M E M O R A N D U M

June 20, 2019

TO: Members of the Board of Trustees

FROM: Kristina M. Johnson, Chancellor

SUBJECT: Revised Internal Audit Charter

Action Requested

The proposed resolution adopts a revised Internal Audit Charter.

Resolution

I recommend that the Board of Trustees adopt the following resolution:

Whereas By Resolution 89-48, adopted March 22, 1989, the Board created the Internal Audit Function (Office of the University Auditor) establishing that office's purpose, authority, and responsibility; and

Whereas By Resolution 89-48, the Audit Committee was also charged with approving an Internal Audit Charter; and

Whereas an Internal Audit Charter was approved on March 22, 1989 and has not been revised since that date; and

Whereas the Office of the University Auditor conducts its audits in accordance with the International Standards for the Professional Practice of Internal Auditing ("Standards") promulgated by the Institute of Internal Auditors ("IIA") which requires that the purpose, authority, and responsibility of the internal audit activity be defined in an internal audit charter; and

Whereas the Office of the University Auditor in its annual review of the Internal Audit Charter has identified several aspects of the Office's purpose, authority, and responsibility that are required by the IIA Standards which are not included in the Internal Audit Charter; and

Whereas the Office of the University Auditor has revised the Internal Audit Charter to include all items required by the Standards; now, therefore, be it

...
Resolved that the Internal Audit Charter dated March 22, 1989 is hereby repealed and replaced with the revised Internal Audit Charter, attached to this Resolution.

**Background**

A copy of the revised Internal Audit Charter is attached hereto.
STATE UNIVERSITY OF NEW YORK OFFICE OF THE UNIVERSITY AUDITOR
INTERNAL AUDIT CHARTER

This Charter identifies the purpose, standards, authority, independence, objectivity, scope, and responsibilities of the State University of New York’s (SUNY) Office of the University Auditor (OUA).

PURPOSE AND MISSION

The purpose of the OUA is to provide independent, objective assurance and consulting services designed to add value and improve SUNY’s and SUNY Campus related entities’ operations. The mission of the OUA is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The OUA helps SUNY accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING

OUA will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors’ International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, Code of Ethics, the International Standards for the Professional Practice of Internal Auditing (Standards), and the Definition of Internal Auditing. The University Auditor will report periodically to senior management and the Audit Committee regarding the OUA’s conformance to the Code of Ethics and the Standards.

AUTHORITY

The University Auditor will report functionally to the Audit Committee and administratively (i.e., day to day operations) to the Senior Vice Chancellor for Finance and Chief Financial Officer. The nature of this functional reporting relationship is defined within the Audit Committee Charter and includes approval of the OUA Internal Audit Charter, approval of the annual risk-based audit, and resource plan.

The University Auditor will have unrestricted access to, and communicate and interact directly with, the Audit Committee, including in private meetings without management present. OUA is authorized to:

- Have full, free, and unrestricted access to all SUNY’s and SUNY Campus related entities’ functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of SUNY, as well as other specialized services from within or outside SUNY, in order to complete the engagement.

INDEPENDENCE AND OBJECTIVITY

The University Auditor will ensure that the OUA remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the University Auditor determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased attitude that allows them to perform engagements objectively and ensure that no quality compromises are made. Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment. Where the University Auditor has or is expected to have
responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity. Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The University Auditor will confirm to the Audit Committee, at least annually, the organizational independence of the OUA and will disclose to the Audit Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

SCOPE OF OUA ACTIVITIES

The scope of OUA activities encompasses, but is not limited to, audits, follow-up reviews, and other objective examinations of evidence for the purpose of providing independent assessments to the Audit Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for SUNY. OUA also conducts consulting services requested by the SUNY Board of Trustees, the Chancellor, Vice Chancellors, Presidents, SUNY System Administration, or the Audit Committee of the Board of Trustees. These consulting engagements may range from formal engagements with a defined scope and objectives, to advisory activities, such as providing informal guidance in response to general inquiries. However, in all cases, OUA functions only as an advisor, with administrators responsible for final decisions. OUA assessments include evaluating whether:

- Risks relating to the achievement of SUNY’s strategic objectives are identified and managed.
- The actions of SUNY’s officers, employees, and contractors are in compliance with SUNY’s policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Established processes and systems enable compliance with the policies, procedures, laws, rules, and regulations that could significantly impact SUNY.
- Information and the means used to identify, analyze, classify, and report such has integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The University Auditor will report periodically to System Administration’s senior leadership and the Audit Committee regarding:

- The OUA’s purpose, authority, and responsibility.
- The OUA’s plan and performance relative to its plan.
- The OUA’s conformance with the Institute of Internal Auditor’s Code of Ethics and Standards.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, the Audit Committee.
- Results of audit engagement or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to SUNY.

The University Auditor also coordinates activities and considers relying upon the work of other internal and external service providers as needed.
RESPONSIBILITY

The University Auditor has the responsibility to:

- Submit, at least annually, to SUNY System Administration senior leadership and the Audit Committee, an annual risk-based internal audit plan for review and approval.
- Communicate to SUNY System Administration senior leadership and the Audit Committee, the impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan in response to changes in SUNY’s business, risks, programs, systems, and controls; communicate such to senior management and the Audit Committee, as necessary.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate resources, the documentation of work programs and testing results, and the recommendations to appropriate parties.
- Follow up on engagement findings and recommendations, and report periodically to senior management and the Audit Committee any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the OUA collectively possess or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.
- Ensure trends and emerging issues that could impact SUNY are considered and communicated to SUNY System Administration senior leadership and the Audit Committee as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the internal audit department.
- Ensure adherence to SUNY’s relevant policies and procedures, unless such policies and procedures conflict with the OUA charter.
- Ensure conformance of the internal audit department with the Standards, unless the OUA is prohibited by law or regulation from conformance with certain parts of the Standards, the University Auditor will ensure appropriate disclosures of such.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The OUA will maintain a quality assurance and improvement program. The program will include an evaluation of OUA’s conformance with the Standards and an evaluation of whether internal auditors apply The IIA’s Code of Ethics. The program will also assess the efficiency and effectiveness of the OUA and identify opportunities for improvement.

The University Auditor will communicate to SUNY System Administration senior leadership and the Audit Committee on the internal audit department’s quality assurance and improvement program, including results of periodic internal assessments and external assessments conducted at least once every five years by a qualified, independent assessor from outside SUNY.

Approved this
CHARTER
STATE UNIVERSITY OF NEW YORK
OFFICE OF THE UNIVERSITY AUDITOR

This Charter identifies the purpose, authority, and responsibilities of the Office of the University Auditor.

PURPOSE

The Office of the University Auditor conducts independent reviews of operations and procedures and reports observations and recommendations to State University of New York management. The objective of the Office of the University Auditor is to assist members of State University of New York management in the effective discharge of their responsibilities, promoting effective control at reasonable costs.

Audit activities are conducted in compliance with the Standards for the Professional Practice of Internal Auditing promulgated by The Institute of Internal Auditors, Inc.

In conducting these activities, the internal audit function has no direct responsibility for, nor authority over, any of the operations or activities which are reviewed. The Office of the University Auditor shall neither develop nor implement procedures, prepare records or engage in any other operational capacity.

AUTHORITY

The Office of the University Auditor reports to the Chancellor and to the Audit Committee of the Board of Trustees. These reporting relationships ensure independence, promote comprehensive audit coverage and assure adequate consideration of audit recommendations.

Office of the University Auditor personnel, in the performance of audits and with stringent accountabilities of safekeeping and confidentiality, will be granted unlimited accessibility to all State University of New York records, property and employees.

RESPONSIBILITIES

The Office of the University Auditor is responsible for assessing the various functions and control systems of State University of New York and for advising management concerning their conditions. The fulfillment of these responsibilities is not confined to but includes:

- Appraising the effectiveness and application of administrative and financial controls and reliability of data.
- Evaluating adherence to State University of New York plans, policies and procedures and compliance with appropriate governmental laws and regulations.
- Ascertainment the adequacy of controls for safeguarding State University of New York assets and, when appropriate, verifying the existence of such assets.
- Performing special reviews requested by State University of New York management and/or the Board of Trustees.
- Conducting appraisals of economy and efficiency in the use of State University of New York resources and making appropriate recommendations to management.
- Coordinating audit planning with campus-based internal audit departments, State of New York auditors, Federal auditors and Independent auditors.

Approved this 22nd day of March, 1989

Chancellor

Chairman of the Audit Committee of the Board of Trustees

Chairman of the Board of Trustees