

*Note for online reference: Any materials or exhibits referenced in this approved resolution can be found in the meeting's materials posted at <https://trustees.uoregon.edu/meetings>.*

**Executive and Audit Committee  
Board of Trustees of the University of Oregon**

**Resolution: Amendments to the Internal Audit Charter**

Whereas, the University of Oregon is governed by and the business and affairs of the University are ultimately managed by the Board of Trustees;

Whereas, the University of Oregon takes seriously the responsibility to manage, invest and spend resources;

Whereas, the University has created an Office of Internal Audit to provide independent, objective evaluations and advisory services that add to the accountability of the UO;

Whereas, the Office of Internal Audit will work closely with the Board of Trustees, university leadership, faculty and staff to conduct and coordinate a broad range of audit functions for the University; and

Whereas, the offices of the President, the Vice President for Finance and Administration/CFO (VPFA/CFO), and the University Secretary recommend changing the reporting line for the Office of Internal Audit from the VPFA/CFO and the Board of Trustees to the President of the University and the Board of Trustees;

Whereas, the chairs of the Finance and Facilities Committee and the Executive and Audit Committee recommend adding language to the governing document of the office to clarify the Board's expectations as it relates to the authority, scope and work of the Office of Internal Audit;

Whereas, the Board's Policy on Committees authorizes the Executive and Audit Committee to act on behalf of the Board when appropriate;

Now, therefore, the Executive and Audit Committee of the Board of Trustees of the University of Oregon hereby approves the amendments to the University of Oregon Internal Audit Charter as outlined in the attached Exhibit A. The Committee further directs the Officers of the University to take all actions and steps deemed necessary and proper to implement the amendments.

VOTE: Voice Vote Recorded – Ayes carried (no dissention)

DATE: June 3, 2015

Recorded by the University Secretary: 

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# Office of Internal Audit

## *Internal Audit Charter*

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*Proposed changes to the Internal Audit Charter  
Originally approved by the University of Oregon's Board of Trustees  
Executive and Audit Committee on September 2014*

*June 2015*

## **Preamble**

The purpose of the internal audit function is to provide independent, objective assurance and advisory services that add value and accountability while driving improvement to the operations of the University.

The mission of the Office of Internal Audit is to assist leadership in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls, and governance processes. Audits will be conducted with objectivity, transparency, fairness, and in accordance with the highest professional and ethical standards.

## **Scope of Work**

The scope of work is to determine whether the University's network of governance, risk management, and control processes, as designed and represented by management, is adequate and functioning in a manner to confirm that:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employee's actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and protected adequately.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in the organization's control process.
- Significant legislative or regulatory issues impacting the organization are recognized and addressed properly.

Opportunities for improving management control, effectiveness, and the University's image may be identified during audits. [Such findings are an important part of the internal audit function.](#) They will be communicated to the appropriate level of management.

## **Accountability**

The Chief Auditor, in the discharge of his/her duties, shall be accountable to the ~~Vice President for Finance and Administration/CFO-Office of the~~ President, and the University of Oregon's Board of Trustees, Executive and Audit Committee to:

- Provide annually an assessment on the adequacy and effectiveness of the University's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.
- Report significant issues related to the processes for controlling the activities of the University and its applicable affiliates, including potential improvements to those processes, and provide information concerning such issues through resolution.
- Report the results of internal and external assessments conducted in association with the Institute of Internal Auditors' (IIA) Quality Assurance and Improvement Program.

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- Provide information periodically on the status and results of the annual audit plan and the sufficiency of the Office of Internal Audit resources.
- Coordinate with and provide oversight of other control and monitoring functions i.e. risk management, compliance, security, legal, ethics, environmental, external audit.

### **Independence**

To provide for the independence of the Office of Internal Audit, its personnel report to the Chief Auditor, which reports administratively to the ~~Office of the President Vice President of Finance and Administration~~ and functionally to the University of Oregon's Board of Trustees, Executive and Audit Committee. The Committee demonstrates this functional reporting relationship by:

- Approving the Office of Internal Audit Charter;
- Approving the risk based audit plan;
- Receiving communications from the Chief Auditor on the internal audit activity's performance relative to its plan and other matters;
- Approving decisions regarding the appointment and removal of the Chief Auditor; and
- Making appropriate inquiries of management and the President to determine if there are inappropriate scope or resource limitations.

The Chief Auditor enhances independence and meets the IIA standard requirement of communication and direct interaction with the President through periodic meetings with the ~~President, Vice Presidents and Vice Provosts Vice President of Finance and Administration/CFO~~. In addition, the Chief Auditor confirms with the Executive and Audit Committee the organizational independence of the Office of Internal Audit on an annual basis.

### **Responsibility**

The Chief Auditor and staff of the Office of Internal Audit have responsibility to:

- Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by applicable management, and submit that plan to the President and Executive and Audit Committee for review and approval;
- Implement the audit plan, as approved, including, and as appropriate, any special tasks or projects requested by applicable management;
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter;
- Establish a quality assurance program by which the Chief Auditor assures the operation of the internal auditing activities;
- Perform consulting services, beyond internal audit assurance services, to assist management in meeting its objectives. Examples may include facilitation, process design, training, and advisory;
- 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;
- Issue periodic reports to the President, Executive and Audit Committee, and applicable management summarizing results of audit activities as well as results of internal and external assessments conducted in association with Quality Assurance and Improvement Program;
- Keep the President, Executive and Audit Committee, and applicable management informed of emerging trends and successful practices in internal auditing;

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- Provide a list of significant measurement goals and results to the President, Executive and Audit Committee, and applicable management;
- Assist in the investigation of significant suspected fraudulent activities within the organization and notify the President, Executive and Audit Committee, and applicable management of the results;
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the University at a reasonable overall cost.

### **Authority**

The Chief Auditor and staff of the Office of Internal Audit are authorized to:

- Have unrestricted access to all functions, records, [systems](#), property, and personnel.
- [Audit any function, program, account or system deemed necessary and appropriate in the judgment of the Chief Auditor, notwithstanding a pre-approved audit plan.](#)
- 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 in units of the organization where they perform audits, as well as other specialized services from within or outside the organization.
- [Finalize audit reports and provide such reports to relevant parties.](#)

The Chief Auditor and staff of the Office of Internal Audit are not authorized to:

- Perform any operational duties for the University.
- Initiate or approve accounting transactions external to the Office of Internal Audit.
- Direct the activities of any University employee not employed by the Office of Internal Audit, except to the extent such employees have been appropriately assigned to an audit team or to otherwise assist the auditors.

### **Compliance with Internal Audit Functions**

All university employees are expected to comply fully and timely with requests made by the Chief Auditor and staff of the Office of Internal Audit. This includes, but is not limited to, timely provision of information, access to information, or responses to draft reports. Recommendations made by the Office of Internal Audit shall be taken seriously and steps shall be taken to assess and comply with said recommendations. The Chief Auditor may report any non-compliance on the part of university programs or employees to the President and the Executive and Audit Committee.

### **Standards of Internal Audit Practice**

The Office of Internal Audit will meet or exceed the Institute of Internal Auditors (IIA) standards for the Professional Practice of Internal Auditing. The internal audit activity recognizes the mandatory nature of the definition of internal auditing, the code of ethics, and the IIA standards.

The Office of Internal Audit operates within the context of the IIA's International Professional Practices Framework ("*Red Book*"), IIA's Code of Ethics, Generally Accepted Government Auditing Standards ("*Yellow Book*"), Committee of Sponsoring Organizations of the Treadway Commission (COSO) control framework, and the Office of Internal Audit's procedure manual.

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The Office of Internal Audit will undergo external peer reviews pursuant to the *International Standards for the Professional Practice of Internal Auditing* and *Generally Accepted Government Auditing Standards* of the U.S. Government Accountability Office. The Executive and Audit Committee shall have input into peer reviews and results of peer reviews shall be made available to the Committee upon completion.