



## BOARD OF REGENTS FOR THE OKLAHOMA AGRICULTURAL AND MECHANICAL COLLEGES

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### Charter for the Office of Internal Audit

#### I. Introduction

*Title 70 Oklahoma Statutes § 3909 (D)* requires the Board of Regents of the Oklahoma Agricultural and Mechanical Colleges (Board) to employ a sufficient number of internal auditors to meet the Board's fiduciary responsibilities. The Office of Internal Audit (Office) for the Board is established by *Board Policy 1.03* and is the internal audit activity for the Board and the institutions governed by the Board (Institutions).

#### II. Purpose

The Institute of Internal Auditors (IIA) defines internal auditing as “an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”

Assurance services, as defined by the IIA, “are an objective assessment of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples may include financial, performance, compliance, system security, and due diligence engagements.”

Consulting services, as defined by the IIA, “are advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation, and training.”

#### III. Role

The Chief Audit Executive (CAE), who reports functionally to the Board and administratively to the Chief Executive Officer of the Board (CEO), will manage the Office. The Board is responsible for the hiring and removal of the CAE. On a periodic, and preferably annual basis, the Board in coordination with the CEO will review the performance of the CAE.

The CAE shall have a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of the charter. The Office staff report directly to the CAE. Only personnel assigned to the Office shall be referred to as auditors, and their work will be referred to as audit activities.



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### **IV. Independence and Authority**

All activities of the Office shall remain independent from the Institutions under the Board, including matters of audit selection, scope, procedures, frequency, timing, or report content, to permit maintenance of an independent and objective mental attitude necessary in rendering reports.

Internal auditors shall have no direct operational responsibility or authority over any of the activities they review. Accordingly, they shall not develop nor install systems or procedures, prepare records, approve transactions external to Internal Audit, or engage in any other activity which would normally be audited. Review and appraisal by Internal Audit do not in any way substitute for or relieve other persons in the Institutions of their management responsibilities.

Authority is granted to the internal auditors employed by the Office for full, free, and unrestricted access to any and all institutional records, physical properties, and personnel under the purview of the Board. Documents and information given to Internal Audit shall be handled in the same prudent and professional manner as by those employees normally accountable for them.

### **V. Responsibility**

The Office is authorized to provide risk-based audit services to the Board and Institutions in the following categories:

- Governance
- Financial Audits
- Compliance Audits
- Information Technology Audits
- Operational Audits
- Consulting Services
- Special Investigations or Reviews
- Projects or analyses required by the State of Oklahoma or directed by the Board, including coordination of annual, externally audited financial statements

The Office shall serve as facilitator and coordinator for all federal, state, and other external audit agencies. All external audit agencies shall contact the Office for entrance and exit audit conferences. Employees of the Institution receiving a final audit report from an external entity are responsible for immediately providing a copy to the Office.



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### **VI. Audit Planning**

Annually, the CAE shall develop and present the internal audit plan, as well as budget and resource requirements, for the upcoming fiscal year to the Audit, Risk Management and Compliance Review Committee (Audit Committee) for its recommendation for approval by the Board of Regents. The internal audit plan shall be developed based on a prioritization of the audit universe using a risk-based methodology.

The CAE will provide periodic updates to the Board as to the progress of the audit plan and the status of management's corrective actions in response to audit recommendations. Any other significant deviation from the formally approved audit plan shall be communicated to the Audit Committee.

### **VII. Reporting**

The CAE shall report at regular meetings of the Audit Committee of the Board on any condition that, in the judgment of the CAE, could adversely affect the Institutions within the Oklahoma Agricultural and Mechanical Colleges System. Suspected fraud, theft, and misuse of funds of a significant level shall be promptly reported by the CAE to the Chairman of the Board, Chairman of the Audit Committee, and the CEO.

A written report will be prepared and issued by the CAE following the conclusion of each audit. Completed audit reports shall be issued to members of the Audit Committee, the Board, the CEO, the president of the audited institution, senior management of the audited institution, and the Office of the State Auditor and Inspector.

The CAE may include in the final audit report the management responses and corrective action taken or to be taken regarding the specific recommendations. Management responses should be received within 10 business days from the date the draft report was issued. Each response should include the individual responsible for implementing the recommendation, the timetable for anticipated completion of action to be taken, and an explanation for any recommendations not addressed.

In cases where a response is not included within the audit report and where one is requested, management of the audited area should respond to the Office of Internal Audit, in writing, within 30 days of publication.

The Office shall be responsible for performing a post audit review on audit recommendations and will periodically report to the Board on the status of those actions. All recommendations and management action plans will remain open and monitored until cleared by the CAE.



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### VIII. Professional Standards

Staff members of the Office shall govern themselves by adherence to the IIA Definition of Internal Auditing, IIA Internal Audit Mission, IIA Code of Ethics, IIA *International Standards for the Professional Practice of Internal Auditing*, and the IIA Core Principles for the Professional Practice of Internal Auditing, as well as the Board's policies and procedures.

### IX. Quality Assurance and Improvement Program

The Office will maintain a quality assurance and improvement program (QAIP) that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.


The CAE will communicate the results of the Office's QAIP to senior management and the Board including scope, frequency, qualifications of assessment team, conclusions, and action plans.

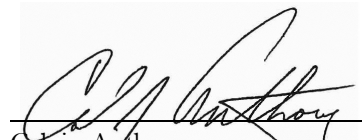
### X. Review and Approval of Charter

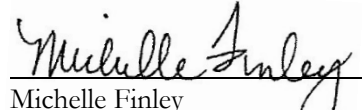
The CAE will periodically assess whether the purpose, authority, and responsibility as defined in this charter continue to be adequate to enable the internal auditing activity to accomplish its objectives and will communicate that assessment to the Board.

Approved this 21 day of January, 2022.

  
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Trudy Milner  
Chair of the Board of Regents for the Oklahoma  
Agricultural and Mechanical Colleges

  
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Jason Ramsey  
Chief Executive Officer

  
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Calvin Anthony  
Chair of the Audit, Risk Management and  
Compliance Review Committee

  
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Michelle Finley  
Chief Audit Executive



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Resolution approved: October 9, 1987  
Charter approved: December 1, 2006  
Charter revised: April 24, 2015  
Charter revised: January 21, 2022