

A. Internal Audit Department Charter

Section 1. Nature

The Internal Audit Department is established as an independent and objective assurance and consulting activity within the Nevada System of Higher Education (NSHE) for the review of operations as a service to management. It assists the NSHE in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organizations risk management, control and governance processes.
(B/R 3/14)

Section 2. Mission Objective and Scope

The Mission of Internal Audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The objective of the Internal Audit Department is to assist all levels of the NSHE management in the effective discharge of their responsibilities, by furnishing them with analyses, appraisals, recommendations and pertinent comments concerning the activities reviewed. The Internal Audit Department is concerned with any phase of activity where it can be of service to management. This involves going beyond the accounting and financial records to obtain a full understanding of the operations under review. The attainment of this overall objective involves such activities as:

1. Reviewing and appraising the soundness, adequacy, and efficient application of accounting, financial, and operational controls at executive and staff levels.
2. Ascertaining the extent of compliance with established policies, plans, and procedures.
3. Determining whether significant risks appropriately identified and managed.
4. Ascertaining the reliability of management data developed and reported within the NSHE.
5. Recommending appropriate improvements in internal accounting and operations where controls have been found to be malfunctioning, inefficient, or where controls should be instituted and none exist. Appraising the effectiveness of procedures, as modified, to ensure that deficiencies are satisfactorily resolved.
6. Recommending appropriate improvements to systems, processes and organizational structures to provide accurate, timely and reliable financial and operational information.
7. Fostering quality and continuous improvement in NSHE's risk management and control processes. Reporting the results of examinations in a timely manner and reviewing the timeliness of corrective actions.
8. Confirming information technology and data governance supports NSHE's strategies and objectives.
9. Ascertaining whether information security practices adequately safeguard the NSHE data assets and comply with applicable policies and regulations.

10. Sharing information and coordinating activities with other internal and external assurance and consulting service providers to ensure proper coverage and minimize duplication of efforts.
 11. Designing, installing, and operating systems are not audit functions; however, the internal auditor's objectivity is not adversely affected when the auditor recommends standards of control for systems or reviews procedures before they are implemented.
- (B/R 12/16)

Section 3. Authority and Responsibility

The internal audit activity is established by the Board of Regents. The internal audit activity's responsibilities are defined by the Board as part of its oversight role. The Internal Audit Department is provided with authority for full access to all of the NSHE records, properties, and personnel relevant to the subject of review. The Department is free to review and appraise policies, plans, procedures, and records.

The responsibilities of the Department are as follows:

1. Develop a sophisticated internal audit program that will include evaluation of the effectiveness of financial and related operational controls and review of compliance by NSHE personnel with NSHE policies and procedures.
2. Maintain the capacity to:
 - a. Perform audits to independently assess governance, risk management and control processes throughout the NSHE.
 - b. Provide consulting services, with the mutual agreement of the "client", to improve the NSHE governance, risk management and control processes.
 - c. Investigate, as necessary, allegations of improper activities including fraud, misuse of university resources, and unethical behavior or actions. The Chief Internal Auditor serves as the clearinghouse for matters requiring his or her investigatory activity and shall establish a mechanism for incident management.
3. Periodically measure and continually improve the efficiency of internal audit activity by means of a quality control program, effective use of technology, and proactive performance management. Institute appropriate budgetary and cost control over the auditing program.
4. Institute controls to ensure that audit findings have been reviewed with the management responsible for operations of the functions examined; see that findings are presented to management at various levels so as to motivate corrective actions; and arrange for the development of appropriate comments and recommendations for inclusion in periodic condensed reports to be presented to the Board of Regents' Audit, Compliance and Title IX Committee.

5. Make available to the independent public accountants working papers, copies of audit reports, and pertinent analyses to aid them in determining the scope of their examination. Inform the independent public accountants and other outside audit agencies of the internal audit schedule to avoid duplication of effort and to maximize the benefits of the total investment in audit activities.
6. Maintain a staff with the skills, experience and professional certifications to meet the Department's scope of responsibilities and aligned with the NSHE's risks.
7. Recommend changes to policy or required practices to sustain an effective balance between the magnitude of risk, the materiality of failed control, and the cost of compliance.
8. The internal audit activity will govern itself by adherence to appropriate internal auditing standards including, but not limited 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 Standards, and the Definition of Internal Auditing).
9. Coordinate all activities of the Department with others so as to best achieve the audit objectives and the objectives of the NSHE, including spreading adoption of effective practices and consideration of trends and emerging issues that could impact the NSHE.

In performing its functions, the Internal Audit Department has neither direct responsibility for, nor authority over, any of the activities that are reviewed. Therefore, the review and appraisal activity does not in any way relieve other persons in the organization of the responsibilities assigned to them.

(B/R 12/18)

Section 4. Independence

To maximize public accountability, the Chief Internal Auditor shall maintain complete independence from the System Administration and shall have a dual reporting responsibility directly to the Chair of the Board of Regents and the Chair of the Audit, Compliance and Title IX Committee on all substantive matters. The Chair of the Board of Regents and the Chair of the Audit, Compliance and Title IX Committee shall provide primary oversight and general direction to the Chief Internal Auditor regarding his or her activities and responsibilities.

The Chair of the Board of Regents shall administratively supervise the Chief Internal Auditor, including overseeing all aspects of employment. The Chair of the Board of Regents and the Chair of the Audit, Compliance and Title IX Committee shall jointly evaluate the performance of the Chief Internal Auditor. Any search to fill a vacancy in the Chief Internal Auditor position shall be jointly conducted by the Chair of the Board of Regents and the members of the Audit, Compliance and Title IX Committee.

In order to maintain objectivity, the Internal Audit Department will not undertake to develop and install procedures, prepare records, or engage in any other activity that it would normally review and appraise, and that could reasonably be construed to compromise its independence. Objectivity shall not be adversely affected by the recommendation of the standards of control to be applied in the development of systems and procedures under review.

Where the Internal Audit Department is expected to have roles or responsibilities that fall outside of internal auditing, safeguards will be in place to limit impairments to independence or objectivity. The Internal Audit Department may provide assurance services where it had previously performed consulting services, provided the nature of the consulting did not impair objectivity, and provided individual objectivity is managed when assigning resources to an engagement.

(B/R 12/18)

Section 5. Audit Requests

The Chief Internal Auditor may determine during the year that an unscheduled audit should be performed. The Chief Internal Auditor will inform the Chair of the Audit, Compliance and Title IX Committee of special audits.

The Chair of the Audit, Compliance and Title IX Committee may request an audit be performed based upon specific information provided to the Chief Internal Auditor. If the Chief Internal Auditor is in agreement that the audit should be performed, the audit will be added to the audit schedule. If the Chief Internal Auditor is not in agreement that the audit should be performed, the Chair of the Audit, Compliance and Title IX Committee may place the item on the next Audit, Compliance and Title IX Committee agenda for review and action by the Audit, Compliance and Title IX Committee.

Any member of the Board of Regents may request that the Chair of the Audit, Compliance and Title IX Committee place a request for an audit on the Audit, Compliance and Title IX Committee agenda. The Chief Internal Auditor will make a recommendation to the Audit, Compliance and Title IX Committee regarding the audit request.

The policy of the Audit, Compliance and Title IX Committee is to only perform special audits based on specific factual information and assessment of risk that would justify an audit.

(B/R 12/18)

Section 6. Internal Audit Plan

Annually, the Chief Internal Auditor will submit to the Chair of the Board of Regents and the Audit, Compliance and Title IX Committee an internal audit plan for review and approval. Any significant deviation from the approved plan will be communicated to the Audit, Compliance and Title IX Committee. Progress against the approved plan will be communicated to senior management and the Audit, Compliance and Title IX Committee at least every six months.

(B/R 12/18)

Section 7. Reporting and Monitoring

A written report will be prepared and issued by the Chief Internal Auditor following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results and institution responses will be communicated to the Chair of the Board of Regents and the Audit, Compliance and Title IX Committee.

(B/R 12/18)

Section 8. Periodic Assessment

The Chief Internal Auditor will communicate to the Chair of the Board of Regents and the Audit, Compliance and Title IX Committee on the internal audit activity's quality assurance and improvement program, including results of external assessments conducted at least every five years.

(B/R 12/18)

Section 9. Institution Audit Response Requirements

1. Time Period for Response. In response to audit findings, institutions at times must adopt new institution policies or amend existing institution policies to address the issues identified in the audit. The adoption of new policies or amendment of existing policies in response to an audit finding must be completed within 150 calendar days after the audit and institutional response have been discussed at a Board of Regents Audit, Compliance and Title IX Committee meeting.
2. Expedited Procedure and Consultation with Faculty Senate. Each institution shall develop a procedure for the expedited adoption of new policy and for the amendment of existing policy to comply with the 150 calendar day requirement set forth above. The institution procedure must include an expedited process for consultation with the Faculty Senate.

(B/R 12/18)