



Compliance, Audit, Risk Management and Legal Affairs (CARL) Committee
February 20, 2024
10:15 a.m.

Information Item

CARL-4 Internal Audit Quality Assurance and Improvement Program

Background Information

Katherine Skinner, Director of Internal Audit, has provided the attached annual attestations for informational purposes.

Attachment

4.1 Annual Attestations – Objectivity, Independence, and Code of Ethics

ANNUAL STATEMENTS OF INDEPENDENCE & OBJECTIVITY

PURPOSE:

Document that audit management and staff are free from personal and external impairments to independence and objectivity. The following form is to be signed by each auditor assigned to the Internal Audit team, including but not limited to the Director of Internal Audit, Internal Auditors, Interns, temporary staff, and any contracted auditors, if applicable.

SOURCES:

The IIA International Standards for the Professional Practice of Internal Auditing and individual auditor attestation.

1100 - Independence & Objectivity

The internal audit activity must be independent, and internal auditors must be objective in performing their work.

1110 – Organizational Independence

The chief audit executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity.

1111 – Direct interaction with the Board

The chief audit executive must communicate and interact directly with the board.

1112 – Chief Audit Executive Roles Beyond Internal Auditing

Where the chief audit executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity.

1120 - Individual Objectivity

Internal auditors must have an impartial, unbiased attitude and avoid any conflicts of interest.

1130 – Impairment to Independences or Objectivity

If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of disclosure will depend upon the impairment.

Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others. Threats to objectivity must be managed at the individual auditor, engagement, functional, and organizational levels.

Independence is the freedom from conditions that threaten the ability of the internal audit activity or the Director of Internal Auditing to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal

Annual Statements of Independence & Objectivity

audit activity, the Director of Internal Auditing has direct and unrestricted access to senior management and the board.

AFFIRMATION:

By signing below, I certify that I have read the Internal Audit Standards stated above and to the best of my knowledge, I am free of conflicts of interest and bias and, in relation to all internal audit assignments, I will maintain objectivity and independence as stated in the IIA International Standards for the Professional Practice of Internal Auditing, referenced above. Additionally, to acknowledge that circumstances may change, I understand that a version of this form will be signed again by each internal audit team member at the start of each engagement and documented in each audit file.

Katherine Skinner
Print Name

11/17/24
Date

Director of Internal Audit
Title

Katherine Skinner
Signature

CONFIDENTIAL – DO NOT DISTRIBUTE

ANNUAL ACKNOWLEDGEMENT OF THE CODE OF ETHICS

PURPOSE:

Document the internal audit team's acknowledgement of the requirement to comply with the Code of Ethics as described in the International Professional Practices Framework (IPPF). This form is to be signed by every member of the audit team annually to coincide with the annual risk assessment and audit plan development.

SOURCES:

The Institute of Internal Auditors' (IIA) International Professional Practice Framework (IPPF) and individual auditor attestation. The Code of Ethics published by the IIA:
<https://www.theiia.org/en/standards/what-are-the-standards/mandatory-guidance/code-of-ethics/>

CODE OF ETHICS

Introduction to the Code of Ethics

The purpose of the Institute's Code of Ethics is to promote an ethical culture in the profession of internal auditing.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the risk management, control, and governance process.

A code of ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about governance, risk management, and control.

The Institute's Code of Ethics extends beyond the Definition of Internal Auditing to include two essential components:

1. Principles that are relevant to the profession and practice of internal auditing.
2. Rules of Conduct that describe behavior norms expected of internal auditors. These rules are an aid to interpreting the Principles into practical applications and are intended to guide the ethical conduct of internal auditors.

"Internal auditors" refers to Institute members, recipients of or candidates for IIA professional certifications, and those who perform internal audit services within the Definition of Internal Auditing.

Applicability and Enforcement of the Code of Ethics

This Code of Ethics applies to both entities and individuals that perform internal audit services.

For IIA members and recipients of or candidates for IIA professional certifications, breaches of the Code of Ethics will be evaluated and administered according to The IIA's Bylaws, the Process for Disposition of Code of Ethics Violation, and the Process for Disposition of Certification Violation. The fact that particular conduct is not mentioned in the Rules of Conduct does not prevent it from being

ANNUAL ACKNOWLEDGEMENT OF THE CODE OF ETHICS

unacceptable or discreditable, and therefore, the member, certification holder, or candidate can be liable for disciplinary action.

Principles

1. Integrity

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement.

2. Objectivity

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.

3. Confidentiality

Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

4. Competency

Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services.

Rules of Conduct

1. Integrity

Internal auditors:

- 1.1. Shall perform their work with honesty, diligence, and responsibility.
- 1.2. Shall observe the law and make disclosures expected by the law and the profession.
- 1.3. Shall not knowingly be a party to any illegal activity or engage in acts that are discreditable to the profession of internal auditing or to the organization.
- 1.4. Shall respect and contribute to the legitimate and ethical objectives of the organization.

2. Objectivity

Internal auditors:

- 2.1. Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization.
- 2.2. Shall not accept anything that may impair or be presumed to impair their professional judgment.
- 2.3. Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

ANNUAL ACKNOWLEDGEMENT OF THE CODE OF ETHICS

3. Confidentiality

Internal auditors:

- 3.1. Shall be prudent in the use and protection of information acquired in the course of their duties.
- 3.2. Shall not use the information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

4. Competency

Internal auditors:

- 4.1. Shall engage only in those services for which they have the necessary knowledge, skills, and experience.
- 4.2. Shall perform internal audit services in accordance with the International Standards for the Professional Practice of Internal Auditing.
- 4.3. Shall continually improve their proficiency and the effectiveness and quality of their services.

Affirmation:

By signing below, I certify that I have read and understand the Code of Ethics. I further certify that I will abide by the Code of Ethics in all matters relating to audit procedures and conduct on behalf of the University of North Carolina at Greensboro.

Katherine Skinner
Print Name

11/17/24
Date

Director of Internal Audit
Title

Katherine Skinner
Signature

ANNUAL STATEMENTS OF INDEPENDENCE & OBJECTIVITY

PURPOSE:

Document that audit management and staff are free from personal and external impairments to independence and objectivity. The following form is to be signed by each auditor assigned to the Internal Audit team, including but not limited to the Director of Internal Audit, Internal Auditors, Interns, temporary staff, and any contracted auditors, if applicable.

SOURCES:

The IIA International Standards for the Professional Practice of Internal Auditing and individual auditor attestation.

1100 - Independence & Objectivity

The internal audit activity must be independent, and internal auditors must be objective in performing their work.

1110 – Organizational Independence

The chief audit executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity.

1111 – Direct interaction with the Board

The chief audit executive must communicate and interact directly with the board.

1112 – Chief Audit Executive Roles Beyond Internal Auditing

Where the chief audit executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity.

1120 - Individual Objectivity

Internal auditors must have an impartial, unbiased attitude and avoid any conflicts of interest.

1130 – Impairment to Independences or Objectivity

If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of disclosure will depend upon the impairment.

Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others. Threats to objectivity must be managed at the individual auditor, engagement, functional, and organizational levels.

Independence is the freedom from conditions that threaten the ability of the internal audit activity or the Director of Internal Auditing to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal

Annual Statements of Independence & Objectivity

audit activity, the Director of Internal Auditing has direct and unrestricted access to senior management and the board.

AFFIRMATION:

By signing below, I certify that I have read the Internal Audit Standards stated above and to the best of my knowledge, I am free of conflicts of interest and bias and, in relation to all internal audit assignments, I will maintain objectivity and independence as stated in the IIA International Standards for the Professional Practice of Internal Auditing, referenced above. Additionally, to acknowledge that circumstances may change, I understand that a version of this form will be signed again by each internal audit team member at the start of each engagement and documented in each audit file.

Ronald Fulton

Print Name

1/25/24

Date

Internal Auditor

Title

Ronald Fulton

Signature

CONFIDENTIAL – DO NOT DISTRIBUTE



ANNUAL ACKNOWLEDGEMENT OF THE CODE OF ETHICS

PURPOSE:

Document the internal audit team's acknowledgement of the requirement to comply with the Code of Ethics as described in the International Professional Practices Framework (IPPF). This form is to be signed by every member of the audit team annually to coincide with the annual risk assessment and audit plan development.

SOURCES:

The Institute of Internal Auditors' (IIA) International Professional Practice Framework (IPPF) and individual auditor attestation. The Code of Ethics published by the IIA:
<https://www.theiia.org/en/standards/what-are-the-standards/mandatory-guidance/code-of-ethics/>

CODE OF ETHICS

Introduction to the Code of Ethics

The purpose of the Institute's Code of Ethics is to promote an ethical culture in the profession of internal auditing.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the risk management, control, and governance process.

A code of ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about governance, risk management, and control.

The Institute's Code of Ethics extends beyond the Definition of Internal Auditing to include two essential components:

1. Principles that are relevant to the profession and practice of internal auditing.
2. Rules of Conduct that describe behavior norms expected of internal auditors. These rules are an aid to interpreting the Principles into practical applications and are intended to guide the ethical conduct of internal auditors.

"Internal auditors" refers to Institute members, recipients of or candidates for IIA professional certifications, and those who perform internal audit services within the Definition of Internal Auditing.

Applicability and Enforcement of the Code of Ethics

This Code of Ethics applies to both entities and individuals that perform internal audit services.

For IIA members and recipients of or candidates for IIA professional certifications, breaches of the Code of Ethics will be evaluated and administered according to The IIA's Bylaws, the Process for Disposition of Code of Ethics Violation, and the Process for Disposition of Certification Violation. The fact that particular conduct is not mentioned in the Rules of Conduct does not prevent it from being

ANNUAL ACKNOWLEDGEMENT OF THE CODE OF ETHICS

unacceptable or discreditable, and therefore, the member, certification holder, or candidate can be liable for disciplinary action.

Principles

1. Integrity

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement.

2. Objectivity

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.

3. Confidentiality

Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

4. Competency

Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services.

Rules of Conduct

1. Integrity

Internal auditors:

- 1.1. Shall perform their work with honesty, diligence, and responsibility.
- 1.2. Shall observe the law and make disclosures expected by the law and the profession.
- 1.3. Shall not knowingly be a party to any illegal activity or engage in acts that are discreditable to the profession of internal auditing or to the organization.
- 1.4. Shall respect and contribute to the legitimate and ethical objectives of the organization.

2. Objectivity

Internal auditors:

- 2.1. Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization.
- 2.2. Shall not accept anything that may impair or be presumed to impair their professional judgment.
- 2.3. Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

ANNUAL ACKNOWLEDGEMENT OF THE CODE OF ETHICS

3. Confidentiality

Internal auditors:

- 3.1. Shall be prudent in the use and protection of information acquired in the course of their duties.
- 3.2. Shall not use the information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

4. Competency

Internal auditors:

- 4.1. Shall engage only in those services for which they have the necessary knowledge, skills, and experience.
- 4.2. Shall perform internal audit services in accordance with the International Standards for the Professional Practice of Internal Auditing.
- 4.3. Shall continually improve their proficiency and the effectiveness and quality of their services.

Affirmation:

By signing below, I certify that I have read and understand the Code of Ethics. I further certify that I will abide by the Code of Ethics in all matters relating to audit procedures and conduct on behalf of the University of North Carolina at Greensboro.

Ronald Fulton

Print Name

1/25/24

Date

Internal Auditor

Title

Ronald Fulton

Signature