



Internal Audit

Purpose

This policy governs the internal audit program of Stephen F. Austin State University.

Persons Affected

This policy applies to all SFASU faculty, staff, and students.

Definitions

Internal Audit: Department of Audit Services provides an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Chief Audit Executive: responsible for effectively managing the University's internal audit activity in accordance with the internal audit charter and the mandatory elements of the International Professional Practices Framework.

Audit, Compliance, and Risk Management Committee (ACRMC): A standing committee of the University of Texas (UT) System Board of Regents that provides strategic oversight and direction to systemwide internal audit activities.

SFASU Internal Audit Committee (IAC): The University committee that provides strategic oversight and direction to SFASU's internal audit activities and assists the ACRMC in discharging its duties for the UT System.

Policy

The IAC is authorized by UT System Policy 129, *Internal Audit Activities*.

The IAC is an essential part of the risk management and internal control infrastructure of the University and UT System. Its primary responsibilities are to assist and advise the ACRMC and SFASU's President in the following matters:

- A. Oversight and direction of the internal audit function to ensure alignment of activities with areas of high risk and/or high potential for adding organizational value;
- B. Oversight of management activities and processes put in place to manage business and financial risk to SFASU's mission(s) and objectives;
- C. Oversight of any external audit firms and review of their results; and
- D. Evaluation of risks identified by management or through audit, advising management and elevating reporting of risk management and audit activities to the UT System (through internal audit or direct processes), including the ACRMC.

The IAC is functionally responsible to the ACRMC and assists the ACRMC in discharging its oversight duties for the UT System. This is accomplished as the IAC carries out its



responsibilities, as defined in the *Internal Audit Committee Charter* (IAC Charter). The IAC Chair has direct access to the ACRMC Chair; however, most of the reporting and coordination of information is administratively facilitated through the Chief Audit Executive of the UT System.

The responsibilities of the Department of Audit Services are outlined in the *Internal Audit Activity Charter*.

Procedures

Meetings

The IAC meets quarterly, with the authority to convene additional meetings as necessary, as defined in the IAC Charter. The meetings should provide for direct communication between the Chief Audit Executive, IAC members, and SFASU's President. Evidence of actions taken by the IAC should be reflected in recorded minutes. A majority of members constitute a quorum and attendance should be recorded in the minutes.

Roles

As defined in the IAC Charter, members of the IAC will be appointed by SFASU's President and will include members who are external to the University and key members of SFASU's management team.

At least three IAC members must be external to the University and the IAC Chair must be one of the external members. The external members will serve three-year terms with the eligibility to be appointed to one additional three-year term. The IAC Chair will serve as chair for one year with the ability to be reappointed annually for the length of his or her term. The IAC Chair will be nominated by the President and approved by the Chair of the ACRMC.

Related Statutes or Regulations, Rules, Policies, or Standards

Tex. Gov't Code Ch. 2102

Regents' *Rules and Regulations*, Rule 20401, Audit and Compliance Programs

UTS 129 Internal Audit Activities

Internal Audit Committee Charter

Internal Audit Activity Charter

Institution of Internal Auditors International Standards for the Professional Practice of Internal Auditing

Responsible Executive

Chief Audit Executive

Forms



**STEPHEN F. AUSTIN
STATE UNIVERSITY**

Handbook of
Operating Procedures

Policy Number: 01-405
Last Revised: N/A

None

Revision History

September 1, 2023 (original)