INTRODUCTION
The Louisiana State University System Internal Audit function is an objective assurance and consulting activity that is independently managed within the LSU System and guided by a value-driven philosophy of partnering with other units to continuously improve the operations of the LSU System. Internal auditing is centrally managed by the LSU System Director of Internal Audit (System Director) who serves as the System’s “Chief Audit Executive” as defined by the Standards for the Professional Practice of Internal Auditing.

ROLE
Management of each of the System’s component institutions has the responsibility to ensure that assets are properly safeguarded, internal controls are established and are sufficient to ensure compliance with applicable laws and regulations, and procedures are sufficient to detect errors and fraud in a timely manner. Campus heads are also responsible for providing input into the annual risk assessment and audit plan and for ensuring that internal audit findings are resolved in a timely manner.

Internal Audit’s role is to measure and evaluate the effectiveness of internal controls within the accounting, financial, and operating systems of the LSU System. Internal Audit furnishes impartial, independent analyses, appraisals, recommendations, and pertinent comments on the business activities of the institution.

ORGANIZATION
The LSU System Director of Internal Audit reports to the Board of Supervisors (Board) through the Audit Committee. Campus internal audit directors report to the Board through the System Director and to the campus head of their respective institution. Appointment of campus directors of internal audit requires prior notice to and participation of the System Director and approval of the President. The System Director should participate in the entire selection process including the establishment of required qualifications.

PROFESSIONAL STANDARDS
Professionalism and commitment to excellence are facilitated by operating within a framework of professional practice. Internal Audit staff will meet or exceed the Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors. In addition, Government Auditing Standards promulgated by the Comptroller General of the United States will be followed when required by law, regulation, agreement, contract, or policy. Also, Internal Audit staff members have a responsibility to the interest of those they serve and should refrain from entering into any activity that may create a conflict of interest. They have an obligation of self-discipline above and beyond the requirements of laws and regulations. They should demonstrate qualities to include integrity, objectivity, confidentiality, and competency consistent with the Institute of Internal Auditors Code of Ethics.
AUTHORITY
The LSU System Internal Audit office is authorized full and unrestricted access to all areas and information sources (i.e. records, property, and personnel, et cetera) within the entire LSU System. Campus-based offices are authorized full and unrestricted access to all areas and information sources (i.e. records, property, and personnel, et cetera) within their respective institutions. Documents and information given to the Internal Audit staff during an engagement are handled in the same prudent manner as by those employees normally accountable for them.

Acting in the capacity of an Internal Auditor, audit staff should not perform any operational duties for the LSU System or its affiliates, initiate or approve accounting transactions external to Internal Audit, or direct the activities of any LSU System employee not employed by Internal Audit, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

RESPONSIBILITIES
The System Director with the assistance of the campus directors has a responsibility to:

- Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the Board of Supervisors for review and approval, as well as periodic updates.
- Implement the annual audit plan, as approved, including as appropriate any special tasks or projects requested by management and the Board of Supervisors.
- Maintain a professional audit staff with sufficient knowledge, skills, and experience.
- As it relates to Internal Audit issues, evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Issue periodic reports to the Board of Supervisors and management summarizing results of audit activities.
- Keep the Board of Supervisors informed of emerging trends and successful practices in internal auditing.
- Perform investigations of significant suspected fraudulent activities within the LSU System and notify management and the Board of Supervisors of the results.
- Consider the scope of work of the external auditors and other regulatory agencies, as appropriate, for the purpose of providing optimal audit coverage to the LSU System at a reasonable overall cost.

PLANNING
A one-year internal audit plan based on a facilitated risk assessment process shall be systematically developed annually for the System as a whole. The risk
assessment shall consider risks within and across all components of the System. Each campus audit director is responsible for soliciting input from appropriate members of management at their respective campus for this purpose. These data are to be used to develop a risk-based audit plan for the campus. Once the System Director concurs with the plan and it is approved by the appropriate campus head, the System Director will incorporate these plans into a System-wide plan that will be submitted for comment to the Senior Executive Vice President and Chief Operating Officer. The original plan and any comments will then be submitted to the Board of Supervisors for review and approval. The objective is to continually assess all high-risk areas of the LSU System and to evaluate critical business processes throughout the LSU System as resources permit.

When demands for services exceed available resources that would significantly impact the approved annual work plan, each director will establish project priorities subject to the approval of the Senior Executive Vice President and Chief Operating Officer for the System or the approval of Audit Committee if the changes to the plan are substantial.

REPORTING
Internal Audit ensures that the results of audits and other services are properly communicated to the appropriate management or operating personnel in the form of written reports, consultation, advice, or any other means. Written reports include, or will be followed by, management comments itemizing specific actions taken or planned to resolve the reported finding and to ensure that operational objectives are achieved. The System Director will authorize the issuance of all internal audit reports. The System Director shall report not less than quarterly to the Audit Committee and annually to the entire Board of Supervisors on all internal and external audits. Upon presentation to and acceptance by the Audit Committee, copies of the quarterly report will be provided to the Board.

RELATIONSHIPS WITH EXTERNAL AUDITORS AND CONSULTANTS
Internal Audit works cooperatively with external auditors and consultants to avoid duplication of efforts and to ensure optimum audit coverage is obtained.

CONTINUING PROFESSIONAL DEVELOPMENT
Audit work will be conducted by a staff of recognized professional auditors who possess a high level of technical knowledge of, or experience in, internal auditing techniques. Professional development activities will be planned and carried out by both Internal Audit offices and the auditor. In addition to on-the-job guidance, each director will provide for training through courses offered by internal and external sources, in appropriate circumstances. Also, auditors with professional certifications should obtain sufficient continuing professional education to satisfy requirements related to the professional certification(s) held. Those auditors not presently holding appropriate certifications are encouraged to pursue an educational program that supports efforts to obtain professional certification(s).