I. PURPOSE AND MISSION

A. The purpose of Utah Valley University's internal audit activity is to provide independent, objective assurance and consulting services designed to add value and improve the University’s operations.

B. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. Internal audit helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

II. STANDARDS FOR INTERNAL AUDITING

A. Internal audit is governed by:
   1. Utah Code 631-5, Utah Internal Audit Act
   2. Utah System of Higher Education Policy R567, Internal Audit Program
   3. Utah Valley University Policy 207, Internal Audit
   4. The mandatory elements of The Institute of Internal Auditors’ International Professional Practices Framework (IPPF), 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 (Standards), and the Definition of Internal Auditing.
   5. This Internal Audit Charter (Charter).

B. The chief audit executive will report periodically to senior administrators and the audit committee regarding internal audit’s conformance to these requirements.

III. AUTHORITY

A. The chief audit executive reports functionally to the audit committee and administratively to the VP Planning, Budget, and Finance. The chief audit executive will meet with the University President at least annually and with the audit committee at least three times per year.

B. To establish, maintain, and assure that the University’s internal audit activity has sufficient authority to fulfill its duties, the chief audit executive will obtain audit committee approval for the:
1. Internal audit charter.
2. Risk-based internal audit plan.
3. Internal audit budget.

C. The chief audit executive will provide the audit committee with communications on:

1. Compensation, job tenure, and advancement of internal auditing staff, including the competencies and professional development of personnel and staffing levels.
2. Internal audit’s performance relative to its plan, including changes to the plan, and other matters.
3. The results of internal audit’s activities, including internal audit reports and follow-up internal audit reports.
4. The receipt and treatment of complaints, including anonymous complaints about accounting, auditing, internal control, and other related issues.
5. The internal control environment, means of communicating standards of conduct, and practices with respect to risk assessment and risk management.
6. Inappropriate scope or resource limitations.

D. The chief audit executive will have unrestricted access to, and communicate and interact directly with, the audit committee, including in private meetings without management present, as needed.

E. The audit committee authorizes internal audit to:

1. Have access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
2. Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
3. Obtain assistance from personnel and specialized services from within or outside the University, in order to complete engagements.

F. The audit committee shall have the authority to amend or modify any provision of this Charter at any time; provided, however, that the audit committee may make no such amendment or modification that is inconsistent with the standards for internal auditing set forth in Section II of this Charter and the Audit Committee Charter.

IV. INDEPENDENCE AND OBJECTIVITY

A. The chief audit executive will ensure that internal audit remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an
unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the chief audit executive determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

B. Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

C. Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

1. Assessing specific operations for which they had responsibility within the previous year.
2. Performing any operational duties for the University or operating entity associated with the University.
3. Initiating or approving transactions external to internal audit activities.
4. Directing the activities of any University employee not employed by internal audit, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

D. Where the chief audit executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

E. Internal auditors will:

1. Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
2. Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
3. Make balanced assessments of all available and relevant facts and circumstances.
4. Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

F. The chief audit executive will confirm to the audit committee, at least annually, internal audit’s organizational independence.
G. The chief audit executive will disclose to the audit committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

V. SCOPE OF INTERNAL AUDIT ACTIVITIES

A. The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the audit committee, administrators, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the University.

B. Internal audit assessments include evaluating whether:

1. Risks relating to the achievement of the University’s objectives are appropriately identified and managed.
2. The actions of the University’s executives, faculty, staff, and contractors are in compliance with the University’s policies, procedures, and applicable laws, regulations, and governance standards.
3. The results of operations or programs are consistent with established goals and objectives.
4. Records are accurate and reliable.
5. Assets are appropriately protected and resources are used efficiently and effectively.

VI. RESPONSIBILITY

A. The chief audit executive has the responsibility to:

1. Complete audits -- including but not limited to all departments, systems, functions, administrative units, or any other operating entity associated with the University -- or any other assurance or consulting services.
2. Complete audits required by the Board of Higher Education.
3. Prepare an internal audit plan based on a risk assessment, at least annually.
4. Review and adjust the internal audit plan, as necessary, in response to changes in the University’s business, risks, operations, programs, systems, and controls.
5. Assist the audit committee by assessing financial matters, the internal control environment, and practices with respect to risk assessment and risk management.
6. Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
7. Follow up on engagement findings and corrective actions, and report periodically to senior management and the audit committee any corrective actions not effectively implemented.
8. Ensure complaints, including anonymous complaints, about accounting, auditing, internal control, fraud, and other related issues are addressed.
9. Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
10. Ensure appropriate staffing levels and that compensation, training, job tenure, and advancement of internal auditing staff are based on job performance.
11. Ensure that internal audit personnel collectively possess or obtain the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.
12. Ensure trends and emerging issues that could impact the University are considered and communicated to senior management and the audit committee as appropriate.
13. Ensure emerging trends and successful practices in internal auditing are considered.
14. Establish and ensure adherence to policies and procedures designed to guide internal audit.
15. Confer with external auditors, legal counsel, and others as necessary.
16. Conduct investigations into any matters considered necessary to achieve its purpose.
17. Prepare materials for audit committee meetings including agendas and reports.
18. Assist the audit committee with preparing an annual report summarizing audit results from the prior year and an audit plan for the upcoming year for submission to the annual Board of Higher Education’s audit subcommittee meeting.

VII. QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

A. Internal audit will maintain a quality assurance and improvement program that covers all aspects of internal audit activities.

B. The program will include an evaluation of the department’s conformance with the Standards and an evaluation of whether internal auditors apply The IIA’s Code of Ethics.

C. The program will also assess the efficiency and effectiveness of the department and identify opportunities for improvement.
D. The chief audit executive will communicate to senior administrators and the audit committee on the quality assurance and improvement program, including results of internal assessments and external assessments conducted at least once every five years.

Approval Signatures

Dr. Astrid S. Tuminez  
President  
15 NOV 2021

Jill Taylor  
Audit Committee Chair  
11/01/2021

Adopted by the Audit Committee October 2018. Revised October 2021.