BOSTON COLLEGE INTERNAL AUDIT ACTIVITY CHARTER

Vision

To work objectively and collaboratively for the success of Boston College.

Purpose and Mission

The purpose of Boston College's Internal Audit Department is to provide independent, objective assurance and consulting services designed to add value and improve Boston College's operations. The Mission of the Internal Audit Department is to support the management and Trustees of Boston College by:

- Providing independent and objective assessment of risk and alignment of our annual audit plan with the strategic mission of the University;
- Engaging with stakeholders to evaluate internal controls to address risks and identify opportunities for continuous improvement and to strengthen the effectiveness and efficiency of operations and information security;
- Delivering value-added service to our clients by maintaining current knowledge of industry trends and best practices, and
- Performing our audit work in accordance with the International Professional Practices Framework (IPPF).

Standards for the Professional Practice of Internal Auditing

The Internal Audit Department will govern itself by adherence to the mandatory elements of The Institute of Internal Auditor's International Professional Practices Framework including the Core Principles for the Professional Practice of Internal Auditing. The Code of Ethics, the International Standards for the Professional Practice of Internal Auditing and the Definition of Internal Auditing. The Director of Internal Audit will report periodically to senior management and the Finance and Audit Committee of The Board of Trustees regarding the Internal Audit Department conformance to the Code of Ethics and the Standards.

Authority

The Director of Internal Audit will report functionally to the Finance and Audit Committee and administratively (i.e. day-to-day operations) to the Financial Vice President and Treasurer. To establish, maintain, and assure that Boston College's Internal Audit Department has sufficient authority to fulfill its duties, the Finance and Audit Committee will:

- Approve the Internal Audit Department's Charter.
- Approve the risk-based internal audit plan.
- Receive communications from the Director of Internal Audit on the Internal Audit performance relative to its plan and other matters.
- Make appropriate inquiries of management and the Director of Internal Audit to determine whether there is inappropriate scope or resource limitations.

The Director of Internal Audit will have access to and communicate and interact directly with the Finance and Audit Committee, including in private meetings without management present.

The Finance and Audit Committee authorizes the Internal Audit Department to:

- Have access to all functions, 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 issue reports.
- Obtain assistance from the necessary personnel of Boston College, as well as other specialized services from within or outside Boston College, in order to complete the engagement.

Independence and Objectivity

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

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

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

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for Boston College or its affiliates.
- Initiating or approving transactions external to the Internal Audit Department.
- Directing the activities of any Boston College employee not employed by the Internal Audit Department, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the Director of Internal Audit has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

The internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interest or by others in forming judgements.

The Director of Internal Audit will confirm to the Board Finance and Audit Committee, at least annually, the organizational independence of the Internal Audit Department.

The Director of Internal Audit will disclose to the Board Finance and Audit Committee any interference and related implications in determining the scope of internal auditing, performing work, and /or communicating results.

Scope of Internal Audit Activities

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Board Finance and Audit Committee, management, and outside parties on the adequacy and effective of governance, risk management and control processes for Boston College. The Internal Audit Department assessments include evaluating whether:

- Risks relating to the achievement of Boston College's strategic objectives are appropriately identified and managed
- The actions of Boston College officers, employees, and contractors are in compliance with Boston College's policies and procedures and applicable laws, regulations and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Boston College.
- Information and the means used to identify, measure, analyze, classify and report such information are reliable and have integrity.
- Data Security controls are in place are effectively managed.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

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

- The Internal Audit Department's purpose, authority, and responsibility
- The Internal Audit Department's plan and performance relative to its plan.
- The Internal Audit Departments conformance with the IIA Code of Ethics and Standards, and Action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governances, issues, and other matters requiring the attention of, or requested by the Board Finance and audit Committee.
- Results of audit engagement or other activities
- Resource requirements
- Any response to risk by management that may be unacceptable to the Boston College.

The Director of Internal Audit also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The Internal Audit Department may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the Internal Audit Department does not assume management responsibilities.

Opportunities for improving the efficiency of operational governance, management of risks, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

Responsibility

The Director of Internal Audit has the responsibility to:

- Submit, at least annually, to senior management and the Board Finance and Audit Committee a risk-based internal audit plan for review and approval.
- Communicate to senior management and Board Finance and Audit Committee the impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan, as necessary in response to changes in Boston College's business, risks, operations, programs, systems, and controls.
- Communicate to senior management and the Board Finance and Audit Committee any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.

- Follow up on engagement findings and corrective actions, and report periodically to senior management and board Finance and Audit Committee any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the internal audit department collectively possesses or obtains the knowledge, skills and other competencies needed to meet the requirements of the internal audit charter
- Ensure trends and emerging issues that could impact Boston College are considered and communicated to senior management and the Board Finance and Audit Committee as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the Internal Audit Department activity.
- Ensure adherence to Boston College's relevant policies and procedures, unless such policies and procedures conflict with the Internal Audit Department Charter. Any such conflicts will be resolved or otherwise communicated to senior management and Board Finance and Audit Committee.
- Ensure conformance of the internal Audit Department activity with the Standards

Quality Assurance and Improvement Program

The Internal Audit Department will maintain a quality assurance and improvement program that covers all aspects of the Internal Audit Department activities. The program will include an evaluation of the internal Audit Department activities conformance with the Standards and an evaluation of whether internal auditors apply The IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the Internal Audit Department and identify opportunities for improvement.

The Director of Internal Audit will communicate to senior management and the Board Finance and Audit Committee on the Internal Audit Department's quality assurance and improvement program, including results of internal assessments and external assessments.