



**UPDATES TO CHARTERS FOR THE INTERNAL AUDIT DEPARTMENT AND  
THE LEGAL, AUDIT, RISK AND COMPLIANCE COMMITTEE**

Resolution No. 2025-76

Synopsis: Approval of the amended charters for the Internal Audit Department and Legal, Audit, Risk and Compliance Committee is proposed.

WHEREAS in November 2004 the Board of Trustees adopted a charter for the Internal Audit Department; and

WHEREAS in August 2022 the Board of Trustees adopted a charter for the Legal, Audit, Risk and Compliance Committee; and

WHEREAS in August 2022 the Board of Trustees last adopted an amended and updated charter for the Internal Audit Department; and

WHEREAS new internal audit standards entitled the *Global Internal Audit Standards* became effective in January of 2025 and require updates to the Internal Audit and Legal, Audit, Risk and Compliance Committee charters to comply with the new audit standards:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby adopts the attached amended charters for the university's Internal Audit Department and the Legal, Audit, Risk and Compliance Committee.

**CERTIFIED**

This is to certify that the foregoing is a true and accurate excerpt from the minutes of the Board of Trustees meeting held May 21, 2025.

Jessica A. Eveland  
Secretary

## Purpose

The purpose of The Ohio State University's internal audit function is to strengthen The Ohio State University's ability to create, protect, and sustain value by providing The Ohio State University's Board of Trustees and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The Ohio State University's internal audit function enhances The Ohio State University's:

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

The Ohio State University's internal audit function is most effective when:

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

### ***Commitment to Adhering to the Global Internal Audit Standards***

The Ohio State University's internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The Chief Audit Executive will report annually to the LARC Committee and senior management regarding the internal audit function's conformance with the Global Internal Audit Standards, which will be assessed through a quality assurance and improvement program.

## Mandate

### ***Authority***

The authority of The Ohio State University's internal audit function is created by its direct reporting relationship to The Ohio State University's Board of Trustees through its LARC Committee (defined within Ohio Administrative Code 3335). With this authority, the internal audit function has unrestricted access to the LARC Committee.

The LARC Committee authorizes the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish its objectives.

- Obtain assistance from the necessary personnel of The Ohio State University and other specialized services from within or outside The Ohio State University to complete internal audit services, as deemed necessary.

### ***Independence, Organization Position, and Reporting Relationships***

The Chief Audit Executive will be 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 will report functionally to The Ohio State University Board of Trustees through its LARC Committee and the President and administratively (for example, day-to-day operations) to the Senior Vice President for Business and Finance. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the LARC Committee, when necessary, without interference and supports the internal audit function's ability to maintain objectivity.

The Chief Audit Executive will confirm to the LARC 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 safeguards employed to achieve the principle of independence. The Chief Audit Executive will disclose to the LARC 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.

### ***Changes to the Mandate and Charter***

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

## **LARC Committee Oversight**

To establish, maintain, and ensure The Ohio State University's internal audit function has sufficient authority to fulfill its duties, the LARC Committee will:

- Maintain a direct reporting line with the internal audit function to enable internal audit services and responsibilities to be performed independently without interference from management.
- Discuss with the Chief Audit Executive and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Participate in discussions with the Chief Audit Executive and senior management about the "essential conditions," described in the Institute of Internal Auditors' Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.

- Review and approve the internal audit charter, which includes the internal audit mandate and the scope and types of internal audit services, as well as any changes or updates to the charter.
- Annually review and approve the risk-based internal audit plan with the Chief Audit Executive.
- Annually confer with senior management and the Chief Audit Executive on the internal audit function's activities, staffing, organizational structure, and budgets.
- Obtain periodic updates from the Chief Audit Executive on the performance of the internal audit function relative to its risk-based internal audit plan and discuss the reasonableness of any existing scope or resource limitations.
- Consider the effectiveness of the internal audit function, including conformance with the Institute of Internal Auditors' Global Internal Audit Standards, based on the internal audit function's quality assurance and improvement program.
- Confer with senior management and concur with the appointment or removal of the Chief Audit Executive, with specific consideration of competencies, qualifications, and performance.
- Annually confer with senior management on the performance review and associated compensation and salary adjustment of the Chief Audit Executive.
- At each meeting of the Committee, provide the Chief Audit Executive an opportunity to report significant findings and management's response and to discuss privately with the Committee any matters that the Committee or Chief Audit Executive believe should be raised.

## **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 the organization 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 the organization's ethical expectations, as described in applicable policies and procedures.

### ***Objectivity***

The Chief Audit Executive will ensure 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 The Ohio State University or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Ohio State University employees who are 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 appropriate parties and at least annually, such as the Chief Audit Executive, the LARC Committee, management, or others.
- 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 risk-based internal audit plan that considers input of the LARC Committee and senior management. Discuss the plan with the LARC Committee and senior management and submit the plan to the LARC Committee for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the LARC Committee and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in The Ohio State University's business, risks, operations, programs, systems, and controls.
- Communicate with the LARC 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 and laws and/or regulations.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the LARC Committee and senior management periodically and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed 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 The Ohio State University and communicate to the LARC Committee and senior management as appropriate.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to The Ohio State University'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 LARC 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 LARC Committee.

### ***Communication with the LARC Committee and Senior Management***

The Chief Audit Executive will report periodically to the LARC Committee and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget and resource requirements.
- 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 LARC Committee that could interfere with the achievement of The Ohio State University's strategic objectives.
- Results of assurance and advisory services.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond The Ohio State University's risk appetite.

### ***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 measurement 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 LARC 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. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside The Ohio State University. 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 will be considered when selecting external assessors.

## Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the organization, including all of The Ohio State University's activities, assets, and personnel. 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 LARC Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for The Ohio State University.

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. 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 The Ohio State University's strategic objectives are appropriately identified and managed.
- The actions of The Ohio State University's officers, directors, management, employees, and contractors or other relevant parties comply with The Ohio State University's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively, efficiently, ethically, and equitably.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact The Ohio State University.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

Internal audit engagements also may include conducting or assisting in the investigation of significant suspected fraudulent activities within or against The Ohio State University and notifying management and the LARC Committee of the results, as well as The Ohio State University Police Division as appropriate.