

**BROOKHAVEN SCIENCE ASSOCIATES
BROOKHAVEN NATIONAL LABORATORY
INTERNAL AUDIT OFFICE CHARTER**

MISSION

The overall mission of Brookhaven National Laboratory (BNL) Internal Audit is to help management identify and mitigate risk, continuously improve processes, and to help protect management's and the Government's interests.

Internal Audit assists management by providing independent, objective assurance and consulting services designed to add value and improve the organization's operations and internal controls. Internal Audit assists the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, financial reporting, control, and governance processes.

SCOPE OF WORK

The scope of Internal Audit's work shall include, but is not limited to, determining whether BNL's network of risk management, financial reporting, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations, as well as ethical business conduct and good business practices.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programs, plans, and objectives are achieved.
- Risks are appropriately identified and adequately managed.
- Quality and continuous improvement are fostered in the organization's control processes.
- Interaction with the various governance groups occurs as needed.
- Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately.

ACCOUNTABILITY

The Director of Internal Audit is accountable to BNL Management and the BSA Board of Directors Audit Committee. It is expected that Internal Audit will:

- Oversee and manage the design and implementation of a comprehensive program of auditing based on risk in relation to operational factors such as cost, schedule, and activity level.
- At a minimum, on a trimester basis provide information on the status and results of the Annual Audit Plan, sufficiency of audit resources, and organizational independence, to the Laboratory Director and the BSA Audit Committee.
- Provide timely and effective audit reports for the purpose of monitoring and evaluating the adequacy, efficiency, and effectiveness of overall operations within the organization.

- Report significant issues related to the organization's risk management, control and governance processes, including potential improvements to those processes, and provide information concerning such issues through resolution. Coordinate with and/or provide oversight, where appropriate, of other control and monitoring functions (e.g. risk management, compliance, security, legal, ethics, environmental, external audit).

INDEPENDENCE

To provide for the independence of auditing activities, the BNL Internal Audit staff reports to the Director of Internal Audit, who reports administratively to the BNL Director and functionally to BSA's Audit Committee.

Internal Audit will have no direct operational responsibility or authority over any of the activities audited, or engage in other activity that may impair auditor judgment.

PROFESSIONALISM

The Audit activity will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Core Principles, Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards).

The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable. In addition, the Audit activity will adhere to applicable company policies and procedures and the Internal Audit Manual.

RESPONSIBILITIES

The responsibilities of BNL Internal Audit include, but are not limited to, the following:

- Develop a flexible annual Audit Plan using an appropriate risk-based methodology, including any risks or control concerns identified by management. The Plan is submitted to the BSA Audit Committee and DOE for approval.
- Maintain a Quality Assurance and Improvement Plan (QAIP) covering all aspects of Audit's activities. The Director of Internal Audit will communicate to the Chair of the Audit Committee the results of the QAIP process, including results of ongoing internal assessments and external assessments conducted at least every five years.
- Comply with all requirements of the DOE Prime Contract, including provision of the Annual Report of Audit Activities, submitted to DOE, Office of Inspector General (OIG) and the BSA Audit Committee.
- Implement the approved Audit Plan, including as appropriate the incorporation of changes to the approved Plan based upon special tasks or projects requested by DOE, Laboratory management, and the BSA Audit Committee.
- Perform consulting services, beyond Internal Audit's assurance services, to assist management in meeting its objectives.
- Maintain a professional Internal Audit staff with sufficient knowledge, skills, experience and professional certifications to meet the requirements of this Charter.
- Follow-up on internal audit findings and recommendations.

ASSURANCE/ CONSULTING SERVICES

Internal Audit performs internal operational, compliance, and financial related audits of programs, services, contracts, departments and accounts that come under the budget authority of the Laboratory. Internal Audit performs the following types of audit services:

Assurance Services: Assurance services are objective reviews of evidence for the purpose of providing an independent assessment. The scope and nature of assurance services includes reviewing and evaluating for: operational efficiencies and effectiveness; reliability of financial and operational systems; adequacy and clarity of policies and procedures; compliance with Laboratory policy and state and federal law; safeguarding of assets; and accomplishment of objectives and goals.

Consulting Services: Consulting services are advisory and other service activities including counsel, advice, facilitation, process design and limited training. The objective of consulting services is to add value in the development or modification of processes, procedures, and controls to minimize risk and achieve objectives. The nature and scope of particular consulting services are agreed upon with management. Internal Audit will not assume management's responsibilities in order to maintain appropriate objectivity and independence.

Special Investigations: Investigations evaluate allegations of unethical business practices and financial and operational misconduct to determine if allegations are substantiated and to prevent future occurrences.

AUTHORITY

The Board of Directors, and the President of BSA, grants Internal Audit authority through this Charter. Internal Audit is authorized full and unrestricted access to all personnel, records, properties, and other information sources required to carry out its mission. This authority shall be exercised in a reasonable manner, mindful of the responsibilities of BNL staff for the performance of their duties, and in compliance with applicable environmental, safety, health, and quality requirements. Internal Audit has full and private access to the BSA Board of Directors Audit Committee in order to fulfill its responsibilities.

BNL LABORATORY DIRECTOR'S RESPONSIBILITIES

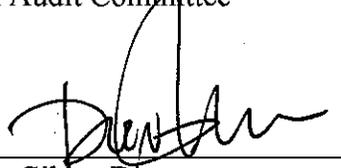
The BNL Laboratory Director will take necessary management actions, including allocating adequate personnel and financial resources, to ensure compliance. As required by the approved BSA Audit Committee Charter, the Laboratory Director is responsible for advising the BSA Audit Committee of proposed personnel and salary actions of the Director of Internal Audit to ensure equitable treatment and continued independence of the Audit staff.



David Evans, Chair
BSA Audit Committee

11/9/15

Date



Doon Gibbs, Director
Brookhaven National Laboratory

11/14/15

Date