



Compliance, Audit, Risk Management and Legal Affairs (CARL) Committee
April 1, 2025
10:15 a.m.

Discussion Items

CARL-1 Internal Audit Report

Background Information

Katherine Skinner, Director of Internal Audit, will provide a presentation including an update on internal audit activities and highlights of the Internal Audit Strategic Plan.

Attachments

- 1.1 Internal Audit Report Presentation
- 1.2 Internal Audit Strategic Plan



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Office of Institutional
Integrity and General Counsel

Internal Audit Report Presentation

UNC Greensboro Board of Trustees

Compliance, Audit, Risk Management, and Legal Affairs (CARL) Committee

April 1, 2025

Katherine Skinner, Director of Internal Audit





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Update on Internal Audit Activities

Jul 2024 – Mar 2025

UNCG Internal Audit

- CARL Committee Charter updated
- Internal Audit Charter updated
- QAR Completed – Generally Conforms
- Strategic Plan created
- Purchase Card Audit as part of Departmental Expense Audit - Ongoing
 - We were already reviewing P-Card expenditures
 - We expanded our scope to ensure UNC System Policy Compliance.
- Emergency Communication and Alert System
 - We will add the audit to next year's audit plan, consistent with UNC System universities.

UNC System Internal Audit

(*presented at CARMC)

- CARMC Charter updated*
- Internal Audit Charter updated*
- Purchase Card Administration and Oversight – Audit*
- Emergency Communication and Alert System – Audit*
- Strategic Plan (in process)



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Internal Audit Strategic Plan - Jan 2024 – Dec 2029

Global Internal Audit Standard (*Standard*) 9.2 – Internal Audit Strategy

Requirements (in brief):

- Develop and implement a strategy that supports the University's strategic objectives and success and aligns with stakeholder expectations.
- It is a plan of action to achieve long-term objectives.
- It must include a vision, strategic objectives, and supporting initiatives to guide internal audit toward the fulfillment of the internal audit mandate.
- The chief audit executive must review the internal audit strategy with the board and senior management periodically.



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Internal Audit Strategic Plan, continued

The mission and vision aligns with the Internal Audit Charter.

Strategic Objectives:

- 1. Assurance and Advisory Services:** Provide an appropriate level of assurance and advisory services to high risk or high opportunity areas that would negatively impact University objectives if they were unsuccessful.
- 2. Effective and Efficient Operations:** Appropriately steward the resources that have been entrusted to us and continuously seek ways to improve the efficiency and effectiveness of internal audit operations.
- 3. Talent Management:** Sustain and enhance the qualifications, knowledge, skills, and abilities of the audit team to continuously fulfill our responsibilities to the University.
- 4. Internship Program:** Provide meaningful education and development opportunities for University students and potential internal audit professionals.
- 5. Comply with all Requirements:** Comply with all reporting and operational requirements within established timeframes and maintain documentation to demonstrate compliance.



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Questions?



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Strategy January 2025 – December 2029

Overview of the Internal Audit Strategic Plan and its Components:

The Strategic Plan is a plan of action designed to achieve long-term, overarching objectives. An internal audit strategic plan provides foresight and proactive steps of how to achieve current and future internal audit plans, and how to align with the organization's strategic initiatives and the board's mandate. Components of the strategic plan include:

- Brief History & Mandate – general background information; not a required element.
- **Purpose** provides context for the creation of the Strategic Plan and its components; required.
- **Mission** describes Internal Audit's method for achieving its vision; not a required element.
- **Vision** describes the future state of the Internal Audit function over a specified period; required.
- **Strategic Objectives** define achievable targets towards realizing the vision; required.
- **Supporting Initiatives** describe specific tactics and steps for achieving strategic objectives; required.

Brief History & Mandates

The internal audit function started at UNCG in 1984 with one internal audit professional, manual processes, and paper workpapers and documentation. As of December 2024, 40 years later, the internal audit function has a Director of Internal Audit and one Internal Auditor, many automated processes, and electronic workpapers and documentation.

The Office of the Internal Auditor (Internal Audit) is required by North Carolina General Statute § 143 Article 79 to comply with Global Internal Audit Standards (*Standards*) issued by the Institute of Internal Auditors and reporting requirements set forth by the North Carolina Council of Internal Auditing (Council). Internal Audit is also required to comply with the University of North Carolina System Office (System Office) policies, procedures, and reporting requirements.

Standards issued by the Institute of Internal Auditors¹ require the Director of Internal Audit to plan strategically to position the internal audit function to fulfill its mandate and achieve long-term success. *and* describe required elements² of a strategic plan: "The internal audit strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit function."

Purpose

The internal audit strategy is a plan of action to help guide the internal audit function toward the fulfillment of the internal audit mandate and its vision through achievement of immediate and long-term objectives. In accordance with *Standard 9.2*, the internal audit function must include a strategic plan that aligns with

¹ Global Internal Audit Standards issued by the Institute of Internal Auditors January 2024, effective January 9, 2025.

² Global Internal Audit Standard 9.2 – Internal Audit Strategy

University goals and objectives as determined by the expectations of the board, University leadership, and other key stakeholders. The strategic plan must address risks identified by internal and external stakeholders as well as the internal audit function and must include a purpose, a vision, strategic objectives, and supporting Initiatives.

The Director of Internal Audit must periodically review the internal audit strategy with the board and senior management. Additionally, *Standard 9.2* states that “the Internal audit strategy should be adjusted whenever changes occur in the organization’s strategic objectives or stakeholders’ expectations.”

Mission

The internal audit function’s mission is to enhance the University’s: (a) successful achievement of its objectives; (b) governance, risk management, and control processes; (c) decision-making and oversight; (d) reputation and credibility with its stakeholders; and (e) ability to serve the public interest with a commitment to adhering to the Global Internal Audit Standards and utilizing best practices.

Commitment to Adhering to the Global Internal Audit Standards

The University’s internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors’ International Professional Practices Framework, which are the **Global Internal Audit Standards and Topical Requirements**. The University’s internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with The IIA’s Global Internal Audit Standards™ (*Standards*), which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the Board of Trustees.
- Internal auditors are free from undue influence and committed to making objective assessments.

Vision

The vision of the Office of the Internal Auditor is to protect and add value to the University by being a competent, proactive, collaborative, and transparent assurance and advisory resource for the University. We strive to be an internal audit function that is a respected campus partner whose insight is actively sought and whose integrity is beyond reproach.

We will be a selfless team that puts the needs of clients first and provides unbiased insights with actionable recommendations. We will be a team of highly skilled and credentialed professionals who take ownership of our role and our development, continuously seeking to improve our skills and internal operations. We will share candid feedback with our clients and internally with each other, always in a manner that builds trust and unity as we work towards common goals. We will perform all assignments in a way that is mindful of the larger purpose of the University, our constituents, and our community, and we will strive to always do what is right to fulfill that larger purpose.

Note: The Internal Audit function and activities were developed to ensure conformance with the Institute of Internal Auditors’ (IIA) Global Internal Audit Standards (*Standards*). Conformance with *Standards* is a

statutory requirement in North Carolina. We undergo periodic External³ and Internal Quality Assessments⁴ to ensure that we are conforming with *Standards*. We use these reviews to update our Quality Assurance and Improvement Program (QAIP) on an ongoing basis.

Strategic Objectives and Supporting Initiatives:

Our work will link to the University's mission and vision as outlined in the 2024-2029 UNCG Strategic Plan. *UNCG's Strategic Plan – Forward Together – is a living document that evolves to build on strengths and face challenges to continuously do more for the students, community, faculty, staff, and institution.*

UNCG's strategic plan includes four pillars with underlying goals:

- Pillar 1: *Ensure Student Success and Upward Mobility*
- Pillar 2: *Enhance Research Excellence and Academic Programs*
- Pillar 3: *Serve Vibrant and Creative Communities*
- Pillar 4: *Achieve Operational Excellence and Responsible Stewardship.*

As a living document, the University's Strategic Plan may change and result in necessary adjustments to Internal Audit strategic plan, goals, and/or objectives. The Internal Audit Director will consider any changes to the University's Strategic Plan and the potential impact⁵ on this Internal Audit Strategic Plan.

Internal Audit's performance toward achievement of the strategic plan is measured and documented using a formal process and operational output targets for strategic objectives and supporting initiatives.

Strategic Objective 1: Assurance & Advisory Services

Continue to provide an appropriate level of assurance and advisory services to high risk or high opportunity areas that would negatively impact University objectives if they were unsuccessful.

Supporting Initiative 1A:

Maintain a risk-based and flexible annual audit work plan that identifies and prioritizes engagements to add value and provide assurance over specific business processes and/or units and that are tied to a key risk area and/or element of the University's strategy, mission, vision, or risk register. Continue to seek stakeholder input for the annual audit work plan and perform engagements according to the approved plan.

Supporting Initiative 1B:

Strengthen internal audit awareness and provide technical assistance or consultative services to departments in furtherance of the University's effective and efficient operations, compliance, and reporting.

³ External Quality Assessment Reviews are conducted every five years; the next external QAR is due in October 2029.

⁴ Internal QARs are conducted annually for the entire audit function and as part of each engagement.

⁵ Global Internal Audit Standards state that the internal audit strategy should be adjusted whenever changes occur in the organization's strategic objectives or stakeholders' expectations, including changes to the University's strategic plan.

Supporting Initiative 1C:

Continue providing additional assurance, advisory, and/or investigative services through ad hoc reviews, audits, investigations, or other procedures based on tips and leads, as necessary and appropriate.

Strategic Objective 2: Effective and Efficient Operational Activities

Continue to appropriately steward the resources that have been entrusted to us and continuously seek ways to improve the efficiency and effectiveness of internal audit operations.

Supporting Initiative 2A

Continue leveraging technology to *effectively*⁶ manage assurance, advisory, and administrative projects. Maintain engagement and administrative project documentation within the audit software.

Supporting Initiative 2B

Enhance the use of technology to *efficiently*⁷ manage assurance, advisory, and administrative projects. Implement additional features of existing audit software to automate and streamline standard engagement and administrative procedures thereby increasing direct engagement hours and reducing administrative (indirect) hours.

Strategic Objective 3: Talent Management

Sustain and enhance the qualifications, knowledge, skills, and abilities of the audit team to continuously fulfill our responsibilities to the University.

Supporting Initiative 3A:

Ensure that internal auditors engage in regular professional education and training and retain certifications and credentials. Continuously track and monitor CPE⁸ and overall professional development progress.

Supporting Initiative 3B:

Develop and implement a strategy to grow the internal audit team and provide greater coverage of internal audit services. Obtain additional internal resources by developing a business case, budget, and plan for increasing the internal audit team size and presenting it to University leadership for approval. Ensure that audit resources are appropriately aligned with the risk-based audit plan and University's strategic objectives.

Strategic Objective 4: Internship Program

Provide meaningful education and development opportunities for University students and potential future Internal Audit professionals by developing and launching an internship program.

⁶ Effective, for internal purposes, refers to the achievement of internal audit objectives and goals.

⁷ Efficient, for internal audit purposes, refers to the appropriate use of internal audit resources to ensure and enhance the performance of the internal audit function.

⁸ CPE refers to Continuing Professional Education (CPE) demonstrated by the issuance of a certificate by a sponsored program and showing CPE credits earned attending or completing training or other qualifying activities.

Supporting Initiative 4A

Create and maintain an active student internship program, employing at least one intern to function as a part-time entry-level auditor each semester as long as University funding allows.

Supporting Initiative 4B

Collaborate with faculty in the College of Business and/or other academic units to provide information on the internal audit profession to students with the potential skills and academic credentials to succeed in this profession.

Strategic Objective 5: Comply with All Requirements

Continue to comply with all reporting and operational requirements within established timeframes and maintain documentation to demonstrate compliance.

Supporting Initiative 5A:

Maintain the authority, independence, and accountability of University's internal audit function by regularly coordinating and communicating with the **CARL Committee**. Attend CARL Committee meetings and present the progress of Internal Audit activities.

Supporting Initiative 5B:

Maintain compliance with the **UNC System Office** requirements including timely submission of all documentation and information requested.

Supporting Initiative 5C:

Maintain compliance with the **North Carolina Council of Internal Auditing** requirements including timely submission of all documentation and information requested.

Supporting Initiative 5D:

Ensure ongoing conformance with the **Global Internal Audit Standards** issued by the Institute of Internal Auditors (IIA) through regular and periodic quality assurance activities as part of the quality assurance and improvement program.