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Fermi Research Alliance, LLC
Internal Audit Charter

I. Internal Audit Charter:

A. Mission and Background. All Fermi Research Alliance, LLC (FRA) accounts, records, internal controls and accounting, financial and operational policies procedures are subject to internal audit. The FRA Internal Audit Office (“Office”) is an independent office that receives administrative support from the Laboratory. The Office is led by the Chief Audit Executive, who reports administratively to the FRA President and reports functionally to the FRA Audit & Enterprise Risk Committee (as described in the Audit & Enterprise Risk Committee Charter). The Office works in consultation with Laboratory management to provide management at the Laboratory and the FRA Board of Directors (the “Board”), with an established process to (i) monitor the adequacy, effectiveness, and performance of the internal controls; (ii) ensure prudent policies and business practices are established and followed, and (iii) ensure compliance with the Prime Contract between FRA and the Department of Energy.

B. Objective. In accordance with International Professional Practices Framework (IPPF) from the Institute of Internal Auditors (IIA), internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. In conformance with the IPPF, the Internal Audit Office adheres to and conducts its work in accordance with the Core Principles for the Professional Practice of Internal Auditing, Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). The Internal Audit Office helps the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Accordingly, 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 IIA, 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 effective in preventing, identifying, and reporting unallowable costs;
3. Internal accounting and financial controls can be relied upon to produce meaningful financial information of use to FRA and Laboratory management in discharging their responsibilities;
4. Operational policies that promote the well-being of the entity are effective and enforced,

i.e., operational efficiency and effectiveness are achieved;

5. Appropriate standards of business conduct are in place and observed;
6. Internal controls related to administrative computer systems and activities are sufficient to reasonably assure efficient, accurate, and complete processing of data with due regard for security; and
7. Financial reports comply with FRA policies and generally accepted accounting principles (except under the Prime Contract to the extent alternate principles apply).

C. Authority. The authority of the Internal Audit Office is established through adoption of this charter by the FRA President and the Audit & Enterprise Risk 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 FRA and Laboratory management and the Board to ensure that internal audit findings are addressed in a timely and effective manner.

II. Responsibilities:

A. The FRA President is responsible for promoting the independence of the internal audit function in carrying out internal audit functions and ensuring both broad audit coverage and appropriate action in response to internal audit findings.

B. The Chief Audit Executive is responsible for:

1. Overseeing and directing the internal audit staff in the performance of audits and reviews to achieve the objectives in Section I.B above.
2. Designing and submitting an annual plan, in consultation with the FRA Board Audit & Enterprise Risk Committee, Laboratory management, DOE Site Office, and the DOE Office of Inspector General, for objective internal audit coverage. The plan is subject to review by the DOE and approval by the Audit & Enterprise Risk Committee.
3. Performing personnel actions for the internal audit staff including supervisory functions, staff training, and professional development 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 identify corrective actions for management to detect, prevent, and/or eliminate the identified control risks.
6. Reporting to FRA and Laboratory management and the Audit & Enterprise Risk

Committee audit findings and recommendations related to corrective action.

7. Communicating to FRA and Laboratory management and the Audit & Enterprise Risk 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 & Enterprise Risk Committee of the Board and FRA and Laboratory management. 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 the President and the Audit & Enterprise Risk Committee for approval.

C. FRA and Laboratory management are 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 Chief Audit Executive which address the completion of corrective actions identified in audit reports. Status reports will generally 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.

III. Physical Location:

The Internal Audit Office will be located at Fermilab near Batavia, Illinois with all requisite administrative support, e.g. personnel, payroll, accounting, etc. provided as necessary to carry out the internal audit function.

IV. Funding:

Funding support for the Internal Audit Office will be as provided in the Prime Contract with FRA.

V. Performance Evaluation:


Performance evaluation of the Chief Audit Executive will be the responsibility of the FRA President and the Audit & Enterprise Risk Committee, and the salary review of the Chief Audit Executive will be the responsibility of the FRA President.


VI. Appointments, Promotions and Dismissals:

Internal Audit staff appointments, promotions, and dismissals are the responsibility of Chief Audit

Executive, and will be done in consultation with Laboratory management and the Chair of the Audit & Enterprise Risk Committee.

 7/12/2022
Lia Meringa Date
President, FRA

 7/12/2022
Patrick Lam Date
Chief Audit Executive, Fermilab

 7/11/2022
Dr. Maxine Savitz Date
Chair, Audit & Enterprise Risk Committee, FRA