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December 11, 2017

Dr. John Nicklow, President
University of New Orleans
2000 Lakeshore Drive
New Orleans, LA 70148

Dear Dr. Nicklow:

On December 1, 2017, the Board of Supervisors for the University of Louisiana System approved the following requests from University of New Orleans:

1. Request for approval of a Letter of Intent to develop a New Academic Program leading to a Master of Engineering in Systems Engineering.
2. Request for approval of the University's Internal Audit Charter.

Enclosed for your records are the Executive Summaries with the resolutions that were approved by the Board along with the approved personnel actions. If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "JK", written over the printed name and title.

Jeannine Kahn
Provost and Vice President for Academic Affairs

**BOARD OF SUPERVISORS FOR THE
UNIVERSITY OF LOUISIANA SYSTEM**

ACADEMIC AND STUDENT AFFAIRS COMMITTEE

December 1, 2017

- Item F.4.** **University of New Orleans'** request for approval of a Letter of Intent to develop a new Academic Program leading to a Master of Engineering in Systems Engineering.

EXECUTIVE SUMMARY

The University of New Orleans (UNO) requests approval to develop a proposal for a Master of Engineering in Systems Engineering (MESE). Systems engineering is an interdisciplinary field of engineering and engineering management that focuses on how to design and manage complex systems over their life cycle. At its core, systems engineering utilizes systems thinking principles to organize this body of knowledge. The proposed MESE will be a fully online program that will accommodate, amongst other individuals, practicing engineers with a bachelor's degree in various engineering or related disciplines including but not limited to electrical, naval, civil, mechanical, petroleum, nuclear, agricultural, environmental, computer, communication, control, and aeronautics engineering. Furthermore, the proposed graduate program will encompass important non-engineering fields such as human resources, management, finance, and planning which are integral parts of designing a system. The proposed MESE is based on identifying the *commonalities* among all disciplines and to offer integrated topics which enable students in applying a *systems approach* in designing and operating systems in their work environment.

The proposed MESE requires the completion of ten (10) specific courses with sequencing of the courses based on the cohort/class the student is assigned. Such a program would be a unique offering in the state since none of the universities in Louisiana (or the bordering states) offers such a program. The Louisiana Gulf Coast region is among the most industry populated area in the nation, housing various petrochemical, petroleum refineries, food processing, pulp and paper, power plants, and related service companies that collectively facilitate the transfer of approximately 25% of energy to the nation. Louisiana and its neighboring states also house several government agencies such as the U.S. Navy, U.S. Air Force, and NASA. The proposed graduate program has the potential of not only serving the local industry and government agencies, but also the nation and the international community through its online delivery.

A recent survey of engineering companies, in particular mid- to large-size companies, found the average age of systems engineers as approaching 57, with a large number of retirements in the next five (5) years. The great recession slowed down expected retirements, but the engineering companies are bracing themselves for a shortage of engineers, in particular, electrical, mechanical and systems. The pipeline of students for the proposed MESE will be

**BOARD OF SUPERVISORS FOR THE
UNIVERSITY OF LOUISIANA SYSTEM**

FINANCE COMMITTEE

December 1, 2017

- Item I.3.** **University of Louisiana System's** request for approval of revised Internal Audit Charters for the System and related campuses.

EXECUTIVE SUMMARY

The Internal Audit Charters set forth the purpose, authority, and responsibility of the internal audit activity for the University of Louisiana System and its individual campuses. The Charters have been modified to reflect compliance with the revised *International Standards for the Professional Practice of Internal Auditing (Standards)* from the Institute of Internal Auditors.

RECOMMENDATION

It is recommended that the following resolution be adopted:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System hereby approves the request for approval of revised Internal Audit Charters for the System and related campuses.



INTERNAL AUDIT ACTIVITY CHARTER

This charter sets forth the purpose, mission, objectives, authority, and responsibility of the internal audit activity at the University of New Orleans. The charter establishes the internal audit activity's position within the University; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

Purpose and Mission

The purpose of the University's internal audit activity is to provide independent, objective assurance and consulting services designed to add value and improve the University's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The internal audit activity helps the University in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the University's governance, risk management and control processes. The internal audit activity is guided by a value-driven philosophy of partnering with other departmental units to continuously improve the operations of the University.

Standards for the Professional Practice of Internal Auditing

The internal audit activity will govern itself by adherence to the *Mandatory Guidance* 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 using such audit programs, techniques, and procedures as are considered applicable and necessary to guide operations. The Chief Audit Executive (CAE) will report periodically to the University President and, through the System Director of Internal & External Audit, to the Board of Supervisors of the University of Louisiana System (Board) regarding the internal audit activity's conformance to the Code of Ethics and the Standards.

Authority

The University's internal audit activity is established by the Board. The internal audit activity's responsibilities are defined by the Board as part of their oversight role. The CAE will report administratively (i.e., day-to-day operations) to the President of the University and functionally to the Board, through the System Director of Internal & External Audit and the Finance Committee. To establish, maintain, and assure that University's internal audit activity has sufficient authority to fulfill its duties, the Board of Supervisors will:

- Approve the internal audit activity's charter.
- Approve the risk based internal audit plan.
- Approve the internal audit activity's budget and resource plan.
- Receive communications from the CAE on the internal audit activity's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the CAE.

- Approve the remuneration of the CAE.
- Make appropriate inquiries of management and the CAE to determine whether there is inappropriate scope or resource limitations.

The CAE will have unrestricted access to and communicate and interact directly with the System Director of Internal & External Audit, the Finance Committee of the Board of Supervisors and the Board of Supervisors, including private meetings without management present.

The Board of Supervisors authorizes the internal audit activity 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.
- Audit or review any function, activity, or unit of the University and the accounts of all organizations required to submit financial statements to the University.
- Have direct and unrestricted access and present to the President of the University any matter considered to be of sufficient importance to warrant attention or that has been brought to the internal audit activity for review.
- 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 of the University where they perform audits, as well as other specialized services from within or outside the University, in order to complete the engagement.

Independence and Objectivity

The CAE will ensure that the internal audit activity 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 CAE 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.

In performing their work, the CAE and other internal audit staff members 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 or approve records, make management decisions, or engage in any other activity, which could be construed to compromise their independence and/or objectivity, including:

- Performing any operational duties for the University or its affiliates.
- Assessing any specific operations which they had responsibility for within the previous year.
- Initiating or approve transactions external to the internal audit activity.
- Directing the activities of any University employee not employed by the internal audit activity, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

To provide for the independence of the internal audit activity, its personnel will report to the University's CAE, who reports functionally to the Board of Supervisors through the System Director of Internal & External Audit and administratively to the President of the University. Therefore, internal audits and appraisals do not in any way substitute for nor relieve other persons in the University of the responsibilities assigned to them.

Where the CAE 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.

At least annually, the CAE will confirm to the University President and, through the System Director of Internal & External Audit, the Board of Supervisors of the University of Louisiana System the organizational independence of the internal audit activity. The CAE will also disclose to those parties 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 Board, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the University. Internal Audit engagements include, but are not limited to, evaluating whether:

- Risks relating to the achievement of the University's strategic objectives are appropriately identified and managed.
- University directors, officers, employees and contractor's actions are in compliance with the University's policies, procedures, and applicable laws, regulations, codes 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 systems and processes enable compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the University.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and adequately protected.
- Quality and continuous improvement are fostered in the University's control process.
- Significant trends and legislative or regulatory issues that could impact the University are recognized and communicated properly.

The CAE will report periodically to senior management and the Board regarding:

- The internal audit activity's purpose, authority, and responsibility.
- The internal audit activity's plan and performance relative to its plan.
- The internal audit activity'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 Board.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the University.

The CAE also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The internal audit activity may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the internal audit activity does not assume 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 University's CAE has the responsibility to:

- Annually develop and submit to senior management and the University of Louisiana System Board of Supervisors a risk-based internal audit plan for review and approval. The flexible annual audit plan (summary of the audit work schedule, staffing plan, and time budget) will be developed based on the internal audit activity's assessment of risk and a prioritization of the audit universe, including input of senior management and the Board regarding areas of concern and areas of increased risk.
- Communicate to senior management and the Board the impact of resource limitations and significant interim changes on the internal audit plan.
- Implement the annual audit plan, as approved, including, as appropriate, any special tasks or projects requested by management and the Audit Committee.
- Review and adjust the annual internal audit plan, as necessary, in response to changes in the University's business, risks, operations, programs, systems, and controls.
- Communicate to senior management and the Board any significant deviation from the approved internal audit plan.
- Ensure each engagement of the internal audit plan executed includes the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work papers 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 Board any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the internal audit activity 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 University are considered and communicated to senior management and the Board as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Establish and ensure adherence to policies and procedures designed to guide the internal audit activity.
- Ensure adherence to the University'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 Board.
- Establish a quality assurance program by which the CAE assures the operations of internal auditing activities.
- Perform consulting services, beyond internal auditing's assurance services, to assist management in meeting its objectives. Examples may include facilitation, process design, training, and advisory services.
- Assist in the investigation of significant suspected fraudulent activities within the University 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.
- Evaluate specific operations at the request of the Board or management, as appropriate.
- Submit written and timely reports to the President of the University and appropriate members of management at the conclusion of each engagement to acknowledge satisfactory performance or to set forth observations and/or recommendations for correction or improvement.
- Forward a copy of each internal audit report and a summary to the System's Director of Internal & External Audit.
- Ensure conformance of the internal audit activity with the Standards, with the following qualifications:
 - If the internal audit activity is prohibited by law or regulation from conformance with certain parts of the Standards, the CAE will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
 - If the Standards are used in conjunction with requirements issued by other authoritative bodies (e.g., AICPA, GAO, etc.) the CAE will ensure that the internal audit activity conforms with the Standards, even if the internal audit activity also conforms with the more restrictive requirements of other authoritative bodies.

Audit Committee for the Board of Supervisors

To maintain oversight of the auditing function, both internal and external, the Audit Committee will review the previous year's System-wide internal audit program and the direction of the System-wide audit program to be followed in the year ahead, and review the annual financial and compliance audits, including any specific issues of concern. As appropriate, any background documents related to specific audit issues will be sent to the Committee during the course of each year.

Quality Assurance and Improvement Program

The internal audit activity will maintain a Quality Assurance and Improvement Program (program) that covers all aspects of the internal audit activity. The program will include an

evaluation of the internal audit activity'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 the internal audit activity and identify opportunities for improvement. The program will include both internal and external assessments. The internal assessments will include ongoing monitoring of the performance of the internal audit activity and periodic self-assessments. The IIA Standards provide that external assessments are required to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. Act 314 of the 2015 Regular Legislative Session (L.R.S. 17:3351) became effective on August 1, 2015. Therefore, an external assessment will be required to be completed by July 31, 2020, which is five years of the effective date of Act 314 of 2015. The CAE will communicate to senior management and the Board on the internal audit activity's quality assurance and improvement program, including results of internal assessments (ongoing monitoring and periodic internal assessments) and external assessments.

Approved: 
University of New Orleans President

Date: 11/2/17

Approved: 
ULS Committee Chairman

Date: 12/1/17