I. Mission

The North Carolina School of Science and Mathematics\(^1\) ("NCSSM" or "the School") Internal Audit mission is aligned with that of the Institute of Internal Auditors,

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal Auditing reviews the reliability and integrity of information, compliance with policies and regulations, the safeguarding of assets, the economical and efficient use of resources, and established operational goals and objectives.

II. Value Statements

Internal Audit\(^2\) is dedicated to:

a. Demonstrating the highest level of integrity and ethics.

b. Building strong and effective working relationships with the NCSSM’s personnel Board of Trustees, and other stakeholders through mutual respect and teamwork.

c. Providing quality auditing and consulting services.

III. Scope of Work

Internal Audit partners and consults with management, the community and various constituents to help NCSSM achieve its goals and to support compliance with policies, rules and regulations. Internal Audit works to proactively focus on the risks and exposures that have the greatest impact on NCSSM while being flexible to react to changing conditions. Specifically, Internal Audit works 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:

a. Risks are appropriately identified and managed.

b. Quality and continuous improvement are fostered in the organization’s control process.

c. Resources are acquired economically, used efficiently and adequately protected.

\(^1\) The North Carolina School of Science and Mathematics includes the school, as well as its associated entities.

\(^2\) Within this document "Internal Audit" refers to the all persons acting as internal auditors, including Director and staff.
d. Significant financial, managerial, and operating information is accurate, reliable, secure and timely.

e. Programs, plans and objectives are achieved and are effective.

f. Employee’s actions are in compliance with policies, standards, procedures, and applicable laws and regulations.

g. Interaction with the various governance groups occurs as needed. This includes, but is not limited to, the University of North Carolina General Administration and the Office of the State Auditor.

h. Significant legislative or regulatory issues impacting the organization are recognized and addressed properly.

Opportunities for improving management control, operational efficiencies, financial and budgetary management, and the organization’s image may be identified during audits. Such opportunities will be communicated to the appropriate level of management.

IV. Accountability

NCSSM Internal Audit shall be accountable to the Chancellor and the Board of Trustees through its Fiscal, Audit and Human Resources Committee ("Audit Committee") to:

a. Provide an annual audit plan for approval. Information as it relates to the status and the results of the audit plan will be presented quarterly. Subsequent to the initial year, a summary of the prior year’s activities, will accompany the audit plan.

b. Provide quarterly reports on internal audit reviews and audits of organizational and departmental processes or activities. Reports will include findings and related recommendations for corrective actions.

c. Coordinate with other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, external audit).

V. Independence

All internal audit activities shall remain free of influence by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective mental attitude necessary in performing responsibilities.

Internal Auditor shall have no direct operational responsibility or authority over any of the activities it reviews. Accordingly, it shall not develop nor install systems or procedures, prepare records, or engage in any other activity which would normally be audited.

VI. Organization

The Director of Internal Audit shall report to the Chancellor with a reporting responsibility to the Audit Committee.
VII. Responsibility

Internal Audit has the responsibility to:

a. Develop a flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the Chancellor and the Audit Committee for review and approval.
b. Implement the annual audit plan, as approved, including any special tasks or projects requested by management and/or the Audit Committee, as appropriate.
c. Continually re-evaluate audit plan based on changing conditions and revise as deemed necessary.
d. Issue audit and review reports to the Chancellor and Audit Committee summarizing results of audit activities.
e. Perform consulting services, beyond Internal Audit's assurance services, to assist management in meeting its objectives. Examples may include facilitation, process design, training, and new initiatives.
f. 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.
g. Keep the Chancellor and the Audit Committee informed of emerging trends and successful practices in internal auditing.
h. Report recent activities and high risk issues to the Audit Committee at quarterly meetings.
i. Assist in the investigation of significant suspected fraudulent or unethical activities within the organization and notify the Chancellor, the Audit Committee and other management of the results.
j. Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the organization at a reasonable overall cost.
k. Educate the NCSSM personnel on school policies, best practices and the importance of effective internal controls.
l. Participate on various committees, compliance task forces and system development projects to provide guidance and proactively address potential issues, internal control weaknesses and inefficiencies.
m. Comply with all requirements of the University of North Carolina Board of Governors and General Administration related to Internal Audit matters.
n. Maintain professional certification and obtain continuing professional education to ensure the requirements of this Charter are met.

VIII. Authority

Internal Audit is authorized to

a. Have unrestricted access to all functions, records, property, and personnel at NCSSM.
b. Have full and free access to the Audit Committee.
c. Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
d. Obtain the necessary assistance of personnel in units of the School where audits are performed, as well as other specialized services from within or outside the School.

The Internal Auditor is not authorized to:

a. Perform any operational duties for the organization or its affiliates.
b. Initiate or approve accounting transactions external to the internal auditing department.
c. Direct the activities of any NCSSM employee not employed by the Internal Audit department, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

IX. Standards of Audit Practice

Internal Audit will meet or exceed the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors.

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