



# SOUTH CAROLINA STATE UNIVERSITY

## INTERNAL AUDIT CHARTER

Internal Audit, as defined by the Institute of Internal Auditors, is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. This charter defines the mission, authority and responsibilities of ***The Office of Internal Audit*** established by policy of South Carolina State University's Board of Trustees.

### ***MISSION***

Internal Audit shall function as an independent appraisal activity within the university to provide a protective and value added service to management and The Board of Trustees in discharging their duties and responsibilities. This mission is achieved by providing objective analyses, assessments, recommendations and commentary concerning activities reviewed. Additionally, Internal Audit will seek opportunities to provide consulting services to its internal customer base in an effort to add value and improve organizational efficiencies and effectiveness.

### ***ACCOUNTABILITY, AUTHORITY & SCOPE***

Internal Audit reports administratively to the president and functionally to the Board of Trustees via its Executive Committee. As established by the Bylaws of the SC State Board of Trustees, the Executive Committee shall operate as the audit committee of the board. The audit committee shall consist of all members of the Executive Committee of the SCSU Board of Trustees. The Chairman of the Board, as Chair of the Executive Committee, shall also assume the Chair of the audit committee.

Internal Audit operates under the daily supervision of the president in support of its day to day administrative needs and reports to the Board of Trustees as to its activities and published reports. This reporting relationship promotes independence and objectivity, which assures adequate consideration of audit recommendations and planned corrective actions.

Internal Audit has complete independence with respect to the units under audit and, consequently, is not subject to restriction in the scope of its work by operating unit or staff management. Further, university management does not place any restrictions on the scope of the audits. However, it is acknowledged that university management via the university president and The Executive (audit) Committee provide concurrence as to the scope of work and

the activities to be audited, and may request Internal Audit to carry-out special reviews or audits.

In performing its function, Internal Audit has no direct responsibility or authority over any of the activities it reviews. Internal Audit is authorized full, free and unrestricted access to all areas, activities, records, property, information sources and personnel of the university necessary to carry out its activities. No legitimate source of information is to be closed to Internal Audit. Documents and information provided to Internal Audit's staff during an examination are handled in the same discreet manner as by those employees normally accountable for them. Internal Audit staff is obligated to protect the privacy of confidential and proprietary information accessed during the course of its activities.

Internal Audit shall be free from control or undue influence in the selection and application of audit techniques, procedures and programs. Internal Audit shall be free from control or undue influence in the determination of facts revealed by the examination or in the development of recommendations or opinions as a result of the examination. Internal Audit shall be free from undue influence in the selection of areas, activities, personal relationships and managerial policies to be examined.

The scope of work of Internal Audit is to determine whether the university's network of risk management, control, and governance processes, as designed and represented by management, is adequate. This can include, but is limited to the following methods, activities and tasks:

- Reviewing and appraising the soundness of controls and the reliability and integrity of financial, managerial and operating data.
- Ascertaining compliance with the university's policies and procedures.
- Evaluating the economy and efficiency with which resources are employed.
- Reviewing operations or programs to assess whether they are being carried out as planned and whether results are consistent with the established overall objectives of the university.
- Serving on task forces and project teams that analyze and develop systems of operations.
- Facilitate self-assessments to help departments identify objectives and evaluate business risks and controls as a means of assisting departments with ongoing risk management.
- Performing consulting services where necessary and appropriate.

## **PROFESSIONAL STANDARDS AND CODE OF ETHICS**

**The Institute of Internal Auditors, Inc.**, an international organization dedicated solely to the advancement of the internal auditing profession, has adopted **“Standards for the Professional Practice of Internal Auditing”**. Internal Audit recognizes the benefits of these standards and hereby adopts the “Standards for the Professional Practice of Internal Auditing” as an integral part of its Charter.

**The United States General Accounting Office** promulgates **“Generally Accepted Government Auditing Standards” (GAGAS)**, for use by auditors who audit governmental organizations, programs, activities and functions. These standards are commonly referred to as “Yellow Book”. Internal Audit recognizes the benefits of GAGAS and adopts the use thereof.

*\*\*\*In the rare circumstance where conflict of standards call for a determination of which standard would be most appropriate Internal Audit will make the determination based on the standard that will allow for the more conservative approach. Additionally, to the extent of any inconsistencies between the standards (red book vs. yellow book), GAGAS, yellow book, should prevail as the controlling (authoritative) source as applicable to governmental organizations such as SC State University.*

Additionally, Internal Audit staff members have an obligation of self-discipline above and beyond the requirements of laws and regulations. They must uphold and demonstrate qualities of integrity, honesty, loyalty, morality, dignity, and confidentiality consistent with the **“Institute of Internal Auditors Code of Ethics”**.

## **RESPONSIBILITY**

At minimum, Internal Audit is charged with the following responsibilities:

- Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to The Executive (audit) Committee for review and approval, as well as periodic updates.
- Implement the annual audit plan, as approved, including as appropriate any special tasks or projects requested by university management and the Executive (audit) Committee.
- Coordinate and provide support and oversight of all external auditors and regulators. Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the university at a reasonable overall cost.

- Assist in the investigation of suspected irregularities or fraudulent activities impacting the university and provide necessary reporting to university management and to The Executive (audit) Committee.
- Provide reports to The Executive (audit) Committee and to university management to communicate the final results of audits and reviews performed.
- Provide quarterly and annual status reports to The Executive (audit) Committee and to university management summarizing outstanding issues related to audit and review activities.
- Internal Audit has a professional responsibility to conduct reviews with an attitude of professional skepticism. Internal Audit recognizes that the application of internal auditing procedures may produce evidence indicating the possibility of errors, irregularities, or fraud. However, Internal Audit cannot be solely responsible for the detection and prevention of all errors, irregularities or fraud which may occur. This is a responsibility shared by all members of university management.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Chairman

South Carolina State University, Board of Trustees

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Secretary

South Carolina State University, Board of Trustees

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

President

South Carolina State University

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Director, Internal Audit

South Carolina State University