

BROOKHAVEN SCIENCE ASSOCIATES  
BROOKHAVEN NATIONAL LABORATORY  
INTERNAL AUDIT OFFICE CHARTER

### **Purpose and Mission**

The purpose of Brookhaven National Laboratory's (BNL) Internal Audit Office is to provide independent, objective assurance and consulting services designed to add value and improve the organization's operations. The mission of Internal Audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. Internal Audit helps the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

### **Standards for the Professional Practice of Internal Auditing**

Internal Audit will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' 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 Brookhaven Science Associates Audit Committee (Audit Committee) regarding Internal Audit's conformance to the Code of Ethics and the Standards.

### **Authority**

The Director of Internal Audit will report functionally to the Audit Committee and administratively to the Laboratory Director. To establish, maintain, and assure that Internal Audit has sufficient authority to fulfill its duties, the Audit Committee will:

- Approve the Internal Audit Charter.
- Approve the risk-based Internal Audit Plan.
- Receive communications from the Director of Internal Audit on Internal Audit's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Director of Internal Audit.
- 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 unrestricted access to, and communicate and interact directly with, the Audit Committee, including in private meetings without management present. The Audit Committee authorizes Internal Audit to:

- Have full, free, and unrestricted 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 BNL, as well as other specialized services from within or outside the organization, in order to complete the engagement.

## **Independence and Objectivity**

The Director of Internal Audit will ensure that Internal Audit 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 judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for BNL.
- Initiating or approving transactions external to Internal Audit.
- Directing the activities of any BNL employee not employed by Internal Audit, 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. 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 interests or by others in forming judgments.

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

The Director of Internal Audit will disclose to the 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 Audit Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for BNL. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of BNL's strategic objectives are appropriately identified and managed.
- The actions of BNL's officers, directors, employees, and contractors are in compliance with the organizations policies, 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 the organization.
- Information and the means used to identify, measure, analyze, classify, and report such information is reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

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

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

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. Internal Audit may perform advisory and related client service activities and assist in or conduct investigations of suspected fraudulent activities or other

occurrences within the organization as may be necessary. Where appropriate, the nature and scope of these activities will be agreed with the client and Internal Audit will not assume any management responsibility.

Opportunities for improving the efficiency of governance, risk management, 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 Audit Committee a risk-based internal audit plan for review and approval.
- Communicate to senior management and the 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 the organizations business, risks, operations, programs, systems, and controls.
- Communicate to senior management and the 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 the Audit Committee any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure Internal Audit 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 the organization are considered and communicated to senior management and the 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 Internal Audit.
- Ensure adherence to the organization's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Audit Committee.
- Ensure Internal Audit's conformance with the Standards, with the following qualifications:
  - If Internal Audit is prohibited by law or regulation from conformance with certain parts of the *Standards*, the Director of Internal Audit will ensure appropriate disclosures and will ensure conformance with all other parts of the *Standards*.

- o If the *Standards* are used in conjunction with requirements issued by the Department of Energy or other authoritative bodies, the Director of Internal Audit will ensure that Internal Audit conforms with the *Standards*, even if Internal Audit also conforms with the more restrictive requirements of other authoritative bodies.

### Quality Assurance and Improvement Program


Internal Audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include an evaluation of the Internal Audit's 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 Internal Audit and identify opportunities for improvement.

The Director of Internal Audit will communicate to senior management and the Audit Committee on Internal Audit's quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside BNL.

The Director of Internal Audit will communicate to senior management and the Audit Committee the results of Statement of Cost Incurred Audits performed by the DOE Inspector General.

  
Brett Bosley  
BSA Audit Committee

1/14/2020  
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Date

  
Doon Gibbs, Director  
Brookhaven National Laboratory

1/7/20  
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Date