

NC Council of Internal Auditing

The North Carolina Council of Internal Auditing was created by the 2007 session of the General Assembly. The creating act requires state agencies to establish a program of internal auditing that complies with current national standards, provided the agency has an annual operating budget of more than \$10,000,000 or more than 100 full-time employees, or that receives and processes more than \$10,000,000 in cash in a fiscal year.

The Council adopted a policy that state agencies with annual operating budgets of more than \$10,000,000 but less than \$70,000,000 or more than 100 full-time employees should utilize the Interagency Internal Audit Program within the [Office of Internal Audit](#).

Past Meetings

- [November 12, 2008](#)
- [September 10, 2008](#)
- [May 14, 2008](#)
- [March 12, 2008](#)
- [January 30, 2008](#)
- [October 31, 2007](#)

Audit Guides / Manuals

- [Internal Audit Manual](#)
- [Technical Bulletins and Best Practices](#)

Presentations

- [Overview of Role of Council](#)
- [Link Between Internal Control and Internal Audit](#)

Legislation

- [Session Law 2007-424 House Bill 1401](#)
- [Session Law 2007-520 House Bill 1551](#)

Studies

- [Survey-Statewide Audit Staffing](#)

Frequently Asked Questions

- [From the State Controller](#)
- [From Agency Internal Audit Staff](#)

Annual Activity Audit Report

- [May 2008](#)

Responsibilities of the Council of Internal Auditing

- Promulgate guidelines for the uniformity and quality of state agency internal audit activities
- Recommend the number of internal audit employees required by each state agency
- Develop internal audit guides, technical manuals, and suggested best internal audit practices
- Administer an independent peer review system for each state agency internal audit activity; specify the frequency of such reviews; and assist with selection of independent peer reviewers from other state agencies

- Provide central training sessions, professional development opportunities, and recognition programs for internal auditors
- Administer a program for sharing internal auditors among state agencies needing temporary assistance and assembly of interagency teams of internal auditors to conduct internal audits beyond the capacity of a single agency
- Maintain a central database of all internal audit plans; topics for review proposed by internal audit plans; internal audit reports issued and individual findings and recommendations from these reports
- Require reports in writing from any state agency relative to any internal audit matter
- If deemed necessary by a majority vote of council: conduct hearings relative to any attempts to interfere with, compromise, or intimidate an internal auditor; inquire as to the effectiveness of any internal audit unit; or authorize the Chair to issue subpoenas for the appearance of any person or internal audit working papers, report drafts, and any other pertinent document or record regardless of physical form needed for the hearing
- Issue an annual report including, but not limited to, service efforts and accomplishments of State agency internal auditors
- Propose legislation for consideration by the Governor and General Assembly

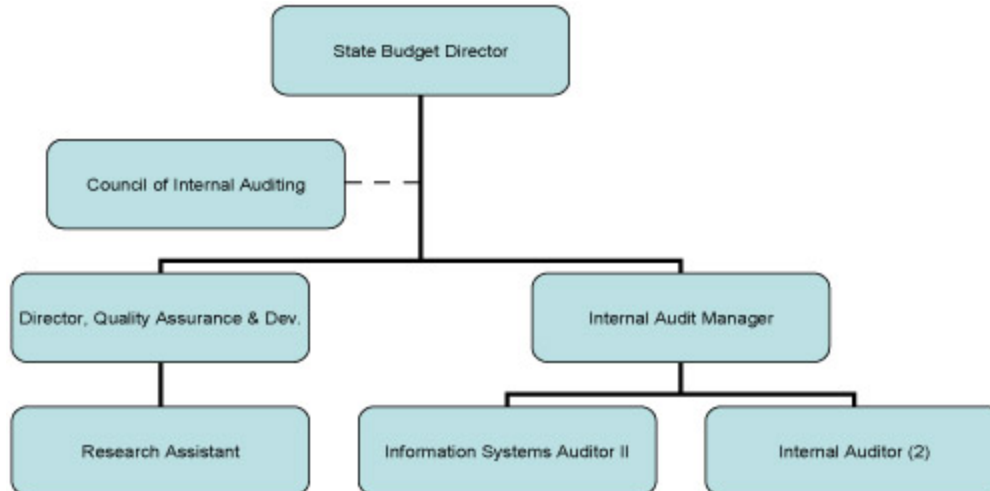
The Council of Internal Auditing consists of the following members: the State Controller as Chair, the State Budget Officer, the Secretary of Administration, the Attorney General, the Secretary of Revenue, and the State Auditor, who serves as a nonvoting member.

Office of Internal Audit

OSBM serves as staff and support to the **Council of Internal Auditing** in its implementation of the NC Internal Audit Act (Article 79, Chapter 143 of the NC General Statutes). The 2007 session of the General Assembly created this act, the passage of which was recommended by a study directed by the Government Performance Audit Committee.

The act requires a state agency that (1) has an annual operating budget that exceeds (\$10,000,000), (2) has more than 100 full-time equivalent employees, or (3) receives and processes more than \$10,000,000 in cash in a fiscal year, shall establish a program of internal auditing, and that internal audits comply with current **Standards for the Professional Practice of Internal Auditing** issued by the **Institute for Internal Auditors**. The act establishes qualifications of Internal Auditors, directs that agencies appoint a Director of Internal Auditing, and establishes the Council of Internal Auditing.

To support the Council, OSBM has established an Office of Internal Audit to assist in the carrying out its responsibilities. The Office of Internal Audit structure is shown below.



The Director of Quality Assurance and Development's major responsibilities are supporting the Council members, identifying professional development opportunities for State agency internal auditors, and administering a quality assurance program. The Internal Audit Manager's major responsibility is overseeing the interagency internal audit program which provides audit services to state agencies.

Professional Development Opportunities

A needs assessment will be completed this winter to understand agency training needs. If you have ideas or particular interests, please forward them to the Office of Internal Audit.

Interagency Internal Audit Program

The Interagency Internal Audit Program provides technical expertise to internal audit functions and assists state agencies with internal audit activities whose budgets are between \$10 and \$70 million. The Program helps agencies develop and implement audit plans to add value and improve a state agency's operations.

- **Code of Ethics**
- **Audit Charter**

Quality Assurance Review Program

The Office of Internal Audit is currently developing a Peer Review Program to help state agencies and universities comply with the with The Institute of Internal Auditors (IIA) Standards for the Professional Practice of Internal Auditing (Standards) and the Internal Auditing Act (G.S. 143-745). In order to comply with the Standards, internal auditing offices are required to have an external assessment at least once every five years. The Act requires the Office of Internal Audit to establish an independent peer review system for state agency and university internal audit activities. The purpose of an external review is to evaluate and express an opinion on an Internal Audit function's compliance with the Standards. The Peer Review Program will enable state agencies and universities to obtain their external assessment in a method that is cost-effective and educational. Agency internal auditors interested in participating in the Peer Review Program will have the opportunity to attend a QAR training and certification class. The two and a half day course is tentatively scheduled for late January, 2009. Information on the peer review process, procedures, and templates will be available to all agencies as they are developed. Contact the Office of Internal Audit with questions on the Peer Review Program.

OIA Updates

- **July 2008**

Other Resources

- **Institute of Internal Auditors (IIA)**
- **IIA Raleigh-Durham Chapter**
- **NC Office of the State Controller**
- **Association of Government Accountants**
- **Association of Certified Internal Auditors**
- **Association of Certified Fraud Examiners**
- **Information Systems Audit and Control Association**
- **Association of Local Government Auditors**
- **Graduate School USDA**

To contact the Council or **staff**, email internalauditinfo@lists.ncmail.net.