



## OFFICE OF INTERNAL AUDITS

### Internal Audit Charter

for

**Augusta University and East Georgia State College**

#### **Introduction**

The Internal Audit Department at Augusta University (hereinafter referred to as “Internal Audit” and “AU” respectively), and East Georgia State College (hereinafter referred to as “EGSC”) have prepared this charter to serve as a guide in the performance of AU’s duties for EGSC. The Charter does not include, nor is it intended to include, all of the duties and responsibilities of Internal Audit. Internal auditing provides independent and objective assurance and advisory services in order to add value and improve operations. AU Internal Audit assists EGSC in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of EGSC’s risk management, control and governance processes. This Charter implements a shared service internal audit function in which the internal auditor assigned to AU provides internal audit services to EGSC. AU’s Chief Audit Executive will lead the shared services internal audit function to provide oversight and management control to internal auditors serving EGSC.

#### **Mission**

Internal Audit provides assurance and consulting engagements focusing on governance, risk management, compliance and internal control in order to ensure that EGSC is functioning efficiently, effectively, and in compliance with applicable regulations. Internal Audit provides independent, objective audits and consulting services designed to add value to EGSC’s operations. Internal Audit works in conjunction with other offices and departments at EGSC to monitor the risk management process and provide assistance as needed. Internal Audit strives to follow a consistent and thorough method for the various types of projects in which it engages, so as to produce informative and accurate analyses, appraisals and recommendations. By adhering to this Mission, Internal Audit assists EGSC employees in the effective discharge of their responsibilities, thereby protecting the resources provided by the University System of Georgia (“USG”) and the students its serves.

#### **Organization and Compensation**

Internal Audit reports directly to the President of AU as well as to the USG’s Chief Audit Officer/ ~~Associate~~ Vice Chancellor (CAO), as required by Board of Regents policy. The senior staff member of AU Internal Audit will serve as “Director of Internal Audit” as it pertains to system-wide meetings and communications.

EGSC will pay AU on a cost-reimbursable basis an amount not to exceed \$50,000 for FY 2017 services provided under this Charter. AU will submit quarterly billings to EGSC. EGSC agrees to pay all invoices within thirty (30) days of receipt. Invoice should be sent to Cliff Gay, Vice President for Business Affairs, 131 College Circle, Swainsboro, Georgia 30401; [cgay@ega.edu](mailto:cgay@ega.edu); telephone: 478-289-2025. EGSC will remit payments to Augusta University, Business Office – Payne Hall, Attention: Kara Sanders, 2500 Walton Way, Augusta, GA 30904. Contact information: Kara Sanders, [ksanders@augusta.edu](mailto:ksanders@augusta.edu), 706-667-4173.

### **Access**

Internal Audit will have unrestricted access to, and hold periodic meetings with, the EGSC President. To the extent permitted by law, Internal Audit has full access to all activities, records, properties and personnel within EGSC. Internal Audit is authorized to review and appraise all policies, plans and procedures.

Documents and other materials provided to Internal Audit will be handled in the same prudent manner as handled by those employees normally accountable for them. Internal Audit may obtain the assistance of personnel in departments/divisions of EGSC where the audits are performed as well as other specialized services from within or outside EGSC as deemed necessary by USG.

All information will be “firewalled” among the institutions. Internal Audit will not typically share information from one institution to another. Internal Audit will attempt to leverage best practices and processes among the institutions.

Any instances in which records, personnel or physical properties relevant to an audit are not made available will be reported to the department or division supervisor, as applicable, by the Vice President responsible for that unit at EGSC and the respective President. Such an instance of failure to cooperate with an authorized action by Internal Audit will be regarded as a major policy violation.

### **Independence and Objectivity**

In order to maintain its independence and objectivity, Internal Audit is NOT authorized to perform any operational duties for EGSC; initiate or approve accounting transactions, policies or procedures external to Internal Audit; or direct the activities of any EGSC employee not employed by Internal Audit, except to the extent such employees have been appropriately assigned to assist Internal Audit.

To provide for the independence of Internal Audit, its personnel report directly to the EGSC President with a dual responsibility to the Chief Audit Office/~~Associate~~ Vice Chancellor (CAO) of the Board of Regents of the USG as described in the Board of Regents Policy Manual, Section 7.10.2. The EGSC President may request advisory service projects at his discretion. The CAO has the authority to instruct the Director to audit special areas at EGSC as needed to fulfill the system wide audit plan. 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. The CAO will report all significant audit issues directly to the Chair of the Committee on Internal Audit, Risk and Compliance and to the Chancellor.

### **Responsibilities**

Internal Audit is responsible for developing and maintaining a risk-based rolling audit plan which encompasses all components of EGSC, based upon risk assessments, input from BOR, and requests of the EGSC President and other senior administration. Internal Audit will present the audit plan to USG’s Chief Audit Officer to ensure coordination efforts are identified and sufficient resources are available. The audit plan will be updated twice a year to reflect changes in the risks facing EGSC. The plan shall include the top priority engagements and projects and will provide a framework in which Internal Audit can report its performance. The plan will also be reviewed and approved from time to time by the Board of Regents’ Committee on Internal Audit, Risk and Compliance. Any material deviations from the plan should be

communicated to and approved by the Chief Audit Officer. The EGSC President plays a critical role in providing input to the planning process. The EGSC President possesses intimate, first-hand knowledge of the risks and challenges facing their institution. This knowledge is instrumental to formulating an effective risk-based approach to auditing. The number of engagements will be apportioned in line with EGSC's compensation contribution. Due to common content and risk, some audits may be relevant to both institutions and may be conducted simultaneously in order to increase the overall audit coverage available. However, every effort will be made to maintain the appropriate level of confidentiality so as to ensure that internal institutional issues are not shared outside appropriate staff and administrators.

Internal Audit shall assess each engagement at EGSC and document the planning and fieldwork stages in compliance with industry standards and any guidelines issued by the USG's Chief Audit Officer. Any overriding material issues uncovered during these stages shall immediately be brought to the attention of all applicable parties.

Internal Audit will provide all applicable parties at EGSC with preliminary and final reports on the audit results, finding, and management's responses to such. Further, for each engagement, Internal Audit is charged with updating the appropriate officials with a final audit report, a subsequent letter on the status of any findings, as well as Quarterly Finding Review to summarize activity, findings and results for all engagements during that period.

Other responsibilities shall include interfacing with all external auditors, whether in conjunction with the annual financial audit or other compliance and regulatory audits, maintaining internal and external quality assessment documentation for Internal Audit, and other tasks as may arise from time to time, or assigned via the EGSC President and / or the USG's Chief Audit Officer. EGSC assignments that are extrinsic to the audit plan must be considered in relation to the risk assessment, to help ensure that advisory/consulting engagements are discharged in accordance with the risk assessment program, focusing on high-risk areas to maximize the engagement's positive impact.

In order to maintain a high degree of professionalism and competence, Internal Audit shall perform its duties to EGSC in accordance with the Internal Standards for the Professional Practice of Internal Auditing, the Code of Ethics and the Definition of Internal Auditing, as published by the Institute of Internal Auditors.

The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, Internal Audit will adhere to USG relevant policies and procedures and the USG Business Procedures Manual.

### **Methods**

In the execution of Internal Audit's Mission for EGSC, AU shall conduct testing and reviews via different types of engagements, including, but not limited to:

- Operational Audits – designed to concentrate maximum efficiency and effectiveness via the most beneficial allocation of resources;
- Compliance Audits – designed to revolve around criteria as specified, and whether or not the unit is complying with those criteria;
- Investigative Audits – designed to review allegations of fraud, misappropriations, waste or other inappropriate behavior;
- Financial Audits – designed to examine the accounting and reporting of financial transactions;
- Information Systems Audits – designed to study the accuracy and reliability of data and programs;

- Management Consulting and Advisory Service – designed to foster improvements to specific unit or procedure, or to address a specific problem; these engagements will only be accepted if they have the ability to positively contribute to addressing a high risk area; and,
- Quarterly Review Findings – designed to investigate outstanding audit findings and their continuance or resolution.

The engagements listed above may be consolidated based upon the audit’s specific objectives, and shall entail any or all of these specific consideration at EGSC:

- Monitoring EGSC’s governance, risk management, and control processes;
- Evaluating objectives of EGSC and its units, and comparing policies and results to those goals and objectives;
- Safeguarding assets and determining their existence, appropriate usage, and value to EGSC;
- Reviewing performance statistics of specific operations, departments or programs;
- Determining the accuracy and completeness of financial reporting inputs and outputs, and the internal controls related to such;
- Ensuring compliance with any and all regulations, laws, procedures, or policies, as applicable to the particular department or program;
- Providing direction on processes, risk assessment and mitigation, control activities, and efficiency;
- Investigating potential misconduct, fraud, or other breaches of responsibility.

**Authority**

The authority to establish an internal audit function is cited in USG Board of Regents Policy, Section 7.10.2 “Internal Audits.” The functions of this activity are enumerated in the USG Business Procedures Manual Section 16.

Internal Audit has the authority to allocate resources, set frequencies, select subjects, determine scope of work, and apply the techniques required to accomplish audit objectives.

Internal Audit has the authority to require a written response to any recommendation it makes during the course of an audit.

The EGSC President has the authority to request audits and advisory services at EGSC at his discretion. The requests are reviewed, prioritized, and completed based on available resources. Likewise, the USG’s Chief Audit Officer has the authority to direct Internal Audit to audit specific areas at EGSC as needed to fulfill the system-wide audit plan.

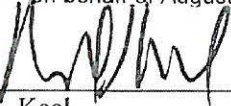
Additionally, as Internal Audit does not report to any other division or unit of EGSC, members of that unit are able to uphold the highest standards of independence and objectivity in their evaluations. In performing its duties, Internal Audit has no direct responsibility or authority over any of the activities which it reviews. Internal Audit will not develop and install procedures, prepare records, or engage in activities that would normally be reviewed by the Internal Audit function. The internal audit review and appraisal does not relieve other persons or departments at EGSC of responsibilities assigned to them.

**Quality Assurance and Improvement Program**

Internal Audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity’s conformance with the Definition of Internal Auditing, the *Standards*, and the Code of Ethics. The program also will assess the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The Director of Internal Audit will communicate to the EGSC President and the USG's Chief Audit Officer on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.


Approved by: Board of Regents of the University System of Georgia  
on behalf of Augusta University

  
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Dr. Brooks A. Keel  
President, Augusta University

8-22-2016  
Date

  
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Robert G. Boehmer  
President, East Georgia State College

08-25-2016  
Date

  
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John M. Fuchko, III  
Chief Audit Officer and ~~Associate~~ Vice Chancellor  
University System of Georgia

8-29-2016  
Date

