OFFICE OF INTERNAL AUDITS

Internal Audit Charter - Augusta University/AU Health

Purpose and Mission

The mission of Internal Audit is to provide independent, objective assurance and advisory services designed to add value and improve operations at Augusta University (AU) and its Cooperative Organizations. Internal Audit helps these organizations accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Authority and Independence/Objectivity

The Chief Audit Officer at Augusta University/AU Health (AUCAO) shall have a direct reporting relationship to the President and the USG Chief Audit Officer (USGCAO). The President shall determine the organizational and operating reporting relationship of the AUCAO and exercise oversight of institutional risk management as defined in Board of Regents Policy. Augusta University employs a position of Vice President for Audit, Compliance, Ethics and Enterprise Risk Management, which is the leadership position for oversight of the AUCAO.

The AUCAO reports to the AU Health System’s Board of Directors and its Committee on Internal Audit, Compliance and Enterprise Risk Management (ACERM).

The President shall coordinate with the USGCAO and the AU Health System ACERM Committee on significant personnel actions involving the AUCAO, to including appointment, performance evaluations, and termination.

Access

Internal Audit will have unrestricted access to, and hold periodic meetings with the AU President. To the extent permitted by law, Internal Audit has full access to all activities, records, properties and personnel within AU and its Cooperative Organizations. Internal Audit is authorized to review and appraise all policies, plans and procedures.

Documents and other materials provided to Internal Audit will be handled in the same prudent manner as handled by those employees normally accountable for them. Internal Audit may obtain the assistance of personnel in departments/divisions of AU where the audits are performed as well as other specialized services from within or outside AU as deemed necessary by USG.

Failure to cooperate with an authorized request of Internal Audit will be regarded as a major policy violation. Any instance to withhold access to records, personnel or physical properties relevant to an audit will be reported to management on an escalating basis.

Independence and Objectivity

In order to maintain its independence and objectivity, Internal Audit is NOT authorized to perform any operational duties for AU and its Cooperative Organizations; initiate or approve accounting transactions, policies or procedures external to Internal Audit; or direct the activities of any AU and its Cooperative Organizations employees not employed by Internal Audit, except to the extent such employees have been appropriately assigned to assist Internal Audit.
Internal Auditors will:

1. Disclose any impairment of independence or objectivity, in fact or appearance to appropriate parties;
2. Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or processes being examined;
3. 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 opinions.

The AU will report all significant audit issues directly to the AU President, the AU Health ACERM Committee and USGCAO. Any overriding material issues uncovered during an engagement shall immediately be brought to the attention of all applicable parties.

Responsibilities
Internal Audit is responsible for developing and maintaining a risk-based rolling audit plan which encompasses all components of AU, based upon risk assessments, input from BOR, and requests of the AU President and other senior administration. Internal Audit will present the audit plan to the USGCAO to ensure coordination of efforts are identified and sufficient resources are available. The audit plan will be updated twice a year to reflect changes in the risks facing AU. The plan shall include the top priority engagements and projects and will provide a framework in which Internal Audit can report its performance. The plan will also be reviewed and approved from time to time by the Board of Regents’ Committee on Internal Audit, Risk and Compliance. Any material deviations from the plan should be communicated to and approved by the USGCAO.

Due to common content and risk, some audits may be relevant to both institutions and may be conducted simultaneously in order to increase the overall audit coverage available.

Internal Audit will provide all applicable parties at AU with preliminary and final reports on the audit results, findings, and management’s responses to such. Further, for each engagement, Internal Audit is responsible for tracking resolution of significant findings and updating appropriate officials on progress and completion. Unresolved significant issues will be brought to the attention of leadership/boards of directors. When significant issues go unresolved the institution “accepts the risk.”

Other responsibilities shall include interfacing with all external auditors, whether in conjunction with the annual financial audit or other compliance and regulatory audits, maintaining internal and external quality assessment documentation for Internal Audit, and other tasks as may arise from time to time, or assigned by the President and/or the USGCAO. Unplanned reviews or assignments must be considered in relation to the risk assessment to ensure that advisory/consulting engagements are discharged in accordance with the risk assessment program, focusing on high-risk areas to maximize the engagement’s positive impact and not detract from the overall risk-based assurance efforts.

In order to maintain a high degree of professionalism and competence, Internal Audit is mandated to perform its duties to AU in accordance with the Internal Standards for the Professional Practice of Internal Auditing, the Code of Ethics and the Definition of Internal Auditing, as published by the Institute of Internal Auditors. The AUCAO will report annually regarding the department’s conformance with the Internal Audit Professional Practices Framework and confirming the department’s organizational independence.
Methods
In the execution of Internal Audit’s mission, AU shall conduct testing and reviews via different types of engagements, including, but not limited to:

- Operational Audits – designed to concentrate maximum efficiency and effectiveness via the most beneficial allocation of resources;
- Compliance Audits – designed to revolve around criteria as specified, and whether or not the unit is complying with those criteria;
- Investigative Audits – designed to review allegations of fraud, misappropriations, waste or other inappropriate behavior;
- Financial Audits – designed to examine the accounting and reporting of financial transactions;
- Information Systems Audits – designed to study the accuracy and reliability of data and programs;
- Management Consulting and Advisory Services – designed to foster improvements to specific unit or procedure, or to address a specific problem; these engagements will only be accepted if they have the ability to positively contribute to addressing a high-risk area; and,

The engagements listed above may be consolidated based upon the audit’s specific objectives, and shall entail any or all of these specific considerations at AU:

- Monitoring AU’s governance, risk management, and control processes;
- Evaluating objectives of AU and its units, and comparing policies and results to those goals and objectives;
- Safeguarding assets and determining their existence, appropriate usage, and value to AU;
- Reviewing performance statistics of specific operations, departments or programs;
- Determining the accuracy and completeness of financial reporting inputs and outputs, and the internal controls related to such;
- Ensuring compliance with any and all regulations, laws, procedures, or policies, as applicable to the particular department or program;
- Providing direction on processes, risk assessment and mitigation, control activities, and efficiency;
- Investigating potential misconduct, fraud, or other breaches of responsibility.

Internal Audit has the authority to allocate resources, set frequencies, select subjects, determine scope of work, and apply the techniques required to accomplish audit objectives.

Internal Audit has the authority to require a written response to any recommendation it makes during the course of an audit.

The AU President has the authority to request audits and advisory services at AU at his discretion. The requests are reviewed, prioritized, and completed based on available resources. Likewise, USGCAO has the authority to direct Internal Audit to audit specific areas at AU or assist the USG Office of Internal Audit as needed to fulfill the system-wide audit plan.

Quality Assurance and Improvement Program
Internal Audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity’s conformance with the Definition of Internal Auditing, the Standards, and the Code of Ethics. The program also will assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.

Approved by:
Dr. Brooks A. Keel
President, Augusta University

Date

Dr. Phil Gingrey
Chairman, AU Health System ACERM Committee

Date

Claire M. Arnold, CPA
Vice Chancellor for Internal Audit
University System of Georgia

Date

Mr. Clay Sprouse
Interim Vice President Audit, Compliance, Ethics and Risk Management

Date