the scope and results of audits and the adequacy of management's corrective actions.
- Maintain sufficient knowledge, skills, and experience to meet the requirements of this Charter.
- Assist University management by conducting special services to assist management in meeting its objectives, where appropriate.

- Assist in the investigation of significant suspected fraudulent activities within the institution and notify management and the Budget and Audit Committee of the results.
- Establish a follow-up process to monitor and identify whether management actions have been effectively implemented, or senior management has accepted the risk of not taking action.
- Consider the scope of work of the external auditors and regulators as appropriate for the purpose of providing optimal audit coverage to the institution.
- Periodically provide the Internal Audit Charter to the Budget and Audit Committee for review and approval.

## Authority

The general scope of audit coverage is University-wide and no function, activity, or unit of the University or a related organization is exempt from audit and review. No officer, administrator, or staff member may interfere with or prohibit internal auditors from examining any University or related organization's record or interviewing any employee or student that the auditors believe necessary to carry out their duties. Additionally, the Executive Director has the authority to audit the accounts of all organizations required to submit financial statements to the University.

In performing their work, internal auditors have neither direct authority over, nor responsibility for, any of the activities reviewed. Internal auditors do not develop and install procedures, prepare records, make management decisions, or engage in any other activity that could be reasonably construed to compromise their independence or impair their objectivity. Therefore, internal audit reviews do not, in any way, substitute for or relieve other University personnel from their assigned responsibilities.

## Professional Standards

University Audits has the responsibility to carry out its duties as defined by the State of Illinois *Fiscal Control and Internal Auditing Act* (Illinois Compiled Statues, 30 ILCS 10/1001). Those responsibilities include performing audits in accordance with The Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing*, which the State of Illinois Internal Audit Advisory Board has adopted as the standard of performance for all state internal auditors.