



INTERNAL AUDIT CHARTER

Purpose and Mission

The purpose of the University of Toledo (UToledo) internal audit department is to provide independent, objective assurance and consulting services to add value and improve UToledo operations. 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 department helps UToledo accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Standards for the Professional Practice of Internal Auditing

The internal audit department 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 (David Cutri since June of 2009) will report periodically to senior management and the Finance and Audit Committee regarding the internal audit department's conformance to the Code of Ethics and the *Standards*.

Authority

The chief audit executive will report functionally to the Finance and Audit Committee and administratively (i.e., day-to-day operations) to the Associate Vice President and Chief Assurance Officer. To establish, maintain, and assure that the UToledo internal audit department has sufficient authority to fulfill its duties, the Finance and Audit Committee will:

- Approve the internal audit department's charter.
- Approve the risk-based internal audit plan.
- Approve the internal audit department's budget and resource plan.
- Receive communications from the chief audit executive on the internal audit department'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 management 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 Audit Committee, including in private meetings without management present. The chief audit executive will be the sole point of contact with the Committee on internal audit matters, and external audit matters where internal controls are the primary focus. Management shall not delegate this responsibility to other administrators for any reason. The Finance and Audit Committee authorizes the internal audit department to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to conducting 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 UToledo, as well as other specialized services from within or outside UToledo, to complete the engagement.

Independence and Objectivity

The chief audit executive will ensure that the internal audit department remains free from all conditions that threaten the ability of internal auditors to fulfill their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. 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 maintain an unbiased attitude that allows them to perform engagements objectively and in a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

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

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

Where the chief audit executive 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 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 Audit Committee, at least annually, the organizational independence of the internal audit department.

The chief audit executive will disclose to the Finance and Audit 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 audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Finance and Audit Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for UToledo. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of UToledo strategic objectives are appropriately identified and managed.
- The actions of UToledo officers, directors, employees, and contractors comply with 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 conducted effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact UToledo.
- Information and the means used to identify, measure, analyze, classify, and report such information is reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The chief audit executive will report periodically to senior management and the Finance and Audit Committee regarding:

- The internal audit department's purpose, authority, and responsibility.
- The internal audit department's plan and performance relative to its plan.
- The internal audit department'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 Audit Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to UToledo.

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. The internal audit department may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the internal audit department does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

Responsibility

The chief audit executive has the responsibility to:

- Submit, at least annually, to senior management and the Finance and Audit Committee a risk-based internal audit plan for review and approval.
- Communicate to senior management and the Finance and Audit 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 UToledo business, risks, operations, programs, systems, and controls.
- Communicate to senior management and the Finance and Audit Committee any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including establishing objectives and scope, assigning appropriate and adequately supervised resources, documenting work programs and testing results, and communicating engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report to management and the Finance and Audit Committee any actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are upheld.
- Ensure the internal audit department collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the charter.
- Ensure trends and emerging issues impacting UToledo are considered and communicated to senior management and the Finance and Audit Committee as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Ensure adherence to policies and procedures to guide the internal audit department.
- Ensure adherence to UToledo 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 senior management and the Finance and Audit Committee.
- Ensure conformance with the *Standards*, with the following qualifications:
 - If the internal audit department is prohibited by law or regulation from conforming with parts of the *Standards*, the chief audit executive will ensure appropriate disclosures and conformance with all other parts of the *Standards*.
 - If the *Standards* are used in conjunction with requirements issued by other authoritative bodies, the chief audit executive will ensure that the internal audit department conforms with the *Standards*, even if the internal audit department also conforms with the more restrictive requirements of other authoritative bodies.

University Administration's Responsibilities under the Charter

University administration will immediately inform and engage the chief audit executive at the time a significant internal control breakdown, or matter involving business ethics of a financial nature, is discovered by the University. The chief audit executive will update the Board and University administration, as necessary.

University administration will immediately inform the chief audit executive of reviews and audits of a financial and compliance nature -- to be conducted by regulators, accrediting bodies, or third-party subject matter auditors -- at the time the University is notified of these reviews or engages these services. The chief audit executive will update the Board and University administration, as necessary.

The chief audit executive will inform the President/Board when these actions are not taken.

Board Oversight of the Internal Audit Function

University administration will fully support the efforts of the chief audit executive and the Board to implement and maintain the following principles of Board oversight of the internal audit function, outlined in various IIA guidance. The chief audit executive will directly inform the Chair of the Committee of any difficulty in implementing any of these actions, under the protections of the University's Nonretaliation Policy. University administration shall not delegate the responsibilities of the chief audit executive outlined in this section and throughout the Charter, upward or downward in the organization – nor serve as a determinant of the access to any physical, financial, or human resource that internal audit receives.

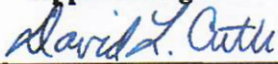
- The committee engages openly and transparently with the Chief Audit Executive (CAE).
- The audit committee reviews and approves the internal audit charter annually.
- As a result of discussions with the CAE, the audit committee has a clear understanding of the strengths and weaknesses of internal control and risk management systems.
- The internal audit activity is sufficiently resourced with competent, objective professionals to conduct the audit plan, reviewed and approved by the audit committee.
- The audit committee empowers the internal audit activity to be independent by its appropriate reporting relationships to executive management and the audit committee.
- The audit committee addresses with the CAE all issues related to internal audit independence and objectivity.
- Internal audit is quality-oriented and has a quality assurance and Improvement Program.
- The audit committee regularly communicates with the chief audit executive about the performance and improvement of the CAE and the internal audit activity.
- Internal audit reports are actionable, and management satisfactorily implements audit recommendations and/or other improvements.
- The audit committee meets with the CAE without the presence of management.

Quality Assurance and Improvement Program

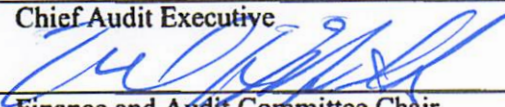
The internal audit department will maintain a quality assurance and improvement program that covers all aspects of the internal audit department. The program will include an evaluation of the internal audit department's conformance with the *Standards* and an evaluation of whether internal auditors apply The IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the internal audit department and identify opportunities for improvement.

The chief audit executive will communicate to senior management and the Finance and Audit Committee on the internal audit's quality assurance and improvement program, including results of internal assessments (ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside UToledo.

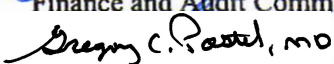
Approval/Signatures



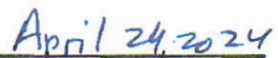
Chief Audit Executive



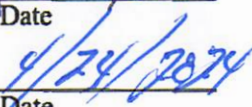
Finance and Audit Committee Chair



President



Date



Date

4/30/24

Date