

4. Update from the Office of Internal Audit at UNC-GAJoyce Boni

Situation: The Office of Internal audit has completed a summary of current work in progress.

Background: The Audit Committee of the Board of Governors serves as the primary audit committee for the Internal Audit function at UNC General Administration. As per the Internal Audit Charter, quarterly reports will be issued to the President and Audit Committee summarizing the status and/or results of audit activities, including communicating any significant deviation from the approved audit plan.

Assessment: The update of internal audit work at UNC-GA shows that progress is being made towards completion of the 2014-15 Audit Plan that was approved by the audit committee in September 2014.

Action: This item is for information only.

UNC General Administration
Internal Audit Update
Board of Governors' Audit Committee
April 2015

Report for the period: January 2015 – March 2015

The Office of Internal Audit's 2014-15 Audit Plan was approved at the September 2014 committee meeting. The annual audit plan is intended to be a dynamic document. Requests from management, hotline and other investigations, and/or changes in the organization or operations may result in changes to the plan and/or priorities.

For the quarter ending March 2015, the Office of Internal Audit initiated the following:

Charter Update: State law requires internal auditors follow *the International Standards for the Professional Practice of Internal Auditing*. These *Standards* require the Internal Audit Charter be periodically reviewed and updated. The Chief Audit Officer (CAO) reviewed the charter to ensure compliance with the *Standards* and consistency with current practice and the audit committee charter. A revised charter was submitted and approved at the February 2015 committee meeting.

Quality Assurance Review Preparation: The *Standards* require internal audit have a quality assurance and improvement program that includes both internal and external assessments. An external assessment must be conducted once every five years and is due this fall. As groundwork, the CAO is conducting on an internal assessment. Policies are being updated and various documents gathered as part of the preparation that is required before the external review team can begin their work. Preparation for the external review is expected to be completed by the end of July.

2015-16 Audit Plan: The *Standards* require internal audit develop a risk-based audit plan. The CAO is responsible for conducting a risk assessment and developing an annual plan that is submitted for the President and Audit Committee's review and approval. The CAO has been meeting with various levels of management throughout the organization to gain an understanding of the departments and to assess priorities and needs. This effort has not only served to gather initial data for the risk assessment but was also a first step in marketing the Office of Internal Audit. A top priority of the next quarter will be developing the 2015-16 audit plan.

Other: The Office of Internal Audit periodically provides advice and consultations to members of management. The CAO has provided some limited consultations during the quarter.