

POLICY NAME:	110.01 Establishment of the Division of Internal Audit
EFFECTIVE:	August 23, 2007
SUPERSEDES:	
SOURCE:	State Board of Education Resolution; <i>Code of Alabama</i> 16-60-111.4
CROSS REFERENCE:	Policy 318.01

1. The State Board of Education shall establish the Division of Internal Audit and provide for the appointment of its Director upon recommendation of the Chancellor. The Division of Internal Audit shall operate in accordance with the attached Charter specifying the Division's powers, responsibilities, limitations, and dual reporting structure.

**CHARTER
OF
THE DIVISION OF INTERNAL AUDIT
OF
THE ALABAMA STATE BOARD OF EDUCATION**

Adopted August 23, 2007

PURPOSE

The mission of the Division is to assist college administrators in the efficient and effective discharge of their responsibilities, by furnishing them with analyses, appraisals, counsel and information concerning the activities reviewed, while promoting effective control at reasonable costs. Further, the Director makes recommendations to improve procedures, and other internal controls designed to safeguard System resources, promote the Colleges' missions, and to ensure compliance with state, federal and local laws and regulations. It is the responsibility of the Division to serve the Alabama Department of Postsecondary Education in a manner consistent with both the Standards for the Professional Practice of Internal Auditing and with the Code of Ethics of the Institute of Internal Auditors.

AUTHORITY

The Internal Audit Division Director is appointed by the State Board of Education and reports administratively to the Chancellor of the Department of Postsecondary Education. This reporting relationship promotes independence and assures adequate considerations of audit findings and recommendations. The Director may only be terminated upon the Chancellor's recommendation to the State Board of Education.

ACCESS

The Division of Internal Audit will be free from undue influence in selecting activities to be examined and the audit techniques and procedures to be used. The Division will have unrestricted access to all sources of information, property, and personnel relevant to an area under review. The Director and personnel of the Division of Internal Audit will have full and free access to the State Board of Education.

LIMITATIONS

Objectivity and independence are crucial to the duties to the Division of Internal Audit. Either may be compromised if auditors participate directly in preparing records of designing systems and operations. Therefore, the Internal Audit staff will serve only in an advisory capacity regarding these matters.

The Director and personnel of the Division of Internal Audit are not authorized to:

- Perform any operational duties for the System.
- Initiate or approve accounting transactions external to the Division of Internal Audit.
- Direct the activities of any System not employed by the Division of Internal Audit, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

RESPONSIBILITIES

The major responsibilities of the Division of Internal Audit include:

- Assessing financial, program and operational processes to determine if these will produce reliable information and ensure that resources are used in keeping with the State Board of Education's relevant regulations and policies and with the Alabama College System's mission.
- Serving as a resource to the Alabama Department of Postsecondary Education community in identifying the need for and characteristics of adequate systems of control.
- Working in partnership with college officials to ensure that policies and processes are effective and efficient.
- Performing external audit review as specified in Board policy 318.01.
- The Division of Internal Audit will discuss the results of each audit with the President of the college being reviewed. These meetings help ensure that findings and recommendations are valid and understood. When appropriate, these issues will be presented in a written report after a project is complete. College presidents will have an opportunity to respond in writing to reports; their comments will be included in the final version of the report. Written reports will be issued to the State Board of Education, with copies provided to the Chancellor and to college presidents.