

CHARTER OF THE OFFICE OF INTERNAL AUDIT

PURPOSE AND SCOPE OF WORK

The purpose of the Office of Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve College operations. It helps the College accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The scope of internal audit activity encompasses:

1. Assurance Services. Assurance services are objective examinations of evidence for the purpose of providing an independent assessment. This includes assessing and reporting on the adequacy and effectiveness of the internal controls and the quality of performance in carrying out assigned responsibilities. The scope includes reviewing and evaluating:
 - Internal controls established to ensure compliance with applicable policies, plans, procedures, laws, regulations, and contracts;
 - The means by which assets are safeguarded;
 - The reliability and integrity of financial and operating information;
 - The economy, efficiency, and effectiveness with which resources are deployed; and
 - IT systems to determine if they are appropriately managed, controlled, and protected.
2. Consulting and Advisory Services. Advisory and related client service activities, the nature and scope of which are agreed upon with the College, are intended to add value and improve the College's governance, risk management, and control processes without the Office of Internal Audit assuming management responsibility. Examples include counsel, advice, facilitation, and training.
3. Investigative Engagements. Investigations evaluate allegations of suspected improprieties to determine if allegations are substantiated and to prevent future occurrences.

AUTHORITY

The Office of Internal Audit derives its authority and is required by the following:

- Utah Internal Audit Act – requires the establishment of an internal audit program in Utah's public institutions of higher education; and
- Utah Board of Higher Education Policy R567 – Internal Audit Program – requires each institution to maintain an internal audit activity plan.

The Internal Audit Director and staff of the Office of Internal Audit are authorized to:

- Have unrestricted access to all functions, records, property, and personnel.
- Have full and free access to the Board of Trustees Audit Committee.
- Allocate resources, set frequencies, select subjects, determine scope of work, and apply the techniques required to accomplish audit objectives.
- With approval of the President or designee, obtain the necessary assistance of personnel in specialized services from outside the College as needed.

The Internal Audit Director and staff of the Office of Internal Audit are not authorized to:

- Perform any operational duties for the College.
- Initiate or approve accounting transactions external to the Office of Internal Audit.
- Direct the activities of any College employee not employed by the Office of Internal Audit, except to the extent such employees have been appropriately assigned to an audit team or to otherwise assist the internal auditors.

STANDARDS OF AUDIT PRACTICE

The Office of Internal Audit shall adhere to the Mandatory Guidance of the Institute of Internal Auditors, including:

- The Definition of Internal Auditing
- The Code of Ethics
- The International Standards for the Professional Practice of Internal Auditing
- The Core Principles

In addition, the Office of Internal Audit shall adhere to the College's policies and procedures.

INDEPENDENCE AND OBJECTIVITY

To provide for the independence of the Office of Internal Audit, internal audit activities will remain free from interference from College administration and/or management. This includes activities pertaining to engagement selection, scope, timing, audit work or report content.

The Internal Audit Director reports functionally to the Board of Trustees Audit Committee Chair and administratively to the President or designee. The hiring and termination of the Internal Audit Director is subject to the approval of the Board of Trustees Audit Committee.

Internal auditors are expected to be objective in performing their responsibilities. Circumstances that may hinder objectivity must be disclosed and discussed with the Internal Audit Director. These may include potential or actual conflicts of interest relating to family, community, business, or prior employment within a department of the College that is under audit.

REPORTING

The results of engagements will be documented and communicated to the appropriate administrators.


Internal audit reports will include the observations, conclusions, and recommendations derived from the completed audit work. The report may include the management responses or corrective action that will be taken with regard to the findings and recommendations.

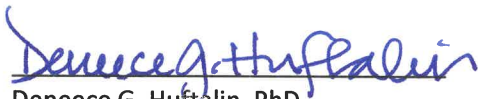
The Office of Internal Audit will allow management sufficient time to implement necessary corrective actions or plans before conducting a follow-up evaluation to assess satisfactory implementation of audit recommendations.


The Internal Audit Director will provide the Board of Trustees Audit Committee, College President, and Executive Cabinet with regular updates regarding internal audit activities. In addition, an annual report of internal audit activities will be prepared for the Board of Trustees Audit Committee chair to present to the Utah Board of Higher Education.


Lori Chillingworth

Chair, Board of Trustees Audit Committee


Date


Denece G. Huffalin, PhD
President, Salt Lake Community College


Date