



# South Dakota State University

## Internal Audit Charter

### **PURPOSE AND MISSION**

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The purpose of South Dakota State University’s internal audit function is to provide independent and objective assurance and consulting services designed to add value and improve the institution’s operations. The internal audit function helps the institution accomplish its strategic and operational objectives by bringing a systematic and disciplined approach to evaluate and improve the adequacy and effectiveness of the institution’s governance, risk management, and internal control processes.

### **ACCOUNTABILITY AND AUTHORITY**

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The internal audit function, with strict accountability for confidentiality and safeguarding records and information, is authorized have full, free, and unrestricted access to any and all functions, records, physical properties, and personnel the Internal Auditor deems necessary to complete internal audit engagements.

The Internal Auditor is accountable to the Vice President – Finance and Administration, and has indirect reporting lines to the University President and General Counsel. The University President, Vice President – Finance and Administration, and the General Counsel will receive periodic communications from the Internal Auditor on the internal audit function’s performance relative to its plan, as well as other matters as appropriate.

### **INDEPENDENCE AND OBJECTIVITY**

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The Internal Auditor will ensure that the internal audit function remains free from all conditions that threaten the ability of the Internal Auditor to carry out the function’s responsibilities in an unbiased and impartial manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. The Internal Auditor will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.

The Internal Auditor will have no direct operational responsibility or authority over any of the activities audited. Accordingly, the Internal Auditor will not implement internal controls, develop policies and procedures, install systems, prepare records, or assume any other role of management that may impair the Internal Auditor’s independence or objectivity. If the Internal Auditor determines that independence or objectivity may be impaired, the details of impairment will be disclosed to appropriate parties.

### **SCOPE AND RESPONSIBILITIES**

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The scope of the internal audit function encompasses, but is not limited to, objective examinations of evidence for the purpose of providing an independent assessment to University Management on



the adequacy and effectiveness of governance, risk management, and internal control processes relating to the achievement of South Dakota State University's strategic and operational objectives. Internal audit assessments may also include evaluating:

- If information, and the means used to identify, measure, analyze, classify, and report such information, is reliable, accurate, and timely.
- If systems are established and designed to ensure compliance with policies, procedures, laws, and regulations which could have a significant impact on the institution.
- If employee's actions are in compliance with University policies, procedures, and applicable laws and regulations.
- If resources and assets are acquired economically, used efficiently, and adequately safeguarded.

The Internal Auditor's additional responsibilities include:

- Maintaining professional certifications and sufficient knowledge, skills, abilities, and experience.
- Developing relationships throughout the institution to become a trusted advisor to management on governance, risk management, and internal control matters.
- Performing consulting and advisory services related to governance, risk management and internal controls for the institution, including management requests, participation on committees, and participation on implementation teams for information technology projects and business process improvements.
- Identifying opportunities and provide recommendations to improve operational efficiency and effectiveness.
- Adhering to University policies and procedures.
- Ensuring the University core values of people centered, creativity, integrity, diversity, and excellence are applied and upheld.

## **INTERNAL AUDIT PLAN**

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At least annually, the Internal Auditor will develop a flexible, annual internal audit work plan based on input from University Management and an assessment of risks and exposures affecting the institution. This plan will be submitted to the President and the Vice President – Finance and Administration for review and approval. It will also be submitted to the General Counsel for review and acknowledgement.

The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, which includes input from University Management. The Internal Auditor will review and adjust the plan, as necessary, in response to changes in internal audit resources or the institution's business, risks, operations, programs, systems, and controls. Any significant deviation from the internal audit plan will be communicated to and approved by appropriate members of University Management.



**REPORTING AND MONITORING**

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The Internal Auditor will communicate the results of internal audit engagements to the appropriate individuals in a timely manner, including the South Dakota Board of Regents designee, as appropriate.

Internal audit reports will include an executive summary, department background, objectives and scope, audit overview, and an observations summary (if applicable). Each observation will include a priority rating (i.e. high, medium, and low), recommendations, and management’s response/corrective action plan, and an anticipated completion date. The Internal Auditor will also follow up on engagement observations and corrective actions, and report periodically to appropriate members of University Management regarding any corrective actions not implemented in a timely or effective manner.



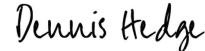

**PROFESSIONAL STANDARDS**

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The internal audit function will govern itself by adhering to the Institute of Internal Auditors’ mandatory guidance including the *Definition of Internal Auditing*, the *Code of Ethics*, and the *International Standards for the Professional Practice of Internal Auditing (i.e. the Standards)*. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing. Additionally, the internal audit function will comply with University and South Dakota Board of Regents policies and procedures.

**APPROVALS AND ACKNOWLEDGEMENTS**

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Jim Ducker, Internal Auditor	Date
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Barry Dunn, President	Date
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Dennis Hedge, Provost and Interim VP – Finance and Administration	Date
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Acknowledged By: Tracy Greene, General Counsel	Date