

Oakland University
Audit Committee
October 18, 2024

INTERNAL AUDIT DEPARTMENT AUDIT CHARTER

1. **Division and Department:** Office of the President, Office of the Board of Trustees, Internal Audit
2. **Introduction:** To present the Internal Audit Department Audit Charter to the Audit Committee for approval.
3. **Previous Board Action:** January 29, 2013
4. **Budget Implications:** Budget implications, if any, are referenced in the attached Internal Audit Department Audit Charter.
5. **Educational Implications:** Educational implications, if any, are referenced in the Internal Audit Department Audit Charter.
6. **Personnel Implications:** Personnel implications, if any, are referenced in the Internal Audit Department Audit Charter.
7. **University Reviews/Approvals:** The Internal Audit Department Audit Charter was reviewed and approved by the Chief of Staff and Secretary to the Board of Trustees, Vice President for Legal Affairs and General Counsel, and President.
8. **Recommendation:** Audit Committee approve the Internal Audit Department Audit Charter.
9. **Attachments:** A. Internal Audit Department Audit Charter (Edited Copy) and B. Internal Audit Department Audit Charter (Final Version)

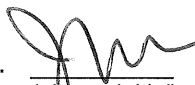
Submitted by:

Interim Director of Internal Audit, Lisa M. Hutchins


(please initial)

Reviewed by:

Secretary to the Board of Trustees, Joshua D. Merchant, Ph.D.


(please initial)

Reviewed by:

President Ora Hirsch Pescovitz, M.D.


(please initial)



INTERNAL AUDIT DEPARTMENT AUDIT CHARTER

INTRODUCTION:

This charter documents the authority and responsibility conferred upon the Internal Audit Department by the Oakland University's Board of Trustees to assist in their oversight function.

MISSION

The Internal Audit Department's mission is to provide the Board of Trustees and University President with an independent, objective assurance and consulting unit designed to add value and improve Oakland University's operations. Internal Audit assists the University in accomplishing its objectives by providing a systematic approach to evaluating and improving the effectiveness of internal controls, policy compliance, risk management, and governance processes.

AUTHORITY

The Internal Audit Department staff, with strict accountability for confidentiality and safeguarding of records and information, is authorized full and unrestricted access to any and all Oakland University records, physical properties, and personnel pertinent to carrying out any engagement. All employees are required to assist the Internal Audit Department in fulfilling its roles and responsibilities.

ORGANIZATION

The Internal Audit Director reports administratively (i.e. day to day operations) to the **Chief of Staff** and functionally to the Board of Trustees' Audit Committee (Audit Committee). The Internal Audit Director has unrestricted access to the Audit Committee and Board of Trustees members.

The Internal Audit Director will communicate and interact directly with the Board of Trustees' Audit Committee Chairperson, including meeting as directed by the Audit Committee.

INDEPENDENCE AND OBJECTIVITY

The Internal Audit Department shall function without any University interference, including matters of audit selection, scope, procedures, frequency, timing, or report content to maintain proper independence and objectivity.

Internal Audit staff will have no direct operational responsibility or authority over any activities reviewed, and should not develop and install procedures, prepare records, or engage in activities that would normally be reviewed by Internal Audit.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

RESPONSIBILITY

The primary function of the Internal Audit Department is to audit for compliance with Board of Trustees' policies, University Administrative Policies and Procedures, and State and Federal laws and regulations. The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the University's internal control, risk management, and internal process as well as the quality of performance in carrying out assigned responsibilities to achieve the University's stated goals and objectives. This includes:

- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the University.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Monitoring and evaluating governance processes.
- Monitoring and evaluating the effectiveness of the University's risk management processes.

- Evaluating the quality of performance of external auditors and the degree of coordination with internal audit. (No longer involved hiring/evaluating with external auditors)
- Performing consulting and advisory services related to internal controls, risk management and governance, as appropriate for the University.
- Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Board of Trustees.
- Evaluating specific operations at the request of the Audit Committee and/or the President, as appropriate.
- Maintaining a fraud and misappropriation reporting process that provides the University community the ability to make anonymous allegations.
- Investigating suspected fraudulent activities within the University and notify the President, Chief of Staff, Audit Committee, and management of the results.

INTERNAL AUDIT PLAN

Annually, the Internal Audit Director will submit to the University President and the Audit Committee an internal audit plan for review and approval by the Audit Committee. The internal audit plan will be developed based on a prioritization using the University's Risk-Based Audit Universe, and may include input from the Board of Trustees, University President and Chief of Staff. The internal audit plan consists of audits scheduled (annual and cyclical) for the next fiscal year. The Internal Audit Director will notify the Audit Committee Chairperson of any significant deviation from the approved internal audit plan, except when immediately necessary to investigate potentially fraudulent activity. Should the latter occur, the Internal Audit Director will contact the Audit Committee Chairperson as soon as reasonably possible.

REPORTING AND MONITORING

The Internal Audit Director will issue a written report that includes management's response at the conclusion of each internal audit engagement. Reports will be distributed concurrently as follows:

- Board of Trustees
- University President
- Vice President for Finance & Administration
- Vice President for Division being audited
- Dean of area audited (only for academic areas)
- Supervisor of Department head of area audited
- Department head of area audited

- **Assistant Associate** Vice President/Controller

The Internal Audit Director ~~is will be~~ responsible for audit report distribution. ~~to all parties except for the Board of Trustees, which the Office of Legal Affairs will distribute.~~

Internal Audit will perform a follow-up audit within ~~three~~ **six** months from initial audit report issuance to determine if department management has implemented the recommendation(s). The Board of Trustees and University President expect immediate corrective action, where possible and within ~~three~~ **six** months for all recommendations. If corrective action has not occurred, Audit Committee procedure requires both department management and the respective Vice President to attend the next Audit Committee meeting and provide an explanation for not implementing the audit recommendation within the target date. The Internal Audit Director will inform the auditee of this requirement during the audit process to help ensure timely corrective action occurs.

~~At each Audit Committee meeting, On a quarterly basis,~~ The Internal Audit Director will prepare an "Audit Recommendation Status Summary" for the Audit Committee, using the approved reporting format. The Internal Audit Director will meet with the Audit Committee as directed to discuss the outstanding recommendations' status.

Professional Standards

The Internal Audit Department performs its function in a manner consistent with the following professional accounting and auditing standards:

- Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing, and Code of Ethics
- American Institute of Certified Public Accountants' Code of Professional Conduct
- Association of Certified Fraud Examiners Code of Professional Standards
- Government Auditing Standards
- Oakland University Policies and Procedures

Updated: October 18, 2024



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