

The Fiscal Control and Internal Auditing Act (30 ILCS 10/Articles 1, 2 and 3) is the state legislation which provides guidance for internal audit activities of state agencies. It is the policy of the State of Illinois that the chief executive officer of every State agency is responsible for effectively and efficiently managing the agency and establishing and maintaining an effective system of internal control. Further, Southern Illinois University, as a designated agency within the Act, is required to maintain a full-time program of internal auditing. The President, as the

structure does not support organizational independence, the chief audit executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The chief audit executive will disclose to the Board of Trustees Audit Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of effectiveness and ability to fulfill its mandate.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the chief audit executive, the Board of Trustees Audit Committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.

- A significant reorganization within the organization.

- Significant changes in the chief audit executive, composition of the Board of Trustees, and/or senior management.

- Significant changes to the _____ strategies, objectives, risk profile, or the environment in which the University operates.

- New laws or regulations that may affect the nature and/or scope of internal audit services.

Board of Trustees Audit Committee Oversight

The responsibilities of the Board of Trustees Audit Committee are outlined in the Audit Committee Charter which is on file with the Executive Secretary to the Board.

Chief Audit Executive Roles and Responsibilities

Ethics and Professionalism

The chief audit executive will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.

- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the University and be able to recognize conduct that is contrary to those expectations.

- Encourage and promote an ethics-based culture in the organization.

At least annually, develop a risk-based internal audit plan that considers the input of the Board of Trustees and senior management. Submit the plan to the Board of Trustees for review, feedback and concurrence.

Communicate the impact of resource limitations on the internal audit plan to the Audit Committee and senior management.

evidence to provide independent assurance and advisory services to the Board of Trustees and management on the adequacy and effectiveness of governance, risk management, and control processes for the University.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

Risks relating to the achievement of strategic objectives are appropriately identified and managed.

The actions of officers, directors, management, employees, and contractors or other relevant parties comply with policies, procedures, and applicable laws, regulations, and governance standards.

The results of operations and programs are consistent with established goals and objectives.

Operations and programs are being carried out effectively, efficiently, ethically, and equitably.

Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the University.

The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.

Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.