

TEMPLE UNIVERSITY  
DEPARTMENT OF INTERNAL AUDITS  
CHARTER

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1. Scope, Purpose and Mission

The purpose of Temple University's Department of Internal Audits (IA) is to provide independent, objective assurance and consulting services designed to add value and improve the University's operations. IA assists the University in accomplishing its mission by bringing a systematic, disciplined, and collaborative approach to evaluate and improve the effectiveness of governance, risk management, and internal control processes.

2. Reporting Structure, Independence and Objectivity

IA is led by the Chief Audit Officer (CAO) who reports to the Board of Trustees through the designee(s) of the Chair of the Board. For administrative purposes, the CAO reports to and is supervised by the President. The CAO will regularly assess the IA program to identify appropriate changes and improvements. The CAO will recruit, train, and maintain professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the objectives of IA. To the extent that specialized skills are needed to supplement the audit work, such activities may be co-sourced or out-sourced as necessary.

Internal audits shall be conducted under a schedule that is prepared by the CAO, reviewed and approved by the Management Audit and Compliance Committee (MACC) and the President, and approved by the Compliance, Audit, and Risk Committee (CAR). The audit schedule may be superseded by specific request of the President, the Chief Operating Officer or upon the initiative of the CAO when, in their judgment, conditions warrant such interruption.

The CAO will seek to ensure that IA remains free from interference by any element in the University that threatens the ability of IA staff to carry out their responsibilities in an independent and objective manner, including matters of audit selection, scope, procedures, frequency, timing, or report content.

IA will have no direct operational responsibility or authority over any of the activities audited. Accordingly, IA will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may create a conflict with the internal auditors' responsibility to render impartial judgment.

Internal auditors must disclose any impairment of independence or objectivity, in fact or appearance, to the CAO. Any impairment of the CAO's independence or objectivity will be reported to the President. Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The CAO will confirm to the CAR of the Board of Trustees, at least annually, the organizational independence of the internal audit activity. If the CAO determines that independence and objectivity may be impaired in fact or appearance and cannot be mitigated, the details of impairment and related implications will be disclosed and discussed with senior management and the CAR.

### 3. Board Oversight

The Board of Trustees, through the CAR, shall review and recommend to the Board the scope of IA's duties and responsibilities and provide the Board with appropriate reports and activities of IA. The CAO shall periodically provide information on the status and results of the semi-annual audit plan, the sufficiency of departmental resources, and meet on a regular basis with the CAR. The CAR shall review and approve the charter of the IA as developed and presented from time to time by the CAO. IA shall have full and free access to the CAR.

### 4. Duties and Responsibilities

The CAO shall establish a comprehensive IA program as necessary and appropriate to meet and serve the needs of the University that includes the following:

- Oversight and coordination of IA related activities.
- Evaluate risk exposure relative to strategic goals of the University in collaboration with the Ethics and Compliance Office (ECO.)
- Test the sufficiency and implementation of governance processes.
- Meet with the MACC not less than twice a year, to review the IA schedule and results.
- Provide effective advice, training, and education on internal control issues.
- Perform audits, special projects, confidential legal investigations, and process consultations.
- Follow-up with the implementation of corrective actions noted in internal audit reports.
- Measure and seek to ensure IA program effectiveness.
- Coordinate investigation of fraudulent activities with other control and monitoring functions (e.g., ECO, Risk Management and Treasury, Campus Safety Services, Office of University Counsel (Counsel), and external auditors).
- Provide copies of internal audit reports to the CAR, the President, the MACC, and appropriate management.
- Collaborate with the ECO, Counsel, and other University officers/partners as necessary.
- Conduct IA responsibilities in accordance with University policies and procedures and by adherence to the Institute of Internal Auditors' International Professional Practices Framework's Core Principles for the Professional Practice of Internal Auditing and the Code of Ethics.
- Coordinate with the external auditors.

When Counsel conducts an investigation in connection with rendering legal advice or in connection with or in anticipation of litigation, Counsel may request IA assistance in conducting confidential investigations. Under these circumstances, IA shall operate at the direction and request of Counsel.

IA will reserve a portion of its time, correlated to need, for advisory/consulting services to management. Consulting services are advisory in nature and are generally performed at the specific request of an engagement client. When performing consulting services, the internal auditor should maintain objectivity, not assume management responsibility, and maintain independence in accordance with section 2 above.

### 5. Enterprise Risk Management

IA shall assist the ECO in the implementation of the University-wide ERM program that seeks to ensure risks across the University are identified, prioritized and included on the audit schedule, as appropriate. IA shall coordinate with the ECO to help identify and schedule appropriate audits.

## 6. Access to Information

IA shall have full, free, and unrestricted access to all University activities, records, electronic files, property, and personnel relevant to the subject under review. When appropriate, prior approval shall be obtained from the President or the Chair of the CAR for access to University records, files, and reports. The CAO shall be responsible for controlling access to electronic files by IA. University administration shall seek to ensure that units and personnel fully and timely cooperate with IA.

## 7. Integrity and Confidentiality

Recognizing the private and/or sensitive nature of some of the information to which it may have access, IA shall operate with the highest level of integrity and respect for confidentiality.