

**Report for the Office of Internal Audit Report for the Fourth Quarter FY 2013**

Internal Audit has completed the UNC GA Internal Audit Report on the Fourth Quarter Fiscal Year 2013. The report is attached for your review.



THE UNIVERSITY OF NORTH CAROLINA GENERAL ADMINISTRATION

**MEMORANDUM**

**TO:** Mr. Thomas W. Ross, President  
Mr. Walter C. Davenport, Audit Committee Chair, UNC GA Board of Governors

**FROM:** Ms. Jan-Rae D. Castillo, Internal Auditor

**SUBJECT:** Report for the Office of Internal Audit for the Fourth Quarter FY 2013

**DATE:** July 8, 2013

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**Summary of Completed and Pending Engagements**

The annual audit plan is a dynamic document that may change during the fiscal year as circumstance warrant. Requests from management, hotline and other investigations, and changes in the organization or operations may result in changes to the plan and to priorities.

For the quarter ended June 30, 2013, Internal Audit completed and/or initiated the following engagements:

**Pending- Scheduled Audits and Consultations**

**UNC-TV PCard Review:** In November, fieldwork began for an internal control review of the North Carolina Center for Public Television's Procurement Card program. Our testing includes a review of policies and procedures, compliance to those policies and procedures, and a reasonableness assessment of expense items. Fieldwork was completed in June and an exit conference is scheduled in July. We expect the final report to be issued in early August.

**Completed- Scheduled Audits and Consultations**

**Review of Self-Assessment of Internal Controls over Financial Reporting Fiscal Year 2013:** This review was part of the fiscal year 2013 audit plan. The Self-Assessment of Internal Controls over Financial Reporting is part of the annual certification of internal controls mandated by the Office of the State Controller and the UNC System. Fieldwork for this review began in mid-June to ensure completeness. Overall, the assessment was properly completed and all internal control and risk concerns were appropriately addressed. Update: A memo communicating the results of this review was issued on July 8, 2013.

### Other Projects:

**UNC GA Internal Audit Plan for Fiscal Year 2014:** In March, preparations to put together the UNC GA Internal Audit Plan for Fiscal Year 2014 began. The plan is based on a risk assessment of UNC General Administration. This risk assessment is to be developed using information collected from management interviews, employee surveys, and past internal audit activity. The Audit Plan was completed and approved by the Audit Committee and Board of Governors at the June 2013 meeting.

**Advisory Services:** Internal Audit has provided approximately 18 hours of advisory services to UNC GA this quarter.

### Professional Development

State law requires the Office of Internal Audit to follow the *International Standards for the Professional Practice of Internal Auditing*. Standard 1230 states: "Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development." The internal auditor has become a Certified Public Accountant as of September 19, 2011. To meet the requirements of Standard 1230, the internal auditor has attended the following workshops and conferences:

#### *External Training:*

- Institute of Internal Auditors "Developing the Internal Audit Strategic Plan" webinar on 4/10/13
- Robert Half Accounting "Are you Ready for Big Data?", "Data Governance Overview", "Setting the 2013 Audit Committee Agenda" conference on 4/23/13
- NC Office of the State Controller "Internal Controls: Design for Risk" webinar on 4/24/13
- Raven Global Training: "CAATS/Continuous Auditing and Data Analytics", "State of the Profession Internal Audit 20/20" and "IT Auditing for Non-IT auditors" conference on 5/29-30/13.

JDC

Cc: Mr. Charlie E. Perusse, Chief Operating Officer

**Internal Audit Activities FY 2012-2014**

<b><u>Audit Program/Activity</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013 *</u></b>	<b><u>FY 2014</u></b>
Financial and Human Resources System User Access Controls Review	C		
UNC GA FY 2011 Office of the State Controller Self-Assessment of Internal Controls over Financial Reporting	C		
UNC-TV Efficiencies Consultation	P, C		
President, Vice President, and Chief of Staff Expenses Review	P	C	
UNC GA FY 2012 Office of the State Controller Self-Assessment of Internal Controls over Financial Reporting	P	C	
UNC FIT Monitoring	UP, C		
UNC GA and Office of State Budget and Management Collaborative Efficiency Review	UP	C	
Time and Effort Follow-Up Review	P	C	
North Carolina School of Science and Mathematics FY 2012 Office of the State Controller Self-Assessment of Internal Controls over Financial Reporting	UP, C		
Risk Assessment and FY 2013 Audit Plan	P, C		
UNC-TV Procurement Card Review		P	P, IP
Capital Asset Threshold Implementation Review		P, C	
UNC GA FY 2013 Office of the State Controller Self-Assessment of Internal Controls over Financial Reporting		P, C	
Risk Assessment and FY 2014 Audit Plan		P, C	
Hiring Committee for Contracts and Grants Accountant		UP, C	
Miscellaneous Advisory Projects		UP, C	
Investigations (missing/stolen property, hotline investigations, etc.)	UP, C	UP, C	
Ad-Hoc projects with Director of Internal Audit		UP, C	
Petty Cash Review			P
UNC GA FY 2014 Office of the State Controller Self-Assessment of Internal Controls over Financial Reporting			P
UNC FIT Shared Service Payroll Center Review			P
Contract and Grant Sub-Recipient Monitoring Review			P
Carry-Forward, Management Budget Flexibility			P
Financial and Human Resources System User Access Controls Follow-Up Review			P
President, Vice President, and Chief of Staff Expenses Follow-Up Review			P

# APPENDIX M

<b><u>Audit Program/Activity</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013 *</u></b>	<b><u>FY 2014</u></b>
UNC-TV Procurement Card Follow-Up Review			P
Risk Assessment and FY 2015 Audit Plan			P

\*Note: In FY 2013, UNC GA Internal Audit became the internal audit function for the North Carolina School of Science and Mathematics (NCSSM). The internal auditor's time was split 60% UNC GA and 40% NCSSM. The department was also reduced from a two person shop to a one person shop.

<b>Legend</b>	
P	Activity was included in audit plan
UP	Activity was not included in audit plan
C	Activity was completed
IP	Activity is in progress
	FY 2014 Audit Plan