

# UTA Office of Audit and Consulting Services - Charter

## Introduction

The Office of Audit and Consulting Services (Internal Audit) is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of The University of Texas at Arlington (UTA). The mission of the Office of Audit and Consulting Services is to enhance and protect organizational value by providing risk-based and objective assurance, advice and insight. The Office of Audit and Consulting Services assists UTA in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management, and internal control.

## Role

The internal audit activity is established by the Texas Internal Auditing Act and The University of Texas (UT) System Board of Regents. The UT System Board of Regents' Audit, Compliance, and Risk Management Committee (ACRMC) and the institutional audit committee provide oversight responsibilities. In that role, The Office of Audit and Consulting Services works to be a trusted advisor to management in the areas of governance, risk management, and internal controls.

## Professionalism

The Office of Audit and Consulting Services will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, The Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing, as well as Generally Accepted Governmental Auditing Standards as required by the Texas Internal Auditing Act. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the Office of Audit and Consulting Services' performance.

The Institute of Internal Auditors' Implementation Guides, Practice Guides, Supplemental Guidance, and Position Papers will also be adhered to as applicable to guide operations. In addition, the Office of Audit and Consulting Services will adhere to UTA's relevant policies and procedures and the Office of Audit and Consulting Services' standard operating procedures manual.

## Authority

The Office of Audit and Consulting Services, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to UTA's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the Office of Audit and Consulting Services in fulfilling its roles and responsibilities. The Office of Audit and Consulting Services will also have free and unrestricted access to the institutional audit committee and ACRMC.

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## Organization

The Office of Audit and Consulting Services is a part of UTA and functions in accordance with the policies established by the President, UT System Administration, and the UT System Board of Regents. To provide for the independence of the Office of Audit and Consulting Services, the Chief Audit Executive (CAE) reports functionally to the institutional audit committee. The CAE reports administratively to the President and has an indirect reporting relationship to the UT System Chief Audit Executive.

The CAE will communicate and interact directly with the institutional audit committee, including in executive sessions and between committee meetings, as appropriate. Responsibilities of the institutional audit committee are outlined in its charter.

## Independence and Objectivity

The Office of Audit and Consulting Services will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

The Office of Audit and Consulting Services will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair an auditor's judgment. The Office of Audit and Consulting Services may provide assurance services where consulting services were previously performed provided the nature of the consulting did not impair objectivity, and provided individual objectivity is managed when assigning resources to the engagement. In cases where an Office of Audit and Consulting Services staff member's objectivity may be perceived as impaired resulting from previous consulting or advisory service engagements, the UTA Chief Audit Executive will utilize UT System audit support and/or a third-party firm to complete the engagement.

The Office of Audit and Consulting Services will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. The Office of Audit and Consulting Services will make a balanced assessment of all the relevant circumstances and not be unduly influenced by staff member interests or by others in forming staff member judgments.

The CAE will confirm to the UT System CAE, at least annually, the organizational independence of the Office of Audit and Consulting Services' staff members. The UT System CAE reports this to the ACRMC.

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## Responsibility

The scope of the Office of Audit and Consulting Services encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. This includes:

- Developing a flexible, annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submitting that plan to the President and institutional audit committee for review and approval on an annual basis. UT System provides guidance and feedback on the annual audit plans, and the UT System Board of Regents approves the System-wide annual audit plan.
- Developing relationships throughout the organization to become a trusted advisor to management on risk management and internal control matters.
- Maintaining a professional audit staff with sufficient knowledge, skills, abilities, experience, and professional certifications.
- Evaluating risk exposure relating to achievement of the organization's strategic objectives.
- Evaluating the reliability and integrity of information and the means used to identify, measure and report information.
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Monitoring and evaluating governance processes.
- Monitoring and evaluating the effectiveness of the organization's risk management processes.
- Evaluating the quality of performance of external auditors and the degree of coordination with the Office of Audit and Consulting Services.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization. Such services include management requests, participation on institutional committees, and participation on implementation teams for information technology projects and business process improvements.
- Evaluating specific operations at the request of the institutional audit committee or management, as appropriate.
- Conducting investigations of significant suspected fraudulent activities in accordance with the fraud policy outlined at [UTS 118 – Dishonest or Fraudulent Activities](#).
- Assisting in the Enterprise Risk and Reward Management (ERRM) process by facilitating UTA leadership's development and maintenance of a meaningful ERRM program. Ensuring the audit committee is kept informed of this initiative and maintains a voice and/or advisory role in the development and maintenance process.

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## Audit Plan

At least annually, the CAE will submit to the institutional audit committee an audit plan for review and approval. The audit plan will consist of a work schedule, as well as budget and resource requirements for the next fiscal year. The CAE will communicate the impact of any resource limitations or significant interim changes to the institutional audit committee.

The audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of senior management and the institutional audit committee. The CAE will review and adjust the plan, as necessary, in response to changes in the audit resource levels or the organization's business, risks, operations, programs, systems, and controls. Any significant deviation from the audit plan will be communicated to and approved by the institutional audit committee through periodic activity reports.

## Reporting and Monitoring

The CAE or designee will communicate the results of each audit engagement to the appropriate individuals. The Office of Audit and Consulting Services' results will also be communicated to the institutional audit committee. Communication of the engagement results may vary in form and content depending upon the nature of the engagement and the needs of the client. A formal audit report will include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented. The Office of Audit and Consulting Services will be responsible for appropriate follow-up on management's action plans to address engagement findings and recommendations and reporting the results to appropriate management members and the institutional audit committee. All significant findings will remain as open issues until reviewed and cleared by The Office of Audit and Consulting Services.

The Office of Audit and Consulting Services will fulfill reporting requirements for audit reports and the annual report, including the annual audit plan, as prescribed by the Texas Internal Auditing Act.

The CAE will periodically report to the institutional audit committee on the Office of Audit and Consulting Services' purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will include risk exposures and control issues, including fraud risks, governance issues, and other matters requested by senior management and the institutional audit committee.

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## Quality Assurance and Improvement Program

The Office of Audit and Consulting Services will maintain a quality assurance and improvement program that covers all aspects of the office's activity. The program will include an evaluation of the Office of Audit and Consulting Services' conformance with the Definition of Internal Auditing, the Core Principles, and the Standards and an evaluation of whether auditors apply the Code of Ethics. The program will also assess compliance with the Texas Internal Auditing Act and the efficiency and effectiveness of the activities of the Office of Audit and Consulting Services.

The CAE will communicate to the institutional audit committee on The Office of Audit and Consulting Services' quality assurance and improvement program at least annually, including results of ongoing internal assessments and external assessments conducted at least every three years.

## Relevant Statutes and Policies

- [Texas Internal Auditing Act, Government Code Chapter 2102](#)
- [UT Board of Regents Rule 20401: Audit, Compliance, and Risk Management Programs](#)
- [UT System Policy 129 – Internal Audit Activities](#)

## Approval

The Office of Audit and Consulting Services Charter was approved December 9, 2021 by the UTA Institutional Audit Committee.