



Policy Title: Internal Audit Charter	Effective Date: 2/22/2018
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Oversight Department: Office of Audit and Advisory Services	Next Review Date: 12/5/2027

1. PURPOSE

The Office of Audit and Advisory Services, serving as the internal audit function for Radford University (University), was established by the Board of Visitors (Board) and the President as an integral part of the overall internal control structure of the University. The *Internal Audit Charter* describes the general purpose, authority, and responsibility of the Office of Audit and Advisory Services.

2. APPLICABILITY

The *Internal Audit Charter* applies to all University employees, departments, and activities.

3. DEFINITIONS

Business Affairs and Audit Committee: Per the *Radford University Board of Visitors Board Manual*, a standing committee of the Board of Visitors. Among other responsibilities, this committee also oversees the internal audit function of the University, receives reports from external auditors, and performs studies of financial matters as directed by the Board.

Internal Auditing: An independent, objective assurance and advisory service designed to add value and improve the operations of an organization. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Internal Control: Based on the Internal Control – Integrated Framework (2013), published by the Committee of Sponsoring Organizations of the Treadway Commission, internal control is a process, effected by the Board of Visitors, management, and other University employees designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance. Internal control consists of five major components: control environment, risk assessment, control activities, information and communication, and monitoring activities.

Management: The collective body of those who have the authority and responsibility to make decisions in order to manage or direct the various operations and business processes of the University. Management encompasses various levels of the organization including division heads, deans, directors, managers, and supervisors.

University Auditor: The senior position that is responsible for effectively managing the University's internal audit function in accordance with the *Internal Audit Charter* and the

mandatory elements of The Institute of Internal Auditors (IIA) International Professional Practices Framework. The University Auditor is the Chief Audit Executive.

University Employee: Any person employed as a teaching faculty, administrative or professional faculty, classified employee, part-time or wage employee, student employee, work/study employee, or any other person paid through the University's payroll process.

4. POLICY

- A. The University's Board of Visitors and the President are dedicated to supporting the internal audit function (i.e. the Office of Audit and Advisory Services), an integral part of the overall internal control structure of the University (see [Internal Control Policy](#)).
- B. The Board of Visitors and the President recognize that the purpose of the internal audit function is to strengthen the University's ability to create, protect, and sustain value by providing the Board of Visitors and management with independent, risk-based, and objective assurance, advice, insight, and foresight. Accordingly, the internal audit function enhances the University's successful achievement of its objectives, its governance, risk management, and control processes, its decision-making and oversight, its reputation and credibility with its stakeholders, and its ability to serve the public interest.
- C. The Board of Visitors and the President recognize that the University's internal audit function is most effective when its work is performed by competent professionals in conformance with The Institute of Internal Auditors' Global Internal Audit Standards which are set in the public interest, when the internal audit function is independently positioned with direct accountability to the Board of Visitors, and when internal auditors are free from undue influence and committed to making objective assessments.
- D. This Internal Audit Charter Policy outlines the Mandate for the University's internal audit function, the Office of Audit and Advisory Services:

1. Authority –

- a. The internal audit function's authority is created by its direct reporting relationship to the Business Affairs and Audit Committee of the Board of Visitors. Such authority allows for unrestricted access to the Board of Visitors.
- b. The Board of Visitors authorizes the University's internal audit function to:
 - i. Have full and unrestricted access to all functions, data, records, information, physical property, and University employees or personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
 - ii. Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
 - iii. Obtain assistance from the necessary employees or personnel of the University and other specialized services from within or outside the University to complete internal audit services.

2. Independence, Organizational Position, and Reporting Relationships

- a. The University Auditor 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. The Office of Audit and Advisory Services staff will report to the University Auditor, who will report functionally to the Board of Visitors through the Business Affairs and Audit Committee and administratively (e.g., day-to-day operations) to the President. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the Board of Visitors, when necessary, without interference, and supports the internal auditors' ability to maintain objectivity. Any decision to remove the University Auditor must be approved by the Business Affairs and Audit Committee.

- b. The University Auditor will confirm to the Business Affairs and Audit Committee of the Board of Visitors, at least annually, the organizational independence of the internal audit function. If the governance structure does not support organizational independence, the University Auditor will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The University Auditor will disclose to the Business Affairs and Audit Committee any interference that internal auditors encounter 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.

3. Changes to the Mandate or Charter

- a. Circumstances may justify a follow-up discussion between the University Auditor, the Board of Visitors, and senior management on the internal audit mandate or other aspects of the 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 the University Auditor, Board of Visitors, and/or senior management, significant changes to the organization's strategies, objectives, risk profile, or the environment in which the organization operates, or new laws or regulations that may affect the nature and/or scope of internal audit services.
- E. The Office of Audit and Advisory Services will 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. The University Auditor will report annually to senior management and the Business Affairs and Audit Committee regarding the internal audit function's conformance with these elements, which will be assessed through a quality assurance and improvement program.
 - F. University employees must cooperate with the Office of Audit and Advisory Services in accordance with its authority.
 - G. The Office of Audit and Advisory Services will not be authorized to:
 - 1. perform any operational duties for the University or its affiliates.
 - 2. initiate or approve transactions external to the Office of Audit and Advisory Services.
 - 3. direct the activities of any University employee not employed by the Office of Audit and Advisory Services, except to the extent that such employees have been appropriately assigned to auditing teams, or to otherwise assist the audit team.

4. develop or write policies or procedures that they may later be called upon to evaluate. Draft materials developed by management may be reviewed for propriety or completeness; however, ownership of, and responsibility for, these materials remain with management.

5. PROCEDURES

A. Scope of Work

1. The scope of work for the Office of Audit and Advisory Services covers the entire breadth of the organization, including all of the University's activities, assets, and employees. This scope of work also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Board of Visitors and management on the adequacy and effectiveness of governance, risk management, and controls processes for the University.
2. The scope of work for the Office of Audit and Advisory Services may include evaluating whether
 - a. Risks relating to the achievement of the University's strategic objectives are appropriately identified and managed.
 - b. The actions of the University's officers, directors, management, employees, and contractors or other relevant parties comply with the University's policies, procedures, and applicable laws, regulations, and governance standards.
 - c. The results of operations and programs are consistent with established goals and objectives.
 - d. Operations and programs are carried out effectively, efficiently, ethically, and equitably.
 - e. Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the University.
 - f. The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
 - g. Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.
3. Reviews and evaluations of internal control are performed by the Office of Audit and Advisory Services; however, the University's management will continue to be responsible for establishing and maintaining an adequate internal control system.
4. The Office of Audit and Advisory Services may also perform advisory and consulting services, the nature and scope of which may be agreed with the party requesting the service, provided the Office of Audit and Advisory Services does not assume management responsibility. If opportunities for improving the efficiency of governance, risk management, and control processes are identified during advisory and consulting engagements, they will be communicated to the appropriate level of management.

B. Objectivity

1. All work performed by the Office of Audit and Advisory Services will be conducted in an objective manner.
2. The University Auditor will ensure that the Office of Audit and Advisory Services remains free from all conditions that threaten to impair the ability of audit staff to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication.
3. If the University Auditor determines that objectivity may be impaired, either in fact or in appearance, the University Auditor will take the appropriate action to address, and the details of the impairment will be disclosed to the appropriate parties.
4. The Office of Audit and Advisory Services staff will maintain an unbiased mental attitude that allows them to perform their work objectively and in such a manner that they will believe in their work product, that no quality compromises will be made, and that they will not subordinate their judgment on audit matters to others, either in fact or appearance.
5. The Office of Audit and Advisory Services staff will have no direct operational responsibility or authority over any of the activities that they audit or review, nor will they have had any within the previous year. This includes activities such as implementing internal controls, developing procedures, installing systems, or engaging in other activities that may impair their judgment.
6. The Office of Audit and Advisory Services staff will
 - a. Disclose impairments of independence or objectivity, in fact or appearance, at least annually to the University Auditor, who will determine if further disclosure is needed.
 - b. Exhibit professional objectivity in gathering, evaluating, and communicating information.
 - c. Make balanced assessments of all available and relevant facts and circumstances.
 - d. Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

C. University Auditor Responsibility

The University Auditor has the responsibility to:

1. develop a flexible risk-based annual audit plan, considering the input of senior management and the Business Affairs and Audit Committee. The plan will be discussed with senior management and the Business Affairs and Audit Committee and submitted to the Business Affairs and Audit Committee for review and approval.
2. communicate with senior management and the Business Affairs and Audit Committee the impact of resource limitations on the internal audit plan or if there are significant interim changes to the internal audit plan.
3. implement the annual audit plan and follow it to the extent possible, reviewing and adjusting it as necessary in response to changes in the University's business, risks, operations, programs, systems, and controls.

4. ensure that internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards and laws and/or regulations. This includes reporting to appropriate levels of management significant issues related to the processes for controlling the activities of the University, including potential improvements to those processes.
5. follow up with management to verify that corrective actions are taken on findings and recommendations, and communicate the results of internal audit services to senior management and the Business Affairs and Audit Committee and for each engagement as appropriate.
6. evaluate and assess significant merging/consolidating functions and new or changing systems, services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
7. perform special studies, reviews, or investigations requested by management.
8. perform consulting and advisory services related to governance, risk management, internal controls, or other areas of interest and concern.
9. conduct investigations of fraud, waste, and abuse, including those referred by the Office of the State Inspector General related to State Fraud, Waste, and Abuse Hotline cases. Results of these investigations will be communicated to management and the Business Affairs and Audit Committee, as appropriate.
10. coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services, as appropriate. If the University Auditor cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and, if necessary, to the Business Affairs and Audit Committee.
11. identify and consider trends and emerging issues that could impact the University are considered and communicated to senior management and the Business Affairs and Audit Committee, as appropriate.
12. ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and this *Internal Audit Charter*.
13. ensure emerging trends and successful practices in internal auditing are considered.
14. establish and ensure adherence to policies, procedures, and methodologies designed to guide the Office of Audit and Advisory Services.
15. ensure adherence to the University's relevant policies and procedures, unless such policies and procedures conflict with this *Internal Audit Charter* or the Global Internal Audit Standards. Any such conflicts will be resolved or otherwise communicated to senior management and the Business Affairs and Audit Committee, as appropriate.
16. report at least annually to the Business Affairs and Audit Committee and senior management regarding
 - a. The internal audit function's mandate.
 - b. The internal audit plan and performance relative to its plan.
 - c. Internal Audit budget.

- d. Significant revisions to the internal audit plan and budget.
- e. Potential impairments to independence, including relevant disclosures as applicable.
- f. Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- g. Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Business Affairs and Audit Committee that could interfere with the achievement of the University's strategic objectives.
- h. Results of assurance services and other audit activities, as appropriate.
- i. Resource requirements.
- j. Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the University's risk appetite.

D. Ethics and Professionalism

The University Auditor will ensure that the Office of Audit and Advisory Services staff

- 1. Conforms with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- 2. Understands, respects, meets, and contributes to the legitimate and ethical expectations of the organization and are able to recognize conduct that is contrary to those expectations.
- 3. Encourages and promotes an ethics-based culture in the organization.
- 4. Reports organizational behavior that is inconsistent with the organization's ethical expectations, as described in applicable policies and procedures.

E. Quality Assurance and Improvement Program

- 1. The University Auditor will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function.
- 2. The quality assurance and improvement program will include both internal and external assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.
 - a. Internal assessments will include ongoing monitoring and periodic self-assessments of the internal audit function.
 - b. External assessments will be performed at least once every five years by a qualified, independent assessor or assessment team from outside the University; qualifications must include at least one assessor holding an active Certified Internal Auditor credential.

3. Annually, the University Auditor will communicate with senior management and the Business Affairs and Audit Committee about the internal audit function's quality assurance and improvement program, including the results of internal assessments and external assessments.

F. Board of Visitors Oversight

To establish, maintain, and ensure that the University's internal audit function has sufficient authority to fulfill its duties, the Business Affairs and Audit Committee will

1. Discuss with the University Auditor and senior management the appropriate authority, role, responsibilities, scope, and services of the internal audit function, and discuss whether there are any inappropriate scope or resource limitations.
2. Ensure the University Auditor has unrestricted access to communicate and interact directly with the Business Affairs and Audit Committee, including in private or closed meetings without senior management present, as long as such meetings comply with all state and federal laws including, but not limited to the [Code of Virginia §2.2-3711](#).
3. Participate in discussions about the "essential conditions," described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
4. Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
5. Review the internal audit charter annually with the University Auditor to consider changes affecting the organization, such as the employment of a new University Auditor or changes in the type, severity, and interdependencies of risks to the organization; and approve substantive changes to the internal audit charter.
6. Approve the risk-based internal audit plan.
7. Receive communications from the University Auditor about the internal audit function including its personnel, budget, expenses, and performance relative to its plan, and provide input to senior management as appropriate.
8. Ensure a quality assurance and improvement program has been established.

6. EXCLUSIONS

None

7. APPENDICES

None

8. REFERENCES

[State Fraud, Waste, and Abuse Hotline](#)

[The Institute of Internal Auditors Global Internal Audit Standards](#)

[The Institute of Internal Auditors International Professional Practices Framework \(IPPF\)](#)

[Internal Control – Integrated Framework \(2013\)](#), Committee of Sponsoring Organizations of the Treadway Commission

9. INTERPRETATION

The authority to interpret this policy rests with the President of the University and is generally delegated to the University Auditor.

10. APPROVAL AND REVISIONS

The *Internal Audit Charter* replaces and expands upon the *Charter* last adopted by the Board of Visitors on September 19, 2014. The newly developed *Internal Audit Charter* was developed in the University Policy Template, and it was submitted to and approved by the President's Cabinet at the meeting held on January 8, 2018. The *Internal Audit Charter* was then submitted to and approved by the Radford University Board of Visitors at the meeting held on February 16, 2018. The President signed the *Internal Audit Charter* on February 22, 2018.

Effective July 2, 2021, the *Internal Audit Charter*, was reviewed by the oversight department and no substantive revisions were deemed necessary. Minor editorial changes were made that did not affect the substance or intent of the policy.

The *Internal Audit Charter* was revised to conform to changes outlined in the 2024 Institute of Internal Auditors Global Internal Audit Standards. The revised *Internal Audit Charter* was submitted to and approved by the President's Cabinet on November 25, 2024. The revised *Internal Audit Charter* was then submitted to and approved by the Radford University Board of Visitors at the meeting held on December 6, 2024. The President signed the revised *Internal Audit Charter* on December 17, 2024.



Bret Danilowicz, Ph.D., President (signature)

DATE: 12/17/24

For questions or guidance on a specific policy, contact the Oversight Department referenced in the policy.