



UNIVERSITY SYSTEM OF GEORGIA (USG)

INTERNAL AUDIT CHARTER

Introduction

Internal auditing provides independent and objective assurance and consulting services to the Board of Regents (Board), the Chancellor, and institution leadership in order to add value and improve operations. The internal audit activity helps the University System Office (USO) and USG institutions accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, compliance, and internal control processes.

Role of the Internal Audit Function

USO Internal Audit and the campus internal audit staffs will provide internal audit services for the University System of Georgia. All institutional chief auditors at institutions having an internal audit function shall have a direct reporting relationship to the President of that institution and to the Chief Audit Officer / Vice Chancellor (CAO). The CAO shall have the authority to direct the institutional internal audit functions to audit specific areas at their institutions as needed to fulfill the system-wide audit plan. The CAO will report all significant audit issues directly to the Chair of the Committee on Internal Audit, Risk, and Compliance (Committee) and to the Chancellor.

Administrative and Functional Reporting of the USG Chief Audit Officer

The CAO shall be directly responsible for reporting to the USG Chancellor and the Chair of the Committee on all substantive matters relating to governance, risk management, compliance and internal control processes. The CAO shall have final signature authority for audit reports and risk assessments. The USG Chancellor and the Chair of the Committee, with relevant and appropriate input from others, will be responsible for the performance evaluation of the CAO. The CAO will have an administrative reporting line to the Vice Chancellor of Organizational Effectiveness for time reporting, human resource management, travel expenses, budget monitoring, and input into the OIA risk assessment process. The Vice Chancellor for Organizational Effectiveness shall be copied on all audit reports and have input into the performance evaluation of the CAO and direct reports of the CAO. The CAO shall at all times have unfettered and direct access to the Chancellor and the Chair of the Committee.

Organizational Responsibilities

1. The CAO has the responsibility to develop a System-wide audit plan for approval by the Committee based on a documented risk assessment that encompasses all components of the System. The Committee will approve this plan while the CAO may approve minor changes to the Audit Plan as needed. The CAO will coordinate audit plan implementation with USG institution internal auditors and with the State Department of Audits and Accounts.
2. The CAO is responsible for providing functional coordination and guidance for System-wide audit activities to include:
 - a) Meet with appropriate component officials to review the status of institution audit work and available resources.
 - b) Approve campus internal audit charters.
 - c) Review audit results from all campus-based internal auditors and the State Department of Audits and Accounts.
 - d) Monitor the implementation of audit recommendations system-wide. Chief Business Officers and/or campus audit directors will prepare a report of the implementation status of all audit recommendations, have it approved

by the campus President and submit it to the CAO on a periodic basis using the procedures established by the CAO. Implementation status of significant and material audit recommendations will be reported periodically to the Committee.

- e) Periodically prepare a summary of internal audits and highlight matters of interest for audits conducted at each institution and present such data to the Committee and to the Chancellor.
 - f) Attend meetings of the Committee and Board as required.
 - g) Ensure that all audits conducted by the University System Office have been thoroughly reviewed and discussed with appropriate institutional officials prior to being released to the Chancellor or to the Committee Chair.
 - h) Provide formal input to the performance evaluations of institutional chief auditors in consultation with the respective institutional president.
3. USG internal audit professionals and the USG internal audit function shall comply with the International Standards for the Professional Practice of Internal Auditing as published by the Institute of Internal Auditors (IIA). All USG internal auditors, to include institutional and System Office auditors, shall comply with the IIA Code of Ethics.

Definition of Audit Engagement Scope

The scope of internal auditing encompasses the examination and evaluation of the adequacy and effectiveness of the organization's system of governance, risk management, compliance, internal control and the quality of performance in carrying out assigned responsibilities. The scope will vary by institution or area and may include:

1. Review the effectiveness of governance processes to include the:
 - a) Promotion of ethical behavior within the organization;
 - b) Efficiency of organizational performance management and accountability;
 - c) Communication of risk and control information to appropriate areas of the organization; and,
 - d) Coordination of activities and information among the Board, external and internal auditors, and management.
2. Review the effectiveness of risk management processes to include the:
 - a) Alignment of organizational objectives in support of the USG and institutional missions;
 - b) Identification and assessment of significant risks;
 - c) Alignment of risk responses with the USG's risk appetite; and,
 - d) Capturing and communication of relevant risk information across the USG and its institutions so as to enable staff, management, and the Board to carry out their responsibilities.
3. Review the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.
4. Review the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations and reports and whether the System is in compliance.
5. Review the means of safeguarding assets and, as appropriate, verify the existence of such assets.
6. Review and appraise the economy and efficiency with which resources are employed.
7. Review 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.

8. Review 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.
9. Conduct special audits at the request of the Committee Chair, the Chancellor or institution presidents.
10. Investigate reported occurrences of fraud, waste, and abuse and recommend controls to both prevent and detect such occurrences.
11. Analyze and review public private ventures associated with the USG, USG institutions, and cooperative organizations.
12. Provide consulting services at the request of institution management and with the CAO's approval consistent with the IIA standards governing consulting engagements. Consulting engagements undertaken by the Office of Internal Audit (OIA) should have the potential to contribute to the improvement of governance, risk management, compliance, and/or internal controls within the USG or within a USG institution.

Required Actions by USG Institution Presidents

The President of the institution receiving an internal audit report from the OIA will respond within 30 days. This response will indicate agreement or disagreement, proposed actions, and the dates for completion for each specific finding and recommendation. If a recommendation is not accepted, the reason should be given. A final written report will be prepared and issued by the CAO.


Authorization

To the extent permitted by law, the OIA has full access to all activities, records, properties, and personnel within the University System of Georgia. The OIA is authorized to review and appraise all operations, policies, plans, and procedures. Documents and other materials provided to the OIA will be handled in the same prudent manner as handled by those employees normally accountable for them.

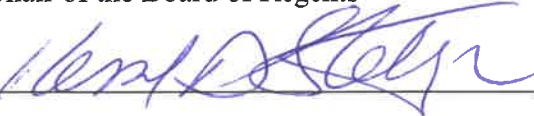
Approved by the Board of Regents of the University System of Georgia on January 9, 2019:




Don L. Waters
Chair of the Board of Regents



Date



Kessel D. Stelling
Chair of the Committee on Internal Audit,
Risk, and Compliance



Date



Dr. Steve Wrigley
Chancellor



Date