

Western Illinois University Internal Auditing Department Charter

I. Mission

The underlying premise of Internal Auditing is that the University, as a leader in the dynamic environment of higher education, must function at the highest level possible. Internal Audit supports this objective by providing independent, proactive analyses of governance, operations, financial activities, and systems of internal control. The purpose of these analyses is to evaluate whether resources are used in a way that appropriately manages risk and is in compliance with State requirements and the University's mission, goals, and objectives.

II. Definition

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps Western Illinois University accomplish its mission, goal, and objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The internal audit function is an integral part of the organization's internal control system. However, the internal audit review and appraisal process does not in any way relieve other University personnel of the responsibilities assigned to them.

III. Organization and Authority

The Department functions in accordance with the Institute of Internal Auditors International Professional Practices Framework (IPPF), the Fiscal Control and Internal Auditing Act (FCIAA) enacted by the State of Illinois (Illinois Compiled Statutes, 30 ILCS 10), the State of Illinois Internal Audit Advisory Board and related Guidance, and the University's Policy on Internal Auditing (<http://www.wiu.edu/vpas/policies/intaudit.php>).

Internal Auditing achieves organizational independence by reporting administratively to the University President and functionally to the Board of Trustees Audit Committee as defined by the IPPF. This reporting relationship permits independent and unbiased judgments essential to the proper conduct of audits. Internal Audit staff have free and unrestricted communication with University management and members of the Board of Trustees.

In carrying out their duties and responsibilities, internal auditors will have full, free, and unrestricted access to all University activities, records, property and personnel. Internal Auditing has the authority to audit, or cause to be audited, the accounts of all organizations and auxiliaries required to submit financial statements to the University, including but not limited to the WIU Foundation. No officer, administrator, or staff member may prohibit the internal auditors from examining any University record, or access to personnel which is deemed pertinent to the audit, review or investigation. Internal auditors will handle any information obtained during a review in the same prudent manner as the custodian of such information.

IV. Statement of Professional Practice

Western Illinois University is committed to the professional practice of internal auditing. Internal Auditing will ensure conformance with the Institute of Internal Auditors (IIA) International

Western Illinois University

Internal Auditing Department Charter

Professional Practices Framework. The mandatory requirements include the *Code of Ethics*, *Definition of Internal Auditing*, *Core Principles for the Professional Practice of Internal Auditing*, and the *International Standards for the Professional Practice of Internal Auditing*). Other professional accounting and auditing standards may be followed when applicable.

V. Independence and Objectivity

Independence is defined as the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner.

Internal auditing staff will be independent of the activities that they review. Internal Auditing staff have no direct responsibility or authority over the activities or operations reviewed and may not perform operational duties or direct University employees in the discharge of their duties. Internal Auditing staff may not implement accounting procedures, controls or prepare financial records that could compromise the auditor's independence. Consistent with the IPPF, Internal auditors may act in a consulting and advisory role without adversely affecting their objectivity.

VI. Auditing Objectives

In an effort to provide value-added services, Internal Auditing assists management and the Board of Trustees in the effective discharge of their responsibilities relating to the University's strategies, key business objectives, associated risks, and risk management processes. To accomplish this, the Department will furnish management with analyses, recommendations, counsel and pertinent information concerning the activities reviewed or investigated. The attainment of this overall objective involves such activities as:

1. Evaluating the organization's governance process and making recommendations to assist in enhancing:
 - Strategic and operational decisions.
 - Oversight and communication of the risk management and control process.
 - Ethics and values programs.
 - Organizational performance, management, and accountability.
 - Communication of information among the board, external and internal auditors, other assurance providers, and management.
2. During audits, determining if the overall system of internal control is adequate, effective, efficient and functioning properly to reduce risk and achieve objectives.
3. Assessing the reliability and adequacy of the accounting, financial, technology and reporting systems and procedures.
4. Ensuring key risks are identified and mitigated to acceptable levels.
5. Determining if University activities are in conformity with Board of Trustee Regulations, policies and procedures, state and federal laws and regulations, contractual obligations and good business practices.

Western Illinois University

Internal Auditing Department Charter

6. Ascertaining the extent to which the organization's assets exist, are properly accounted for and are safeguarded from losses through theft, fraud or other means.
7. Developing the professional skills and competence of the internal auditing staff.

VII. Audit Services

The Internal Auditing Department performs internal operational, financial, compliance and technology related audits of programs, functions, services, departments and accounts under the authority of the University.

There are four primary types of audit services provided:

1. **Assurance Services:** an objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization.
2. **Consulting Services:** advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility.
3. **Special Investigations:** investigations evaluate allegations of fraudulent business practices and/or financial and operational misconduct to determine if allegations are substantiated and to prevent future occurrences. The WIU Policy on Fraud defines the roles and responsibilities for internal audit staff to follow when investigating allegations of fraud.
4. **Follow-up Engagements:** Post-audit procedures to determine if corrective action plans have been completed to address reported conditions or deficiencies.

VIII. Primary Duties and Responsibilities

1. Ensure conformance with the mandatory elements of the IIA International Professional Practices Framework, Illinois Fiscal Control and Internal Auditing Act, and Illinois State Internal Audit Advisory Board related guidance.
2. Prior to June 30th of each year, submit a flexible, two-year, risk-based audit plan identifying audits scheduled to the University President and Audit Committee Chairperson for review. FCIAA requires the University President to approve the audit plan prior to the beginning of the next fiscal year. The plan will include risks and control concerns identified by Internal Auditing through the annual risk assessment process, input from management, and address compliance requirements established by FCIAA.
3. Implement the audit plan by performing internal operational, compliance, technology and financial audits of programs, functions, services, departments and accounts that are under the authority of the University.

Western Illinois University Internal Auditing Department Charter

4. Adjust the audit plan and consider special management and Board of Trustee requests when audits or investigations are deemed necessary as a result of potentially fraudulent activity, significant internal control weaknesses identified, or emerging issues that may significantly impact the University.
5. Ensure major information systems of internal and accounting administrative controls are reviewed at least once every two years. This includes review of the design of major new information systems and major modifications of those systems before their installation.
6. Report all material results of audits, reviews, or investigations to the appropriate levels of management and the Audit Committee.
7. Provide recommendations to University management when identifying material weaknesses or opportunities to improve governance, risk management and internal controls. Acceptance of the recommendations or alternative risk management processes shall be determined by University management. In instances when Internal Auditing concludes that an unacceptable level of risk has been accepted by management, these risks shall be communicated to the Audit Committee.
8. Report annually to the President and Audit Committee by September 30th regarding the accomplishments of the Department, including:
 - a. Internal audit plan performance.
 - b. Significant findings identified during the year.
 - c. The extent to which recommended changes were implemented.
 - d. Internal audit resources.
 - e. Quality assurance initiatives
9. Establish an audit finding follow-up process to monitor and identify that management corrective action plans have been effectively implemented. In the case where senior management has accepted the risk of not taking any action, that proper disclosure to the Audit Committee has occurred.
10. Coordinate with external auditors and regulatory agencies concerning the scope of work to be performed to reduce duplication and optimize audit coverage.
11. Assist management in the coordination of the annual FCIAA evaluation and certification of internal controls for the University.
12. Assist in the investigation of potentially fraudulent activities as required by the WIU Policy on Fraud and ensure due diligence is performed to identify fraud in planned audits.
13. Periodically communicate and meet with University management, Audit Committee and / or Board of Trustees to review the results of audits, consulting services, and investigations.
14. Periodically present the Internal Auditing Department Charter to the Board of Trustees for review and approval.

WIU Board of Trustee Approvals:

Original Charter Approval: June 1, 2007

Last Annual Approval: December 13, 2019

Current Annual Approval: September 10, 2021