

<p style="text-align:center">THE LOUISIANA STATE UNIVERSITY SYSTEM INTERNAL AUDIT CHARTER</p>

INTRODUCTION

The Louisiana State University Internal Audit function is an objective assurance and consulting activity that is independently managed with the LSU System and guided by a value-driven philosophy of partnering with other units to continuously improve the operations of the LSU System. Internal auditing is System, Campus, and Health Care Services based, and is managed by Directors. Professionalism and commitment to excellence are facilitated by operating with a framework of professional practice established by the Institute of Internal Auditors.

ROLE

Internal audit staff members serve as advisors to the entire LSU system community on a wide range of issues related to the mission, scope, goals, and objectives, as well as business activities of the institution.

ORGANIZATION

The LSU System Director of Internal Audit reports to the Board of Supervisors. Campus based Directors report to the Chancellor of their respective institution, and the Health Care Services based Director reports to the Chief Executive Officer of that institution.

PROFESSIONAL STANDARDS

Internal Audit staff will meet or exceed the Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors. In addition, Government Auditing Standards promulgated by the Comptroller General of the United States will be followed when required by law, regulation, agreement, contract, or policy. Also, Internal Audit staff members have a responsibility to the interest of those they serve and should refrain from entering into any activity that may create a conflict of interest. They have an obligation of self-discipline above and beyond the requirements of laws and regulations. They should demonstrate qualities to include integrity, objectivity, confidentiality, and competency consistent with the Institute of Internal Auditors Code of Ethics.

AUTHORITY

The LSU System Internal Audit office is authorized full and unrestricted access to all areas and information sources (i.e. records, property, and personnel, et cetera) within the entire LSU System. Campus and Health Care Services based offices are authorized full and unrestricted access to all areas and information sources (i.e. records, property, and personnel, et cetera) within their respective institutions. Documents and information given to the Internal Audit staff during an engagement are handled in the same prudent manner as by those employees normally accountable for them.

Acting in the capacity of an Internal Audit, audit staff should not perform any operational duties for the LSU System or its affiliates, initiate or approve accounting transactions external to Internal Audit, or direct the activities of any LSU System employee not

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employed by Internal Audit, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

RESPONSIBILITIES

Internal Audit Directors and staff members have a responsibility to:

- Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or concerns identified by management, and submit that plan to the board of Supervisors for review and approval, as well as periodic updates.
- Implement the annual audit plan, as approved, including as appropriate any special tasks or projects requested by management and the Board of Supervisors.
- Maintain a professional audit staff with sufficient knowledge skills, and experience.
- As it relates to the Internal Audit issues, evaluate and assess significant merging/consolidating functions and new or changing services, processes coincident with their development, implementation, and/or expansion.
- Issue periodic reports to the Board of supervisors and management summarizing results of audit activities.
- Keep the Board of Supervisors informed of emerging trends and successful practices in internal auditing.
- Perform investigations of significant suspected fraudulent activities within the LSU System and notify management and the Board of Supervisors of the results.
- Consider the scope of work of the external auditors and other regulatory agencies, as appropriate, for the purpose of providing optimal audit coverage to the LSU System at a reasonable overall cost.

PLANNING

One-year internal audit plans (based on a facilitated risk assessment process) shall be systematically developed for the System and for each Campus and Health Care Services based office, by the appropriate Director. Once approved by the appropriate Chancellor/Chief Executive Officer, the System Director will incorporate these plans into a System wide plan that will be submitted for written comments to the Executive vice President. The original plan and comments will then be submitted to the Board of Supervisors for review and approval. The objective is to continually assess all high-risk areas of the LSU System and to evaluate critical business processes throughout the LSU System as resource permit.

The Directors work together with the president, Executive Vice President, Vice Presidents, Chancellor/ Executive Directors, Provosts, Vice Chancellors, Deans, and other administrators on a list of key areas that should be evaluated within each organizational unit. Requests for assurance and advisory services are encouraged at any time from the Board of Supervisors and management personnel based on known or perceived risk areas that should be appropriately evaluated by the Internal Audit Staff.

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When demands for services exceed available resources that would significantly impact the approved annual work plan, each Director will establish project priorities subject to the approval of the Executive Vice President for the system or the Chancellor/Chief Executive Officer for the campus Health Care Services based offices.

REPORTING

Internal Audit ensures that the results of audit and other services are properly communicated to the appropriate management or operating personnel in the form of written reports, consultation, advice, or any other means. Written reports include, or will be followed by, management comments itemizing specific actions taken or planned to resolve the reported finding and to ensure that operational objectives are achieved. The system Director shall report not less than quarterly to the Board of Supervisors on all system, Campus and Health Care Services based internal and external audits. System reports shall be addressed to the president and the Board of Supervisors. Campus and Health Care Services based reports shall be addressed to the Chancellor/Chief Executive Officer, and the president of the LSU System.

RELATIONSHIPS WITH EXTERNAL AUDITORS AND CONSULTANTS

Internal Audit works cooperatively with external auditors and consultants to avoid duplication of efforts and to ensure optimum audit coverage is obtained.

CONTINUING PROFESSIONAL DEVELOPMENT

Audit work will be conducted by a staff of recognized professional auditors who possess a high level of technical knowledge of, or experience in, internal auditing techniques. Professional development activities will be planned and carried out by both Internal Audit offices and the auditor. In addition to on-the-job guidance, each Director will provide for training through courses offered by internal and external sources, in appropriate circumstances. Also, auditors with professional education to satisfy requirements related to the professional certification(s) held. Those auditors not presently holding appropriate certifications are encouraged to pursue an educational program that supports efforts to obtain professional certification(s).