

University of Cincinnati Internal Audit Charter

Introduction

The University of Cincinnati's ("University") Office of Internal Audit ("IA") is an independent and objective resource of the University, providing assurance and consulting services designed to assist the University in achieving its mission by evaluating and offering recommendations to improve the effectiveness of financial accounting and reporting, information technology, internal control, and operational and compliance related activities.

Role

IA is established by the University's Board of Trustees and its responsibilities are defined by the Governance and Audit Committee of the Board of Trustees as part of their oversight function as well as the President of the University. IA's role is to promote and protect the integrity of the University.

Professional Standards

IA shall govern itself by adherence to The Institute of Internal Auditors' (the "Institute") "Code of Ethics." The Institute's "*International Standards for the Professional Practice of Internal Auditing*" shall constitute the operating procedures of the IA. These two documents constitute an addendum to this charter. In addition, the Institute's "Practice Advisories" will be adhered to as applicable, along with all University policies and procedures.

Authority

Authority is granted for full, free and unrestricted access to any and all University records, physical properties and personnel relevant to the function or process under review. All employees are requested to assist IA in fulfilling their activities. IA shall also have free and unrestricted access to the Chairman of the Board of Trustees and the Governance and Audit Committee of the Board of Trustees.

Documents and information given to IA during a periodic review will be handled in the same prudent and confidential manner as by those employees normally accountable for them.

Organization

The Director of Internal Audit shall report to the Senior Vice President of Administration and Finance, along with the Governance and Audit Committee of the Board of Trustees. The Director of Internal Audit shall have free access to the Audit Committee of the Board of Trustees.

Independence

All internal audit activities shall remain free of influence by any element of the organization, including matters of audit selection, scope, procedures, frequency, timing or report content, in order to permit maintenance of an independent and objective mental attitude necessary in the performance of the internal audit activities.

Internal auditors shall have no direct operational responsibility or authority over any of the activities they review. Accordingly, they shall not develop nor install systems or procedures, prepare records, or engage in any other activity that would normally be audited. Internal auditors shall not direct the activities of any University employee not employed by the IA, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

Scope

The scope of IA encompasses the examination and evaluation of the adequacy and effectiveness of the University's governance, system of internal control structure, and the quality of performance in carrying out assigned responsibilities to achieve the University's stated goals and objectives. It includes:

- Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- Reviewing compliance with selected policies, plans and procedures;
- Reviewing and appraising the soundness, adequacy and application of accounting, financial, information technology, and selected operating controls and assessing whether such controls are functioning at reasonable costs;
- Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- Recommending operating improvements in selected areas;
- Reviewing specific operations at the request of the Governance and Audit Committee or management, as appropriate;
- Coordinating procedures with external audit so as to avoid duplication of effort.

Audit Planning

Annually, the Director of Internal Audit shall submit to the Senior Vice President of Administration and Finance and the Governance and Audit Committee a summary of the audit work schedule for the following fiscal year. The audit work schedule is to be developed based on a prioritization of the audit universe using a risk-based methodology. Any significant deviation from the formally approved work schedule shall be communicated to senior management and the Governance and Audit Committee through periodic activity reports.

Reporting

A written report will be prepared and issued by the Director of Internal Audit or designee following the conclusion of each activity and will be distributed as appropriate. A copy of each audit report and a summarization will be forwarded to the President and the Chairman of the Governance and Audit Committee.

The Director of Internal Audit or designee may include in the audit report the auditee's response and corrective action taken or to be taken in regard to the specific findings and recommendations. The auditee's response should include a timetable for anticipated completion of action to be taken and an explanation for any recommendations not addressed. The auditee's response is the auditee's responsibility and not the responsibility of IA.

In cases where a response is not included within the audit report, management of the audited area should respond, in writing, within thirty days of publication to IA and those on the distribution list.

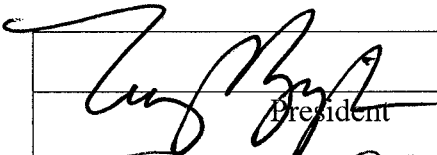

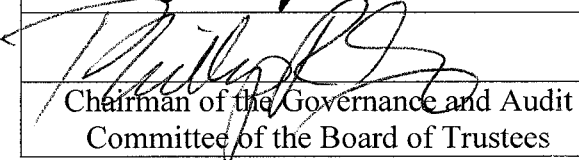

IA shall be responsible for appropriate follow up on audit findings and recommendations to ensure that the auditee has taken appropriate action. IA shall report the results of its follow up efforts to the Governance and Audit Committee.

University of Cincinnati

Office of Internal Audit

Charter

Approved this 19th day of December, 2007

 President	 Senior Vice President, Administration and Finance
 Chairman of the Governance and Audit Committee of the Board of Trustees	 Associate Vice President and Director of Internal Audit