OFFICE OF INTERNAL AUDIT CHARTER

I. MISSION

The mission of the Office of Internal Audit (IA) is to enhance and protect organizational value by providing risk-based and objective assurance, advice and insight. IA helps the university accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

II. SCOPE

The scope of work of IA is to determine whether the university's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

1. Risks are appropriately identified and managed.
2. Interaction with the various governance groups occur as needed.
3. Significant financial, managerial, and operating information is accurate, reliable, and timely.
4. Employee's actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
5. Resources are acquired economically, used efficiently, and adequately protected.
6. Programs, plans, and objectives are achieved.
7. Quality and continuous improvement are fostered in the university's control processes.
8. Significant legislative and regulatory issues impacting the university are recognized and addressed properly.

Opportunities for improving risk management, management control, efficiency, compliance, and the university's image identified during audits will be communicated to the appropriate level of management.

IA will provide the same level of assurance services, described in this charter, to the University of North Carolina School of the Arts.
III. INDEPENDENCE AND OBJECTIVITY

Internal Audit shall maintain its independence. The Chief Audit Officer (CAO) reports administratively to the Chancellor and General Counsel and Vice Chancellor for Institutional Integrity and functionally to the Audit, Risk and Compliance Committee (ARCC) of the university Board of Trustees in a manner outlined in the section on Accountability. Internal Audit staff personnel shall report to the CAO. The CAO shall include a report on internal audit personnel as part of the regularly scheduled ARCC meetings or upon request from the Chair of the ARCC.

IV. AUTHORITY

1. The CAO and staff are authorized to:
   a. Have unrestricted access to all functions, records, property, and personnel, in a manner consistent with North Carolina law.
   b. Have full and free access to the ARCC.
   c. Allocate resources, set frequencies, select subjects, determine scopes of work, and apply techniques required to accomplish audit objectives.
   d. Obtain the necessary assistance of personnel in units of the university where they perform audits, as well as other specialized services from within or outside the university.

2. The CAO and staff are not authorized to:
   a. Perform any operational duties for the university or its affiliates.
   b. Initiate or approve accounting transactions external to IA.
   c. Direct the activities of any university employee not employed by or assigned to IA.

V. ACCOUNTABILITY

The CAO, in the discharge of his/her duties, shall be accountable to the Chancellor and the ARCC to:

1. Provide an assessment on the adequacy and effectiveness of the university's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.
2. Report significant issues related to the processes for controlling the activities of the university and its affiliates, including potential improvements to those processes, and provide information concerning such issues through resolution.
3. Provide information periodically on the status and results of the annual audit plan and the sufficiency of department resources.
4. Coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, external audit).
VI. RESPONSIBILITY

The CAO and staff shall have the responsibility to:

1. Apply and uphold the principles and rules of conduct in the Code of Ethics established by the Institute of Internal Auditors (IIA).
2. Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the ARCC for review and approval.
3. Implement the annual audit plan, as approved, including, and as appropriate, any special tasks or projects requested by management and the ARCC.
4. Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
5. Establish a quality assessment program by which the CAO assures the operation of internal auditing activities.
6. Perform consulting services, beyond internal auditing's assurance services, to assist management in meeting its objectives. Examples may include facilitation and advisory services.
7. Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
8. Periodically report to the Chancellor and the ARCC summarizing the results of audit activities.
9. Communicate appropriate and significant risk findings to the University’s General Counsel.
10. Keep the Chancellor and the ARCC informed of emerging trends and successful practices in internal auditing.
11. Provide significant goals and results to the ARCC.
12. Assist in the investigation of significant suspected fraudulent activities within the university and notify the Chancellor and the ARCC of the results.
13. Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the university.
14. Provide audit and/or activity reports to the University of North Carolina Board of Governors and the UNC System Office, the North Carolina (NC) Office of State Budget Management, and the NC Office of the State Auditor.

VII. STANDARDS OF AUDIT PRACTICE

IA will meet or exceed the International Standards for the Professional Practice of Internal Auditing (Standards) of the IIA.

Internal Audit is also subject to the North Carolina Internal Audit Act, established by North Carolina General Statute.
Effective Date: This charter becomes effective upon adoption by the Board of Trustees.

Modified:
- September 21, 2012
- March 21, 2014
- December 9, 2016
- December 12, 2019
- March 17, 2023

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Chairman, WSSU Board of Trustees

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Secretary, WSSU Board of Trustees