

**UNIVERSITY OF NORTH CAROLINA GENERAL ADMINISTRATION****Office of Internal Audit****Charter****I. Mission**

The University of North Carolina General Administration (UNCGA) Office of Internal Audit mission is aligned with that of the Institute of Internal Auditors,

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

**II. Value Statements**

The Office of Internal Audit is dedicated to:

- Conforming to the Institute of Internal Audit's Code of Ethics and demonstrating the highest level of integrity.
- Building strong and effective working relationships with the UNCGA's personnel, UNC Board of Governors, and other stakeholders through mutual respect and teamwork.
- Providing quality auditing and consulting services.

**III. Scope of Work**

The Office of Internal Audit partners and consults with management, the community and various constituents to help UNCGA achieve its goals and to support compliance with policies, rules and regulations. The Office of Internal Audit works to proactively focus on the risks and exposures that have the greatest impact on UNCGA while being flexible to react to changing conditions. Specifically, the Office of Internal Audit works to determine whether the organization'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.
- Quality and continuous improvement are fostered in the organization's control process.
- Resources are acquired economically, used efficiently and adequately protected.
- Significant financial, managerial, and operating information is accurate, reliable, secure and timely.

- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Interaction with the various governance groups occurs as needed.
- Significant legislative or regulatory issues impacting the organization are recognized and addressed properly.
- Accountability, integrity and efficiency within the organization are maintained.

Opportunities for improving management control, operational efficiencies, financial and budgetary management, and the organization's image may be identified during audits. Such opportunities will be communicated to the appropriate level of management.

#### **IV. Accountability**

The Office of Internal Audit shall be accountable to the UNC Board of Governors through the Audit Committee and the President to:

- Provide an assessment on the adequacy and effectiveness of the organization's processes for controlling its activities and managing its risk in the areas set forth under the mission and scope of work.
- Report significant issues related to the processes for controlling the activities of the organization and its affiliates, including potential improvements to those processes.
- Periodically provide information on the status and results of the annual audit plan and the sufficiency of the Office of Internal Audit's resources
- Coordinate with other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, external audit).
- Maintain audit records in accordance with State's records retention schedule.

#### **V. Independence**

All internal audit activities should be free from interference in determining the scope of internal auditing, performing work, and communicating results. To provide for the independence of the Office of Internal Audit, its staff report to the Director, who reports administratively to the President or the President's designee and functionally to the Audit Committee. The Director shall have full and independent access to the President and the Audit Committee.

Functional oversight by the Audit Committee includes:

- Approve the annual internal audit plan and monitor progress quarterly.
- Review and accept internal audit reports when issued.
- Periodically review and revise the internal audit charter as needed.
- Review and assure the internal audit function has appropriate budget and staff resources.
- Meet privately with the Director of Internal Audit as deemed necessary.

- Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditor's *Standards for the Professional Practice of Internal Auditing*.
- Resolve disagreements between internal audit and management concerning audit findings and recommendations.

Administrative oversight by the President or President's designee includes day-to-day oversight such as approval of Director of Internal Audit annual leave and travel.

## **VI. Responsibility**

The Office of Internal Audit has the responsibility to:

- Develop a flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the President and the Audit Committee for review and approval.
- Implement the annual audit plan, as approved, including any special tasks or projects requested by management and/or the Audit Committee, as appropriate.
- Issue quarterly reports to the President and Audit Committee summarizing results of audit activities.
- As appropriate, provide consulting and advisory services to management that add value and improve the governance, risk management, and control processes without the internal auditor assuming management responsibility.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes as deemed necessary.
- Keep the President and the Audit Committee informed of emerging trends and successful practices in internal auditing.
- Assist and/or conduct the investigation of significant suspected fraudulent or unethical activities within the organization and notify the Chancellor, the Audit Committee and other 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 organization.
- Serve as a liaison between UNCGA management and external auditors.
- Ensure the requirements are met with regard to internal audit activities set forth by the UNC Board of Governors and Council of Internal Auditing.
- Maintain professional audit staff with sufficient knowledge, skills, experience, and professional certification to meet the requirements of the Charter.
- Establish a quality assurance program to ensure the Office of Internal Audit's conformance with the Definition of Internal Auditing, *Standards*, and Code of Ethics established by the Institute of Internal Auditors as well as assess efficiency and effectiveness of the office and identify opportunities for improvement.

**VII. Authority**

The Office of Internal Audit is authorized to:

- Have unrestricted access to all functions, records, property, and personnel in accordance with North Carolina General Statutes 147-64.7(a)
- Provide consulting services to management as deemed appropriate.
- Allocate resources, set frequencies, 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 organization where audits are performed, as well as other specialized services from within or outside the organization.

The Office of Internal Audit is not authorized to:

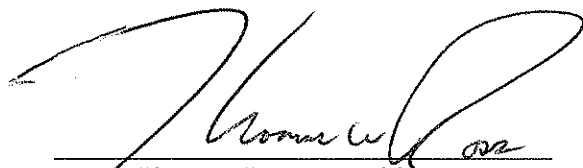
- Perform any operational duties for the organization or its affiliates.
- Initiate or approve accounting transactions external to the Office of Internal Audit.
- Direct the activities of any UNCGA employee not employed by the Office of Internal Audit, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.
- Make decisions that are the responsibility of management.

**VIII. Standards of Audit Practice**

The internal audit profession is covered by the International Professional Practice Framework of The Institute of Internal Auditors. This framework includes mandatory elements consisting of the Definition of Internal Auditing, the code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing*. The Office of Internal Audit will meet or exceed these mandatory requirements of the profession.

  
Jan-Rae Castillo, Internal Auditor

7/23/13  
Date

  
Thomas Ross, President

7/23/2013  
Date

  
Dr. Fred Eshelman, BOG Audit Committee Chair

8-8-13  
Date