

Internal Audit Charter

Mission and Scope of Work

The mission of the Office of Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve Elizabeth City State University's operations. It 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.

Assurance services involves 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.

Consulting and advisory services are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client.

The scope of work of the Office of Internal Audit 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.

Accountability

The Chief Audit Officer, in the discharge of his/her duties, shall be accountable to the Elizabeth City State University Board of Trustees through the Finance, Audit, and Strategic Planning Committee ("Committee"), and the Chancellor to:

- Provide annually 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.
- 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.
- Periodically provide information on the status and results of the annual audit plan and the sufficiency of the internal audit department resources.
- Coordinate internal activities with other monitoring functions such as risk management, compliance, security, legal, ethics, environmental, and external audits.

Independence and Objectivity

The internal audit activity 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 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.

Functional oversight by the 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.
- Confirm and assure the independence of the internal audit function.
- Review and assure the internal audit function has appropriate budget and staff resources.
- Meet privately with the Chief Audit Officer as deemed necessary.
- Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.
- Resolve disagreements between internal audit and management concerning audit findings and recommendations.

Responsibility

The Chief Audit Officer and staff of the Office of Internal Audit have responsibility to:

- 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 Chancellor and Committee for review and approval as well as periodic updates.
- Implement the annual audit plan, as approved, including as appropriate any special tasks or projects requested by management and the Committee.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirement of the 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 Committee summarizing results of audit activities.
- Keep the Chancellor and Committee informed of emerging trends and successful practices in internal auditing.
- Provide a list of significant measurement goals and results to the Chancellor and Committee.
- Assist and/or conduct the investigation of suspected fraudulent activities within the organization and notify the Chancellor and the Committee 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 University management and external auditors.
- Provide assurance services to the Chancellor and Committee by assessing the adequacy of entity internal control; adequacy of process or sub-entity internal control; adequacy of enterprise risk management; adequacy of governance process; and compliance with laws or regulations.
- 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.
- Establish a quality assurance program by which the Chief Audit Officer assures the operation of internal audit conforms with the Definition of Internal Auditing, the *Standards*, and the Code of Ethics.
- Ensure the requirements are met with regard to internal audit activities as set forth by UNC-BOG and Council of Internal Auditing.

Authority

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

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

The Chief Audit Officer and the staff of the Office of Internal Audit are 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 organization 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.

Standards of Internal Auditing

The internal audit function will govern itself by adherence to The Institute of Internal Auditor's mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing*.

Approved by the Finance, Audit, and Strategic Planning Committee on September 13, 2016.

Signed:

Harold Barnes, Sr.

Chairman of the BOT Finance, Audit, and
Strategic Planning Committee

Date: 10/10/2016

Thomas H. Conway

Chancellor

Date: 10/18/2016

Sharmta W. Parker

Chief Audit Officer

Date: 10/10/2016