Audits

Policy 1000

1 Introduction

1.1 Mission

1.1.1 The mission of the Office of Internal Audits is to help the University respond to the demands of the public and various accrediting agencies for accountability and to assist in providing evidence of prudent and effective use of state, federal and University revenue and expenditures in the accomplishment of the educational mission.

1.1.2 The office serves as an independent control and appraisal activity to insure that fiscal and physical resources of the University are utilized in accordance with statutory and regulatory requirements in support of the educational mission of the University.

1.1.3 The Office of Internal Audits is dedicated to insuring that the University's financial operations are supported by sound business practices and good internal control. This is accomplished through the use of generally accepted accounting and management principles and in compliance with federal, state, and local policies.

1.2 Purpose and Responsibilities

1.2.1 The Office of Internal Audits provides internal auditing for the University its auxiliaries and subsidiaries. The office serves as an independent control and appraisal activity established to review the fiscal and administrative operations of the University. It serves as a liaison with the North Carolina State Auditor's Office, the North Carolina State Controller's Office, the North Carolina Utilities Commission, and the University of North Carolina General Administration regarding financial operations of the University. In accomplishing its objectives, the office is authorized to have full, free, and unrestricted access to all University functions, records, property, and personnel.

1.2.2 The Office of Internal Audits functions as a staff and advisory function reporting directly to the Chancellor of Appalachian State University. Through the organizational structure, it does not have responsibilities for day-to-day operations which might conceivably place it in a position of auditing itself.

2 Scope

3 Definitions

4 Policy and Procedure Statements

4.1 Resource Manual

4.1.1 The Policy Manual includes policies enacted into law by the North Carolina General Assembly and included in the "The General Statutes of the State of North Carolina," the Board of Governors and the president of the consolidated University of North Carolina, the Board of Trustees of Appalachian State University and the University Administrative Cabinet.

4.1.2 The office serves as a source for information as to the policies and procedures for handling financial transactions as established by the University's Board of Trustees, the consolidated University of North Carolina Board of Governors, the North Carolina Utilities Commission, and the General Statutes of the State of North Carolina.

4.2 Office of Internal Audits Charter

4.2.1 Internal auditing serves the university administrators of Appalachian State University by reviewing and appraising the activities of the institution, the integrity of its records, and the general effectiveness of its operations. The objective of internal auditing is to assist University management in the effective discharge of their responsibilities. To this end, internal auditing furnishes them with analyses, appraisals, recommendations, counsel and information concerning activities under review.

4.2.2 The general objectives of internal auditing at Appalachian State University are:

   1. Determining that the overall system of internal control and the specific controls in each activity under audit are adequate, effective and functioning;
2. Insuring that institutional policies and procedures, state and federal laws, contractual obligations and sound business practices are followed;
3. Verifying the existence of assets shown on the financial records and ensuring maintenance of proper safeguards for their protection; and
4. Determining the adequacy and reliability of the accounting and reporting systems and procedures.

**4.3 Organizational Relationship**

4.3.1 The Office of Internal Audits is directly administratively responsible to the Chancellor and functionally responsible to the Board of Trustees of the Audit Committee. The Office is headed by the Director of Internal Audits who reports to the Chancellor. This reporting relationship ensures the independence of the Office, promotes comprehensive audit coverage and assures adequate consideration of audit recommendations.

4.3.2 Official reports prepared and issued by the Office of Internal Audits as a result of a formal audit or review are issued to the Vice Chancellor responsible for the area with copies of the reports going to the manager of the area and other senior administrators as appropriate. In addition, a copy of the report and the reply from management is sent to the Chancellor.

4.3.3 The Director of Internal Audits serves as the University's liaison with the North Carolina State Auditor. In this capacity, he coordinates and assists with the annual financial audits upon request and is on call to assist with interim audit work during the year as a result of telephone calls to the State Auditor's fraud and abuse hotline and to handle other audit and investigative requests as needed.

4.3.4 The Director serves as an advisor to the Vice Chancellors and Chancellor on financial and management issues. The Director also attends meetings of the Board of Trustees.

**4.4 Authority and Responsibility**

4.4.1 The Office of Internal Audits, in the performance of audits and with stringent accountabilities of safekeeping and confidentiality, is granted unlimited access to all facilities, personnel and records maintained, either electronically or manually, by all units of the university and its affiliated organizations.

**4.5 Independence**

4.5.1 It is understood that the Office of Internal Audits is independent of the areas audited. It does not participate in the direct operation of any activity of the university other than internal auditing. The independence and objectivity of the internal auditing function must be maintained at all times.

**4.6 Scope of Audits**

4.6.1 Internal audits and reviews are not limited in scope by campus management. Audit responsibilities extend to all campus-managed entities, all areas of operations and include all systems (manual and electronic, in use or under development) that support the activities of the campus.

**4.7 Standards**

4.7.1 In the performance of its responsibilities, the Office of Internal Audits adheres to the Standards for the Professional Practice of Internal Auditing, Code of Ethics, and Statement of Responsibilities of The Institute of Internal Auditors, Inc.

4.7.2 Guidelines of the Information Systems Audit and Control Association, the Association of College and University Auditors and the National Association of College and University Business Officers are also followed in internal audits and reviews.

**4.8 Location**

4.8.1 The Office of Internal Audits is located at 201 Founders Hall, telephone number 262-2281, and is open weekdays (Monday through Friday) from 8:00 a.m. to 5:00 p.m.

**5 Additional References**

**6 Authority**

**7 Contact Information**
8 Original Effective Date
9 Revision Dates