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**Fermi Research Alliance, LLC**  
**Internal Audit Charter**

**I. Internal Audit Charter:**

A. Mission. All Fermi Research Alliance, LLC (FRA) accounts, records and internal accounting policies and controls are subject to internal audit. The FRA Internal Audit Office is an independent office which reports administratively to the FRA President, receives administrative support from the Laboratory, works in consultation with Laboratory Management, and also reports functionally to the FRA Audit Committee. This provides management at the Laboratory and at FRA Headquarters, and the Board of Directors, with an established process to monitor the adequacy, effectiveness, and performance of the internal controls and ensure prudent business practices and compliance with the Prime Contract between FRA and the Department of Energy.

B. Objectives. The objective of the Internal Audit Office is to provide reasonable assurance to FRA and Laboratory management, in accordance with International Standards for the Professional Practice of Internal Auditing and the Code of Ethics promulgated by The Institute of Internal (IIA) Auditors, that:

1. Internal accounting controls are adequate and effective in promoting efficiency and protecting the assets of FRA and the Federal Government.
2. Internal accounting controls are adequate and will prevent, identify, and report unallowable costs.
3. Operational policies that promote the well being of the entity are effective and enforced, i.e., operational efficiency and effectiveness are achieved.
4. Appropriate standards of business conduct are observed.
5. Internal control over administrative computer system activities is sufficient to reasonably assure efficient, accurate, and complete processing of such data with due regard for security.
6. In accordance with International Professional Practices Framework from the IIA, Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

C. Authority. The authority of the Internal Audit Office is established through this charter by the FRA President and the Audit Committee. Internal Auditors are authorized full and unrestricted access to all FRA personnel, records, properties, and other information sources required to carry out their mission to the extent consistent with state and federal law. The Internal Audit Office will have full and private access to Laboratory, FRA Management, and the Board of Directors to ensure that concerns and findings are dealt with in a timely and effective manner.

D. Policy. It is the policy of FRA to maintain a corporate internal audit function to provide assurance to FRA and Laboratory Management, and the Board, that:

1. Financial reports comply with FRA policies and generally accepted accounting principles (except under the DOE Contract to the extent alternate principles may apply).
2. Internal accounting controls are adequate and effective in promoting efficiency and protecting the assets of FRA and the Federal Government.
3. Operational policies promoting the well-being of the organization are enforced.

## **II. Responsibilities:**

A. The FRA President is responsible for:

Promoting the independence of the internal audit function in carrying out corporate audit policy, ensuring broad audit coverage and appropriate action of engagement recommendations.

B. The Manager of Internal Audit is responsible for the following:

1. Overseeing and directing the internal audit staff in the performance of audits and reviews to ensure that:
  - a. Internal accounting and financial controls of reporting entities are adequate and efficient and can be relied upon to produce meaningful financial information of use to Laboratory and FRA Management in discharging their responsibilities.
  - b. Internal controls of reporting entities adequately safeguard the assets of the Corporation and the Federal Government.
  - c. Reporting entities are in compliance with operational policies that promote the well being of the organization, including policies regarding standards of business practice.
  - d. Controls over the development, maintenance, and operation of administrative computer systems are sufficient to result in the processing of accurate and complete data with due regard for security.
2. Designing and submitting an annual plan, in consultation with the FRA CFO/Treasurer, Laboratory Management, and the DOE Office of Inspector General, for objective internal

audit coverage that fulfills the responsibility of the Corporation. The plan is subject to review by the DOE.

3. Performing personnel actions for the internal audit staff including supervisory functions, staff training, and developmental activities.
4. Assisting and reviewing for compliance with organizational policies and procedures, applicable DOE Orders, regulatory and other contract requirements, and accounting and internal control principles.
5. Providing written reports of audit findings to such levels of management as may be necessary to effect remedial action.
6. Reporting to FRA and Laboratory Management and the Audit Committee audit findings and recommendations related to corrective action.
7. Communicating to FRA and Laboratory Management and the Audit Committee, in a timely manner, current and emerging issues and concerns arising from auditing responsibilities and activities.
8. Performing and reporting on special reviews as may be required by the Audit Committee of the Board of Directors, FRA Management, Laboratory Management, and others. The nature of reviews will be consistent with the responsibilities of the internal audit function.
9. Biennial review of the Internal Audit Charter, and presentation to Management and the Audit Committee for approval.

C. Management is responsible for:

1. Providing the Internal Audit Office sufficient access to records, documents, personnel and facilities to enable Internal Audit to carry out its function.
2. Providing status reports to the Manager of Internal Audit which address the completion of corrective actions identified in audit reports. Status reports will be submitted within one week after the scheduled completion date for each action.
3. Designing and implementing procedural guidelines and internal controls.

D. FRA Employees are responsible for:

Ensuring that all personnel entrusted with audited subject matter and records cooperate with all auditors in the performance of their work, so that full and complete audits may be provided on a fair and timely basis and appropriate resolutions may be determined for findings and recommendations.

