

Internal Audit Charter

1. Mission

To improve the IEEE's operations through independent, objective assurance and consulting activities; Internal Audit supports the IEEE Mission and Aspirations by evaluating and improving the effectiveness of risk management, control and governance processes using a systematic and disciplined approach.

2. Independence and objectivity

To ensure independence, Internal Audit is directly responsible to the Audit Committee of the IEEE Board of Directors and reports administratively to the Chief Financial Officer. To maintain objectivity, Internal Audit is not involved in day-to-day control procedures. Instead, each business unit is responsible for their own internal controls which will be periodically tested by Internal Audit.

3. Scope and responsibilities

The scope of internal audit work includes the review of risk management procedures, internal control systems, information systems and governance processes. This work also involves periodic testing of transactions, best practice reviews, special investigations, appraisals of regulatory requirements, and measures to help prevent and detect fraud.

To fulfill its responsibilities, Internal Audit shall:

- Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management.
- Implement the annual audit plan including as appropriate any special tasks or projects requested by the Executive Director of IEEE and, from time to time, other appropriate senior staff of IEEE (hereinafter "Management") and the Audit Committee.
- Review the adequacy of controls established to ensure compliance with policies, plans, procedures, and business objectives.
- Review established procedures and systems and propose improvements.
- Follow up on recommendations to ensure that effective remedial action is taken.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Issue periodic reports to the Audit Committee and Management summarizing results of audit activities.
- Keep the Audit Committee informed of emerging trends and successful practices in internal auditing.
- Assist in the investigation of significant suspected fraudulent activities within IEEE and notify Management and the Audit Committee of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to IEEE at a reasonable overall cost.

4. Authority

The Internal Audit staff is authorized to:

- Have unrestricted access to all functions, records, property, and personnel within IEEE.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in units of IEEE where they perform audits, as well as other specialized services from within or outside IEEE.

The Internal Audit staff is not authorized to:

- Initiate or approve accounting transactions external to Internal Audit.
- Direct the activities of any employee of any IEEE organizational unit not employed by Internal Audit, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

5. Accountability

The Director, Internal Audit, in the discharge of his/her duties, shall be accountable to Management and the Audit Committee to:

- Provide annually an assessment on the adequacy and effectiveness of IEEE's internal controls, including internal controls relating to information technology security, and processes for controlling the activities of IEEE and managing its risks in the areas set forth under the mission and scope of work.
- Report significant issues related to the processes for controlling the activities of IEEE and its affiliates, including potential improvements to those processes, and provide information concerning such issues through resolution.
- Periodically provide information on the status and results of the annual audit plan and the sufficiency of department resources.
- Coordinate with and participate in other control and monitoring functions (risk management, compliance, security, privacy, legal, ethics, environmental, external audit).

Audit fieldwork shall be conducted in a professional and timely manner. Reporting of results will include an open process to agree on the facts and the validity of audit recommendations. A detailed audit report and a letter to Management will summarize the objectives and scope of the audit as well as observations and recommendations. In all cases, follow-up work will be undertaken to ensure adequate response to audit recommendations.

Internal Audit will submit an annual report to Management and to the Audit Committee on the results of the audit work including significant risk exposures and control issues.

6. Standards

Internal Audit will adhere to the International Standards for the Professional Practice of Internal Auditing and to the Code of Ethics, both as promulgated by The Institute of Internal Auditors; and it will obtain guidance from professional standards and practices of other, relevant professional organizations, including but not limited to the American Institute of Certified Public Accountants, the Information Systems Audit and Control Association, and the Association of Certified Fraud Examiners.