RESPONSE FROM NORTH CAROLINA CENTRAL UNIVERSITY

Office of the Chancellor

James E. Shepard, Founder

June 11, 2008

Mr. Leslie W. Merritt, Jr., CPA, CFP
State Auditor
2 S. Salisbury Street
20601 Mail Service Center
Raleigh, North Carolina 27699-0601

Dear Mr. Merritt:

Thank you for the opportunity to review and comment on the draft report, dated May 27, 2008, regarding the special review of the Information Technology Service (ITS) Department at North Carolina Central University. I am in agreement with your recommendations. The ITS management and our Interim Internal Audit Director have reviewed the report and its recommendations.

Issues that are identified in the report have been addressed. We have hired UNISYS to complete an assessment of the ITS general controls for FY 2008. In addition, the Internal Audit Office is conducting further review of this matter and will issue a separate audit report upon completion.

Please feel free to contact me should you have questions regarding our responses.

Sincerely,

Charlie Nelms
Chancellor

Enclosure: University Management Response

Copy to: Dr. Alan Robertson, Vice Chancellor of Administration & Finance
Mr. David King, Associate Vice President of Finance
Mr. Greg Marrow, Chief Information Officer
Ms. Loretta Hayes, Interim Director of Internal Audit

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Finding #1:
University Information Technology Services (ITS) employees misused the state network and computers by downloading movies, music, games, software, and pornography.

Recommendation:
The University should take strong disciplinary action against the Database Administrator and the IT Manager. In addition, the University should review all items for which they had access to determine the extent of their inappropriate use. Further, this review should seek to determine whether the University's computer system and network security were harmed.

University Response:
We concur with the recommendation. The University has taken immediate disciplinary action by releasing the two employees in question from the University. Furthermore, the following steps have been taken:
   1. *The University brought in a company that specializes in the assessment of security threats or violation of security systems, Unisys Corporation, to do a complete NCCU security threat assessment. The threat assessment has been completed. No direct threats or intentional damage/harm to University computer systems or network security by the individuals in question was found. ITS is proactively working with Unisys to address their recommendations on how to better secure our networking equipment and computer systems.*

Finding #2:
University Information Technology Services (ITS) employees distributed copyright materials.

Recommendation:
The University should take strong disciplinary action against the Data Base Administrator. The University's copyright administrators should work in conjunction with law enforcement personnel to determine whether federal copyright laws were committed. Further, the University should perform periodic forensic reviews of its data networks to determine whether unauthorized copyrighted materials are being accessed and distributed.

University Response:
We concur with the recommendation. The University has taken immediate disciplinary action by releasing the two employees in question from the University. Furthermore, the following steps have been taken:

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1. *Information Technology Services (ITS) has taken proactive steps to ensure all ITS employees are familiar with University policies regarding Copyright Materials and Federal copyright laws contained in Title 17 of the United States Code. All ITS employees will be given copies of this Federal code and attend an annual training session on Copyright laws.*
2. *ITS will state clearly in its employee guide that any such violation of this law will result in strong disciplinary action being taken by the University up to and including dismissal.*
3. *ITS will deploy software during the summer of 2008 as recommended by an external Security Consultant that can monitor the illegal downloading of movies, music, and games by all University personnel.*

Finding #3:
The Information Technology Manager was granted unauthorized access to another University's Server in order to download music files.

Recommendation:
The University should take strong disciplinary action against the IT Manager. In addition, the University should provide additional training to all ITS department employees that stress the need to ensure network security.

University Response:
We concur with the recommendation. The University has taken immediate disciplinary action by releasing the two employees in question from the University. Furthermore, the following steps have been taken:
1. *ITS is currently setting up a series of educational classes that will occur annually during the summer months with all ITS employees that will address network security, privacy laws, copyright infringement, and other topics related to responsible use of University computing resources.*

Finding #4:
There is a lack of adequate controls over assets.

Recommendation:
University management should implement policies and procedures to ensure that all equipment purchases are properly approved and tracked as to where the equipment is being used. ITS personnel should work with the Fixed Asset Office to implement procedures to ensure that equipment is properly accounted for.

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University Response:
We concur with the recommendation. The University has taken steps to educate all employees within the ITS division about the Policies and Procedures in place by the University Fixed Asset Office. Furthermore, the following steps have been taken:

1. *All ITS employees have completed and turned in fixed asset forms referencing any assets within their belongings. This process will be conducted annually to ensure all forms are up-to-date.*
2. *ITS has met with both Purchasing and the Fixed Asset office to discuss existing University policies and procedures and the steps that need to be taken to ensure that employees are adhering to these policies and procedures.*
3. *ITS has purchased and deployed an Asset Management System that will be used to track all assets purchased or maintained by the ITS division. By July 15, 2008, all ITS managed assets will be tracked and managed by the new ITS asset management tool.*

Finding #5:
Employees are not required to complete secondary employment forms.

Recommendation:
University Management should ensure that all employees have completed a secondary employment form in accordance with State Personnel policies and should annually remind employees of the need to complete the form if there have been any changes.

University Response:
We concur with the recommendation. The University has taken steps to educate all employees within the ITS division about the Policies and Procedures in place regarding the completion of secondary employment forms. Furthermore, the following mandate has been put in place:

1. *ITS Managers will be held accountable for ensuring these forms are updated on an annual basis.*

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Finding #6:
University officials did not properly verify degrees, prior employment, and credentials when hiring and promoting employees.

Recommendation:
University management should ensure that any discrepancies that are discovered related to a new employee's employment history and educational achievements are noted and addressed. Any actions taken related to the discrepancies (up to and including rescinding the employment offer) should be noted in the employee's personnel file for review in future promotions and/or hiring decisions.

University Response:
The University agrees with the recommendation. During the period in question, there were many vacancies in the employment area, which contributed to the lack of proper verifications. Currently, the Department of Human Resources has procedures in place for verifying credentials and/or degrees. This issue has been corrected.