



THE UNIVERSITY OF TEXAS AT DALLAS

Office of Audit and Compliance

Audit

Our Charter

Mission and Scope of Work

The Office of Internal Audits (Internal Audit) provides independent, objective assurance and consulting services designed to add value and improve UTD's operations. Internal Audit helps the university accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control mechanisms, and operational and governance processes.

Internal Audit is responsible for providing executive management with information about the adequacy and effectiveness of UTD's system of internal administrative and accounting controls and the quality of operating performance when compared with established standards.

The scope of work of Internal Audit is to determine whether UTD's network of risk management, control mechanisms, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure the following:

- Risks are appropriately identified and managed;
- Significant financial, managerial, and operating information is accurate, reliable, and timely;
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently, and adequately protected and accounted for;
- Programs, plans, goals and objectives are achieved;
- Quality and continuous improvement are encouraged and fostered in the institution's control process.

Internal Audit will communicate opportunities for improvement, when identified, to the appropriate level of management.

Accountability

The director of Internal Audit shall be accountable to the UTD president and the UTD audit committee to:

- Provide assessments on the adequacy and effectiveness of the organization'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 monitoring and controlling the activities of the organization and its affiliates, including potential improvements to those processes when identified, and provide information needed to resolve all issues as identified;
- Periodically provide information on the status and results of Internal Audit's work plan and the sufficiency of department resources needed for completion of the stated scope of work; and
- Coordinate UTD's interaction with the State Auditor's Office and other external audit entities.

Independence

The director of Internal Audits, to provide for the independence of the internal auditing activity, reports directly to the UTD president and must be free of all operational and management responsibilities that would impair his/her ability to review independently all aspects of the institution (per the Texas Internal Auditing Act, Section 2102, Government

Approval

Approved by President Franklyn Jenifer, and the UTD Institutional Audit and Compliance Committee, on February 10, 2003.

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Code). The director also has an indirect reporting relationship to The University of Texas System Director of Audits, who has responsibility for oversight of the internal auditing activity for the U. T. System and has the reporting responsibility for all components to the Board of Regents.

The director is designated as the chief audit executive of UTD (per the International Standards for the Professional Practice of Internal Auditing).

Responsibility

Internal Audit has responsibility to:

- Develop a flexible annual work plan using an appropriate risk-based methodology, including any risks or control concerns identified by management;
- Submit the annual plan to the UTD president, Institutional Audit Committee, and the Board of Regents for review and approval as well as periodic updates;
- Implement the annual work plan, as approved, including (if appropriate) any special projects requested by executive management of the institution, U. T. System officials, or the Board of Regents;
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter and the Texas Internal Auditing Act;
- 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;
- Communicate the results of engagements promptly and to the appropriate individuals
- Issue periodic reports to the president and Institutional Audit Committee summarizing results of audit activities;
- Keep the president and Institutional Audit Committee informed of emerging trends and successful practices in internal auditing;
- Assist in the investigation of significant issues within the institution and notify appropriate members of executive management of the results;
- Conduct special audits and special consultations requested by the Board of Regents, the chancellor, the executive vice chancellors, System Administration, the UTD president, or the UTD Institutional Audit Committee;
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the institution;
- Ensure that an appropriate internal quality control system is in place and undergo an external peer review of their auditing and attestation engagement practices at least once every three years by reviewers independent of the audit organization.
- Provide consulting and advisory services as appropriate;
- Guide the institution on control self-assessment by assisting managers with risk self-assessment and conducting self-audits;
- Provide information to the U. T. System director of audits as required or requested to fulfill the system-wide audit oversight and reporting responsibilities;
- File internal audit reports and related responses or action plans with the U. T. System Audit Office, the Office of the Governor, the State Auditor's Office, the Sunset Advisory Commission, and the Legislative Budget Board;

Prepare the annual report required by the Texas Internal Auditing Act (Section 2102, Government Code) and submit the report to the UTD president, U. T. System Audit Office, the Office of the Governor, the State Auditor's Office, the Sunset Advisory Commission, and the Legislative Budget Board.

Authority

Internal Audit staff is authorized to:

- Have full, free, and unrestricted access to all functions, activities, records, property, information systems, and personnel needed to accomplish its mission and scope of work;
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives;
- Obtain the necessary cooperation and assistance of personnel in units where Internal Audit performs audits, as well as other specialized services from within or outside the institution.

Internal Audit staff is not authorized or expected to:

- Perform any operational duties;
- Initiate or approve accounting transactions external to Internal Audit;

- Direct the activities of any UTD employee not employed by Internal Audit, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the auditors.
- Engage in any activities that Internal Audit would normally be expected to review or appraise.

Standards of Audit Practice

The Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing*, *Code of Ethics*, and generally accepted government auditing standards, shall serve as guidelines for internal audit activities as required by the Texas Internal Auditing Act, University of Texas System guidelines and applicable Business Procedures Memoranda.

Updated: July 24, 2006