



Internal Audit Charter

Approved by the University President
on
March 28, 2019

Approved by the Board of Trustees
on
April 3, 2019

Internal Audit Charter

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Internal Audit Charter

PURPOSE

The purpose of the charter is to set up the nature, role, and authority of the Internal Audit Office at Notre Dame University – Louaize (NDU) (the “University”).

THE UNIVERSITY INTERNAL AUDITOR

The University Internal Auditor (UIA) is the University Administrator who manages the Internal Audit Office. The UIA serves as an independent and objective resource to examine and evaluate University activities and improve the effectiveness of risk management, control, and governance processes¹, in accordance with the Internal Audit Plan approved by the President and the Board of Trustees (BOT).

DEFINITION OF INTERNAL AUDITING

The Internal Audit Office shall conduct its duties in accordance with The Definition of Internal Auditing, set by The Institute of Internal Auditors (IIA):

“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 risk management, control, and governance processes”.

STANDARDS AND CODE OF ETHICS

Internal Audit shall abide by the International Standards for the Professional Practice of Internal Auditing (IPPF), by the Code of Ethics issued by The IIA, the Code of Ethics of NDU, and by any other applicable and relevant standard promulgated by competent authoritative bodies.

MISSION

The mission of Internal Audit is to contribute to the University mission and purpose and add value to the processes and systems.

SCOPE

When conducting an audit mission, Internal Audit shall have free and unrestricted access to all operations, records, property, and personnel at all University locations as it relates to that mission.

¹ University Bylaws, Section 7.01(a)

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RESPONSIBILITY FOR INTERNAL CONTROL

Management is responsible to design, establish, and monitor systems of internal control.

Internal Audit verifies that management execute operations within the systems of internal control.

AUTHORITY

The UIA has the authority to audit all parts of the University.²

The UIA is authorized to:

1. Have unrestricted access to all offices, records, property, personnel, and students involved in the shared governance of the University.
2. Have free access to the Audit and Finance Committee of the Board of Trustees (BOT).
3. Allocate resources, set frequencies, select subjects, determine scope of work, and apply techniques required to accomplish audit objectives.
4. Obtain the necessary assistance of personnel of the University where they perform audits, as well as other specialized services from within or outside the University.

INDEPENDENCE

The UIA shall report administratively to the President and functionally to the BOT.³

The UIA shall coordinate closely with Senior Management in order to align expectations and dispatch the Internal Audit activities in an efficient and effective manner.

At least once a year, the UIA shall meet separately with the Audit and Finance Committee of the BOT to discuss any matter that should be discussed privately.

INTERNAL AUDIT PLAN

The UIA shall submit periodic risk-based internal audit plans to the President and the Audit and Finance Committee of the BOT for review and approval, shall execute the approved plan, and shall report regularly on progress against plan.

All the Internal Audit missions and activities are conducted in accordance with the approved plan.

² University Bylaws, Section 7.01(a)

³ University Bylaws, Section 7.01(a)

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SPECIAL REQUESTS / INVESTIGATIONS

Internal Audit must allocate a certain amount of time, as needed, to conduct special requests and investigations. The President and/or the Chairman of the BOT and/or the Chairman of the Audit and Finance Committee shall initiate these requests.

Such requests may be related to policies and procedures, processes and controls, professional advice, fraud, loss of assets, violation of contractual activities, etc.

RESPONSIBILITY WITH REGARDS TO FRAUD

The primary responsibility to detect fraud rests with Management.

Internal Audit is responsible for examining and evaluating the adequacy and the effectiveness of management's actions to fulfill its obligation. Internal Audit shall evaluate the potential for the occurrence of fraud and how the University manages fraud risks.

The University's Anti-Fraud policy enumerates the responsibility of all parties in combating fraud.

CONSULTING SERVICES

Internal Audit shall act as an in-house consultant to various offices and activities of the University.

The President and/or the Chairman of the BOT and/or the Chairman of the Audit and Finance Committee shall outline areas where consulting services are required.

In general, Internal Audit may perform many consulting activities, including, but not limited to:

1. General consulting: participation in standing committees, task forces, limited-life projects, ad-hoc meetings, etc.
2. Special consulting: participation in an acquisition team or system conversion team.
3. Emergency consulting: participation in a team established for recovery or maintenance of operations after a disaster or other extraordinary business event.

ROLE OF INTERNAL AUDIT IN COMMITTEES AND TASK FORCES

Internal Auditors may be appointed as members of various Committees and Task Forces within the University, as needed. This is so because of their knowledge acquired from conducting audit assignments.

However, one should note that:

1. The Internal Auditor role in the Committee or Task Force is non-voting and will be restricted to that of an observer, and not a participant. Thus, Internal Auditors sit at committees not on committees.
2. Within the above limitation, Internal Auditors can provide suggestions, verify and/or review documentation, representations, calculations, etc.

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INTERNAL AUDIT REPORTS

Internal Audit reports shall be issued in conformity with the Internal Audit Manual.

Additionally, the UIA shall issue summary reports of audit and consulting work, summary report on staffing, budget, status of implementation of the Internal Audit plan, and other matters to the President and the Audit and Finance Committee of the BOT, shortly before each Audit and Finance Committee / BOT meeting.

MANAGEMENT RESPONSES

Internal Audit shall solicit from Management written responses to each of its recommendations which specify a time table for action.

FOLLOW UP

Internal Audit shall follow up timely and proper implementation of agreed-to recommendations and shall report the results of such follow up to the President and the Audit and Finance Committee of the BOT.

RELATIONSHIP WITH EXTERNAL AUDIT

Internal Audit shall coordinate with External Audit via:

1. Regular meetings between Internal Audit and External Audit
2. Exchange of Internal Audit and External Audit reports
3. Discussion of / Follow up on the Management Letter issued by External Audit
4. Access to system documentation, when need be

RELATIONSHIP WITH THIRD PARTIES

Internal Audit shall be the focal point between the University and consultants, advisors, reviewers, service providers, etc. who would be providing audit-related services to the University. This includes co-sourcing and out-sourcing services.

RELATIONSHIP WITH THE BOT

The UIA shall directly report to the Audit and Finance Committee of the BOT the following non-comprehensive items:

1. A Risk-based Internal Audit plan, resource requirements, and significant changes thereto.
2. Activity report: audit and consulting work, staffing, budget, professional development, etc.
3. Limitations in scope and the potential effects, if any.
4. Significant risk exposures and control issues, including fraud risks and governance issues.
5. Reports on fraud.
6. Results of the quality assurance and improvement program.

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The Audit and Finance Committee of the BOT shall:

1. Ensure the University maintains an Internal Audit Office.
2. Approve the Internal Audit Charter, Internal Audit plans, Internal Audit budget, staffing, etc.
3. Ensure there are no unjustified restrictions or limitations on Internal Audit.
4. Approve the appointment, replacement, or dismissal of the UIA; approve the remuneration of the UIA.
5. Review and evaluate the results of Internal Audit work.
6. Review the effectiveness of the Internal Audit Office, including compliance with The IIA Standards.
7. Meet separately with the UIA, at least once a year, to discuss any matter that should be discussed privately.

QUALITY ASSURANCE

The UIA shall develop and maintain a quality assurance and improvement program that covers all aspects of the Internal Audit Office.

This program includes ongoing and periodic internal and external assessments as set by The IIA.

PROFESSIONAL DEVELOPMENT

The UIA shall establish a professional development program which ensures that the Internal Audit team maintains and elevates its professional acumen.

AMENDMENTS

This Charter may be amended as needed.

Amendments shall be approved by the President and the Board of Trustees (BOT).