



Compliance, Audit, Risk Management and Legal Affairs (CARL) Committee
October 29, 2024
10:15 a.m.

Discussion Item

CARL-2 Internal Audit Report

Background Information

Katherine Skinner, Director of Internal Audit, will provide a summary of the Quality Assessment Review report.

Attachment

2.1 Presentation Slides and Quality Assessment Review (QAR) Report



UNC
GREENSBORO

Office of Institutional
Integrity and General Counsel

Internal Audit

UNC Greensboro Board of Trustees
Compliance, Audit, Risk Management, and Legal Affairs (CARL) Committee
October 29, 2024

Katherine Skinner, Director of Internal Audit
Ronald Fulton, Internal Auditor





CARL 2.1

External Quality Assessment Review (QAR) - Background:

- Compliance with IIA Standards is required by NCGS 143, Article 79
- IIA Standards require an external QAR at least once every 5 years.
 - Evaluates IA compliance with each Standard (52) and the Code of Ethics
 - Qualified and independent external assessor(s)
 - Fully external or a self assessment with independent validation (SAIV)
 - SAIV is still a comprehensive external review;
 - IA does the leg work for review and mapping.
 - External assessors validate - review and determine whether they agree with the conclusions and assertions.
 - External assessors provide an opinion – whether they agree/disagree with IA conclusions
 - External assessors may provide comments on opportunities for improvement and/or successful IA practices
 - Possible Ratings:
 - Generally Conforms (GC)
 - Partially Conforms (PC) – this was the June 2021 rating
 - Does Not Conform (DNC)

CARL 2.1

External Quality Assessment Review (QAR):

- The QAR is complete
- We are in conformance with Standards!
 - Rating is “Generally Conforms” – across the Board (highest rating possible)
 - Successful Practices
 - Implementation of audit software
 - No Gaps in conformance
- The next QAR will be in or by 2029 - New standards become effective in January 2025

QAR using current (2017) IIA Standards

		GC	PC	DNC
Overall Evaluation		X		
Attribute Standards (1000 through 1300)		GC	PC	DNC
1000	Purpose, Authority, and Responsibility	X		
1100	Independence and Objectivity	X		
1200	Proficiency and Due Professional Care	X		
1300	Quality Assurance and Improvement Program	X		
Performance Standards (2000 through 2600)		GC	PC	DNC
2000	Managing the Internal Audit Activity	X		
2100	Nature of Work	X		
2200	Engagement Planning	X		
2300	Performing the Engagement	X		
2400	Communicating Results	X		
2500	Monitoring Progress	X		
2600	Communicating the Acceptance of Risks	X		
Code of Ethics		GC	PC	DNC
Ethics	Code of Ethics	X		



Find your way here

CARL 2.1

QAR – Generally Conforms – what it took

- Many years of nonconformance
 - Partially Conforms in 2021 with repeat findings from 2015
 - We updated all IA documents and activities (manual, templates, charter, etc.)
- The QAR took over 240 Internal Audit hours to complete (typical)



UNC GREENSBORO

Questions?

Contact an audit team member:

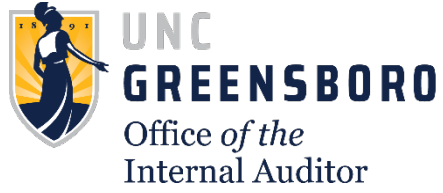
Katherine Skinner: kaskinner@uncg.edu

Or

Ronald Fulton: rsfulton@uncg.edu



GREENSBORO
Office of the
Internal Auditor



EXTERNAL QUALITY ASSESSMENT REVIEW

SELF-ASSESSMENT WITH INDEPENDENT VALIDATION

INTERNAL AUDIT

OCTOBER 2024

MEMORANDUM

To: Dr. Franklin D. Gilliam, Jr., Chancellor
Anita Bachman, Chair Compliance, Audit, Risk Management, and Legal Affairs Committee
Jerry Blakemore, Vice Chancellor for Institutional Integrity and General Counsel

From: Katherine Skinner, Director of Internal Audit

Date: October 9, 2024

RE: Quality Assessment Review - Internal Audit

The Quality Assessment Review (QAR or Review) of Internal Audit was completed by the Office of the Internal Auditor and validated by an independent and qualified team of assessors. Provided within this communication is an Executive Summary and the Final Report of the Quality Assessment.

The independent assessment team reviewed and evaluated a draft copy of this report, the quality assessment evaluation, and all supporting documentation. The team's written comments are included starting on page 19.

We appreciate the courtesy and cooperation received from UNCG's executive leadership and the Board of Trustees in working with the internal audit team and the independent assessors to complete this Review.

We also appreciate the assistance and professionalism of the volunteers who worked with Internal Audit and UNCG leadership to validate this QAR. The team of volunteers gained experience but were provided with no other benefit for performing this work.

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Executive Summary

PURPOSE

The objective of the Quality Assessment Review (QAR) was to assess Internal Audit's conformance with the *Standards* and the Code of Ethics.

Internal Audit (IA) also evaluated its effectiveness in carrying out its mission; identified successful internal audit practices demonstrated by IA; and identified opportunities for continuous improvement to enhance the efficiency and effectiveness of the infrastructure, processes, and the value to stakeholders.

SCOPE

The scope of the QAR included FY2023 and FY2024 internal audit engagements, internal audit policies, procedures, and documentation, and materials presented to the CARL Committee during FY2023 and FY2024. The QAR was concluded in October 2024, and provides senior management and the Board of Trustees with information about IA as of that date.

BACKGROUND:

The International Standards for the Professional Practice of Internal Auditing requires that an external quality assessment (QA) of an internal audit activity be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The qualified assessor or assessment team must demonstrate competence in both the professional practice of internal auditing and the QA process. The QA can be accomplished through a full external assessment or a self-assessment with independent validation.

OPINION AS TO CONFORMANCE WITH THE STANDARDS AND THE CODE OF ETHICS

It is our overall opinion that IA **generally conforms** with the Standards and the Code of Ethics. Summary and detailed observations are provided in the sections below. A detailed list of conformance ratings with individual *Standards* and the Code of Ethics is shown in Appendix A. Definitions for conformance ratings are provided in Appendix B.

A team of external independent assessors validated the results of IA's self-assessment. The main focus was to validate the conclusion of IA related to conformance with the *Standards* and the Code of Ethics. They also reviewed IA observations related to successful internal audit practices and opportunities for continuous improvement. They offered additional observations as they deemed appropriate. The validation report from independent assessors is provided in Appendix C.

Table 1. Executive Summary of Observations

		GC	PC	DNC
Overall Evaluation		X		
Attribute Standards (1000 through 1300)		GC	PC	DNC
1000	Purpose, Authority, and Responsibility	X		
1100	Independence and Objectivity	X		
1200	Proficiency and Due Professional Care	X		
1300	Quality Assurance and Improvement Program	X		
Performance Standards (2000 through 2600)		GC	PC	DNC
2000	Managing the Internal Audit Activity	X		
2100	Nature of Work	X		
2200	Engagement Planning	X		
2300	Performing the Engagement	X		
2400	Communicating Results	X		
2500	Monitoring Progress	X		
2600	Communicating the Acceptance of Risks	X		
Code of Ethics		GC	PC	DNC
Ethics	Code of Ethics	X		

OPINION AS TO CONFORMANCE WITH THE STANDARDS AND THE CODE OF ETHICS

It is our overall opinion that IA generally conforms with the *Standards* and the *Code of Ethics*. A detailed list of conformance with individual standards and the Code of Ethics is shown in Appendix A.

Summary of Observations:

IA believes that the environment in which we operate is well structured and progressive, where the *Standards* are understood, the Code of Ethics is being applied, and management endeavors to provide useful audit tools and implement appropriate practices. Consequently, our comments and recommendations are intended to build on this foundation.

Observations are divided into three categories:

1. Successful Internal Audit Practices – Areas where IA is operating in a particularly effective or efficient manner when compared to the practice of internal auditing demonstrated in other internal audit activities. The identification of these items is intended to provide IA stakeholders with a view on things IA is doing in a leading practice manner when compared to other internal audit activities. Successful internal audit practices identified are summarized and detailed in the following section(s) of this report:

- The implementation of audit management software enhances audit performance and documentation and increases efficiencies.

2. Gaps to Conformance – Areas identified where IA is operating in a manner that falls short of achieving one or more major objectives, and attains an opinion of “partially conforms” or “does not conform” with the *Standards* or the Code of Ethics. These items will include recommendations for actions needed to be “generally in conformance,” and will include an IA response and an action plan to address the gap. Gaps to conformance with the *Standards* or Code of Ethics identified are summarized and detailed in the following section(s) of this report:

- None.

3. Opportunities for Continuous Improvement – Observations of opportunities to enhance the efficiency or effectiveness of IA’s infrastructure of processes. These items do not indicate a lack of conformance with the *Standards* or the Code of Ethics, but rather offer suggestions on how to better align with criteria defined in the *Standards* or Code of Ethics. They may also be operational ideas based on the experiences obtained while working with other internal audit activities. A management response and an action plan to address each opportunity noted are normally included. Opportunities for continuous improvement identified are summarized and detailed in the following section(s) of this report:

- The use of the SAMM tool for periodic internal assessments requires evaluation and revision for implementation of the Global Internal Audit Standards that become effective beginning in January 2025.
- Options for adequate information technology audit coverage include hiring an IT auditor, co-sourcing, and out-sourcing.

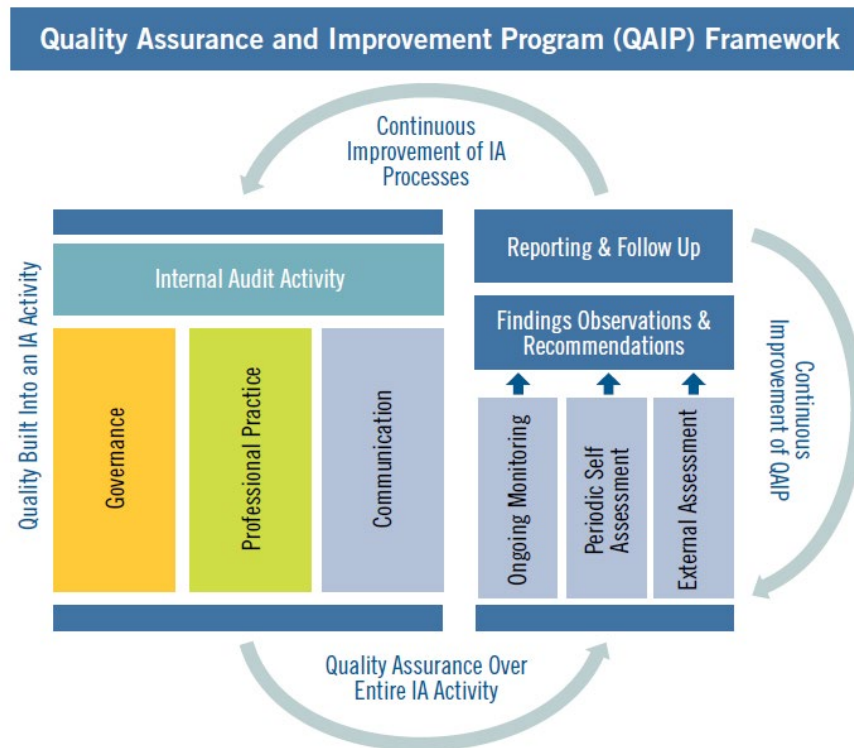
Background

BACKGROUND - OVERVIEW

North Carolina General Statutes § 143, article 79 requires¹ compliance with Internal Audit Standards² (*Standards*) issued by the Institute of Internal Auditors. Standard 1321 states, “**Indicating that the internal audit activity conforms with the International Standards for the Professional Practice of Internal Auditing is appropriate only if supported by the results of the quality assurance and improvement program**” (QAIP) [*emphasis added*].

An external quality assessment (QAR) is one of the components of a QAIP required by *Standards* to verify that an internal audit activity is conforming with the *Standards* and the Code of Ethics. See Graphic 1.

Graphic 1. Quality Assurance and Improvement Program Framework



Source: Quality Assurance and Improvement Program Practice Guide, published by the IIA, March 2012

¹ Compliance with Government Auditing Standards issued by the Comptroller General of the United States is also required when applicable.

² The International Professional Practices Framework (IPPF) published by the Institute of Internal Auditors (IIA) includes Internal Audit Standards (*Standards*), the Code of Ethics, and Implementation Guidance.

Quality Assessment Review – Overview

An external QAR can be accomplished through a full external assessment or a self-assessment with independent validation (SAIV). The *major* distinction between the full external assessment and the SAIV is that the Internal Audit team performs the evaluation, initially assign the ratings, and prepares the final report. In both a full external assessment and SAIV, an independent assessor or assessment team validates the ratings and provides a written opinion³ that is included in the final report.

The IIA’s Quality Assessment Manual for the Internal Audit Activity uses three rankings to opine on the internal audit activity: “Generally Conforms,” “Partially Conforms,” or “Does Not Conform.”

- **“Generally Conforms”** means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the Standards and the Code of Ethics.
- **“Partially Conforms”** means that deficiencies in practice are noted that are judged to deviate from the Standards and the Code of Ethics; however, these deficiencies did not preclude the internal audit activity from performing its responsibilities in an acceptable manner.
- **“Does Not Conform”** means that deficiencies in practice are judged to deviate from the Standards and the Code of Ethics, and are significant enough to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities.

Therefore, conformance with *Standards* is verified with a “generally conforms” rating on an independent quality assessment. Conformance criteria can be found in Appendix B.

UNCG Internal Audit QAR

In June 2021, the Internal Audit Activity received a full external quality assessment that resulted in a partially conforms rating and included five gaps in conformance, including repeat findings and recommended corrective actions. As a result, the current Internal Audit team designed and implemented significant improvements to the Internal Audit activity including full remediation of all previously identified conformance gaps.

The Director of Internal Audit (Chief Audit Executive or CAE) discussed the form and frequency of Quality Assurance and Improvement Program Activities, including the external QAR, with the Board. The CAE provided the Chair of the CARL Committee and UNCG executive leadership with information about the QAR including the plan to perform a Self-Assessment with Independent Validation and an overview of the external quality assessment team’s qualifications and independence.

Independent Assessors – Qualifications & Independence

As mentioned above, the *Standards* require that an external QAR of an internal audit activity be conducted by a qualified, independent assessor or assessment team from outside the organization. The external quality assessment team includes three individuals who are independent of UNCG in fact and appearance. The external quality assessment team members are all external to UNCG, have no prior ties or association

³ See Appendix C for the Independent Assessors’ Report that includes the opinion as to validation.

with UNCG, and have no personal or business association with anyone at UNCG other than through mutual membership in the Association of College and University Auditors.⁴

Standards also require that the qualified assessor or assessment team demonstrate competence in both the professional practice of internal auditing and the QAR process. The UNCG Internal Audit team recruited three independent, qualified assessors to validate the QAR. Each of the team members has higher education, internal audit, and QAR experience and each is currently in a leadership role at a university. The team leader⁵ has experience leading and assisting with QARs. The other two team members each have at least some experience preparing for their universities' QARs. Additionally, all three team members have professional credentials in internal auditing, information systems auditing, risk management, compliance, and/or internal controls.

All three independent QAR team members provided signed attestations as to their independence from UNCG and UNCG internal audit team members as well as their qualifications to conduct the independent validation of UNCG's self-assessment.

Brief History of UNCG Internal Audit

The internal audit activity was established at UNCG in 1984 and operated with one team member, the Director of Internal Audit, until 1996. In 1996, the Internal Audit activity added one auditor and continued to operate with a team of two auditors since that time (26 years). Effective January 31, 2022, the Director of Internal Audit retired, and effective April 30, 2022 the Internal Auditor retired.

Internal audit personnel changes and the "*partially conforms*" rating on the full external QAR presented UNCG leadership with the opportunity and the foresight to re-envision the internal audit activity. As a result, Internal Audit's reporting line within the university's organizational structure changed. Previously, the Director of Internal Audit reported directly to the Chancellor and the Chair of the Compliance, Audit, Risk Management, and Legal Affairs (CARL) Committee of the Board of Trustees. This structure facilitated barriers to collaboration with University leaders. Beginning in fiscal year 2022, the Internal Audit activity was restructured and is organizationally placed within the Office of Institutional Integrity and General Counsel (OIIGC).

The Director of Internal Audit continues to report functionally to the Chair of the CARL Committee, but now reports administratively to the Vice Chancellor (VC) of the OIIGC. Changes to Internal Audit reporting lines are intended to strengthen the collaboration between and among divisions, better align ethical University functions, and streamline processes. The change does not interfere with or impair the Internal Audit activity's independence or objectivity. Under the new structure, a new Internal Audit Director was hired effective June 13, 2022 and a new Internal Auditor was hired effective August 29, 2022.

⁴ The QAR team members were identified through the ACUA community message board called Connect ACUA.

⁵ *Standards* require that the team collectively possess the qualifications and competence to complete the QAR. *Standards* also allow for one assessor or a team of assessors.

Objective, Scope, and Methodology

Objective:

The objective of the Quality Assessment Review (QAR) was to assess Internal Audit's conformance with the *Standards* and the Code of Ethics.

Internal Audit (IA) also evaluated its effectiveness in carrying out its mission, as set forth in the internal audit charter and expressed in the expectations of UNCG's management; identified successful internal audit practices demonstrated by IA; and identified opportunities for continuous improvement to enhance the efficiency and effectiveness of the infrastructure, processes, and the value to stakeholders.

A team of external independent assessors validated the results of IA's self-assessment. The main focus was to validate the conclusion of IA related to conformance with the *Standards* and the Code of Ethics. They also reviewed IA observations related to successful internal audit practices and opportunities for continuous improvement. They offered additional observations as they deemed appropriate.

Scope

The scope of the QAR included the Internal Audit Activity, as set forth in the internal audit charter and approved by the board, which defines the purpose, authority, and responsibility of IA for fiscal year (FY) 2023 and 2024 engagements, current internal audit policies, procedures, and documentation, and materials presented to the CARL Committee during FY2023 and FY2024.

The QAR was concluded in October 2024, and provides senior management and the Board of Trustees with information about IA as of that date.

Methodology

IA compiled and prepared information using guidance established in the *Quality Assessment Manual for the Internal Audit Activity*. This information included detailed planning guides, *Standards* and key conformance criteria, an evaluation summary, detailed and summary conformance ratings, a self-assessment report documenting all conclusions and observations, and all supporting documentation.

IA identified key stakeholders (IA staff, senior management and the board, and the external auditors) and sent surveys to each individual identified. The results were used by the independent assessment team as supporting documentation during the validation process.

Prior to starting the validation portion of the IA self-assessment, the independent QAR team held a preliminary meeting with IA to discuss the status of preparation of the self-assessment, identification of key stakeholders to potentially be interviewed during the remote validation, and finalization details related to the QAR.

To accomplish the objectives, the independent QAR team validated the results of IA's self-assessment. The main focus was to validate the conclusion of IA related to conformance with the *Standards* and the Code of Ethics. They also provided observations related to successful internal audit practices and opportunities for continuous improvement.

The independent QAR team (validators) prepared an "Independent Validation Statement" (See Appendix C) to document conclusions related to the validation of IA's self-assessment.

Opinion & Summary of Observations

OPINION AS TO CONFORMANCE WITH THE STANDARDS AND THE CODE OF ETHICS

It is our overall opinion that IA generally conforms with the *Standards* and the Code of Ethics. A detailed list of conformance with individual standards and the Code of Ethics is shown in Appendix A.

IA believes that the environment in which we operate is well structured and progressive, where the *Standards* are understood, the Code of Ethics is being applied, and management endeavors to provide useful audit tools and implement appropriate practices. Consequently, our comments and recommendations are intended to build on this foundation.

Summary of Observations

Observations are divided into three categories:

Successful Internal Audit Practices – Areas where IA is operating in a particularly effective or efficient manner when compared to the practice of internal auditing demonstrated in other internal audit activities. The identification of these items is intended to provide IA stakeholders with a view on things IA is doing in a leading practice manner when compared to other internal audit activities. Successful internal audit practices identified are summarized and detailed in the following section(s) of this report:

- The implementation of audit management software enhances audit performance and documentation and increases efficiencies.

Gaps to Conformance – Areas identified where IA is operating in a manner that falls short of achieving one or more major objectives, and attains an opinion of “partially conforms” or “does not conform” with the *Standards* or the Code of Ethics. These items will include recommendations for actions needed to be “generally in conformance,” and will include an IA response and an action plan to address the gap. Gaps to conformance with the *Standards* or Code of Ethics identified are summarized and detailed in the following section(s) of this report:

- None.

Opportunities for Continuous Improvement – Observations of opportunities to enhance the efficiency or effectiveness of IA’s infrastructure of processes. These items do not indicate a lack of conformance with the *Standards* or the Code of Ethics, but rather offer suggestions on how to better align with criteria defined in the *Standards* or Code of Ethics. They may also be operational ideas based on the experiences obtained while working with other internal audit activities. A management response and an action plan to address each opportunity noted are normally included. Opportunities for continuous improvement

identified are summarized and detailed in the following section(s) of this report:

- The use of the SAMM⁶ tool for periodic internal assessments requires evaluation and revision for implementation of the Global Internal Audit Standards that become effective January 2025.
- Options for adequate information technology audit coverage include hiring an IT auditor, co-sourcing, and out-sourcing.

⁶ The Self Assessment Maturity Model (SAMM tool) is an evaluation of the Internal Audit Activity's level of maturity with regard to conformance with Standards and it is required annually by the NC Council of Internal Auditing.

Detailed Observations

Detail – Successful Internal Audit Practices

Although the implementation and use of audit management software were not included in the validation process due to the timing of implementation, the successful launch and consistent use of audit management software enhances conformance to the IIA Standards. Software generally increases efficiency with streamlined audit workflows, improved documentation management, and increased visibility into any audit findings and corrective actions. The validation team generally supports audit management software and appreciates the time, effort, and expenditures required to plan and initiate the implementation successfully.

Detail – Gaps to Conformance with the *Standards* or the *Code of Ethics*

None.

Detail – Opportunities for Continuous Improvement

1. Standard 1311 – Internal Assessments – IA is encouraged to evaluate the new Global Audit Standards' coverage in the SAMM tool used for periodic internal assessments.

Widely used throughout the state, the SAMM tool is a maturity model designed to assess the development of internal audit practices and it evaluates key themes including Services and Role of Internal Audit, Professional Practices, Performance Management and Accountability, People Management, Organizational Relationships, and Governance Structures. Maturity is assessed across levels ranging from (1) initial, (2) infrastructure, and (3) integrated, to (4) managed, and (5) optimizing. A "3" or "integrated" rating is considered in conformance with *Standards*, as indicated within the SAMM tool.

Supplemental work will be required to map the SAMM tool to the specific requirements of the new standards and to demonstrate complete and effective self-assessment, ensuring that the audit function can adequately demonstrate conformance with evolving benchmarks for internal audit quality and effectiveness.

IA Response & Action Plan:

The SAMM tool is modified by the NC Council of Internal Auditing and distributed to internal auditors for annual reporting. The Director of Internal Audit will confirm that the SAMM tool used in future periods includes updates to the new standards and fully evaluates the internal audit activity on an annual basis for conformance with Standards. If the SAMM tool falls short of fully assessing conformance with the new standards, the Director of Internal Audit will use the quality assessment tool provided by the Association of College and University Auditors.

2. **Standard 2110.A2** – Governance – Evaluation of Information Technology (IT) governance will provide assurance that the organization's strategies and objectives are supported.

IT audit coverage of key risks is essential to ensuring the security, integrity, and efficiency of an organization's technology environment, especially in educational institutions where protecting student data is critical. Compliance with the Family Educational Rights and Privacy Act (FERPA) and conducting regular information security assessments to meet cybersecurity requirements are crucial for safeguarding sensitive student information and institutional data. As Information IT systems become more integral to operations, the risks related to cybersecurity, data privacy, system vulnerabilities, and regulatory compliance continue to escalate. Without adequate IT audit coverage, undetected and unmitigated risks can result in data breaches, financial loss, reputational damage, or regulatory penalties. To address these challenges, institutions should consider hiring a dedicated IT auditor to build internal expertise, co-sourcing with external specialists to supplement in-house capabilities, or fully outsourcing IT audits to firms with advanced technical knowledge. These solutions help ensure comprehensive IT risk coverage while maintaining compliance with FERPA, cybersecurity regulations, and other critical requirements.

IA Response & Action Plan:

The Director of Internal Audit will consider the use of external IT audit service providers and ensure that the Annual Risk-based Internal Audit Plan includes coverage of IT governance. An IT audit is on the approved internal audit plan for FY2025.

Appendix A – Evaluation Summary

Overall Evaluation	GC	PC	DNC
	X		

Attribute Standards (1000 through 1300)		GC	PC	DNC
1000	Purpose, Authority, and Responsibility	X		
1010	Recognizing Mandatory Guidance in the Internal Audit Charter	X		
1100	Independence and Objectivity	X		
1110	Organizational Independence	X		
1111	Direct Interaction with the Board	X		
1112	Chief Audit Executive Roles Beyond Internal Auditing	X		
1120	Individual Objectivity	X		
1130	Impairment to Independence or Objectivity	X		
1200	Proficiency and Due Professional Care	X		
1210	Proficiency	X		
1220	Due Professional Care	X		
1230	Continuing Professional Development	X		
1300	Quality Assurance and Improvement Program	X		
1310	Requirements of the Quality Assurance and Improvement Program	X		
1311	Internal Assessments	X		
1312	External Assessments	X		
1320	Reporting on the Quality Assurance and Improvement Program	X		
1321	Use of “Conforms with the <i>International Standards for the Professional Practice of Internal Auditing</i> ”	X		
1322	Disclosure of Nonconformance	X		

Performance Standards (2000 through 2600)		GC	PC	DNC
2000	Managing the Internal Audit Activity	X		
2010	Planning	X		
2020	Communication and Approval	X		
2030	Resource Management	X		
2040	Policies and Procedures	X		
2050	Coordination and Reliance	X		
2060	Reporting to Senior Management and the Board	X		

Performance Standards (2000 through 2600)		GC	PC	DNC
2070	External Service Provider and Organizational Responsibility for Internal Auditing	X		
2100	Nature of Work	X		
2110	Governance	X		
2120	Risk Management	X		
2130	Control	X		
2200	Engagement Planning	X		
2201	Planning Considerations	X		
2210	Engagement Objectives	X		
2220	Engagement Scope	X		
2230	Engagement Resource Allocation	X		
2240	Engagement Work Program	X		
2300	Performing the Engagement	X		
2310	Identifying Information	X		
2320	Analysis and Evaluation	X		
2330	Documenting Information	X		
2340	Engagement Supervision	X		
2400	Communicating Results	X		
2410	Criteria for Communicating	X		
2420	Quality of Communications	X		
2421	Errors and Omissions	X		
2430	Use of "Conducted in Conformance with the <i>International Standards for the Professional Practice of Internal Auditing</i> "	X		
2431	Engagement Disclosure of Nonconformance	X		
2440	Disseminating Results	X		
2450	Overall Opinions	X		
2500	Monitoring Progress	X		
2600	Communicating the Acceptance of Risks	X		

Code of Ethics		GC	PC	DNC
Ethics	Code of Ethics	X		

Appendix B – Rating Definitions

These rating definitions must be included in each QAR report to describe the opinion used. Additionally, the rating definitions were established by the IIA.

GC – “Generally Conforms” means that the assessor or the assessment team has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual standard or elements of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformity to a majority of the individual standard or element of the Code of Ethics and at least partial conformity to the others within the section/category. There may be significant opportunities for improvement, but these should not represent situations where the activity has not implemented the *Standards* or the Code of Ethics and has not applied them effectively or has not achieved their stated objectives. As indicated above, general conformance does not require complete or perfect conformance, the ideal situation, or successful practice, etc.

PC – “Partially Conforms” means that the assessor or assessment team has concluded that the activity is making good-faith efforts to comply with the requirements of the individual standard or elements of the Code of Ethics, or a section or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the *Standards* or the Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the internal audit activity and may result in recommendations to senior management or the board of the organization.

DNC – “Does Not Conform” means that the assessor or assessment team has concluded that the internal audit activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many or all of the objectives of the individual standard or element of the Code of Ethics, or a section or major category. These deficiencies will usually have a significantly negative impact on the internal audit activity’s effectiveness and its potential to add value to the organization. These may also represent significant opportunities for improvement, including actions by senior management or the board.

Appendix C – Independent Validation

Report on Self-Assessment of the UNCG Internal Audit Activity




Independent QAR Team: Leah Ladley, CPA, CIA, CFE, CRMA; Tricia Wood, CIA, CISA, CRISC; and Arlene Gordon-King, CISM, CISA, CISSP, ECSA

October 9, 2024

The Independent QAR Team was engaged to conduct an independent validation of the University of North Carolina at Greensboro IA self-assessment. The primary objective of the validation was to verify the assertions and conclusions made in the attached self-assessment report concerning adequate fulfillment of the University’s basic expectations of IA, its conformity to The IIA’s *International Standards for the Professional Practice of Internal Auditing*, and successful internal audit practices and opportunities for continuous improvement noted. Other matters that might have been covered in a full external assessment, such as an in-depth analysis of successful practices based on benchmark data, governance activities, consulting services, and use of advanced technology, were excluded from the scope of this independent validation by agreement with the chief audit executive.

In acting as the qualified, independent external assessment team from outside the University, the independent QAR team is fully independent of UNCG and has the necessary skills to undertake this engagement. The validation, concluded in October 2024, consisted primarily of a review and a test of the procedures and results of IA’s self-assessment.

The independent QAR team concurs with IA’s conclusions and observations documented in the attached self-assessment report. Implementation of the recommendations contained in the self-assessment report will improve the effectiveness, enhance the value, and support IA’s conformity with the *Standards* and the Code of Ethics.

Leah Ladley, CPA, CIA, CFE, CRMA		10/9/2024
Print Name	Signature	Date
Arlene Gordon-King, CISM, CISA, CISSP, ECSA		10/09/2024
Print Name	Signature	Date
Tricia Wood, CIA, CISA, CRISC		10/9/24
Print Name	Signature	Date