



UNIVERSITY OF GUAM  
UNIBETSEDÁT GUÅHAN  
Board of Regents

Resolution No. 20-16

**RELATIVE TO AUTHORIZING THE UNIVERSITY TO ADOPT AN AUDIT CHARTER TO GOVERN ACTIVITIES OF THE RISK OFFICER OF THE UNIVERSITY OF GUAM**

**WHEREAS**, the University of Guam (UOG) is the primary U.S. Land Grant institution accredited by the Western Association of Schools and Colleges Senior College and University Commission serving the post-secondary needs of the people of Guam and the Western Pacific region;

**WHEREAS**, the governance and well-being of the University is vested in the Board of Regents (BOR);

**WHEREAS**, the University's Enabling Statute empowers the BOR to establish and abolish Faculty and Administrator positions within the University;

**WHEREAS**, UOG's external auditors – Deloitte – recommended increased monitoring of its federal grant programs as the number, complexity, and non-compliance penalties have significantly increased in recent years;

**WHEREAS**, the University has determined that it is most appropriate for this function to be carried out by an Internal Audit function within the University;

**WHEREAS**, the University Risk Officer has drafted the attached audit charter based on the role of the internal audit function in other Universities;

**WHEREAS**, the President now desires the BOR to adopt the Audit Charter to govern the activities of the Risk Officer of UOG;

**NOW, THEREFORE, BE IT RESOLVED**, that the BOR hereby adopts the Audit Charter of UOG; and

**BE IT FURTHER RESOLVED**, that the BOR authorizes the Budget, Finance, and Audit Committee to approve future changes or amendments to the Audit Charter of UOG.

Adopted this 14<sup>th</sup> day of May, 2020.

Elvin Y. Chiang, Chairperson

**ATTESTED:**

Thomas W. Krise, Ph.D., Executive Secretary

# University of Guam - Internal Audit Charter

## I. Purpose and Mission

The University of Guam (UOG) Internal Audit's main purpose is to provide independent, objective assurance and consulting services designed to add value and improve UOG's operations. Its mission is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. Internal Audit helps UOG accomplish its objectives through a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

## II. Background and Structure

On March 3, 2016, the Board of Regents through Resolution No. 16-07 authorized the creation of internal auditor position and to build the capacity of the internal audit office. In January 2020, UOG established the internal audit office, and its purpose, authority, and responsibilities are defined in this Internal Audit Charter.

The Risk Officer is the chief audit executive who reports functionally to the Board of Regents' Audit Committee. The Risk Officer has direct access to the President and reports administratively (i.e., day-to-day operations, logistics, and audit planning purposes) to the Vice President for Administration and Finance (VPAF).

To establish, maintain, and assure that Internal Audit has sufficient authority to fulfill its duties, the Audit Committee will:

- a. Approve the Internal Audit Charter.
- b. Approve the Annual Work Plan.
- c. Receive communications from the Risk Officer on internal audit office's performance relative to its plan and other matters.
- d. Review decisions regarding the performance, and removal of the Risk Officer as a joint effort with the VPAF and President. The President may only remove the Risk Officer with the approval of the Chairman of the Audit Committee.
- e. Make appropriate inquiries to determine whether there is inappropriate scope or resource limitations.

## III. Standards for the Professional Practice of Internal Auditing

Internal Audit adheres to the Institute of Internal Auditor's Definition of Internal Auditing, International Standards for the Professional Practice of Internal Auditing (*Standards*), and the Code of Ethics. These encompass all mandatory elements of the International Professional Practices Framework.

#### **IV. Authority**

The Audit Committee authorizes internal audit office to:

- a. Have full, free, and unrestricted 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.
- b. Obtain assistance from the necessary UOG personnel, as well as other specialized services from within or outside UOG, in order to complete the engagement.

#### **V. Independence and Objectivity**

The Risk Officer and other internal audit staff should sign an annual conflict of interest statement to allow the disclosure of any situation that may impair their objectivity and allow the reaffirmation of UOG's policies on conflicts of interest.

In general, 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. Therefore, the internal audit review and appraisal does not relieve UOG officials of the responsibilities assigned to them. If internal auditors do perform such work, they should refrain from auditing such work.

The internal auditors should not perform non-audit work, except under extreme circumstances for a short period of time after appropriate discussion with the VPAF, President, and/or Audit Committee. Where the internal auditors have or are expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

#### **VI. Scope of Internal Audit Activities**

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 and management on the adequacy and effectiveness of UOG's governance, risk management, and control processes.

Internal audit assessments of UOG could include evaluating whether:

- a. Risks relating to the achievement strategic objectives are appropriately identified and managed.
- b. The actions of officers, directors, employees, and contractors are in compliance with policies, procedures, applicable laws, regulations, governance standards, and best practices.

- c. The results of operations or programs are consistent with established goals and objectives.
- d. Operations or programs are being carried out effectively and efficiently.
- e. Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact UOG.
- f. Resources and assets are acquired economically, used efficiently, and protected adequately.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

## **VII. Responsibility**

The Risk Officer has the responsibility to:

- a. Submit a flexible annual work plan to the VPAF, President and Audit Committee.
- b. Communicate to the VPAF, President, and/or Audit Committee the impact of resource limitations on the work plan.
- c. 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.
- d. The Risk Officer must report periodically to senior management and the Audit Committee on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan and on its conformance with the Code of Ethics and the *Standards*. Reporting must also include significant risk and control issues, including fraud risks, governance issues, and other matters that require the attention of senior management and/or the Audit Committee.
- e. Follow up on engagement findings and corrective actions, and report periodically to the VPAF, President and Audit Committee any corrective actions not effectively implemented.
- f. Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- g. Ensure internal auditors collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Internal Audit Charter. Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.
- h. Ensure adherence to UOG's policies and procedures, unless such policies and procedures conflict with the Internal Audit Charter. Any such conflicts will be

resolved or otherwise communicated to the VPAF, President and/or Audit Committee.

- i. Ensure internal audit activities' conformance with the *Standards*, with the following qualifications:
  - i. If internal auditor is prohibited by law or regulation from conformance with certain parts of the *Standards*, the Risk Officer will ensure appropriate disclosures and conformance with all other parts of the *Standards*.
  - ii. If the *Standards* are used in conjunction with requirements issued by other authoritative bodies, the Risk Officer will ensure that internal audit activity conforms with the *Standards*, even if the activity also conforms with the more restrictive requirements of other authoritative bodies.

### **VIII. Engagement Reporting**

The Risk Officer ensures that the results of the audit work are properly communicated to appropriate official in accordance with the *Standards*. This includes:

- a. Presenting with representatives of the audited unit the draft audit report for review and comment. As deemed appropriate by the Risk Officer, a written reply from the audited unit may be required within 15 calendar days from receipt of the draft audit report. A final written report is distributed to the President and to the respective vice president and department head.
- b. Providing adequate follow-up to ensure action is taken to correct reported conditions.
- c. Reporting summarized findings and the status of corrective actions, as well as full audit reports, to the Audit Committee.

The Risk Officer, when necessary and/or upon request, may coordinate with other control and monitoring functions (internal and external parties) with the concurrence from the VPAF, President, and/or Audit Committee.

### **IX. Quality Assurance and Improvement Program**

Internal Audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit functions. The program will include an evaluation of internal audit office's conformance with the *Standards* and an evaluation of whether internal auditors apply the Code of Ethics. The program will also assess the efficiency and effectiveness of internal audit office and identify opportunities for improvement.

## **X. Review of the Internal Audit Charter**

This policy may be updated as necessary to reflect the internal audit office's operations and assure that it remains effective and in line with best practices. Proposed changes or amendments to this policy are subject to annual review, approval, and adoption by the Audit Committee.

## **XI. Acknowledgments and Approvals**

Approved this 14<sup>th</sup> day of May, 2020.



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**Edlyn Dalisay, Risk Officer**



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**Randall V. Wiegand, VPAF & CBO**



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**Thomas W. Krise, Ph.D. President**



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**Jerold W. Filush, Audit Committee  
Chairperson**