

Internal Auditing Charter

Purpose and Mission

The purpose of Northeastern Illinois University's (NEIU) Internal Audit Department is to provide independent, objective assurance and advising services designed to add value and improve NEIU's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, insight and foresight. The Internal Audit Department enhances NEIU's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The NEIU Internal Audit Department is most effective when:

- Internal audits are performed by competent professionals in conformance with The Institute of Internal Auditors' (IIA) Global Internal Audit Standards™, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the Board of Trustees through its Audit Committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

Mandate

The Fiscal Control and Internal Auditing Act (30 ILCS 10/Articles 1, 2, and 3) (FCIAA) is the state legislation which provides mandates for internal audit activities of state agencies. It is the policy of the State of Illinois that the chief executive officer of every State agency is responsible for effectively and efficiently managing the agency and establishing and maintaining an effective system of internal control. NEIU, defined as a designated agency within and for the purposes of this Act, is required to maintain a full-time program of internal auditing. The President, as the chief executive officer of NEIU, is responsible for the development and implementation of the program of internal auditing. The President has delegated the chief audit executive (positioned within the Internal Audit Department), jointly with the Board of Trustees through its Audit Committee, to establish guidelines which give direction to the overall internal audit function of NEIU. This Charter constitutes these guidelines, and as developed and amended, will be transmitted to the President for concurrence and to the Audit Committee for approval.

In accordance with FCIAA Article 2, the State of Illinois Internal Audit Advisory Board has adopted the mandatory elements of The Institute of Internal Auditors' International Professional Practices

Internal Auditing Charter

Framework, which are the Global Internal Audit Standards and Topical Requirements, as the standard of performance to which all State internal auditors must adhere. The chief audit executive will report annually to the Audit Committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

Independence, Organizational Position and Reporting Relationships

The chief audit executive is positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. The chief audit executive reports functionally to the President and the Board of Trustees through its Audit Committee, and administratively to the Vice President of Finance and Administration. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The chief audit executive will confirm to the Audit Committee, at least annually, the organizational independence of the internal audit function. If the governance structure does not support organizational independence, the chief audit executive will document the characteristics of the governance structure limiting independence and any safeguard employed to achieve the principle of independence. The chief audit executive will disclose to the Audit Committee 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.

Authority

The internal audit function's authority is created by its direct functional reporting to the President of NEIU and the Board of Trustees through its Audit Committee. Such authority allows for unrestricted access to the Board of Trustees and/or the Audit Committee.

The President and the Board of Trustees through its Audit Committee authorize the internal audit function to:

- Have full, free, and unrestricted access to all functions, data, records, property, and personnel pertinent to carrying out 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 to issue reports.
- Obtain assistance from the necessary NEIU personnel, as well as specialized services from within or outside NEIU in order to complete engagements. Management's approval will be obtained when it is deemed necessary for resources external to NEIU.

Changes to Mandate and Charter

Circumstances may justify a follow-up discussion between the chief audit executive, the Audit Committee, 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 reorganization within the organization.
- Significant changes in the chief audit executive, composition of the Audit Committee, and/or senior management.
- Significant changes to NEIU's strategies, objectives, risk profile, or the environment in which NEIU operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

Audit Committee Oversight

The responsibilities of the Audit Committee are outlined in the NEIU Audit Committee Charter. Some of those responsibilities include:

- Approve the Internal Audit Department's charter.
- Approve the two-year, annual internal *Audit Plan*.
- Approve the Internal Audit Department budget and resource plan (following normal university procedures.)
- Receive communications from the Director of Internal Auditing on the Internal Audit Department's performance relative to its plan and other activities.
- Approve decisions regarding the appointment and removal of the Director of Internal Auditing.
- Approve the remuneration of the Director of Internal Auditing (following normal University procedures).
- Make appropriate inquiries of management and the Director of Internal Auditing to determine whether there are inappropriate scope or resource limitations.

Chief Audit Executive Roles and Responsibilities

Ethics and Professionalism

The chief audit executive will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of NEIU and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organization.
- Report organizational behavior that is inconsistent with NEIU's ethical expectations, as described in applicable policies and procedures.

Internal Auditing Charter

Objectivity

The chief audit executive will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the chief audit executive determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

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

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

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to the chief audit executive at least annually. The chief audit executive will consider whether impairments should be reported to others and will do so as deemed necessary, including the Audit Committee or management.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Internal Audit Function

The chief audit executive has the responsibility to:

- Annually develop a flexible two-year risk-based internal audit plan that considers the input of the Audit Committee and management. Discuss the plan with senior management and submit the plan to the Audit Committee for feedback and approval. In accordance with FCIAA, submit the audit plan to the President in order for the President to approve by June 30 of each year.
- Report to the Board of Trustees and Audit Committee by September 30 of each year the scope and results of audits and the adequacy of management's corrective actions.
- Communicate the impact of resource limitations on the internal audit plan to the Audit Committee and senior management.
- Review and adjust the audit plan, as necessary, in response to changes in NEIU's risks, operations, programs, systems, and controls.

Internal Auditing Charter

- Communicate with the Audit Committee and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit Committee and senior management on a quarterly basis for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact NEIU and communicate to the Audit Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to NEIU's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the chief audit executive cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Audit Committee.

Communicating with the Audit Committee and Senior Management

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

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with the Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit Committee that could interfere with the achievement of NEIU's strategic objectives.
- Results of assurance and advisory services.
- Resource requirements.

Internal Auditing Charter

Quality Assurance and Improvement Program

The chief audit executive will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measures to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the chief audit executive will communicate with the Audit Committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. Periodic internal and external assessments will be conducted under the guidelines provided by the State Internal Audit Advisory Board. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside NEIU. Qualifications must include at least one assessor holding an active Certified Internal Auditor® credential. Public sector competencies and knowledge as well as knowledge of the Global Internal Audit Standards should be considered when selecting external assessors.

Scope of Internal Audit Activities

The scope of internal audit services covers the entire breadth of the organization, including all the activities, assets, and personnel of NEIU which includes its related organizations, and organizations required to submit financial statements to NEIU. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Board of Trustees and management on the adequacy and effectiveness of governance, risk management, and control processes for NEIU.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Advisory services may also include those less formal in nature such as providing advice, facilitation, and training. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of NEIU's strategic objectives are appropriately identified and managed.
- The actions of NEIU's officers, directors, employees, and contractors are in compliance with NEIU's policies, procedures, and applicable laws, regulations and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations of programs are being carried out effectively, efficiently, ethically and equitably.

Internal Auditing Charter

- Established processes and systems enable compliance with the policies, procedures, laws and regulations that could significantly impact NEIU or its affiliates.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently and protected adequately.

The Director of Internal Auditing will report periodically to senior management and the Board of Trustees Audit Committee regarding:

- The Internal Audit Department's purpose, authority and responsibilities.
- The Internal Audit Department's plan and performance relative to its plan.
- The Internal Audit Department's conformance with the *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 Board Audit Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to NEIU.

Internal audit engagements can also include conducting or assisting in the investigation of significant suspected fraudulent activities within or against NEIU and notifying management and the Audit Committee of the results, as well as law enforcement as appropriate.

Approval of NEIU Audit Charter

By typing your name, title and date in the space below, you are acknowledging that you have read and approve the NEIU Internal Audit Charter for Fiscal Year 2026.

3 responses

Anna Meresidis, Trustee 6/11/25

Katrina E. Bell-Jordan, NEIU President, June 9, 2025

Chrystal Temples, Director of Internal Audit June 5, 2025

Northeastern Illinois University
Internal Audit Department
FY 2026-2027
Detailed Audit Plan

2026 (July 1, 2025 – June 30, 2026)		2027 (July 1, 2026 – June 30, 2027)	
Audit Projects	Hours	Audit Projects	Hours
Tuition Waivers ⁽²⁾	340	Ethical Culture	400
Grants – CCAS ⁽¹⁾	40	Revenue/Receivables ⁽¹⁾	300
Implementation – Workday Finance ⁽¹⁾	250	CCIS & EI Centro – Internal Controls Review	330
Record Retention	400		
Administrative & Compliance Activities and Reporting		Administrative & Compliance Activities and Reporting	
FCIAA Certification Coordination	40	FCIAA Certification Coordination	40
Annual Planning/Risk Assessment	30	Annual Planning/Risk Assessment	30
Annual Report	30	Annual Report	30
Follow-up	40	Follow-up	40
Unplanned Activities	100	Unplanned Activities	100
Quality Assessment Review	80	Quality Assessment Review	80
External Audit Coordination	250	External Audit Coordination	250
Total Hours for 2026	1,600	Total Hours for 2027	1,600

⁽¹⁾Audit areas listed in the State Accounting Manual (SAM) as part of the State of Illinois' internal control framework. Per FCIAA, major accounting activities should be considered for audit every two years. This factor has been considered as part of the risk ranking in the development of the annual planning risk assessment. Departmental/Center audits are anticipated to cover the majority of 11 functional areas identified in the Control Framework but will be further defined at the audit level risk assessment and the availability of audit resources.

⁽²⁾Tuition and Fee Waivers are required to be periodically reviewed based on IBHE Tuition and Fee Waiver Guidelines.

Other Items for Audit Consideration:

Petty Cash & Local Funds
 Auxiliary Services-Parking, Rec. Center, etc.
 Budget Process
 Financial Aid

Student Services
 Union Building Administration & Conferences
 Capital Projects/Construction
 Compliance Areas (Title IX, Cleary Act, PCI,
 Record Retention, Ethics, etc.)
 Grading & Registrar Office

Please note the plan is subject to change based upon staffing and unforeseen issues that may develop. Whenever possible, integrated audits will be performed to address technologies associated with the area under review. Any significant changes to the plan will be communicated to the NEIU Management and the Board of Trustees Audit Committee Chairperson.

Approval by the NEIU President and the Audit Committee Chair is on page 2.

By typing your name, title and date in the space below, you are acknowledging that you approve the NEIU Internal Audit Charter for Fiscal Years 2026 and 2027.

2 responses

Katrina E. Bell-Jordan, NEIU President, June 18, 2025

Anna Meresidis, Trustee 6/25/25

MEMORANDUM

DATE: June 19, 2025

TO: Dr. Katrina Bell-Jordan, President

FROM: Christy Temples, Director of Internal Auditing

CC: Anna Meresidis, Board of Trustees, Audit Committee Chair
Beni Ortiz, Interim Vice President for Finance and Administration

SUBJECT: Auditor Independence Statement

The purpose of this statement is to provide information regarding the independence of the Internal Audit Department personnel of Northeastern Illinois University (NEIU). This information is necessary to:

- Provide documentary evidence that the Internal Audit Department is monitoring the independence of office personnel; and
- Properly determine that audit engagements are staffed with independent personnel.

I have read the rules of professional conduct promulgated by the Institute of Internal Auditors. I understand that independence is to be maintained in spirit as well as in fact. I have determined to the best of my knowledge and belief that I do not have a direct financial interest in any organization, activity or affiliate of NEIU.

I have not accepted personal benefits from any University personnel, organization or affiliates which would impair my credibility or my independence in the minds of a reasonable person familiar with the facts.

I am an authorized fiscal agent and perform other administrative duties only for the Internal Audit Department of NEIU. I do not serve as an officer and/or director of any organizations that transact business with the University.