

## UCSB Audit and Advisory Services

### Internal Audit Charter

(Revised October 2018)

#### **Purpose**

The authority and responsibilities of UCSB Audit and Advisory Services is defined in this charter, which is approved by the UCSB Audit Committee.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve the 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.

UCSB Audit and Advisory Services will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing* (Standards). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to UCSB's relevant policies and procedures and the University of California's Internal Audit Manual.

#### **Authority**

Audit and Advisory Services functions under the policies established by The Regents of the University of California and by University management under delegated authority.

UCSB Audit and Advisory Services is authorized to have full, free and unrestricted access to information including records, computer files, property, and personnel of the University in accordance with the authority granted by the Audit Committee's approval of this charter and applicable federal and state statutes. Except where limited by law, the work of Audit and Advisory Services is unrestricted and is free to review and evaluate all policies, procedures, and practices of any University activities, programs, or functions.

#### **Responsibility**

The Audit Director is responsible for developing and implementing an annual internal audit plan that outlines the engagements to be performed using the Guidelines for Audit Planning that are developed by the University of California's Office of Ethics, Compliance, and Audit Services. The annual plan includes the consideration of high risks areas or control concerns identified by management and is reviewed and approved by the UCSB Audit Committee and UCSB Chancellor. Audit and Advisory Services performs two types of engagements.

1. Audit Services - Assurance services are objective examinations of evidence for the purpose of providing an independent assessment. This includes assessing reporting on the adequacy and effectiveness of internal controls and the quality of performance in carrying out assigned responsibilities. The scope of audit services can include reviewing and evaluating: internal controls established to ensure compliance with applicable policies, plans, procedures, laws, regulations, and contracts, the safeguarding of assets, the reliability and integrity of financial and operating information, the economy, efficiency, and effectiveness with which resources are employed, and IT systems to determine if they are appropriately managed, controlled, and protected.
2. Advisory Services - Advisory services are defined as consulting services to mitigate risk,

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improve operations, and/or assist management in achieving its business objectives, in which the nature and scope of engagements are agreed upon with the client. Examples include informational resources counsel, advice, facilitation, process design, and training. Consulting services may include participation on various committees and task forces, including but not limited to, the design/development of new business and computer systems.

A written report will be prepared and issued by the Director of Audit and Advisory Services following the conclusion of each engagement and will be distributed appropriately. University management shall respond in a timely manner. This response will indicate what actions were taken or are planned, and an anticipated completion date in regard to the specific recommendations. Copies of final reports will be distributed to the UCSB Chancellor, UCSB Audit Committee members, the Senior Vice President, Chief Compliance and Audit Officer, as well as appropriate UCSB personnel. Audit and Advisory Services staff will be responsible for appropriate follow-up on engagement management corrective actions to ensure they are completed.

Additional responsibilities of the UCSB Audit Director:

- Periodically report to the UCSB Audit Committee on the internal audit program's purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the UCSB Audit Committee;
- Ensuring internal audit program activities comply with the Institute of Internal Auditors' Code of Ethics and *International Standards for the Professional Practice of Internal Auditing* (Standards);
- Obtaining an external quality assurance review in accordance with the Standards and reviewing all recommendations with the UCSB Audit Committee;
- Maintaining a professional audit staff with sufficient knowledge, skills, experience, and professional certifications;
- Ensuring coordinated audit efforts with external auditors;
- Keeping the UCSB Audit Committee apprised of high-risk engagement issues as they arise; and
- Issuing quarterly progress reports to the UCSB Audit Committee summarizing the results of engagement activities.

Independence and Objectivity:

To permit the rendering of impartial and unbiased judgment essential to the proper conduct of audits, internal auditors will be independent of the activities they audit. Independence is essential to the effectiveness of the Internal Audit Program. This independence is based primarily upon organizational status and objectivity. The UCSB Director of Audit and Advisory Services reports to the Chancellor, the Assistant Chancellor and to the Senior Vice President, Chief Compliance and Audit Officer. In performing its functions, Audit and Advisory Services has neither direct responsibility for, nor authority over, any of the activities reviewed.

Audit Committee Approved: October 2018

Chuck Haines, Assistant Chancellor  
Chair, UCSB Audit Committee