

INTERNAL AUDITING

The University supports an Office of Internal Auditing as an independent appraisal function to examine and evaluate University operations as a service to management. This function shall be the responsibility of the Director of Internal Auditing who reports directly to the President.

The Office of Internal Auditing shall assist management in the effective discharge of its responsibilities by furnishing management with analysis, recommendations, counsel, and pertinent comments concerning the activities reviewed. Such activities include:

1. determining that the overall system of internal control and the controls in each activity under audit are adequate, effective, efficient, and functioning;
2. determining the reliability and adequacy of the accounting, financial, and reporting systems and procedures;
3. determining that University activities conform with generally accepted accounting principles, University policies and procedures, state and federal laws and regulations, contractual obligations, and good business practices;
4. ascertaining the extent to which University assets exist, are properly accounted for, and are safeguarded from losses of all kinds;
5. reviewing operational procedures to ascertain whether results are consistent with established objectives and goals and whether the procedures are being carried out as planned; and
6. recommending operational improvements.

Audit coverage shall be university-wide and no function, activity, or unit of the University is exempt from audit and review. In carrying out their duties and responsibilities, internal auditors shall have full, free and unrestricted access to all University activities, records, property and personnel. No officer, administrator, or staff member shall:

- a. prohibit the Office of Internal Auditing from examining any University record which is deemed pertinent to an audit or review;
- b. make or cause to be made, directly or indirectly, false or misleading oral or written statements in response to appropriate requests from internal auditors;
- c. restrict others from providing information or discussing University operations with the Office of Internal Auditing;

- d. fail to state, or cause others to fail to state, any material fact which by its omission could mislead the internal auditors.

The Office of Internal Auditing shall conduct audits and reviews in accordance with standards promulgated by the Internal Audit Advisory Board, using such audit programs and procedures as are considered necessary in the circumstances. The internal audit function shall be carried out substantially in accordance with the [Standards for the Professional Practice of Internal Auditing as promulgated by the Institute of Internal Auditors](#), and the "[Fiscal Control and Internal Auditing Act](#)," as enacted by the State of Illinois.

The Director shall be responsible for the development of an annual audit plan and schedule for the University which shall be approved by the President. The schedule shall outline the frequency and priority of audits to insure coverage in accordance with audit standards and state statute requirements.

The results of the examinations and internal control evaluations made by the Office of Internal Auditing, their opinions, and their recommendations shall be reported to those responsible for taking corrective action. The President shall be kept informed of all internal audit activities in accordance with applicable law.

The Office of Internal Auditing shall be responsible for determining that appropriate action has been taken on reported audit recommendations and that such action is achieving the desired results, or that management has assumed the risk of not taking corrective action on the reported findings. Implicit in management's response to audit recommendations is the responsibility to insure that all actions, activities, and functions are conducted within established University policies and procedures.

The Office of Internal Auditing shall have no direct authority over, or responsibility for, any of the activities examined. Internal auditors shall not develop and install procedures, prepare records, make management decisions, or engage in any other activity which could reasonably be construed to compromise the independence of the internal auditing function. Review and appraisals by the internal auditors shall not in any way substitute for, or relieve, other persons of assigned responsibilities.

To maintain oversight of the internal auditing function, the President shall review with the Director, on an annual basis, the previous year's internal auditing program and the direction of the program to be followed in the year ahead.

Approved:
President
January 16, 2002

Monitor: President