Charter of the Office of Internal Audit of the
University of Hawai‘i

Mission
The mission of the University of Hawai‘i (University) Office of Internal Audit is to assist the University’s Board of Regents and University Management (President, Senior Management Team, Council of Chancellors) in fulfilling their oversight, management, and operating responsibilities. This is accomplished through providing independent and objective assurance and consulting services conducted in a systematic and disciplined approach to evaluate, add value, and improve the University’s operations.

Organization
The Office of Internal Audit reports directly to the Committee on Independent Audit University Audits (Committee) of the Board of Regents and is supported administratively by the Vice President for Budget and Finance/Chief Financial Officer (CFO).

Authority
The Office of Internal Audit functions under the authority of the Committee and is authorized to:

- have unrestricted and timely access to University functions, books, records, information systems, data, personnel, and property as required to accomplish its mission.
- review and evaluate compliance with policies, procedures, statutes, and regulations of any University activity, program or function.
- have unrestricted access to the Committee.
- obtain the necessary assistance of personnel within the University, as well as specialists from outside the University to assist in providing its assurance and consulting services.
- allocate resources of the office, set frequencies and determine the scope of work for all assurance and consulting services.

Responsibilities
The Office of Internal Audit has a responsibility to:

- obtain input from the Committee and University Management regarding significant risks or exposures facing the University.
- discuss the adequacy of the University’s internal controls over financial reporting, including computerized information system controls and security with the Committee and the CFO.
- review and discuss the following with the Committee and the CFO, as it relates to engagements performed by external auditors:
  - audited financial statements and related footnotes;
  - reports as required pursuant to the requirements of Government Auditing Standards and Federal audit requirements (OMB Circular A-133 and Uniform Guidance);
  - other reports promulgated by the American Institute of Certified Public Accountants (AICPA), such as reports on agreed upon procedures;
  - remediation plans to address audit findings and internal control deficiencies.
• develop the annual external and internal audit plans and submit the plans to the Committee for review and approval.
• implement the approved annual audit plan, including, as appropriate, any special tasks or projects requested by the Committee and/or University Management based on risk or control concerns.
• provide the Committee with a periodic status on the scope, progress, results of projects included in the internal audit plan, as well as the progress and results of the external audit plan.
• perform requested consulting services to assist the Board of Regents and/or University Management in meeting their responsibilities to the University.
• assist in the investigation of alleged fraudulent activities within the University, if any, as appropriate, and notify the Committee, the Vice President for Legal Affairs/University General Counsel and the CFO of its findings and results.
• with respect to external auditors, the Director of the Office of Internal Audit shall:
  o coordinate all audit activities related to the University;
  o foster a cooperative working relationship;
  o reduce the incidence of duplication of effort; and
  o promote appropriate sharing of information.

Professional Standards and Ethics
The Office of Internal Audit has adopted the following:

Principles
• Integrity
  The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.

• Objectivity
  Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.

• Confidentiality
  Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

• Competency
  Internal auditors apply the knowledge, skills, and experience needed in the performance of internal auditing services.
Rules of Conduct

*Integrity*
- Perform work with honesty, diligence, and responsibility.
- Observe the law and make disclosures expected by the law and the profession of internal audit.
- Not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession or to the University.
- Respect and contribute to the legitimate and ethical objectives of the University.

*Objectivity*
- Not participate in any activity or relationship that may impair or be presumed to impair an unbiased assessment. Participation includes those activities or relationships that may be in conflict with the interests of the University.
- Not accept anything that may impair or be presumed to impair professional judgment.
- Disclose all material facts known, that if not disclosed, may distort the reporting activities under review.

*Confidentiality*
- Exercise prudence in the use and protection of information acquired during the performance of duties.
- Not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the University.

*Competency*
- Engage only in services for which auditors possess sufficient knowledge, skills, and experience.
- Continually improve the proficiency, effectiveness, and quality of services.

*Reporting*
The Office of Internal Audit will communicate and distribute the results of services provided by external audit organizations and the Office of Internal Audit to appropriate University personnel. This includes:

*External Audits*
- Receive and distribute external auditor reports to the Committee, the auditee, appropriate members of University Management and others as directed by the Committee.
- Gather and follow up on comments and questions raised by the Committee, the auditee, University Management and other University personnel regarding external reports.
- Communicate the comments and questions to the external auditors.
- Provide responses to the Committee, the auditee, University Management and other personnel regarding their comments and questions.
- Review proposed corrective action responses related to findings and recommendations prepared by University Management and other University personnel.
Internal Audits

- Provide periodic summary reports to the Committee Chairperson documenting the results of the procedures performed with respect to projects performed by the Office of Internal Audit pursuant to the internal audit plan.
- At the discretion of the Committee’s Chairperson, provide final reports and other information to the Committee Chairperson and other members of the Committee and Board of Regents.
- Distribute draft reports to the auditee for review and comments.
- Review proposed corrective action responses related to findings and recommendations prepared by the auditee and if applicable, University Management.
- Distribute final reports to the auditee and members of University Management as appropriate.