



## INTERNAL AUDIT CHARTER

### **PURPOSE**

The purpose of Internal Audit is to assist Senior Management in the effective discharge of their respective duties. Internal auditing at the University at Buffalo (the university) is an independent, objective assurance and consultative activity designed to add value to the organization. The internal audit program is intended to assist the university and university affiliates in accomplishing its objectives by bringing a systematic, disciplined approach to increase the effectiveness and efficiency of risk management, control, and governance processes.

Internal Audit provides Senior Management with analyses, appraisals, and recommendations concerning the activities reviewed to assist them in maintaining and improving the overall control environment.

### **AUTHORITY**

The Chief Audit Executive (CAE) for the university is authorized to direct a broad, comprehensive program of internal auditing at the university as well as related constituents and affiliates such as UB Foundation, UB Research Foundation, and Faculty Student Association (FSA). In carrying out this program, the CAE and members of the internal audit staff are authorized to have full, free, and unrestricted access to all university functions, records, properties, manual and automated systems, and personnel. Documents and information given to Internal Audit will be handled in the same prudent manner as by those employees normally accountable for them.

The CAE reports to the University President on all Internal Audit activities and will report on significant findings and recommendations, the operations of the internal audit function, and such other information as requested. Additionally, the CAE will have full and free access to the University President as well as the State University of New York (SUNY) Office of the University Auditor.

The CAE retains the authority and ability to allocate resources, set frequencies, select audits, determine scope of work and apply the techniques required to accomplish audit objectives. The CAE and Internal Audit staff will have the appropriate assistance of university and university affiliates personnel where audits are performed as well as other specialized services from within and/or outside the university.

For purposes of administration, the CAE reports to an officer designated by the President. Currently, this officer is the Vice President for Finance and Administration.

## **INDEPENDENCE AND OBJECTIVITY**

In executing the internal audit program, the CAE and audit staff have no direct authority over, or responsibility for, any system, procedure, or activity that Internal Audit would be responsible to review. Therefore, Internal Audit may not develop or institute procedures, prepare records, make management decisions, or engage in any other activity that could reasonably be construed to compromise its objectivity or independence. Such tasks are the complete responsibility of operating management. Objectivity is not adversely affected by the recommendation of the standards of control to be applied in the development of systems and procedures under review.

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will 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 CAE is responsible for:

1. Establishing policies for internal audit activity and directing its technical and administrative functions.
2. Developing a flexible annual audit plan using a risk based methodology and submitting the plan to the President, the SUNY CAE, and the SUNY Audit Committee for review and approval.
3. Reviewing the adequacy and effectiveness of the university and university affiliates managements' processes for risk management, internal control, and governance.
4. Ensuring that the annual internal audit plan is designed to assist with the university's strategic objectives.
5. Reviewing established systems, policies, and procedures to provide reasonable assurance that the University and the affiliates are in compliance with state, federal, and international laws and regulations.
6. Reviewing management controls designed to safeguard university and affiliates assets and recommending improvements when appropriate.
7. Advising in the design and development of new business and computer systems.
8. Reporting periodically on audit findings and the status of corrective actions to the President.
9. Appraising the adequacy of action taken by management to correct reported deficiencies.

10. Coordinating activities with the university's independent public accountants to avoid duplication of efforts, maximizing the benefits of the university's total investment in audit activities, and providing the University with adequate audit services.
11. Conducting special examinations and consulting services requested by management. These are services explicitly requested by university management and outside the scope of the agreed upon annual audit plan.
12. Ensuring that the work of the department is consistent with the *International Standards for the Professional Practice of Internal Auditing* and in accordance with the IIA's "Code of Ethics."
13. Preparing and issuing a written report following the conclusion of each audit that will be distributed as appropriate.
14. Communicating the results of special examinations and consulting services, which may be verbal or written, as determined by the CAE.
15. Administering and assisting with the review of reports filed through the ethics hotline.
16. Conducting an annual self-assessment of departmental objectives, procedures, performance, and metrics along with a Quality Assessment Review (QAR) every five years to ensure continuous improvement.
17. Coordinating external audits to understand the objectives and scope of the audit, assist the auditors in achieving legitimate objectives with the least impact on university and its affiliates' operations, and ensure the appropriateness of audit responses.