

CHICAGO STATE UNIVERSITY

Office of Internal Audit Internal Audit Charter

Mission

The mission of the Office of Internal Audit 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 charter sets forth the authority and responsibilities of the Office of Internal Audit and provides guidelines for its interaction with University departments, administrators and personnel. The purpose of Internal Audit 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.

Organization & Board Reporting

Internal Audit reports administratively to the President of the University and functionally to The Board of Trustees (BOT) of Chicago State University through its Finance and Audit Committee.

Definition of Internal Auditing

The Institute of Internal Auditors defines Internal auditing as 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 risk management, control, and governance processes.”

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Code of Ethics

Internal Audit staff have a responsibility to conduct themselves so that their good faith and integrity are not open to question. Standards of professional behavior are based upon the Code of Ethics issued by the Institute of Internal Auditors as follows:

- Exercise honesty, objectivity, and diligence in the performance of their duties and responsibilities.
- Exhibit loyalty in all matters pertaining to the affairs of CSU and not knowingly be a party to any illegal or improper activity.
- Refrain from entering into any activity which may be in conflict with the interest of CSU or which would prejudice their ability to objectively carry out their duties.
- Be prudent in the use of information acquired in the course of their duties and not use confidential information for any personal gain or in a manner that knowingly would be detrimental to the welfare of CSU.
- Use reasonable care to obtain sufficient, factual evidence to support the conclusions drawn and, in reporting, reveal such material facts known to them which, if not revealed, could distort the report of the results of operations under review or conceal an unlawful practice.
- Continue to strive for improvement in the proficiency and effectiveness of their service.

Office of Internal Audit Responsibilities

The scope of the Office of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of CSU's governance, risk management process, system of internal controls, and the quality of performance in carrying out assigned responsibilities to achieve CSU's goals and objectives. Internal audit's responsibilities include:

- Develop a flexible two-year audit 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.
- Implement the audit plan, as approved by the President, including as appropriate any special tasks or projects requested by management and the Finance and Audit Committee.
- Issue periodic reports to the President and Chairman of the Finance and Audit Committee.
- Maintain sufficient knowledge, skills, and experience to meet the requirements of this Charter.
- Conduct special projects to assist CSU management in meeting their objectives, goals and legislative requirements, where appropriate.
- Conduct consulting services that are advisory in nature ranging from a formal

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engagement with a defined scope and objectives to advisory activities such as limited participation in ad hoc committees or project teams.

- Provide business assurance services to CSU that improves the quality of information (or its context) for decision makers. Assurance services provide independent and professional opinions that reduce information risk.
- Assist in the investigation of significant suspected fraudulent activities within the institution and notify management and the Finance and Audit Committee of the results.
- Monitoring and evaluating the effectiveness of the organization's risk management system.
- 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 review the audit charter and obtain annual board approval.

University Management responsibilities include:

- Inform the Office of Internal Audit of changes in major administrators, deans, and department head positions in a timely manner so that audit communications can be appropriately addressed and a "close-out" audit planned if necessary.
- The appropriate administrator must inform the Office of Internal Audit of all proposed new and modifications to existing accounting procedures and records, computer systems and operational procedures.
- Any fiscal agent, dean, or department head may request an internal audit. The Office of Internal Audit will plan the audit if schedules permit.
- Review and complete applicable sections of the internal audit report in a timely manner.

Authority

The Office of Internal Audit has the authority to audit all parts of the University, and shall have full and complete unrestricted access to any of the University's records, physical properties, electronic media, and personnel relevant to the performance of an audit (consistent with State & Federal Privacy Statutes).

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 Office of Internal Audit has the authority to audit the accounts of all

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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, implement audit recommendations, 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.

All Office of Internal Audit communications are exempt from disclosure under the Freedom of Information Act. All written communications must be approved by the Chief Internal Auditor prior to release.

Professional Internal Audit Governance Standards

Internal Audit has the responsibility to carry out its duties as defined by the State of Illinois *Fiscal Control and Internal Auditing Act* ([Illinois Compiled Statutes, 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 agency internal auditors.

The Act requires audits of major systems of internal accounting and administrative control on a two-year cycle including tests of obligations, receipts, expenditures, and the use of public funds and funds held in trust. Systems of internal control include administrative and management structures and processes not directly related to the University's accounting system.

The Act requires the Office of Internal Audit to review the design of major new computer information systems and major modifications to existing computer information systems before their installation to ensure that they provide for adequate internal controls, transaction trails and accountability.