

Youngstown State University

Internal Audit Charter

Introduction

This charter is prepared in accordance with the Institute of Internal Auditors' (IIA) guidance as described later under the heading "Global Internal Audit Standards."

Purpose and Mission

The purpose of the internal audit function is to strengthen Youngstown State University's ability to create, protect, and sustain value by providing the Audit Subcommittee of the Board of Trustees and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances Youngstown State University's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Youngstown State University's internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with the IIA's Global Internal Audit StandardsTM which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the Audit Subcommittee.
- Internal auditors are free from undue influence and committed to making objective assessments.

The mission of Youngstown State University internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. It assists the university in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the university's risk management, control, and governance processes.

Commitment to Adhering to the Global Internal Audit Standards

Youngstown State University's internal audit function will seek to adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements.

Mandate

Authority

The internal audit function's authority is created by its direct reporting relationship to the Audit Subcommittee. Such authority allows for unrestricted access to the Audit Subcommittee.

The Audit Subcommittee authorizes the internal audit function to:

- Have full unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding record and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of Youngstown State University and other specialized services from within or outside Youngstown State University to complete internal audit services.

Independence Organizational Position, and Reporting Relationships

Internal Audit will be positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function (See "Mandate" section.) Internal audit will report functionally to the Audit Subcommittee and administratively (for example, day-to-day operations) to the Vice President for Finance & Business Operations. This positioning provides the organizational authority and status to bring matter directly to senior management and escalate matters to the Audit Subcommittee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

Internal audit will confirm with the Audit Subcommittee, at least annually, the organizational independence of the internal audit function. If the governance structure does not support organizational independence, Internal Audit will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. Internal Audit will disclose to the Audit Subcommittee any interference internal audit encounters related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

Changes to Mandate or Charter

Circumstances may justify a follow-up discussion between Internal Audit, the Audit Subcommittee, 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 Internal Audit, Audit Subcommittee, and/or senior management.
- Significant changes to the organization's strategies, objectives, risk profile, or the environment in which the organization operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

Audit Subcommittee Oversight

To establish, maintain, and ensure that Youngstown State University's internal audit function has sufficient authority to fulfill its duties, the Audit Subcommittee will:

- Discuss with Internal Audit and senior management the appropriate authority, role, responsibilities, scope, and services (assurance or advisory) of the internal audit function.
- Ensure Internal Audit has unrestricted access to and communicates and interacts directly with the Audit Subcommittee, including private meetings without senior management present in accordance with Ohio public meeting laws.
- Discuss with Internal Audit and senior management other topics that should be included in the internal audit charter.
- Participate in discussions with Internal Audit and senior management about the "essential conditions," described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter periodically with Internal Audit to consider changes affecting the organization, such as changes in type, severity, and interdependencies of risks to the organization: and approve the internal audit charter periodically.
- Approve risk-based internal audit plan
- Provide input to the internal audit function's human resources administration and budgets.
- Receive communications from Internal Audit about the internal audit including its performance relative to its plan.

- Make appropriate inquiries of senior management and Internal Audit to determine whether scope or resource limitations are inappropriate.

The Office of Internal Audit is established by the Board of Trustees and its responsibilities are defined by the Audit Subcommittee as part of its oversight functions as defined in the Audit Subcommittee's charter.

IA's responsibilities are guided by the Audit Subcommittee as part of its oversight function to promote and protect the integrity of Youngstown State University.

Internal Audit Roles and Responsibilities

Ethics and Professionalism

Internal Audit will ensure that internal auditors:

- Seek to adhere to 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 organization and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organization.
- Report organizational behavior that is inconsistent with the organization's ethical expectations, as described in applicable policies and procedures.

Objectivity

Internal Audit will ensure that the Internal Audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matter of engagement selection, scope, procedures, frequency, timing, and communication. If Internal Audit determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to the appropriate parties.

Internal Audit will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgement on audit matters to others, either in fact or appearance.

Internal Audit will have no direct operational responsibility or authority over any of the activities they review. Accordingly, Internal Audit will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgement, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for Youngstown State University or its affiliates.
- Initiating or approving transaction external to the internal audit function.
- Directing the activities of any Youngstown State University employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to the internal audit teams or to assist internal auditors.

Internal Audit will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually to the Audit Subcommittee, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Internal Audit Function

The Internal Auditor along with outside services provided by shared services agreement with Kent State University has the responsibility to:

- At least annually, develop a risk-based internal audit plan that considers the input of the Audit Subcommittee and senior management. Discuss the plan with the Audit Subcommittee and senior management and submit that plan to the Audit Subcommittee for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Audit Subcommittee and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in Youngstown State University's business, risks, operations, programs, systems, and controls.
- Communicate with the Audit Subcommittee and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.

- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit Subcommittee and senior management periodically and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact Youngstown State University and communicate to the Audit Subcommittee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to Youngstown State University's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit Subcommittee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If Internal Audit cannot achieve the appropriate level of coordination, the issue must be communicated to senior management and if necessary, escalated to the Audit Subcommittee.

Fraud and Fiscal Abuse

The Office of Internal Audit is responsible for evaluating allegations of fraud or fiscal abuse. Reports of fraud or fiscal abuse may be received through the anonymous reporting hotline or reported directly to the office of Internal Audit. Upon receipt, Internal Audit performs a preliminary review to determine whether sufficient evidence exists to warrant further action. If the review indicates potential fraud or fiscal abuse, Internal Audit will recommend a formal investigation be conducted by appropriate YSU offices. Together, Internal Audit and the appropriate YSU offices establish the scope and approach of the investigation. This coordinated process reinforces the University's commitment to responsible stewardship and effective oversight of reported concerns. Concerns reported to the Office of Internal Audit that are unrelated to fraud or fiscal abuse are referred to the appropriate department for review and action, as necessary.

Communication with the Audit Subcommittee and Senior Management

Internal Audit will report periodically to the Audit Subcommittee and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit Subcommittee that could interfere with the achievement of Youngstown State University's strategic objectives.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptable of a risk that is beyond Youngstown State University's risk appetite.

Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the organization, including all of Youngstown State University's activities, assets, and personnel. The scope of internal audit activities also encompasses, but is not limited to, the objective examination of evidence to provide independent assurance and advisory services to the Audit Subcommittee and management on the adequacy and effectiveness of governance, risk management, and control processes for Youngstown State University.

The nature and scope of the 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 services may include:

- Evaluating whether risks relating to achievement of Youngstown State University's strategic objectives are appropriately identified and managed.
- Evaluating whether the actions of Youngstown State University's officers, directors, management, employees, and contractors or other relevant parties comply with Youngstown State University's policies, procedures, and applicable laws, regulations, and governance standards.
- Evaluating whether the results of operations and programs are consistent with established goals and objectives

- Evaluating whether operations and programs are being carried out effectively, efficiently, ethically, and equitably.
- Evaluating whether established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Youngstown State University.
- Evaluating whether the integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Evaluating whether resources and assets are acquired economically, used efficiently, and sustainably, and protected adequately.
- Evaluating management's system of internal controls to determine their presence, adequacy, effectiveness and efficiency and when needed, recommending improvements to the system of internal controls to address identified exposure to risk and performance deficiencies in practices and procedures.
- Reporting significant risk exposures, internal control issues and fraud risk.
- Monitoring and evaluating the effectiveness of the organization's risk management system.
- Reviewing specific operations at the request of the Audit Subcommittee or management as appropriate.

Approved this ____ day of _____, 2024

Michelle DiLullo
Internal Auditor

Chair of the Audit Subcommittee

Neal McNally

