

Adopted: October 2025

INTERNAL AUDIT CHARTER

INTRODUCTION

The Internal Audit (IA) function within the Southern University System serves as an objective assurance and consulting activity, dedicated to improving operations and aiding management in achieving organizational objectives. This function is characterized by its systematic, disciplined approach to enhancing the effectiveness of risk management, control, and governance processes. Centrally managed by the IA Executive System Director, the IA function operates independently within the organization to ensure a comprehensive evaluation of internal controls and risk management practices across all campuses.

MISSION, VISION, PURPOSE

Mission

To support the administration and management at all levels in fulfilling their oversight, management, and operating responsibilities through comprehensive audit coverage.

Vision

To be recognized as the principal provider of high-quality cost-effective services within the Southern University System, fostering professionalism, and objectivity in aiding the system to meet its strategic goals.

Purpose

To deliver independent, objective assurance and consulting services that add value and improve the organization's operations, encompassing:

- Evaluation of governance around risk management and internal controls.
- Assessment of the internal control system.
- Audit of risk management processes in operations.

PROFESSIONAL STANDARDS AND DEVELOPMENT

The Internal Audit function commits to excellence and professionalism, adhering to the Institute of Internal Auditors (IIA) Mandatory Guidance, including Core Principles, the Code of Ethics, and the Principles of the Global Internal Audit Standards. Furthermore, when applicable, Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States will be followed.

The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will all be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to university relevant policies and procedures and the internal audit activity's standard operation procedures manual.

The IA office has full, unrestricted access to all university systems, records, properties, and personnel, ensuring confidentiality and the proper handling of all documents and information obtained during engagements.

INDEPENDENCE AND OBJECTIVITY

The IA function operates with independence and objectivity, with the IA Executive System Director having direct access to senior management and the board. The IA Executive System Director is prohibited from performing operational duties outside of audit responsibilities to maintain independence and objectivity. This independence is crucial for conducting unbiased internal audit activities, ensuring auditors maintain an unbiased attitude and are not influenced by personal interests or external pressures.

SCOPE OF INTERNAL AUDIT ACTIVITIES

IA's scope includes assessments of governance, risk management, and control processes, offering services such as operational audits, compliance audits, financial reviews, IT reviews, internal control assessments, special projects, and consulting. These activities aim to be a constructive service to the university system and flexible enough to respond to management's requests while aligning with IA's objectives and priorities.

RESPONSIBILITY

Management at each campus is responsible for safeguarding assets, ensuring compliance with laws and regulations, and detecting errors and fraud. Internal Audit evaluates the effectiveness of internal controls, providing independent analyses, recommendations, and feedback to enhance business processes. The IA Executive System Director reports administratively to the System President and functionally to the Southern University Board of Supervisors Chair of the Internal Audit Committee with campus audit directors reporting to the IA Executive System Director with informational disclosure to campus chancellors, unless otherwise directed by the IA Executive

System Director, System President and/or the Audit Committee Chair.

Hiring, promotion, and other related personnel decisions regarding audit personnel shall be made jointly with the System President, Internal Audit Committee Chair, and the IA Executive System Director, respectively.

The IA Executive System Director, with the assistance of campus directors has a responsibility to:

- Develop a flexible audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the President and Audit Committee for review and approval, as well as periodic updates,
- Implement the 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,
- Issue quarterly reports to the Board of Supervisors and management summarizing the results of audit activities,
- Keep the Board of Supervisors and President informed of emerging trends and successful practices in internal auditing,
- Implement a follow-up process to monitor and ensure that management actions have been effectively implemented or that management has accepted the risk of not acting,
- Determine if university controls are adequate, effective, and functioning by conducting audits periodically so that all major systems are reviewed,
- Determine reliability and accuracy of accounting, financial, and reporting systems and procedures,
- Determine on a test basis whether grants and contracts received are made in conformance with university policies and procedures, state and federal laws and regulations, contractual obligations, Board Rules, and good business practices,
- Determine if assets are accounted for and safeguarded against losses of all kinds and as appropriate verify on a test basis the existence of such assets,
- Evaluate operational procedures to determine whether results are consistent with established objectives and goals and whether the procedures are being conducted as planned,
- Perform consulting services beyond the traditional assurance services provided by Internal Audit to assist management in meeting objectives,
- Conduct investigations as required or directed related to the general objectives previously stated, and
- Collaborate cooperatively with external auditors and consultants to avoid duplication of efforts to ensure optimum audit coverage is obtained.

REPORTING

Internal Audit ensures that the results of audits and other services are communicated to the appropriate management or operating personnel in the form of written reports, consultation advice,

or any other means. Authored reports include, or will be followed by, management comments itemizing specific actions taken or planned to resolve the reported finding(s) and to ensure that operational objectives are achieved. All internal audit reports will be issued by authorization of the IA Executive System Director. The IA Executive System Director shall distribute copies of all reports issued to the Southern University Board of Supervisors Chair, Audit Committee Chair, and the Southern University President upon initial release.

QUALITY ASSURANCE AND IMPROVEMENT PLAN

A quality assurance and improvement program will be maintained to evaluate the IA function's adherence to professional standards and ethics, assessing the efficiency and effectiveness of audit activities and identifying opportunities for improvement. The IA Executive System Director will communicate the results of this program to management, the Internal Audit Committee, and the Board.