

## **THE RESEARCH FOUNDATION FOR THE STATE UNIVERSITY OF NEW YORK INTERNAL AUDIT CHARTER**

### **PURPOSE**

It is The Research Foundation for The State University of New York's ("RF") duty to maintain an ongoing audit function to assist management at all RF locations in the fulfillment of its responsibilities to maintain an adequate system of internal controls. The audit function provides management with independent appraisals, recommendations, analyses and other pertinent comments on the financial and operational controls of all offices. The Office of Internal Audit Services ("Internal Audit") is also expected to recommend changes in procedures with a goal to improve efficiencies, add value to the RF mission, improve the overall quality of work and reduce or eliminate duplicate effort.

### **PROFESSIONALISM**

Internal Audit activity will govern itself by adherence to The Institute of Internal Auditors' Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing* ("Standards"), and the Definition of Internal Auditing. This mission and mandatory elements constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of Internal Audits activity's performance.

### **AUTHORITY**

The Vice President of Internal Audit, also known as the Chief Audit Executive ("CAE"), reports to the RF President and to the Audit Committee of the Board of Directors. The reporting relationships are free from undue influence, ensure independence, promote comprehensive audit coverage and assure adequate consideration of audit recommendations. If the CAE takes on any additional roles and/or responsibilities that fall outside of internal auditing, safeguards will be put in place to limit impairments to independence or objectivity.

Internal Audit has no direct responsibility or authority over any of the activities it reviews. Therefore, the reviews and appraisals performed by Internal Audit do not relieve management at an RF location of its assigned responsibilities.

Internal Audit personnel, in the performance of their duties, described below, are granted unlimited access to all RF data, records, offices and employees. In so doing, Internal Audit personnel are charged with maintaining the confidentiality of such information.

The CAE will periodically review the Internal Audit charter and present it to the Audit Committee and the Board of Directors for approval. Changes to this Charter must be approved by the Audit Committee of the Board of Directors.

## RESPONSIBILITIES

Internal Audit maintains an independent role within the RF for the review and evaluation of financial and operational functions of all departments at all RF locations. In this role, Internal Audit performs examinations to determine:

- The Compliance with established policies, procedures, sponsor regulations, contractual terms, and sound business practices.
- The soundness, adequacy and application of internal controls necessary to achieve corporate objectives.
- Reliability and accuracy of management data and reporting systems.
- Key risks to enhance the value and achievement of RF strategies and objectives.

Internal Audit is also responsible to:

- Act with integrity and demonstrate strong ethics that align with RF objectives and the *Standards*.
- Maintain an impartial, unbiased attitude and avoid any conflict of interest. If independence or objectivity is impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.
- Develop a flexible annual audit plan using appropriate risk-based methodology, including any risk or control concerns identified by management, and submit the plan to the Audit Committee for review and approval.
- Develop and document a plan for each engagement, including the engagement's objectives, scope, timing and resource allocations. Documentation for each engagement will include sufficient, reliable, relevant information to support the engagement results and conclusion.
- Maintain a professional competent audit staff with sufficient knowledge, skills, experience and professional certifications to meet the requirements of this Charter. Knowledge, skills and other competencies may be enhanced through continuing professional development.
- Perform consulting services, beyond Internal Audit's assurance services, to assist management in meeting its objectives. Examples may include assisting in facilitation, training and advisory services.
- Provide information periodically on the status and results of the annual audit plan and the sufficiency of department resources.
- Coordinate and communicate with other control and monitoring functions (risk management, compliance, security, legal, ethics, environment and external audit).
- Investigate matters that are either identified through the RF "Hotline," brought to RF Internal Audit's attention by the Office of Compliance Services via the Fraud and Whistleblower Policy or through normal audit work performed by RF Internal Audit. Internal Audit will consult with the Office of Compliance Services and notify appropriate RF management and audit committee members of the results of investigations.
- Coordinate audits of grants and contracts performed by independent external auditors with all RF personnel. Consideration will be given to the competency, objectivity and due professional care of the assurance and consulting service providers.
- Provide management with recommendations to improve operating efficiency.

The CAE and staff of Internal Audit are not authorized to:

- Perform any operational duties for the organization or its affiliates.
- Initiate or approve accounting transactions external to the Internal Auditing department.
- Direct the activities of any organization employee not employed by the Internal Auditing department, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the Internal Auditors.

## **REPORTING AND MONITORING**

A written report will be prepared and issued by the CAE or designee following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the Audit Committee of the Board of Directors.

The Internal Audit report may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response, whether included within the original audit report or provided thereafter by management of the audited area should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

Internal Audit will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

## **QUALITY ASSURANCE AND IMPROVEMENT PROGRAM**

Internal Audit will maintain an ongoing quality assurance and improvement program that will encompass all the duties and responsibilities of Internal Audit. The Quality Assurance and Improvement Program will include an evaluation of the Internal Audit activity's conformance with this Charter, the RF mission and The Institute of Internal Auditors' mandatory elements. The program will also assess the efficiency and effectiveness of Internal Audit activity and identify opportunities for improvement.

Internal Audit will conduct a yearly internal assessment and an external assessment at least every five years. The CAE will communicate the results to the Audit Committee of the Board of Directors on Internal Audit activity's quality assurance and improvement program, including the results of the ongoing internal and external assessments.

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