

Eastern Illinois University

Office of Internal Auditing Charter

Purpose

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. To accomplish this purpose, any and all institutional activities are subject to internal audit.

The internal audit function is an integral part of the control system of Eastern Illinois University (University). However, activities conducted by the internal audit function do not relieve other University personnel of the responsibilities assigned to them.

Organization and Authority

The Office of Internal Auditing (Office) functions in accordance with the University's Internal Governing Policy (IGP) on Internal Auditing, the State of Illinois Fiscal Control and Internal Auditing Act (FCIAA), and the State Internal Audit Advisory Board (SIAAB) as established by FCIAA.

At the University, the Director of Internal Auditing (Director) reports functionally to both the President and the Board of Trustees (Board) and administratively (i.e. day-to-day operations) to the President. The Office staff shall be free from all operational duties and have complete unrestricted access to all University records, physical or intangible property, and personnel relevant to the performance of their work.

Communications with the Board and Senior Management

FCIAA requires that the Director report to the President and have a direct communications with the Board. The University has established a Finance and Audit Committee within the Board to ensure standardized communication with the internal auditing function is provided. The Director attends the Finance and Audit Committee portion of the scheduled Board meetings.

Statement of Professional Practice

The SIAAB adopted the standards and ethics of the Institute of Internal Auditors (IIA). The Office is committed to adhering to the Global Internal Audit Standards (Standards) as promulgated by the IIA.

The Office staff are expected to apply and uphold the principles of integrity, objectivity, competency, due professional care, and confidentiality as defined by the IIA in the Ethics and Professionalism domain of the Standards. For the internal audit function to be considered effective, all principles should be present and operating effectively. The Office staff are expected to follow all principles defined by the IIA in the Standards.

Responsibility

The Office is responsible for multiple activities in order to accomplish its purpose and demonstrate conformance with applicable statutes and standards. The internal auditing program includes (I) assurance activities, (II) consulting activities, and (III) other activities. Other activities include creating a risk-based, two-year audit plan, preparing an annual report, audits of major control systems, coordinating internal control certification, continuous quality assurance improvement, continuing professional development, administering this charter, developing an internal audit strategy, and participating in internal audit roles beyond internal auditing. Activities performed are consistent with the University's values, strategies, and objectives.

University administrators are responsible for providing internal auditors with timely access to all records, personnel, and physical or intangible properties which the Director has determined to be relevant to the performance of their work, and for making sure that prompt, pertinent, and comprehensive responses are made to internal audit communications.

I. Assurance Activities

Assurance activities are assessments performed to increase confidence that an activity under review is achieving its objectives. Examples include compliance, financial, operational/performance, and technology audit engagements, and include pre-implementation system reviews of the design and modifications of major information technology systems. Limited or reasonable assurance may be provided depending on the nature, timing, and extent of procedures performed.

Communications with management for the activity under review will occur before, during, and after an engagement. Reports of findings and recommendations to management will be made by the Office. Management is responsible for responding with appropriate action plans. Any disagreements will be discussed with management prior to communicating with the President and the Board, if applicable. The Office is responsible for following up on findings in internal and external audit reports to determine if appropriate action has been taken.

II. Consulting Activities

Consulting activities include providing advice, facilitation, or training without providing assurance or taking on management responsibilities. Examples of consulting services include advising on the design and implementation of new policies, processes, and systems, providing forensic services, providing training, and facilitating discussions about risks and controls. Consulting services may be initiated by internal audit or requested by the Board or management. The Office does not perform consulting services outside of the University. Priority is given to statutorily required assurance activities.

III. Other Activities

A. Creating a Risk-based, Two-year Audit Plan

As required by FCIAA, a two-year plan identifying audits scheduled for the pending fiscal year must be approved by the President and the Board before the beginning of the fiscal year. Subsequent substantive revisions must also be approved. The audit plan must be based on a documented risk assessment, undertaken at least annually. Documentation of the annual risk assessment must be provided to the President and the Board. The audit plan must include a resource plan.

Original Charter Approved: 4/25/11

Subsequently Approved: 6/18/12, 11/7/14, 4/28/17, 4/23/21, 6/24/22, 4/19/24

B. Preparing an Annual Report

As required by FCIAA, by September 30 of each year the Director must submit to the President and the Board a written report detailing how the internal audit plan for that fiscal year was carried out, the significant findings, and the extent to which recommended changes were implemented. This report also confirms to the Board the organizational independence of the internal audit function on an annual basis.

C. Audits of Major Control Systems

As required by FCIAA, audits of major systems of internal accounting and administrative control must be conducted on a periodic basis so that all major systems are reviewed at least once every 2 years. A FCIAA Compliance Matrix is maintained by the Office and presented to the Board and the President as an exhibit to the Annual Report to demonstrate compliance in this area.

The Joint Committee of Administrative Rules of the Illinois Administrative Code requires that tuition and fee waivers be audited periodically. Therefore tuition and fee waivers are audited once every three years.

D. Coordinating Internal Control Certification

As required by FCIAA, state agencies must establish and maintain a system, or systems, of internal fiscal and administrative controls. Those controls must be evaluated annually. On the basis of the evaluation, the design and operating effectiveness of those controls must be certified by the President by May 1st of each year. The Director of Internal Auditing serves as the designated FCIAA agency coordinator of internal control certification.

E. Quality Assurance Improvement Program

The Director of Internal Auditing is responsible for establishing and maintaining a quality assurance and improvement program (QAIP) that covers all aspects of the internal audit function. The purpose of the QAIP is to evaluate and promote the internal audit function's conformance with the Standards, achievement of performance objectives, and pursuit of continuous improvement. The QAIP must include both internal and external assessments. Communication of the QAIP must be made to the President and the Board.

F. Continuing Professional Development

The Office staff are required to obtain 80 hours of continued professional education (CPE) every two years, including 24 CPE hours directly related to governmental auditing and 4 CPE hours of Ethics. A CPE Compliance Matrix is maintained by the Office and presented to the Board and the President as an exhibit to the Annual Report to demonstrate compliance in this area.

G. Administrating this Charter

The Director is generally responsible for the administration of this charter. Revisions to this charter are subject to approval by the President and the Board. The Director is also generally responsible for administration of the Internal Audit IGP, and for maintaining the Office's website which includes a listing of all the University's IGPs and this charter.

H. Developing an Internal Audit Strategy

The Director must develop a strategy that helps guide the internal audit function toward the fulfillment of this charter. The documented internal audit strategy must include a vision, strategic objectives, and supporting initiatives, and cover a period of the next 3-5 years. Communication of the internal audit strategy must be made to the President and the Board.

I. Participating in Internal Audit Roles Beyond Internal Auditing

Internal auditing is encouraged by the SIAAB to share information, coordinate activities, and consider relying upon the work of other external or internal service providers to ensure proper coverage and minimize duplication of efforts. Where reliance is placed on the work of others, the Director is still accountable and responsible for ensuring adequate support for conclusions and opinions reached by the internal audit activity.

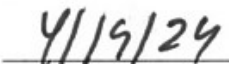
Internal audit can strengthen and support any number of special or standing committees, but must not participate in decision-making. Internal audit's role on committees includes observer, invitee, contributor, participant, advisor, or subject matter expert.

Approval

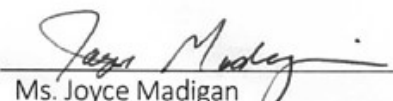
This charter was prepared by the Director and has been reviewed and approved by the following:



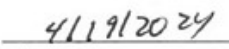
Dr. Jay Gatrell
President



Date



Ms. Joyce Madigan
Chairperson of the Board of Trustees



Date

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