

University of North Florida Internal Audit Charter

Introduction

This Charter identifies the purpose, scope, responsibilities, and authority of the Office of Internal Auditing (OIA) at the University of North Florida (UNF) and establishes a framework for complying with the *International Professional Practices Framework (Standards)* promulgated by The Institute of Internal Auditors.

Purpose

The purpose of the internal audit function is to strengthen the University of North Florida's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances UNF's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Internal Audit performs three types of engagements:

- **Audits**: assurance services defined as examinations of evidence for the purpose of providing an independent assessment of governance, risk management, and control processes for the organization. Examples include financial, performance, compliance, systems security, and due diligence engagements.
- **Consulting/Advisory Services**: (the nature and scope of which are agreed upon with the client,) are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include reviews, recommendations (advice), facilitation, and training.
- **Investigations**: independent evaluations of allegations generally focused on improper governmental activities, including misuse of university resources, fraud, financial irregularities, significant control weaknesses and unethical behavior or actions.

UNF'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, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the board.
- Internal auditors are free from undue influence and committed to making objective assessments.

Scope

The scope of internal audit services covers the entire breadth of the organization, including all UNF's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the board and management on the adequacy and effectiveness of governance, risk management, and control processes for UNF.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of UNF's strategic objectives are appropriately identified and managed.
- The actions of University's officers, directors, management, employees, and contractors comply with UNF's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.

- Operations and programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the University.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

Ethics and Professionalism

The chief audit executive will ensure that internal auditors:

- Conform with The IIA's Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organization.
- Report organizational behavior that is inconsistent with the organization's ethical expectations, as described in applicable policies and procedures.

Responsibilities

Internal Audit has the responsibility to:

- Develop a flexible risk-based audit plan that includes any risks or control concerns identified by management and submit the plan for approval to the University President and Board of Trustees (BOT) Audit and Compliance Committee.
- Implement the audit plan to provide audits and consulting services.
- Keep senior management informed of emerging trends and successful practices in internal auditing.
- Investigate allegations of fraud, waste, abuse, and other types of suspected fiscal misconduct and notify management and the State University System of Florida Board of Governors (BOG) of the results in accordance with regulations.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the board and senior management periodically and for each engagement as appropriate.
- Establish and maintain a quality assurance and improvement program (QAIP) by assessing the operations of internal audit activities and obtaining an external assessment as required by the Standards. The Chief Audit Executive will periodically report the QAIP results to the board and senior management, at minimum, every five years.
- Perform or coordinate other consulting services or activities for the purpose of assisting management in meeting its objectives, promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in its programs and operations. These activities may include facilitation, training and advisory services.
- Provide guidance and advice on control and risk aspects of new policies, systems, processes and procedures.
- Assist with the institution's Enterprise Risk Management and Compliance Programs to facilitate the identification of key institutional risks but without serving as a risk owner.
- Review the effectiveness of governance processes to include the promotion of ethical behavior and efficiency of organizational performance management and accountability.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Ensure effective coordination and cooperation with external auditors with a view toward avoiding any duplication of effort.

- Assist and provide technical advice and support to the BOT Audit and Compliance Committee in its oversight of Direct Support Organizations, as requested, which may include efforts to review related financial statements, external audit reports and selection of external auditors/consultants.

The Board of Trustees, or as delegated to the Audit and Compliance Committee by the Board Chair, will:

- Approve the Internal Audit Charter.
- Annually, review and approve the plan of work to be performed by the Office of Internal Audit.
- Quarterly, receive communications from the Chief Audit Executive on the internal audit activity relative to the plan and other matters.
- Make inquiries of management and the Chief Audit Executive regarding scope and resources.

Authority

The University's Board of Trustees grants the internal audit function the mandate to provide the board and senior management with objective assurance, advice, insight, and foresight.

The board authorizes the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of UNF and other specialized services from within or outside UNF to complete internal audit services.

University management is responsible for the risk management and internal control structure over the areas audited. The OIA has no direct responsibility or authority over activities or operations that they review.

Independence & Organization

The OIA must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. The OIA shall have an impartial, unbiased attitude and avoid conflicts of interest. The chief audit executive will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the chief audit executive determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties. Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment.

Internal auditors will disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the chief audit executive, board, management, or others. Further internal auditors will exhibit professional objectivity in gathering, evaluating, and communicating information.

To foster this independence, the President, in consultation with the BOT Audit and Compliance Committee, will review and concur in the appointment, evaluation, replacement or dismissal of the Chief Audit Executive. The OIA will report administratively to the Office of the President under the general supervision of the President with a dual-reporting relationship to the BOT Audit and Compliance Committee as reiterated by the State University System of Florida regulations. At any time, the BOT Audit and Compliance Committee and University President may request audits or advisory services. The requests are prioritized, added to the audit plan and completed based on available resources and in relation to the relative risk. The BOT Audit and Compliance Committee has the authority to direct the OIA to audit specific areas at UNF, as needed. The Chief Audit Executive will report

material and significant audit issues to the President, Chair of the Audit and Compliance Committee, Chair of the UNF Board of Trustees, and to the State University System of Florida BOG, when applicable.


Quality Assurance and Improvement Program

The chief audit executive will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement.

Annually, the chief audit executive will communicate with the board and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside UNF.

Adherence to Professional Standards

OIA 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. In addition, the OIA will adhere to UNF policies and procedures, as well as those of the State University System of Florida BOG.



Julia Hann
Chief Audit Executive



Paul McElroy
Chair, Audit and Compliance Committee



Moez Limayem
President



Kevin Hyde
Chair, Board of Trustees

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