



WINSTON-SALEM STATE UNIVERSITY

INTERNAL AUDIT CHARTER

I. MISSION

The mission of ~~the Office of Internal Audit and Institutional Compliance~~ is to enhance and protect organizational value by providing provide independent, risk-based and objective assurance, advice and insight, and consulting services designed to add value and improve the University's operations. Internal Audit helps the uUniversity 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 ~~the Office of Internal Audit and Institutional Compliance~~ is to determine whether the uUniversity'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.
 - ~~1.2.~~ Interaction with the various governance groups occur as needed.
 - ~~2.3.~~ 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.
 - ~~3.6.~~ Programs, plans, and objectives are achieved.
 - ~~4.7.~~ Quality and continuous improvement are fostered in the university's control processes.
 - ~~5.8.~~ Significant legislative and regulatory issues impacting the university are recognized and addressed properly.
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 - ~~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 uUniversity's image identified during audits will be communicated to the appropriate level of management.

~~The Winston-Salem State Office of Internal Audit and Institutional Compliance~~ will provide the same level of assurance services, described in this charter, to the University of North Carolina School of the Arts.

III. INDEPENDENCE

~~The Office of Internal Audit and Institutional Compliance~~ shall maintain its independence. The Chief Audit, Risk, and Compliance Officer ~~and Executive Director of Institutional Compliance~~ (~~Chief ARCOudit Officer~~) reports administratively to the Chancellor and functionally to the Audit, Risk and Compliance Committee (ARCC) of the uUniversity Board of Trustees in a manner outlined in the section on *Accountability*. Internal Audit staff personnel shall report to the ~~Chief Audit Officer~~ RCO. The ~~CA~~ ARCO ~~Chief Audit Officer~~ shall include a report on internal audit personnel as part of the regularly scheduled ARCC ~~Board of Trustees Audit Committee~~ meetings or upon request from the Chair of the ARCC ~~Audit Committee~~.

V.IV. AUTHORITY

1. The ~~CA~~ ARCO ~~Chief Audit Officer~~ 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 ~~Audit Committee~~.
 - 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 uUniversity where they perform audits, as well as other specialized services from within or outside the uUniversity.

2. The ~~CA~~ ARCO ~~Chief Audit Officer~~ and staff are **not** authorized to:
 - a. Perform any operational duties for the uUniversity or its affiliates.
 - b. Initiate or approve accounting transactions external to ~~the Office of Internal Audit and Institutional Compliance~~.
 - c. Direct the activities of any uUniversity employee not employed by or assigned to the Office of Internal Audit, Risk and Institutional Compliance, ~~except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.~~

V.V. ACCOUNTABILITY

The ~~CARCO~~Chief Audit Officer, in the discharge of his/her duties, shall be accountable to the Chancellor and the ~~ARCC~~Audit Committee to:

1. Provide an assessment on the adequacy and effectiveness of the uUniversity'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 uUniversity 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).

~~VII~~.VI. RESPONSIBILITY

The ~~Chief-ARCO~~Audit Officer 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 ~~audit committee~~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~~Audit Committee.
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 ~~CARCO~~Chief Audit Officer 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~~Audit Committee summarizing the results of audit activities.
9. Keep the Chancellor and the ~~ARCC~~Audit Committee informed of emerging trends and successful practices in internal auditing.
10. Provide significant goals and results to the ~~ARCC~~Audit Committee.
11. Assist in the investigation of significant suspected fraudulent activities within the uUniversity and notify the Chancellor and the ~~ARCC~~Audit Committee of the results.
- ~~12.~~13. Provide audit and/or activity reports to the University of North Carolina Board of Governors and the General Administration Office, the North Carolina (NC) Office of

VII. ROLES BEYOND INTERNAL AUDITING-IN ENTERPRISE RISK MANAGEMENT

To help ensure key business risks are being managed appropriately and that the system of internal control is operating effectively, the CARCO's role has been expanded to include oversight of the university's enterprise risk management (ERM) and compliance monitoring functions.

Enterprise Risk Management

1. The CARCO's roles related to ERM include the following:

- a. Championing the establishment of ERM.
- b. Facilitation of the processes to identify, evaluate, manage and monitor risks.
- c. Advising, challenging, coaching and supporting management's decisions on risk, as opposed to making risk management decisions.
- d. Coordinating ERM activities.
- e. Consolidating the reporting on risks.
- f. Communicating with senior management and the ARCC when management has accepted a level of risk that may be unacceptable to the university.

2. The University's Risk and Compliance Program Specialist (RCPS) reports to the CARCO. The role of the RCPS related to ERM includes the following:

- a. Maintaining the ERM framework.
- b. Ongoing assessments of risks having the greatest impact.

Compliance

1. The CARCO's role related to university-wide compliance monitoring includes the following:

- a. Oversee maintenance of the university-wide compliance calendar.
- b. Serve as the connector for individual components of university compliance.
- c. Facilitate reports from compliance managers to the ARCC.
- d. Report auditor observations of noncompliance to the ARCC.

2. The RCPS's role related to university-wide compliance includes the following:

- a. Maintain the university's compliance calendar and coordinate updates.

To ensure these additional roles related to ERM and compliance do not impair, or appear to impair the organizational independence and objectivity of the CARCO and the internal audit function, the following safeguards are in place:

- a. The CARCO reports administratively to the Chancellor and functionally to the ARCC.
- b. The CARCO does not own risks. University management remains responsible for risk management and compliance.
- c. The CARCO does not manage risks or compliance on behalf of management.
- d. University management sets the risk appetite, makes decisions about and implements risk responses.
- e. The ARCC and Chancellor are responsible for imposing risk management practices.
- f. The RCPS does not have any audit-related responsibilities and the internal auditors' responsibilities related to ERM and compliance are limited to assurance and consulting.
- g. The ARCC will periodically evaluate reporting lines and responsibilities of the CARCO and the internal auditors and develop alternative processes to obtain assurance related to ERM, if deemed necessary.

~~The Office of Internal Audit and Institutional Compliance's core role with regard to Enterprise Risk Management (ERM) is to provide objective assurance to the Audit Committee of the University Board of Trustees on the effectiveness of the University's ERM activities to help ensure key business risks are being managed appropriately and that the system of internal control is operating effectively.~~

~~The main factors the Chief Audit Officer should take into account when determining internal auditing's role are whether the activity raises any threats to the internal auditor's independence and objectivity, and whether it is likely to improve the University's risk management, control and governance processes.~~

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~~To maintain the objectivity and independence required by The IIA's Standards the Office of Internal Audit and Institutional Compliance should and should not play the following roles throughout the ERM process:~~

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~~0. Core internal auditing roles in regard to ERM:~~

- ~~-. Giving assurance on risk management processes.~~
- ~~-. Giving assurance that risks are correctly evaluated.~~
- ~~-. Evaluating risk management processes.~~
- ~~-. Evaluating the reporting of key risks.~~
- ~~-. Reviewing the management of key risks.~~

~~1. The Office of Internal Audit and Institutional Compliance may extend its involvement in ERM to include the roles identified below as "legitimate" provided that the following safeguards are in place:~~

- ~~a. Management remains responsible for risk management.~~
- ~~b. Internal audit should not manage any of the risks on behalf of management.~~
- ~~c. Internal audit should provide advice, and challenge and support management's decisions on risk, as opposed to making risk management decisions.~~

~~Legitimate internal auditing roles with safeguards:
Facilitating identification and evaluation of risks.
Coaching management in responding to risks.
Coordinating ERM activities.
Consolidating the reporting on risks.
e.—Championing the establishment of ERM.~~

~~Roles internal auditing should not undertake:
Maintaining and developing the ERM framework.
b.—Developing risk management strategy for board approval.
e.—Setting the risk appetite.
d.—Imposing risk management processes.
e.—Management assurance on risks.~~

~~VIII. F.—TAKING DECISIONS ON RISK RESPONSES.~~

~~IX. G.—IMPLEMENTING RISK RESPONSES ON MANAGEMENT'S BEHALF.~~

~~X. H.—ACCOUNTABILITY FOR RISK MANAGEMENT.~~

~~XI.~~

~~XII.~~ VIII. STANDARDS OF AUDIT PRACTICE

The Office of Internal Audit and Institutional Compliance will meet or exceed the International Standards for the Professional Practice of Internal Auditing (Standards) of the IIA.

Effective Date: This charter becomes effective upon adoption by the Board of Trustees.

Modified: September 21, 2012
March 21, 2014
December 9, 2016

Chair, WSSU Board of Trustees

Secretary, WSSU Board of Trustees