



---

**POLICY TITLE:**

**Internal Audit Charter Policy**

**APPLIES TO:**

**Faculty and Staff**

**ADMINISTRATIVE AUTHORITY:**

**Office of the CFO**

**APPROVED BY:**

**President Koffi C. Akakpo (Interim Approval)**

**EFFECTIVE DATE:**

**September 26, 2025**

**EXPIRATION DATE:**

**Sixth Months from Approval if Not Renewed or Made Permanent**

**NEXT REVIEW DATE:**

---

**POLICY STATEMENT:**

Internal Audit at Kentucky State University is an independent and objective function established by the Board of Regents and/or the Audit Committee. Its purpose is to strengthen the University's ability to create, protect, and sustain value by providing independent, risk-based assurance, advice, insight, and foresight. Internal Audit accomplishes this through a systematic and disciplined approach to evaluate and improve the effectiveness of the University's governance, risk management, and control processes, in accordance with the Global Internal Audit Standards and University policies. This policy formally adopts the Kentucky State University Internal Audit Charter.

**DEFINITIONS:**

**Internal Audit:** An independent and objective assurance and consulting function that provides the Board of Regents, Audit Committee, and senior management with assurance, advice, insight, and foresight to strengthen governance, risk management, and control processes.

**Board of Regents (“Board”)**: The governing body of Kentucky State University that has ultimate oversight of the University, including approval of the Internal Audit Charter and audit plans.

**Audit Committee (“AC”)**: A committee of the Board of Regents with delegated responsibility for oversight of Internal Audit, risk management, and related compliance activities.

**Chief Financial Officer (“CFO”)**: The University officer responsible for the administrative reporting line of Internal Audit (day-to-day operations), ensuring appropriate coordination with financial and operational matters.

**Independence**: The freedom from conditions that threaten the ability of Internal Audit to carry out its responsibilities in an unbiased manner, including freedom from undue influence in audit selection, scope, procedures, timing, or reporting.

**Objectivity**: The unbiased mental attitude that allows Internal Audit to perform engagements in such a manner that audit judgments are not compromised by personal interests or external pressures.

**Risk-Based Methodology**: A structured approach that prioritizes audit activities by assessing the likelihood and impact of risks on achieving the University’s objectives.

**Global Internal Audit Standards (“Standards”)**: The mandatory guidance issued by The Institute of Internal Auditors that establishes the principles and fundamental requirements for the professional practice of internal auditing.

**Quality Assurance and Improvement Program (QAIP)**: An ongoing program maintained by Internal Audit to assess and improve the efficiency and effectiveness of the internal audit function, including periodic internal and external evaluations.

**Audit Universe**: The comprehensive list of all possible auditable entities, processes, functions, and activities across the University from which the annual audit plan is developed.

## **PROCESS:**

### **1. Audit Planning**

- Internal Audit develops an **annual audit plan** using a **risk-based methodology**, incorporating input from senior management and the Board of Regents/Audit Committee.
- The audit plan is submitted to the Board of Regents/Audit Committee for approval.

### **2. Audit Engagements**

- Internal Audit conducts audits and other engagements as outlined in the approved plan or as requested/authorized by the Board or management.
- Engagements may include assurance reviews, advisory services, fraud investigations, or process improvement projects.
- Internal Audit maintains **independence and objectivity** in selecting scope, procedures, timing, and reporting.

### **3. Access and Authority**

- Internal Audit has **full, free, and unrestricted access** to all University property, personnel, and records relevant to the subject under review.

- The function reports administratively to the Chief Financial Officer and functionally to the Board of Regents/Audit Committee.
- 4. **Conducting Audits**
  - Audits are performed using a **systematic and disciplined approach** consistent with the Global Internal Audit Standards.
  - Internal Audit evaluates risk exposures, internal controls, compliance, safeguarding of assets, and alignment with strategic objectives.
  - Findings and recommendations are developed to strengthen University operations.
- 5. **Reporting**
  - Internal Audit issues timely reports to appropriate levels of management and the Board of Regents/Audit Committee.
  - Reports summarize audit results, recommendations, and management's responses.
  - Internal Audit will disclose any interference, impairments to independence, or unacceptable risk responses to the Board of Regents/Audit Committee.
- 6. **Follow-Up**
  - Internal Audit monitors management's remediation of audit findings and reports progress to the Board and senior management.
- 7. **Quality Assurance**
  - Internal Audit maintains a **Quality Assurance and Improvement Program (QAIP)** that includes ongoing internal reviews and periodic external assessments.
  - Results of the QAIP and conformance with the Standards are reported to the Board of Regents/Audit Committee.
- 8. **Amendments and Review**
  - The Internal Audit Charter and related policy will be reviewed annually by the Board of Regents/Audit Committee.
  - Internal Audit may recommend amendments when significant organizational, regulatory, or professional changes occur.

## REFERENCES AND RELATED MATERIALS:

Gold Book

Finance and Administration Procedures

## CONTACTS:

Subject	Office	Telephone	E-mail
General Questions	CFO	(502) 597-7000	<a href="mailto:heather.bigard@kysu.edu">heather.bigard@kysu.edu</a>

## HISTORY:

Revision Type	Date of Issuance/Revision	Drafter(s)/Editor(s)
Issued (New Policy)	September 2025	Dr. Melissa Hicks

---

## INTERNAL AUDIT DEPARTMENT CHARTER

### INTRODUCTION

Internal Audit at Kentucky State University (the “University”) is an independent and objective function with a purpose to strengthen the organization’s ability to create, protect, and sustain value by providing the Board of Regents (“Board”) and/or Audit Committee (“AC”), as well as management with independent, risk-based, and objective assurance, advice, insight, and foresight. It assists the University in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the University’s risk management, control, and governance processes.

The Internal Audit Charter defines Internal Audit’s authority, role, and responsibilities that should be granted by the Board/AC.

### PROFESSIONALISM

Internal Audit will govern itself by adherence to The Institute of Internal Auditors’ mandatory guidance, which includes the Global Internal Audit Standards (the “Standards”) and Topical Requirements. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of Internal Audit’s performance.

The Institute of Internal Auditors’ recommended guidance will also be adhered to as applicable to guide internal audit operations. Internal Audit will also adhere to the University’s relevant policies and procedures and is responsible for maintaining the confidentiality and safeguarding of records and information.

### INTERNAL AUDIT MANDATE

#### AUTHORITY

Internal Audit is established by the Board of Regents and/or the Audit Committee. The Board and/or Audit Committee grants Internal Audit the mandate to provide the Board of Regents/Audit Committee, and senior management with objective assurance, advice, insight, and foresight. Internal Audit’s responsibilities are defined by the Board of Regents/Audit Committee as part of their oversight role.

In performing their responsibilities, Internal Audit is authorized to have full, free and unrestricted access to all property, personnel and records relevant to the subject under review.

Internal Audit’s scope includes all organizational activities, assets, and personnel. This includes objective examinations to provide assurance and advisory services related to governance, risk management, and control processes. Advisory services may be provided upon request, if Internal Audit does not assume management responsibilities.

Internal Audit shall have direct access to the Chief Financial Officer and the Board of Regents/Audit Committee.

### ORGANIZATION

Internal Audit will report functionally to the Board of Regents/Audit Committee and administratively (i.e., day to day operations) to the Chief Financial Officer. This reporting structure ensures Internal Audit has the authority and visibility to raise issues to senior leadership and the Board of Regents/Audit Committee, supporting its objectivity and independence. Internal Audit will disclose to the Board any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function’s effectiveness and ability to fulfill its mandate.

#### INDEPENDENCE AND OBJECTIVITY

Internal Audit will remain independent from the organization and shall be responsible in determining matters of audit selection, scope, procedures, frequency, timing, and report content. If independence or objectivity is determined to be impaired in fact or appearance, Internal Audit will disclose the details of the impairment to the appropriate parties. Internal Audit has neither direct responsibilities for, nor authority over, any of the activities reviewed. Therefore, the

internal audit review and appraisal does not in any way relieve other persons in the organization of the responsibilities assigned to them. In matters where Internal Audit has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal Audit will confirm to the Board of Regents/Audit Committee, at least annually, the organizational independence of the internal audit function, including:

- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Avoid conflicts of interest, bias, and undue influence.

## SCOPE OF RESPONSIBILITIES

It is the responsibility of Internal Audit to provide independent, objective assurance and consulting services designed to:

- Evaluate risk exposures related to the achievement of the University's strategic objectives.
- Formulate an annual audit plan based on a prioritization of the audit universe using a risk- based methodology, including input from senior management and the Board, and submit the plan to the Board of Regents/Audit Committee for approval.
- Conduct audits and other engagements to evaluate and improve the effectiveness of governance, risk management, and control processes.
- Evaluate the means of safeguarding the University's assets and, where appropriate, verify the existence of such assets.
- Develop and communicate recommendations that assist in achieving the University's objectives.
- Monitor and follow up on the implementation of audit findings and management's remediation plans.
- Report to the Board any management responses to risk that Internal Audit determines may be unacceptable or outside the University's risk tolerance.
- Issue timely reports to appropriate levels of management summarizing the results of Internal Audit's work.
- Periodically report to senior management and the Board of Regents/Audit Committee on Internal Audit's performance relative to the approved plan, including any impacts of resource limitations.

Internal Audit may also conduct other projects with the approval of the Board of Regents/Audit Committee, such as participation in fraud or hotline investigations, due diligence for mergers and acquisitions, or other process improvement and consultative engagements.

## QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

Internal Audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include a combination of project level review and ongoing internal assessments conducted by qualified personnel independent of the project teams. Internal Audit will periodically report to the Board of Regents/Audit Committee the results of the program and Internal Audit's conformance with the Standards.

## AMENDMENT OF CHARTER

Internal Audit is responsible for maintaining and proposing amendments to the Internal Audit Charter. Any changes must be reviewed by the Chief Financial Officer and approved by the Board of Regents/Audit Committee. Circumstances may justify a follow-up discussion between Internal Audit, Board, and senior management on the internal audit mandate or other aspects of the Internal Audit Charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant acquisition or reorganization within the organization.
- Significant changes in Internal Audit, Board, and/or senior management.
- Significant changes to the organization's strategies, objectives, risk profile, or the environment in which the organization operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

## RATIFICATION OF CHARTER

The charter will be reviewed and ratified by the Board of Regents/Audit Committee annually as stated in the minutes of the respective meeting.