1000.00 Mission

1000.01 The mission of the Office of Internal Audit is to be an integral part of the governance of the University by providing independent, objective assurance that is designed to add value and improve the University’s operations. The Office of Internal Audit also strives to be recognized by the University community as providing a service that assists each department in achieving their goals and objectives. This is accomplished by helping management identify and reduce risks, ensuring that University policies and procedures are followed and established standards are met. It is also accomplished by ensuring that University resources are used efficiently and effectively while working towards helping the University achieve its mission, as directed by the Board of Trustees. It is the intention of the Internal Audit function to perform such a service with due professional care with minimal disruption to University operations.

1050.00 Function

1050.01 The Monmouth University Office of Internal Audit was developed as a means of providing an independent evaluation of the soundness, adequacy, and application of accounting, financial and other operating controls necessary to accomplish University objectives in compliance with state and federal regulations, established policies and procedures, and sound business practice. Internal Audit is a service unit for the University providing management with information that will assist in the control of operations for which it is responsible. Further, it makes recommendations to improve systems, procedures, and other internal controls.
1100.00 Responsibility and Authority

1100.01 The Internal Audit function was established with the concurrence of the Monmouth University Board of Trustees and derives its authority directly from the Audit Committee. The Internal Audit function is as a component of the Office of the General Counsel and reports administratively to the Vice President and General Counsel, and functionally to the Audit Committee. The scope of Internal Audit’s responsibility is defined within this policy and has been approved by the Vice President and General Counsel.

1100.02 The Internal Audit staff is authorized to conduct a comprehensive internal audit program within the institution and is responsible for keeping the Office of the General Counsel informed of unusual transactions or other matters of significance covered in an audit report. In accomplishing these activities, the Internal Audit staff is authorized to have free and unrestricted access to all University records (either manual or electronic), physical properties, and personnel relevant to a review.

1150.00 Independence

1150.01 In order to maintain independence and objectivity, the Internal Audit function has no direct responsibility or any authority over the activities or operations that are subject to review, nor should Internal Audit develop and install procedures, prepare records, or engage in activities that would normally be subject to review. However, the Internal Audit staff may be consulted when new systems or procedures are designed to ensure they adequately address internal controls.

1200.00 Objectivity

1200.01 Internal Audit is a service function organized and operated primarily for the purpose of conducting audits, in accordance with professional standards. The evidential matter gathered from these audits forms the basis for furnishing opinions and other relevant information to affected members of senior management, the Vice President of General Counsel, the President and the Audit Committee.
1200.00 **Objectivity** (continued)

1200.02 Opinions and other information furnished may attest to the adequacy of internal control, the degree of compliance with established policies and procedures, and/or their effectiveness and efficiency in achieving organizational objectives. The Internal Auditor may also recommend cost-effective courses of action for management to consider in eliminating unnecessary risks that may have been identified during an audit.

1250.00 **Confidentiality**

1250.01 All information obtained during an internal audit is deemed confidential unless otherwise instructed. It is understood that certain items are confidential in nature and special arrangements may be required when examining and reporting on such items. Internal Audit will handle all information obtained during a review in the same prudent manner as the custodian of such information. Internal audit respects the value and ownership of information they receive and will not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

1250.02 Audit reports are considered highly confidential. They are distributed to the respective area Vice President, the Vice President and General Counsel, the President of the University, and the Audit Committee. Other individuals interested in the audit report may gain access by contacting the Director of Internal Audit, with the approval of the appropriate area Vice President.

1250.03 The Internal Audit staff is expected to remain prudent with all information obtained during the course of an audit. When discussing matters pertaining to an audit or any other University matters, the Internal Audit staff is to always remain discreet and be certain to limit those conversations exclusively to appropriate University personnel. The Internal Audit staff has an obligation to never indiscreetly discuss any information obtained during the course of audit assignments, or as a member of the Office of General Counsel, whether within or outside of the University.
1300.00 Code of Ethics

1300.01 The Internal Audit staff shall subscribe to the Code of Ethics established by the Institute of Internal Auditors, as well as adhere to the policies set forth by the management of Monmouth University. In addition, the Internal Audit staff will uphold the following:

a) **Integrity** - Establish trust and thus provide the basis for reliance on the judgment of Internal Audit. Remain tactful, honest, objective, diligent and credible in all relationships as a representative of Monmouth University.

b) **Objectivity** - Exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the area being examined. Make balanced assessments of all the relevant circumstances and do not become unduly influenced by individual interests or by others in forming judgments.

c) **Confidentiality** - Respect the value and ownership of information they receive. Do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

d) **Competency** - Apply the knowledge, skills, and experience needed in the performance of internal auditing services and continually improve their proficiency and the effectiveness and quality of their services.

1350.00 Standards of Conduct

1350.01 Internal Audit will adhere to the following Standards of Conduct:

a) **Service** - Preserve a commitment to carry out all responsibilities with an attitude of service toward University management while maintaining a sincere, dignified and caring attitude,

b) **Excellence** - Uphold a high standard of service and a commitment to quality in performing all projects,

c) **Leadership** - Provide noteworthy examples which emphasize high ethical and moral standards,

d) **Professionalism** - Conduct business in a manner that reflects favorably on the individual auditor, the Office of the General Counsel, and the University. Exercise skill, integrity, maturity and tact in all relations.
1400.00 Scope of the Internal Audit Function

1400.01 While carrying out their duties, the Internal Audit staff is responsible for utilizing a systematic, disciplined approach to evaluating and improving the effectiveness of internal controls and is to include the following:

1400.02 Developing and maintaining a comprehensive audit program necessary to ensure compliance with accounting standards, policies, and procedures necessary to safeguard University assets.

1400.03 Communicating the results of audits and reviews by preparing timely reports, including recommendations for modifications of management practices, fiscal policies, and accounting procedures as justified by audit findings.

1400.04 Establishing and maintaining a quality assurance program to evaluate the operations of Internal Audit. Such a program should include the following topics: uniformity of work paper preparation; audit sampling; work paper review; report preparation and review; report communication and issuance; and record retention.

1450.00 Responsibility for Detection of Errors or Irregularities

1450.01 The management of the University is responsible for establishing and maintaining controls to discourage perpetuation of fraud. Internal Audit is responsible for examining and evaluating the adequacy and effectiveness of those controls. Audit procedures alone, are not designed to guarantee the detection of fraud.

1450.02 The Internal Audit staff does have a professional responsibility to conduct areas of review with an attitude of professional skepticism, recognizing that the application of internal auditing procedures may produce evidential matter indicating the possibility of errors or irregularities.
1450.00  **Responsibility for Detection of Errors or Irregularities** (continued)

1450.03 An **error** is an **unintentional** mistake in financial statements which includes mathematical or clerical mistakes in the underlying records and accounting data from which the financial statements or other reports were prepared, mistakes in the application of accounting principles and oversight, or misinterpretation of facts that existed at the time the reports were prepared.

1450.04 An **irregularity** is an **intentional** distortion of financial statements or other reported data, or the misappropriation of assets.

1450.05 The attitude of professional skepticism must be based on the auditor’s consideration of the degree of internal control within the area under review, the results of review procedures, and the circumstances that raise questions concerning the integrity of management in the area under review.

1450.06 If the Director of Internal Audit believes that a material error or an irregularity exists in an area under review or in any other area of the University, the implications of such an error or irregularity and its disposition should be reviewed with the Vice President and General Counsel. As soon as it has been determined that an irregularity does exist, the Director of Internal Audit will notify the Vice President and General Counsel that an irregularity has been found and the audit steps needed to determine the extent of the problem noted.

1500.00  **Services Provided by Internal Audit**

1500.01 Internal Audit’s primary activity that will assist in fulfilling its mission is the implementation of a program of regular audits of the University’s business operations as outlined below. However, the complete range of service provided by the Internal Audit function also may include regulatory compliance matters or special projects and consultations as directed by the Vice President and General Counsel.
a) **Operational Audits**: Operational audits consist of critical reviews of operating processes and procedures, and internal controls that mitigate area-specific risks. These audits examine the use of resources to determine if they are being used in the most effective and efficient manner to fulfill the University’s mission and objectives.

b) **Compliance Audits**: These audits determine the degree to which areas within the University adhere to mandated Federal, State, and University policies and practices. Other regulatory agencies are also included within compliance audits (e.g., NCAA, EPA). Recommendations usually require improvements in processes and controls used to ensure compliance with regulations.

c) **Financial Audits**: These audits review accounting and financial transactions to determine if commitments, authorizations, and receipt and disbursement of funds are properly and accurately recorded and reported. This type of audit also determines if there are sufficient controls over cash and other assets and that adequate process controls exist over the acquisition and use of resources. Unlike external financial audits, internal financial audits do not prepare or express professional opinions on the financial statements fairness.

d) **Investigative Audits**: These audits are conducted to determine existing control weaknesses, assist in determining the amount of loss, and recommending corrective measures to prevent subsequent reoccurrence. Internal Audit will also work with outside agencies to determine whether misconduct occurred at Monmouth University. These types of investigations can encompass misuse of University funds or assets, potential fraud, or potential conflicts of interest.

e) **Technology Audits**: Technology audits are usually comprised of control reviews of disaster recovery plans, system back-up procedures, and general security of data and of the physical plant. The purpose of these audits is to evaluate the accuracy, effectiveness and efficiency of the University’s electronic and information processing systems.
1550.00 **Professional Proficiency**

1550.01 Professional proficiency is the responsibility of each auditor. The Director of Internal Audit will assign each audit to the person who possesses the necessary knowledge, skills, and disciplines to conduct the audit properly.

1550.02 Each member of the Internal Audit staff has a professional obligation to schedule and attend on-going continuing professional education forums to ensure they remain academically proficient and advance professionally.

1550.03 The Director of Internal Audit is responsible for providing appropriate audit supervision. Supervision is a continuing process, beginning with planning and ending with the conclusion of the audit assignment. The Director of Internal Audit will document evidence of supervision and review on all audits. This may be accomplished by signing off on all work papers and audit documents.