

INTERNAL AUDIT CHARTER

INTRODUCTION:

The Department of Internal Audit at the University of West Georgia (UWG) has prepared this Charter to guide and facilitate engagements initiated in the performance of its duties. The Charter does not include, nor is it intended to include, all of the Department's duties and responsibilities as may exist from time to time. This Charter defines the mission, scope of work, accountability, independence, responsibility, authority, and standards of audit practice of UWG's Department of Internal Audit.

MISSION AND SCOPE OF WORK:

Internal Auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the University of West Georgia. It assists the University of West Georgia in accomplishing its objectives by bringing a systematic, disciplined and proactive approach to evaluate and improve the effectiveness of UWG's risk management, control, and governance processes.

In accomplishing its mission, the scope of activities can include activities to:

- Proactively evaluate risks, emerging risks and supporting processes to ensure exposures are appropriately identified and managed.
- Evaluate the effectiveness of governance processes including the promotion of ethical behavior and efficiency of organizational performance management and accountability.
- Consult and educate on significant risks and exposure related to financial and operational processes; providing guidance and advice on fraud awareness, control and risk aspects of new policies, systems, processes, and procedures.
- Evaluate 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.
- Evaluate the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report information.
- Evaluate systems and operations established to ensure compliance with policies, plans, procedures, laws, and regulations which could have a significant impact on operations.
- Evaluate the safeguarding of assets and, as appropriate, verifying the existence of such assets.
- Evaluate the status of Information Technology policies and procedures, verifying that required hardware, software, and process controls have been implemented and that the controls are functioning properly.
- Conduct special audits and/or reviewing specific operations at the request of the University President and senior management or the USG Chief Audit Officer/Associate Vice Chancellor (USG CAO), as appropriate.
- Investigate fraud and other types of fiscal misconduct in compliance with applicable laws and guidelines.

PROFESSIONALISM:

Internal Audit will meet or exceed The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing (Standards)*. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to the relevant policies and procedures of the Board of Regents, Office of Internal Audit and Compliance, and the UWG Department of Internal Audit's standard operating procedures manual.

AUTHORITY:

To the extent permitted by law, all Department of Internal Audit personnel, with strict accountability for confidentiality and safeguarding of records and information, are authorized full, free, and unrestricted access to any and all of the University of West Georgia's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities.

The Department of Internal Audit personnel will also have full and unrestricted access to UWG's President and Senior Management

The Director of Internal Audit is authorized to allocate resources, set frequencies, select subjects, determine scope of work, and apply the techniques required to accomplish project objectives.

ORGANIZATION AND ACCOUNTABILITY:

The Director of Internal Audit has a dual reporting role as stated in the USG BOR Policy 7.10.2. This position reports to the UWG President and USG Chief Audit Officer (USG CAO).

The Director of Internal Audit, in the discharge of his/her duties, shall be accountable to the President to:

- Provide a regular assessment on the adequacy and effectiveness of the University's processes for controlling activities and managing risks relevant to areas of review included within the audit plan.
- Proactively identify and bring forward for discussion significant emerging risks and concerns being experienced at other institutions which may have an impact on the University of West Georgia or the University System of Georgia.
- Report significant issues related to the processes for controlling the activities of the University, including potential improvements to those processes, and provide information concerning such issues through resolution.

- Provide information periodically on the status and results of the audit plan execution and the sufficiency of department resources.
- Coordinate with and provide support as necessary regarding other control and monitoring functions (risk management, compliance, security, legal, ethics, and external audit).
- The Director of Internal Audit has the responsibility to develop an audit plan based on a documented risk assessment. The audit plan is approved in accordance with the USG Internal Audit Charter.

The President may request audits, consulting or special project services at his or her discretion. The requests are reviewed, prioritized, and completed based on available resources. The USG Chief Audit Officer will be informed of and requested to approve these additions to the audit plan per the authority delegated to the CAO by the Board of Regents.

The USG Chief Audit Officer has the authority to direct Internal Audit to audit specific areas at the University as needed to fulfill the system-wide audit plan. The UWG President will be made aware of these requests and agreement will be reached regarding the priority and timing assigned to these requests.

The dual reporting role provides assurances that both a broad range of audit coverage and adequate consideration to the effectiveness of governance, risks, and controls will be accomplished.

INDEPENDENCE AND OBJECTIVITY:

The independence and objectivity of the internal audit function is facilitated by the existing reporting relationships. This applies to all matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment. Additionally Internal Audit staff will ensure that family relationships and friendships will not interfere with or create an appearance where independence or objectivity may be of questionable status by adjusting audit staffing assignments accordingly.

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.

INTERNAL AUDIT PLAN:

An Internal Audit Plan will be developed and approved based upon processes implemented by the USG Office of Internal Audit and Compliance.

The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of senior management. Any significant deviation from the approved internal audit plan will be communicated to the UWG President and the USG CAO. All significant changes are subject to approval by the USG CAO.

REPORTING AND MONITORING:

A written report will be prepared and issued by the Director of Internal Audit or designee following the conclusion of each internal audit assurance engagement and will be distributed as appropriate. All Internal Audit reports will be sent to the UWG President and the USG CAO as well as others based on the subject and results of the audit.

The internal audit report will include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations.

The Department of Internal Audit will be responsible for appropriate follow-up on engagement observations and action plans.

PERIODIC ASSESSMENT:

The Chief Audit Executive will periodically report to senior management on the Department of Internal Audit performance relative to plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management.

Internal Audit Charter

Approved and enacted on the authority of the following signatures:



Director of Internal Audit – UWG

SEPTEMBER 11, 2013

Date



President – University of West Georgia

September 12, 2013

Date



USG Chief Audit Officer

September 16, 2013

Date