INTERNAL AUDIT CHARTER

MISSION AND SCOPE OF WORK

The mission of the Office of Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve the University’s operations. The primary focus of internal auditing at the University of the Pacific is to bring a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The scope of work of the internal audit activity is to determine whether the University’s network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- 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.
- Employees’ actions are in compliance with policies, standard, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Quality and continuous improvement are fostered in the University’s control process.
- Significant legislative or regulatory issues impacting the University are recognized and addressed properly.

Opportunities for improving management control, the operating environment, and the University’s image may be identified during audits. They will be communicated to the appropriate level of management via reports, analyses, or other appropriate means of communication.

ACCOUNTABILITY

The Director of Internal Audit, in the discharge of his/her duties, shall be accountable to the Audit Committee of the Board of Regents and designated University management 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.

INTERNAL AUDIT CHARTER i August 14, 2006
UNIVERSITY OF THE PACIFIC

- Report significant issues related to the processes to controlling the activities of the University and its affiliates, including potential improvements to those processes, and provide information concerning such issues until resolved.

- Provide information periodically on the status and results of the annual audit plan and the sufficiency of department resources.

- Coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, and external audit).

INDEPENDENCE

To provide for independence of the Office of Internal Audit, the Director of Internal Audit, reports administratively to the Vice President for Business and Finance and functionally to the Board of Regents Audit Committee.

RESPONSIBILITY

The Office of Internal Audit has a responsibility to:

- Develop a flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management, and submit than plan to the Audit committee for review and approval.

- Implement the annual audit plan, as approved, including, as appropriate, any special tasks or projects requested by the Audit Committee and/or University management.

- Maintain professionalism with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter.

- Establish a quality assurance program that assures the operations of internal auditing activities.

- Perform consulting services, beyond internal auditing’s assurance services, to assist management in meeting its objectives. Examples may include facilitation, training, committee participation for new or existing technology or business processes to increase the effectiveness of the internal control structure, and advisory services.

- Evaluate and assess significant functions and new or changing services, processes, operations, and control processes relevant to their development, implementation, and/or expansion.

- Issue periodic reports to the Audit Committee and management summarizing results of audit activities.

- Keep the Audit Committee and management informed of emerging trends and successful practices in internal auditing.

INTERNAL AUDIT CHARTER  ii   August 14, 2006
• Provide a list of significant measurement goals and results to the Audit Committee.

• Assist in the investigation of significant suspected fraudulent activities within the University and notify the Audit Committee and 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

Employees of the Office of Internal Audit are authorized to:

• Have full, free and unrestricted access to all functions and information including records, computerized or electronic files, property and personnel.

• Have full and free access to the Audit Committee.

• Allocate resources, 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 University where they perform audits, as well as other specialized services from within or outside the University.

The Office of Internal Audit is not authorized to:

• Perform any operational duties for the University or its affiliates.

• 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 auditing teams or to otherwise assist the internal auditors.
STANDARDS OF AUDIT PRACTICE

The Office of Internal Audit will meet or exceed the Standards for the Professional Practice of Internal Audit established by the Institute of Internal Auditors.

Chair, Audit Committee, Board of Regents

President

Vice President for Business and Finance

Director of Internal Audit

Dated August 14, 2006