

Audit Committee Briefing – Key Changes from 2023 to 2026 Internal Audit Charter

Executive Summary

The 2026 Internal Audit Charter modernizes TSU's Internal Audit governance framework, aligns the charter with the Institute of Internal Auditors (IIA) Global Internal Audit Standards, clarifies reporting relationships and independence, and shifts the document from an operational charter to a governance-focused charter.

1. Adoption of Global Internal Audit Standards

Updates the charter from the prior IIA IPPF framework to the Global Internal Audit Standards.

2. Clarified Independence and Reporting Structure

Establishes a formal Chief Audit Executive (CAE) model with functional reporting to the Audit Committee and administrative reporting to the President or designee.

3. Governance-Focused Charter

Removes many operational procedures and focuses the charter on governance, oversight, authority, and accountability.

4. Streamlined Audit Committee Responsibilities

Focuses the Committee on approval of the charter, audit plan, independence, resources, and quality assurance oversight.

5. Enhanced Ethics and Professionalism

Adds specific responsibilities related to ethics, culture, professional conduct, and organizational expectations.

6. Increased Strategic Risk Focus

Emphasizes insight, foresight, emerging risks, and strategic objectives.

7. Federal Compliance and Grant Oversight

Adds responsibilities related to Uniform Guidance, federal grants, regulators, and State Auditor coordination.

8. Fraud Oversight Modernization

Moves from Internal Audit leading investigations to a coordinated oversight role with appropriate institutional offices.

9. Updated Quality Assurance Requirements

Changes external quality assessments from every three years to every five years and requires qualified CIA participation.

10. Formal Charter Update Process

Requires Board approval for future charter revisions.

Recommendation

The Audit Committee should view the revised charter as a governance modernization effort that aligns TSU with current professional standards while strengthening independence, strategic oversight, ethics, and compliance.