

The Audit Charter – Approved By the Merit Board August 17, 2016

2.1 Jurisdiction:

The State Universities Civil Service System, as delegated and authorized through the State Universities Civil Service Act (Act) (110 ILCS 70/36b et. seq.), conducts operational human resource management audits of all designated places of employment at institutions (Employers) identified in the Act (110 ILCS 70/36b(2)). The Merit Board is responsible for approving the Governance, Risk, and Compliance Audit Charter, defining the purpose and objective, directing the implementation, and assigning resources to ensure audit program effectiveness.

2.2 Authority and Regulatory Powers:

As part of its statutory power, the Merit Board has promulgated rules that delegate to the Executive Director the authority and responsibility for conducting “ongoing audit programs of all Civil Service operations at all places of employment for the purpose of assuring compliance with the Statute [Act (110 ILCS 70/36b et seq.)] and this Part [Part 250 of the Illinois Administrative Code (Code) (80 Ill. Adm. Code 250)] and for improving the programs of personnel administration of its constituent employers” (80 Ill. Adm. Code §250.140(c)).

2.3 University System Office Responsibility:

The University System Office Executive Director will ensure that the Legal and Compliance Division conducts regular and systematic evaluations (audits) of all Employers under System jurisdiction to determine the efficiency and effectiveness of human resource and business operations related to the State Universities Civil Service Act, Illinois Administrative Code, and System Procedures. The Legal and Compliance Division is responsible for performing these evaluations in the following manner:

- performance of annual risk assessments and preparation of an annual fiscal year audit plan;
- determine the type of audit to conduct based on historical data and budgetary allowances;
- allocate appropriate resources and complete audit projects in accordance with established timelines;
- evaluate and recommend needed changes to the audit plan to the Executive Director, and to the Merit Board if needed;
- perform consulting services beyond that of the compliance audit to assist Employers in meeting human resource objectives;
- prepare and issue written reports of all audit related projects and functions, reporting significant observations, best practices, risk based findings, and corrective action plans to the Merit Board;
- monitor the Employer’s implementation of any administrative responses to findings or process corrections, and;
- maintain a professional audit staff with appropriate knowledge, skills, and experience to perform compliance audits in a fair and impartial manner.

2.4 Audit Definition:

An audit is commonly defined as a “systematic, independent, and documented process for obtaining evidence and evaluating it objectively to determine the extent to which audit criteria are fulfilled.” Even as the University System Office recognizes the audit program as a form of measurement, it will continue to operate as an essential process in providing confidence in the effective implementation of a quality management system while ensuring compliance with regulatory guidelines.

The State Universities Civil Service System Legal and Compliance Division has incorporated many of these concepts. The Governance, Risk, and Compliance Audit consists of a holistic approach to the review of an employer’s human resource management function and process, by determining compliance and evaluating performance based on pre-determined risk assessments that directly correspond to the State Universities Civil Service Act, Illinois Administrative Code, and System Procedures. This review will consist of all or part of an employer’s human resource management system measured against pre-determined Merit Board approved criteria.

2.5 Audit Purpose, Objective, and Frequency:

The purpose of the State Universities Civil Service System (University System) is to establish and maintain a sound program of personnel administration at each of its institutions and agencies of higher education, by administering, developing, and maintaining the basic rules and procedures related to the employment of professional, technical, and support staff at each employment location. Each employer is generally evaluated on a biennial basis in such areas as classification plan management, examination administration, employment and separation protocols, salary administration guidelines, disciplinary procedures, and an overall comprehensive review of human resource programs.

While our primary emphasis is to evaluate and verify compliance with the Act, Code, and System Procedures, the University System is also charged with building strategic partnerships, evaluating processes and performance, providing direct guidance and support services, and implementing flexibilities that meet the needs of each employer, consistent with the Act. The Executive Director reserves the right to modify the type and frequency of any given employer’s audit cycle based on several factors, such as positive audit track records and best practices, severity of issues or findings, or budgetary/staff limitations.

2.6 Audit Scope:

The scope of any individual GRC Audit will be tailored to the employer prior to initiating the audit process in the form of a “scope statement”; focusing primarily on pre-determined risk assessments, auditor discretion, and customer/employee interaction. This will include validation of statutory, rule, and procedural compliance, performance improvement and assistance, meeting detailed customer requirements, determining “best practice” programs and services, and maintaining critical liaison services to the Merit Board.

The primary audit topics include Assignment of Positions to Classes; Compensation Programs; Examination Procedures; Employment and Separation Procedures; Principal Administrative Appointments; Human Resource Programs and Follow-up Activities with respect to Outstanding Findings. These will continue to be the main areas of emphasis with some minor changes in the collection and targeted testing process for each topic.

2.7 University System Office Commitment:

The University System Office remains committed to the process improvement approach to compliance by increasing the intrinsic value and effectiveness of the audit program. This approach is critical due to the increasing employment challenges ahead that our constituent employers will face as we continue in our efforts to build partnerships and move our system forward.

The Legal and Compliance Division of the State Universities Civil Service System will accomplish many of its objectives through the Governance, Risk, and Compliance Audit Program, by utilizing a systematic and disciplined approach to evaluating and improving the effectiveness of Employer risk management and performance. This is accomplished in several ways:

- demonstrating the agency's ongoing commitment to public trust and transparency;
- ensuring reliability on the audit results to give a fair, accurate, and comprehensive picture of the issues, recommendations, and corrective actions;
- maintaining objectivity, due professional care, confidentiality, and independence utilizing an evidence-based approach and root-cause analysis to audit topics;
- streamlining requested audit information and materials as necessary to assist in providing a seamless approach to the audit program;
- continuing to provide an in-depth understanding of the respective universities and agencies' policies and processes, which will assist in identifying procedural causes and recommend appropriate corrective actions; and
- utilizing an objective and targeted approach to the overall audit scope and process, as well as conducting follow up activities and surveys as necessary.

In an effort to create an environment of transparency and public access, the Final Audit Report is published at the University System public website. We are confident that as we progress through current and future audit cycles, we will continue to research new and innovative methods to further streamline processes, continue to develop partnerships with universities to meet our common goals, and provide an effective audit and resolution outcome.

2.8 Merit Board Support and Enforcement:

Pursuant to the audit charter as previously defined, the Merit Board is charged with the enforcement of the audit program by being directly involved in reviewing audit outcomes and taking specific action when performance gaps exist. This is demonstrated through the committed enforcement of audit finding recommendations, the administration of employer sanctions, and follow up activities if necessary.

The Executive Director is responsible for effectively communicating audit activities to the Merit Board, and for ensuring that proactive measures have been demonstrated prior to the recommendation of employer sanctions. The Executive Director also ensures that decisions made with respect to the Governance, Risk, and Compliance Audit Program are implemented fairly, impartially, meet basic regulatory and procedural intent and objectives, and promote a relationship of quality auditing processes and practices related to compliance requirements.