

PURPOSE & MISSION

The purpose of WKU's internal audit activity is to provide independent, objective assurance and consulting services designed to add value and improve operations of the University. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The internal audit activity helps WKU accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

PROFESSIONAL STANDARDS FOR THE PRACTICE OF INTERNAL AUDITING

The internal audit activity will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing*, and the Definition of Internal Auditing. The Chief Audit Executive will report periodically to President and the Finance and Budget Committee regarding the internal audit activity's conformance to the Code of Ethics and the *Standards*.

AUTHORITY

The Chief Audit Executive will report directly to the Finance and Budget Committee with a secondary, ancillary reporting (i.e., day-to-day operations) to the President. To establish, maintain, and assure that WKU's internal audit activity has sufficient authority to fulfill its duties, the Finance and Budget Committee will:

- Approve the internal audit charter.
- Approve the risk based internal audit plan.
- Approve the internal audit budget and resource plan.
- Receive communications from the Chief Audit Executive on the internal audit activity's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Chief Audit Executive.
- Approve the remuneration of the Chief Audit Executive.
- Make appropriate inquiries of Administration and the Chief Audit Executive to determine whether there is inappropriate scope or resource limitations.

The Chief Audit Executive will have unrestricted access to, and communicate and interact directly with, the Finance and Budget Committee, including in private meetings without management present.

The Finance and Budget Committee authorizes the internal audit activity to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.

- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of WKU, as well as other specialized services from within or outside WKU, in order to complete the engagement.

INDEPENDENCE & OBJECTIVITY

The Chief Audit Executive will ensure that the internal audit activity will remain free from interference by any element in the University, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude. If the Chief Audit Executive determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

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.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for WKU or its affiliates.
- Initiating or approving transactions external to the internal audit activity.
- Directing the activities of any WKU employee not employed by the internal audit activity except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The Chief Audit Executive will confirm to the Finance and Budget Committee, at least annually, the organizational independence of the internal audit activity.

The Chief Audit Executive will disclose to the Finance and Budget Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

SCOPE OF INTERNAL AUDIT ACTIVITIES

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the University's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the University's stated goals and objectives. This includes evaluating whether:

- Risks relating to the achievement of WKU's strategic objectives are appropriately identified and managed.
- The actions of WKU's officers, directors, employees, and contractors are in compliance with WKU's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact WKU.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The Chief Audit Executive will report periodically to the President and the Finance and Budget Committee regarding:

- The internal audit activity's purpose, authority, and responsibility.
- The internal audit activity's plan and performance relative to its plan.
- The internal audit activity's conformance with The IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Finance and Budget Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to WKU.

The Chief Audit Executive also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed.

NATURE OF SERVICES

Assurance services involve the internal auditor's objective assessment of evidence to provide an independent conclusion regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance engagement are determined by the internal auditor.

Consulting services are advisory in nature and are generally performed at the specific request of management. The nature and scope of the consulting engagement are subject to agreement with management. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility.

RESPONSIBILITY

The Chief Audit Executive has the responsibility to:

- Submit, at least annually, to the President and the Finance and Budget Committee a risk-based internal audit plan for review and approval.
- Communicate to the President and the Finance and Budget Committee the impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan, as necessary, in response to changes in WKU's business, risks, operations, programs, systems, and controls.
- Communicate to the President and the Finance and Budget Committee any significant interim changes to the internal audit plan.
- Follow up on engagement findings and corrective actions, and periodically report to the Finance and Budget Committee, with a secondary, ancillary reporting to the President, any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the internal audit activity collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.
- Ensure trends and emerging issues that could impact WKU are considered and communicated to the President and the Finance and Budget Committee as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the internal audit activity.
- Ensure adherence to WKU's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to the President and the Finance and Budget Committee.
- Ensure conformance of the internal audit activity with the Standards

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The internal audit activity will maintain a quality assurance and improvement program 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 Chief Audit Executive will communicate with the Finance and Budget Committee, with a secondary, ancillary reporting to the President on the internal audit activity's quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside WKU.

<i>Revision number</i>	<i>Date Revised</i>	<i>Comments</i>
<i>Original</i>	<i>October 2013</i>	<i>Original version</i>
<i>1</i>	<i>August 2018</i>	<i>Amendments requested by the President to clarify internal audit's primary reporting line is to the Finance and Budget Committee and secondary reporting line is to the President.</i>
<i>2</i>	<i>October 2023</i>	<i>Revisions made to align with IIA model charter.</i>