

JEFFERSON SCIENCE ASSOCIATES, LLC

INTERNAL AUDIT

Internal Audit Strategy

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1. Background

Internal Audit is developing an Internal Audit Strategy to document the framework for internal audit activities at the Thomas Jefferson National Accelerator Facility, based on the results of the Internal Audit periodic self-assessment performed in September 2015. The Strategy will cover internal audit activities from fiscal year 2016 – 2018.

2. Purpose

The purpose of this Internal Audit Strategy is to enable the internal audit function to effectively allocate its resources to meet the expectations of the key stakeholders including the Lab Director and JSA President, Jefferson Science Associates, LLC (JSA) Finance and Audit Committee, Lab Management, and the Department of Energy to achieve its objectives by providing an independent and objective assurance and consulting activity to add value and improve the operations of JSA.

The key elements considered when developing this strategy, are depicted in the below diagram.



3. Vision Statement

Internal Audit Office strives to be a valued and respected advisor to the JSA Finance and Audit Committee and JSA Management.

4. Mission Statement

In alignment with the overall goals of the organization, the mission of the Internal Audit Office is to add value to overall organizational performance by providing quality auditing services that result in reduced costs, gains in operational efficiencies, strengthened internal controls, and improved JSA policy. To achieve these goals, on a risk-based strategy, the Internal Audit Office performs independent reviews and reports on the effectiveness of management controls and operational performance throughout JSA.

5. Critical Success Factors

In achieving its mission, the following factors are of critical importance to the internal audit function:

(A) STRATEGIC POSITIONING AND THE REPORTING LINE OF INTERNAL AUDIT WITHIN JSA

The JSA Internal Audit function reports administratively to the JSA President/Lab Director and functionally to the Chair of the JSA Finance and Audit Committee. While the JSA Internal Auditor maintains a seat at the table with JSA Management, Internal Audit is functionally independent and has no direct operational responsibility or authority over any of the activities reviewed in the conduct of its work.

(B) POLICY PROCEDURES AND PROCESSES ADOPTED BY JSA INTERNAL AUDIT ARE ENABLING AND OF DYNAMIC NATURE IN MEETING BUSINESS NEEDS.

Policy procedures and practices are designed to coincide with the Internal Audit Implementation Design approved by the Department of Energy, as well as, the International Professional Practices Framework (IPPF). They support JSA Internal Audit in the effective discharge of its duties.

(C) INTERNAL AUDIT FUNCTION CO-SOURCES WITH AN EXTERNAL AGENCY TO OBTAIN SKILLED STAFF AND PROVIDE ADDITIONAL RESOURCES

Internal audit co-sources with an external audit service that is independent, has related industry experience, and has staff with skills that are complimentary to the skills of the JSA Internal Auditor. The additional staffing resource allows Internal Audit to obtain specialized skills, and review more risk areas that are identified in the annual risk assessment process.

6. Strategic Objectives of the Internal Audit Function

The internal audit function strives to increase the value added to the Organization's structures, systems and processes and improve operational effectiveness and efficiency by:

- a) Establish a robust risk assessment and annual planning process to focus on existing and emerging high risk areas such as strategic, technology and business risks;
- b) Aligning audit work plans and activities with JSA's strategic goals, objectives and plans;
- c) Cooperating with external oversight bodies (i.e. OIG, External Auditors) to better coordinate oversight activities with a view to providing effective audit coverage and minimizing duplication of efforts;
- d) Where possible, expanding the use of technology and data analytics tools for engagement planning, execution and reporting;
- e) Communicating effectively with the JSA President/Lab Director, Senior Management and the Finance and Audit Committee to receive feedback on the preparation and reporting on the implementation of audit work plans;
- f) Regularly reviewing and improving the quality of audit reports by increasing the use of available information technology tools to gather, analyze and present factual data to further enhance the accuracy, completeness and timeliness of audit reports;
- g) Assess and enhance the impact of internal audits of JSA's operations, systems and business processes by requesting feedback from JSA management and staff on areas for improvement;
- h) Continue to co-source with external audit services to acquire staffing resources with the right balance of education, experience, specialized skills and competencies;
- i) Maintain a quality assurance and improvement program that conforms to the definition of internal auditing and the Standards, and assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

7. Revision

The Internal Audit Strategy will be reviewed on a regular basis, preferably every year, but at a minimum, every five years in line with peer reviews.