



Internal Audit Charter and Mandate

Purpose

The purpose of the Office of Internal Audit and Management Advisory Services (OIAMAS) is to strengthen the University's ability to create, protect, and sustain value by providing the board and management with independent, risk-based and objective assurance, advice, insight, and foresight.

Professional Standards

The internal audit activities for state agencies in North Carolina are governed by state law and are expected to operate in conformance with the *Global Internal Audit Standards*, published by The Institute of Internal Auditors.

Scope and Services

The scope of work of the OIAMAS is 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.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in the organization's control process.
- Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately.

Opportunities for improving management control and the organization's image may be identified during audits. They will be communicated to the appropriate level of management, and to senior University leadership and the Board of Trustees.

Accountability

The Chief Audit Officer, in the discharge of his/her duties, shall be accountable to the East Carolina University Board of Trustees through the Audit, Enterprise Risk



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Management, Compliance, and Ethics Committee (hereafter referred to as “Committee”) and the Chancellor to:

- Provide assessments on the adequacy and effectiveness of the organization’s processes for controlling its activities and managing its risks.
- Report significant issues related to the processes for controlling the activities of the organization and its affiliates, including potential improvements to those processes, and provide information concerning such issues through resolution.
- Periodically provide information on the status and results of the annual audit plan and the sufficiency of internal audit resources.
- Coordinate assurance and monitoring activities with other functions such as risk management, compliance, IT and information security, legal, ethics, environmental, and external auditors.

Independence and Objectivity

The internal audit activity shall be free from interference in determining the scope of internal auditing, performing work, and communicating results. To provide for the independence of the OIAMAS, its personnel report to the Chief Audit Officer, who reports administratively to the Chancellor and functionally to the Committee.

The Chief Audit Officer shall have full and independent access to the Chancellor and the Committee. Actual or perceived impairments to independence and objectivity will be communicated to the Chancellor and the Committee.

Functional oversight by the Committee includes:

- Approve the annual internal audit plan and significant changes, and monitor progress throughout the year.
- Review and accept internal audit reports when issued.
- Periodically review and revise the internal audit charter as needed.
- Confirm and ensure the independence of the internal audit function.
- Review and concur in the appointment, replacement, or dismissal of the Chief Audit Officer and the compensation package.
- Review and ensure the internal audit function has appropriate budget and staff resources.
- Meet privately with the Chief Audit Officer as necessary.
- Review the effectiveness of the internal audit function, including compliance with the *Global Internal Audit Standards* (hereafter referred to as the “Standards”).
- Resolve disagreements between internal audit and management concerning audit findings and recommendations, audit scope, or other aspects of the internal audit activity.

Administrative oversight by the Chancellor includes:



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- Day-to-day oversight such as approval of Chief Audit Officer leave and travel.
- Regular communications with the Chief Audit Officer and completion of any attestations or other documents required by the North Carolina Council of Internal Audit or the UNC System.

Responsibility

The Chief Audit Officer and staff of OIAMAS have responsibility to:

- Develop a flexible annual audit plan using an appropriate risk-based methodology, including consideration of any strategy, opportunities, risks or control concerns identified by management, and submit that plan and any significant updates during the year to the Chancellor and the Committee for review and approval.
- Implement the annual audit plan, as approved, including as appropriate any special tasks or projects requested by management, the Chancellor, the UNC System, external auditors, and the Committee – so long as such special requests do not cause the OIAMAS to be out of conformance with the *Standards*.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of the Internal Audit Charter.
- Inform the Chancellor and the Committee if changes to the budget or staffing have a significant detrimental impact on the ability to meet the requirements of the Internal Audit Charter.
- Evaluate and assess significant functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Issue periodic reports to management, the Chancellor and the Committee summarizing results of audit activities.
- Keep the Chancellor and the Committee informed of emerging trends and successful practices in internal auditing.
- Provide a list of significant measurement goals and results to the Chancellor and the Committee.
- Conduct investigations of alleged misuse of University resources and other matters submitted to the office's hotline and perform or assist with other investigations as requested by the Chancellor, University Counsel, and/or others as appropriate.
- Consider the scope of work of the external auditors and regulators and other internal compliance offices, as appropriate, for the purpose of providing optimal assurance and monitoring coverage to the organization.
- Serve as a liaison between University management and external auditors.



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- Provide assurance services for management, the Chancellor, and the Committee (Assurance services involve an objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance services are determined by the internal auditor.)
- 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. (Consulting and advisory services are generally performed at the specific request of an engagement client. The nature and scope of advisory services are subject to agreement with the engagement client.)
- Establish a quality assurance program consistent with the *Standards*, by which the Chief Audit Officer monitors and continually improves the operation of internal audit activities and communicates the results of the program with the Chancellor and the Committee.
- Ensure the requirements are met regarding internal audit activities as set forth by UNC Board of Governors, UNC System Office, North Carolina General Statutes, and the North Carolina Council of Internal Auditing.

Authority

The Chief Audit Officer and the staff of OIAMAS are authorized to:

- Have unrestricted access to all functions, records, property, and personnel of the University and its affiliated entities in accordance with North Carolina General Statutes and UNC System policies.
- Allocate resources, set frequencies, select subjects, determine scope of work, and apply the techniques required to accomplish audit objectives.
- Provide consulting and advisory services to management as deemed appropriate.

The Chief Audit Officer and the staff of OIAMAS are not authorized to:

- Perform any operational duties for the organization or its affiliates.
- Initiate or approve accounting transactions external to OIAMAS.
- Direct the activities of any organization employee not employed by OIAMAS, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

Revised Version Approved by the BoT Audit, Risk Management, Compliance, and Ethics Committee on April 11, 2024.