



Audit & Advisory Services Program Charter

Updated July 2014

Mission

The mission of Audit and Advisory Services (A&AS) is to assist the OHSU Board of Directors and management in the discharge of their oversight, management, and operating responsibilities by strengthening internal controls and promoting compliant, effective, and efficient operations.

Introduction

A&AS is an independent and objective assurance and consulting program within OHSU that is guided by a philosophy of adding value to improve the operations of OHSU. A&AS assists OHSU management in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk and internal control processes.

- **Governance:**
The combination of processes and structures implemented by management in order to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives.
- **Risk:**
The possibility that an event, that will adversely affect the achievement of objectives, will occur.
- **Internal Control:**
Process for assuring achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies.

As a key component of OHSU's Integrity Program, A&AS is a resource for management to facilitate continuous improvement by examining and evaluating the organization's financial and operational processes, systems, and compliance with laws, regulations, and organizational policies.

Authority

The A&AS Program, with strict accountability for confidentiality and safeguarding records and information, is authorized to have full, free, and unrestricted access to information including records, systems/applications, data, property, employees, students, and other personnel as required for them to carry out their duties. All employees are requested to assist A&AS in fulfilling its roles, responsibilities and audit objectives. A&AS is free to review and evaluate all policies, procedures and practices of any OHSU activity, program or entity as required for an audit engagement or investigation.

Organization and Reporting Structure

The A&AS Director reports to the Chief Integrity Officer as part of the OHSU Integrity Program. For the purposes of reporting, the Chief Integrity Officer will report to the President and the OHSU Board of Directors Finance and Audit Committee and, along with the A&AS Director, will advise the A&AS Steering Committee.

Roles and Responsibilities

Chief Integrity Officer

The Chief Integrity Officer is responsible for the oversight of the A&AS program. The Chief Integrity Officer will collaborate with and receive updates from the A&AS Services Director on a regular basis.

A&AS Director

The Director is responsible for establishing the vision and setting the direction for the A&AS program and interacting with and discussing A&AS initiatives and activities with key stakeholders and management. The Director will be responsible for the day-to-day operations and management of the A&AS program and its staff, development and implementation of the risk assessment and audit plan, and management of ongoing audits, advisory services and investigations. The Director will meet regularly with the Chief Integrity Officer and will provide regular status updates to the A&AS Steering Committee and the OHSU Board of Directors Finance & Audit Committee.

A&AS Steering Committee

The A&AS Steering Committee will provide management oversight and will meet with the A&AS Director on a regular basis, no less than quarterly. The Committee may meet more often if the A&AS Director determines there are issues or decisions needing prompt attention.

The Committee will be advised of audit results and any issues requiring management input during the regular meetings. In instances where an auditor and the Client are not able to agree upon the status of a recommendation or action plan, the matter will be referred to the A&AS Steering Committee, which will provide direction for appropriate action.

OHSU Board of Directors Finance & Audit Committee

The OHSU Finance & Audit Committee members will:

- Periodically review the A&AS Program Charter.
- Review and comment on the audit plan.
- Receive an update and summary report no less frequently than semi-annually, at least one of which presents the audit plan, and at least one of which covers program performance against the audit plan, risk exposures, significant deficiencies and/or lack of internal controls, and value added findings.

Client

The Client will participate, to the extent necessary, and respond to audit findings in a timely manner to complete the following types of audits:

- Audits, advisory services, or investigations scheduled as part of the A&AS audit plan: The Vice President or designee for the area being audited or reviewed is the responsible individual.
- Audits, advisory services or investigations performed at the direction of Legal counsel: The General Counsel and the attorney directing the audit or service are the responsible individuals.

Scope

The scope of the A&AS program encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's internal control environment using a risk-based audit methodology and prioritization. A&AS program scope is defined by the following principles:

- Evaluating operations, systems and processes to ensure compliance with policies, procedures, laws, and regulations which could have a significant impact on the organization.
- Monitoring the effectiveness of the organization's risk assessment processes.
- Evaluating operations, systems and processes to ascertain whether results are consistent with established objectives and goals, whether they are properly controlled and managed, and whether assets are being properly safeguarded.
- Evaluating the reliability and integrity of information and the means used to identify, classify, measure and report such information.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Performing consulting and advisory services and evaluating specific operations at the request of management or the Board of Directors, as appropriate.
- Reporting significant audit findings and control issues, including fraud, to management and the Board of Directors.
- Evaluating the quality of performance of external auditors and the degree of coordination with internal audit.

Internal Audit Plan

The objectives of the audit plan are to ensure that areas of high risk are prioritized and evaluated for the organization. The audit plan will be developed from a risk-based methodology which includes input from management and the A&AS Steering Committee. The audit plan will consist of a proposed project schedule over a 12 month period and will include a rolling format to manage plan updates or changes.

The A&AS Director will present the initial audit plan to the A&AS Steering Committee and the OHSU Board of Directors Finance and Audit Committee for review and comment. The audit plan will be approved by the A&AS Steering Committee.

Plan updates and changes will be communicated to the A&AS Steering Committee for review and approval on a quarterly basis. A status update will be provided to the Finance and Audit Committee, as needed.

Services

A&AS performs the following types of services as part of its program:

1. Audit Services:

Audit services are typically projects that are included in the audit plan and are risk-based. The audit plan will be managed with a rolling format so audit projects may be re-evaluated throughout the year to react to changes in OHSU's risk profile and any other unscheduled project requirements.

2. Advisory Services:

A&AS is available to respond to requests from management for services that are more advisory in nature than traditional audits. These types of advisory services may include services such as consultations, special projects, internal control and accountability reviews, and systems development

and reengineering projects. In the context of advisory services, A&AS staff will rely upon their expertise to provide "best practices" and consultative advice to the OHSU community.

3. Investigation Services:

Investigative services will include looking into suspected financial irregularities whether reported by concerned parties, uncovered in the course of regular audits, or based upon concerns conveyed by management. When investigating suspected or alleged misuse of OHSU resources, A&AS objectives will be to verify the facts, provide an objective and confidential review, and recommend corrective actions to ensure similar actions do not occur in the future. These types of services may be directed by the Legal department.

Professional Standards

The A&AS Program will govern itself in a manner consistent with professional standards and the Institute of Internal Auditors' mandatory guidance including the *Definition of Internal Auditing*, the *Code of Ethics* and the *International Standards for the Professional Practice of Internal Auditing (Standards)*. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

In addition, the internal audit activity will adhere to OHSU's relevant policies and procedures as part of its standard operating procedures.

Independence and Objectivity

The A&AS program will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit necessary independent and mental attitude.

All audit activities and auditors shall be free of any conflict of interest or the appearance of conflict of interest related to the area being audited. Internal auditors will have no direct operational responsibility or authority over any of the activities, procedures, or systems being audited. In addition, the auditors will not be responsible for, nor have been responsible for, the development or implementation of policies, procedures, systems, or management of the area being audited at any time within the 24 months preceding the audit as such involvement may impair the internal auditor's judgment.

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

If a Client believes that a specific auditor may lack objectivity in performing a review, the concern will be brought to the A&AS Director, who will discuss the concerns with the Client and make a final decision regarding the assignment.

In compliance with published professional standards and this Charter, no auditor, member of the A&AS Steering Committee or management may be the sole determiner in selecting or rejecting an area for internal audit, determining the scope of the audit, or performing any part of the audit for a school, unit, department, division, function, or other area for which he/she has oversight or other operational responsibility.

Confidentiality

Members of the A&AS Steering Committee will maintain a high degree of confidentiality related to areas selected for audit; audit findings, recommendations, and responses; and the deliberations of the Committee. As a general rule, this information may be shared on a need to know basis and as authorized by the A&AS

Director. With respect to audits performed at the direction of Legal Counsel, any/all disclosures relating to the audit shall be consistent with and only as directed by Counsel.

Reporting and Monitoring

A written report will be prepared by A&AS at the conclusion of each internal audit engagement. Per auditing standards, the internal auditors will propose recommendations and methods for management corrective actions and best practices related to matters within the scope of the audit for management's consideration. Throughout the audit process and during the exit conference with the Client, agreement should be reached on the facts and a reasonable course of action for all of the issues noted. Management responses should include a timetable for anticipated completion of action to be taken and an explanation for any correction action that will not be implemented in the final report. As needed, significant audit findings will be escalated for review and resolution. The A&AS Director and auditor will work with the Client to determine the extent of follow-up actions necessary for the significant audit findings.

Summary reports of audit findings, recommendations, and responses will be provided to the A&AS Committee.

Quality Assurance Program

To comply with the IIA's International Standards for the Professional Practice of Internal Auditing Standard 1310 – Quality Program Assessments, the Director will administer an internal quality assurance and improvement program (QAIP) on an ongoing basis to ensure the A&AS program has support from senior management and the A&AS Committee, has a dedicated staff that performs continuous monitoring and routine self-assessments of their audit processes, and has audit tools used to leverage internal audit activities to promote consistency and accessibility, and to secure sensitive information. In addition, an external assessment of the function will be performed periodically.