

## INTERNAL AUDIT CHARTER

Board of Governors for Higher Education  
State of Rhode Island and Providence Plantations

Adopted: 11/04/82 (BG)

Legal Citation: 16-59-4

Amended: 5/05 (BG)

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### **MISSION**

The mission of the Internal Audit Department (IAD) is to provide independent, objective assurance and consulting services to add value and improve operations. The Internal Audit Department helps the Board of Governors for Higher Education (BOG) and the Rhode Island system of public higher education (the System) accomplish their objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes. The IAD's scope of work includes ensuring that:

- Risks are appropriately identified and managed.
- Financial and operating information is accurate, reliable, and timely.
- Policies, standards, procedures, laws, and regulations are complied with.
- Internal controls are adequate and cost effective.
- Operations achieve their objectives efficiently.
- External audits and governance activities are coordinated for maximum effectiveness and efficiency.

### **RESPONSIBILITY**

The Director of Internal Audit is responsible for:

- Developing, in coordination with System management, an annual audit plan for Finance Committee review and approval that addresses overall System and individual institution risks and needs, with the flexibility to respond to unplanned needs.
- Maintaining a professional staff with sufficient knowledge, skills, and other competencies to fulfill IAD responsibilities.
- Implementing the approved annual audit plan and revisions.
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- Providing periodic reports on the status of audit work and the performance of the IAD to the Finance Committee and the Commissioner.

### **AUTHORITY**

In carrying out their duties and responsibilities, members of the IAD will have full, free, and unrestricted access to all activities, records, property, and personnel under the purview of the BOG.

### **PROCEDURES**

Internal audits and projects are performed at all significant institution and Office of Higher Education activities, according to a flexible, risk-based annual audit plan that is approved by the Finance Committee. Additional reviews or projects may be performed at the request of the BOG or the System's senior management. Resolutions to audit issues will be sought during the performance of the audit. The management of each institution is responsible for responding in writing to the recommendations of the Internal Audit Department within thirty calendar days from receipt of a report containing those recommendations. Any audit disagreements that cannot be resolved with the client will be referred to the Commissioner of Higher Education or the Associate Commissioner, Finance and Management.

Internal audit reports with issues, recommendations, and management responses are forwarded to the Commissioner, the Finance Committee, and the full BOG for review and approval prior to issuance. The status of management responses will be monitored by the Internal Audit Department and the Finance Committee apprised on a regular basis to ensure that audit issues are resolved in a timely and effective manner.

The Internal Audit Department will also provide quarterly reports to the Finance Committee summarizing departmental performance and activity as well as highlighting significant emerging business risks, internal control issues, and accounting developments.

### **INDEPENDENCE**

In order to maintain departmental independence, the Director will report functionally to the Chair of the Finance Committee and administratively to the Associate Commissioner for Finance and Management and the Commissioner. As determined by the Finance Committee, the Director will communicate directly with the Finance Committee. The Director will be engaged or terminated at the discretion of the Commissioner of Higher Education with the approval of the Chair of the Finance Committee.

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

The IAD subscribes to and complies with all applicable professional standards and codes of ethics, including the Institute of Internal Auditors "Standards for the Professional Practice of Internal Auditing" and the U.S. General Accounting Office "Government Auditing Standards".

## **A Work In Progress**

### Internal Control Procedures-Sarbanes-Oxley Principles

The Finance/Audit Committee of the Board, on an ongoing basis, will receive suggested changes, both externally and internally that have been influenced by the impact of the passage of the Sarbanes Oxley Act. The Board may move toward the adoption of the principles of Sarbanes Oxley.