



MEETING OF THE BOARD OF GOVERNORS  
Committee on Audit, Risk Management, and Compliance

November 8, 2018 at 9:00 a.m.  
University of North Carolina System Office  
Center for School Leadership Development, Room 128  
Chapel Hill, North Carolina

## AGENDA

### OPEN SESSION

- A-1. [Approval of the Minutes of October 9, 2018](#)..... James L. Holmes, Jr.
- A-2. [Summary of Associated Entities](#) ..... Lynne Sanders
- A-3. [Summary of System-wide Internal Audit Activities for 2017-18](#) ..... Lynne Sanders
- A-4. [Approval of System-wide Internal Audit Plans](#) ..... Lynne Sanders
- A-5. [Information Technology Update](#)..... James L. Holmes, Jr.

### CLOSED SESSION

- A-6. Approval of the Closed Session Minutes of October 9, 2018 ..... James L. Holmes, Jr.

### OPEN SESSION

- A-7. Other Business .....James L. Holmes, Jr.
- A-8. Adjourn

**DRAFT MINUTES**

October 9, 2018  
University of North Carolina System Office  
Center for School Leadership Development, Room 128  
Chapel Hill, North Carolina

This meeting of the Committee on Audit, Risk Management, and Compliance was presided over by Chair James L. Holmes, Jr. The following committee members, constituting a quorum, were also present in person: Thomas H. Fetzer, Robert Rucho, and William A. Webb. The following committee member was absent: Thomas C. Goolsby.

Chancellor participating was Sheri Everts.

Staff members present included Lynne Sanders, Thomas Shanahan, and others from the UNC System Office.

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**1. Call to Order and Approval of OPEN Session Minutes (Item A-1)**

Chair Holmes called the meeting to order at 10:39 a.m., on Tuesday, October 9, 2018, and called for a motion to approve the open session minutes of July 26, 2018, August 13, 2018, and September 12, 2018.

**MOTION:** Resolved, that the Committee on Audit, Risk Management, and Compliance approve the open session minutes of July 26, 2018, August 13, 2018, and September 12, 2018, as distributed.

**Motion:** Thomas H. Fetzer

**Motion carried**

**2. NC Area Health Education Centers and UNC Air Operations Presentation (Item A-2)**

Dr. Bill Roper, CEO of UNC Health Care and dean of UNC School of Medicine, presented to the committee an overview of the NC Area Health Education Centers and UNC Air Operations.

**3. Annual Report of CARMC for 2017-18 (Item A-3)**

Lynne Sanders presented to the committee for approval the annual report on the activities of the Committee on Audit, Risk Management, and Compliance for fiscal year 2017-18. The report for July 1, 2017, through June 30, 2018, required a vote by the committee to accept the report for submission to the Board of Governors.

**MOTION:** Resolved, that the Committee on Audit, Risk Management, and Compliance approve the Annual Report of CARMC for 2017-18 and accept the report for submission to the Board of Governors.

**Motion:** William A. Webb

**Motion carried**

#### **4. UNC System Office Internal Audit 2017-18 Year-end Report (Item A-4)**

Joyce Boni, chief audit officer, presented to the committee a year-end status update of the UNC System Office 2017-2018 Internal Audit Plan

#### **5. Update to CARMC Charter (Item A-5)**

Lynne Sanders, vice president for compliance and audit services, presented to the committee the updated Charter for the Committee on Audit, Risk Management, and Compliance for approval. Following the presentation, Chair Holmes called for a motion to approve the charters.

**MOTION:** Resolved, that the Committee on Audit, Risk Management, and Compliance approve the Charter for the Committee on Audit, Risk Management, and Compliance and recommend it to the full Board of Governors for a vote through the consent agenda.

**Motion:** William A. Webb

**Motion carried**

#### **6. Closed Session**

**MOTION:** Resolved, that the Committee on Audit, Risk Management, and Compliance move into closed session to prevent the disclosure of information that is privileged or confidential under Article 7 of Chapter 126 and G.S. 143-748 of the North Carolina General Statutes, or not considered a public record within the meaning of Chapter 132 of the General Statutes; consult with our attorney to protect the attorney-client privilege; and consider the qualifications, competence, performance, or condition of appointment of a public officer or employee or prospective public officer or employee pursuant to Chapter 143-318.11(a)(1), (3), and (6) of the North Carolina General Statutes.

**Motion:** Thomas H. Fetzer

**Motion carried**

#### **THE MEETING MOVED INTO CLOSED SESSION.**

(The complete minutes of the closed session are recorded separately.)

**MOTION:** Resolved, that the Committee on Audit, Risk Management, and Compliance return to open session.

**Motion:** William A. Webb

**Motion carried**

**THE MEETING RESUMED IN OPEN SESSION.**

**7. Discussion of 2018 – 2019 Plan of Work (Item A-8)**

The Committee on Audit, Risk Management, and Compliance discussed the work of the committee for the coming year.

**8. Other Business (Item A-9)**

No further business matters were discussed in open session

There being no further business, the meeting adjourned at 11:45 a.m.

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Thomas C. Goolsby, Secretary

## AGENDA ITEM

A-2. Summary Report of Major Associated Entities ..... Lynne Sanders

**Situation:** Annually, the Committee on Audit, Risk Management, and Compliance reviews a summary of the University's Associated Entities.

**Background:** Under the UNC Policy Manual Chapter 600.2.5.2[R], Associated Entities of the UNC System Office and constituent institutions must provide copies of the audit report, management letters, and responses to management letters to the chancellor of the Approving Institution. The chancellor then distributes these materials to the governing board of the Approving Institution and the president [of the UNC System], who in turn distributes the materials to the Board of Governors. One of the responsibilities of the Committee on Audit, Risk Management, and Compliance is to review a summary of the annual financial audit reports of the University's major Associated Entities.

**Assessment:** As of June 30, 2017, there were 98 major Associated Entities subject to the reporting requirements in UNC Policy Manual Chapter 600.2.5.2[R]. All Associated Entities received unqualified audit opinions from audit firms that were in good standing with the NC State Board of CPA Examiners. Eight of the Associated Entities had one or more findings.

**Action:** This item is for information only.

## Summary Report of Major Associated Entities

Campus	Fiscal Year End	Unqualified Audit Opinion	Audit Performed By	Management Letter/Report Issues	Total Net Assets / Net Position	Reporting Status
<b>Appalachian State University</b>						
Appalachian State University Foundation, Inc.	6/30/17	Yes	Elliott Davis Decosimo, PLLC	No	\$130,208,882	Discretely Presented
Appalachian Student Housing Corporation	6/30/17	Yes	Apple, Koceja & Associates, PA	No	\$22,806,311	Discretely Presented
<b>East Carolina University</b>						
East Carolina University Alumni Association, Inc.	6/30/17	Yes	Dixon Hughes Goodman LLP	No	\$3,266,526	
East Carolina University Educational Foundation, Inc.	6/30/17	Yes	Dixon Hughes Goodman LLP	No	\$22,368,499	
East Carolina University Foundation, Inc. and Consolidated Affiliates	6/30/17	Yes	Dixon Hughes Goodman LLP	No	\$128,146,061	Discretely Presented
East Carolina University Medical & Health Sciences Foundation, Inc.	6/30/17	Yes	Dixon Hughes Goodman LLP	No	\$44,281,019	
<b>Elizabeth City State University</b>						
The Elizabeth City State University Foundation	6/30/17	Yes	Cherry Bekaert, LLP	No	\$8,586,451	Blended
Elizabeth City State University National Alumni Association, Inc.	12/31/17	Yes	Murphy and Company PC	No	\$167,625	
<b>Fayetteville State University</b>						
Fayetteville State University Foundation, Inc., and Subsidiary	6/30/17	Yes	Buie, Norman & Co., P.A.	No	\$9,803,694	Blended
Fayetteville State University Housing Foundation, LLC	6/30/17	Yes	Buie, Norman & Co., P.A.	No	\$1,607,088	
Fayetteville State University Student Housing Corporation and Subsidiary	6/30/17	Yes	Buie, Norman & Co., P.A.	No	\$900,268	Blended
<b>North Carolina Agricultural and Technical State University</b>						
North Carolina A&T State University Alumni Association, Inc.	6/30/17	Yes	Thomas & Gibbs, CPAs, PLLC	Yes <sub>1</sub>	\$2,678,075	
North Carolina A&T Real Estate Foundation, Inc.	6/30/17	Yes	Thomas & Gibbs, CPAs, PLLC	No	\$23,476,570	Discretely Presented
The Aggie Athletic Foundation of North Carolina A&T State University, Inc.	6/30/17	Yes	Thomas & Gibbs, CPAs, PLLC	No	\$1,048,963	

## Summary Report of Major Associated Entities

Campus	Fiscal Year End	Unqualified Audit Opinion	Audit Performed By	Management Letter/Report Issues	Total Net Assets / Net Position	Reporting Status
<b>North Carolina Central University</b>						
North Carolina Central University Alumni Association, Inc.	6/30/17	Yes	Thomas & Gibbs, CPAs, PLLC	Yes <sub>1</sub>	\$782,079	
The North Carolina Central University Educational Advancement Foundation, Inc.	6/30/17	Yes	Thomas & Gibbs, CPAs, PLLC	No	\$99,140	
The North Carolina Central University Foundation, Inc.	6/30/17	Yes	Blackman & Sloop, CPAs, P.A.	No	\$19,442,199	Discretely Presented
NCCU Real Estate Foundation, Inc.	6/30/17	Yes	Blackman & Sloop, CPAs, P.A.	No	(\$594,416)	Blended
<b>North Carolina School of Science and Mathematics</b>						
North Carolina School of Science and Mathematics Foundation and Subsidiary	6/30/17	Yes	Williams, Overman, Pierce, LLP	No	\$12,939,447	Discretely Presented
<b>North Carolina State University at Raleigh</b>						
The North Carolina Agricultural Foundation, Inc.	6/30/17	Yes	BDO USA, LLP	No	\$161,599,203	Discretely Presented
NC State Alumni Club, Inc.	12/31/17	Yes	Batchelor, Tillery & Roberts, LLP	No	\$171,037	
NC State Engineering Foundation, Inc.	6/30/17	Yes	BDO USA, LLP	No	\$113,036,975	
NC State Investment Fund, Inc.	6/30/17	Yes	BDO USA, LLP	No	\$1,059,431,278	Blended
NC State Natural Resources Foundation, Inc.	6/30/17	Yes	BDO USA, LLP	No	\$34,929,561	
North Carolina State University Alumni Association, Inc.	6/30/17	Yes	BDO USA, LLP	No	\$37,834,141	
North Carolina State University College of Sciences Foundation, Inc.	6/30/17	Yes	BDO USA, LLP	No	\$23,207,177	
North Carolina State University Foundation, Inc.	6/30/17	Yes	BDO USA, LLP	No	\$382,787,913	Discretely Presented
North Carolina State University Club	12/31/17	Yes	Batchelor, Tillery, & Roberts, LLP	No	\$7,429,658	
NC State University Partnership Corporation and Affiliates	6/30/17	Yes	BDO USA, LLP	No	\$23,058,887	Blended
North Carolina Textile Foundation, Inc.	6/30/17	Yes	Koonce, Wooten & Haywood, LLP	No	\$45,428,703	
North Carolina Tobacco Foundation, Inc.	6/30/17	Yes	BDO USA, LLP	No	\$9,756,972	
North Carolina Veterinary Medical Foundation, Inc.	6/30/17	Yes	BDO USA, LLP	No	\$75,982,204	
NC State Student Aid Association, Inc.	6/30/17	Yes	Koonce, Wooten & Haywood, LLP	No	\$81,136,114	Discretely Presented

## Summary Report of Major Associated Entities

Campus	Fiscal Year End	Unqualified Audit Opinion	Audit Performed By	Management Letter/Report Issues	Total Net Assets / Net Position	Reporting Status
<b>University of North Carolina at Asheville</b>						
University of North Carolina Asheville Foundation, Inc.	6/30/17	Yes	Burleson & Earley, P.A.	No	\$35,696,413	Discretely Presented
<b>University of North Carolina at Chapel Hill</b>						
The Botanical Garden Foundation, Inc.	6/30/17	Yes	Blackman & Sloop, CPAs, PA	No	\$5,723,213	
Carolina Angel Network, LLC	6/30/17	Yes	Blackman & Sloop, CPAs, PA	Yes <sub>1</sub>	(\$137,136)	
Carolina for Kibera, Inc.	6/30/17	Yes	Garrett, Dodd, & Associates, Ltd.	No	\$2,805,355	
Carolina Research Ventures, LLC and Carolina Research Venture Investment Fund, LLC	6/30/17	Yes	Blackman & Sloop, CPAs, PA	Yes <sub>1</sub>	\$2,665,871	Blended
Chapel Hill Foundation Real Estate Holdings, Inc.	6/30/17	Yes	KPMG LLP	No	\$5,291,978	
Dental Foundation of North Carolina, Inc.	6/30/17	Yes	Koonce, Wooten & Haywood, LLP	Yes <sub>1</sub>	\$42,068,786	
HVPV Holdings, LLC (No/minimal activity. New Entity June 2016)	6/30/17					Blended
The Educational Foundation, Inc.	6/30/17	Yes	Batchelor, Tillery, & Roberts, LLP	No	\$51,369,258	
The Kenan-Flagler Business School Foundation	6/30/17	Yes	Bernard Robinson & Company, L.L.P.	No	\$117,643,548	Blended
The Medical Foundation of North Carolina, Inc. and Subsidiary	6/30/17	Yes	KPMG LLP	No	\$315,568,931	Discretely Presented
Morehead-Cain Scholarship Fund	6/30/17	Yes	Batchelor, Tillery, & Roberts, LLP	No	\$30,569,482	
The School of Government Foundation, Inc.	6/30/17	Yes	Blackman & Sloop, CPAs, PA	No	\$26,091,653	
The School of Media and Journalism Foundation of North Carolina, Inc.	6/30/17	Yes	Blackman & Sloop, CPAs, PA	No	\$23,194,844	
The School of Social Work Foundation, Inc.	6/30/17	Yes	Blackman & Sloop, CPAs, PA	No	\$12,184,140	
Spirovention, Inc.	12/31/17	Yes	Blackman & Sloop, CPAs, PA	Yes <sub>1</sub>	(\$464,874)	
University of North Carolina at Chapel Hill Arts and Sciences Foundation, Inc.	6/30/17	Yes	Blackman & Sloop, CPAs, PA	No	\$295,911,989	Discretely Presented



## Summary Report of Major Associated Entities

Campus	Fiscal Year End	Unqualified Audit Opinion	Audit Performed By	Management Letter/Report Issues	Total Net Assets / Net Position	Reporting Status
<b>University of North Carolina at Chapel Hill (Cont'd)</b>						
UNC Eshelman School of Pharmacy Foundation	6/30/17	Yes	Koonce, Wooten & Haywood, LLP	No	\$51,243,397	
UNC Investment Fund, LLC	6/30/17	Yes	KPMG LLP	No	\$5,456,504,148	Blended
UNC Intermediate Pool, LLC	6/30/17	Yes	KPMG LLP	No	\$579,824,992	Blended
The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc.	6/30/17	Yes	KPMG LLP	No	\$3,044,191,227	Blended
The University of North Carolina at Chapel Hill Foundation, Inc.	6/30/17	Yes	KPMG LLP	No	\$350,577,506	Blended
The University of North Carolina at Chapel Hill School of Education Foundation, Inc.	6/30/17	Yes	Blackman & Sloop, CPAs, PA	Yes <sub>1</sub>	\$4,173,183	Blended
The University of North Carolina at Chapel Hill School of Nursing Foundation, Inc.	6/30/17	Yes	Blackman & Sloop, CPAs, PA	No	\$12,059,359	
UNC Global Projects, LLC	6/30/17	Yes	RSM US LLP	Yes <sub>1</sub>	\$0	
UNC Law Foundation, Inc.	6/30/17	Yes	RSM US LLP	No	\$54,057,747	Blended
UNC Management Company, Inc.	6/30/17	Yes	KPMG LLP	No	\$14,079,309	Blended
The University of North Carolina at Chapel Hill Public Health Foundation, Inc.	6/30/17	Yes	Blackman & Sloop, CPAs, PA	No	\$72,163,873	
WUNC Public Radio, LLC	6/30/17	Yes	Blackman & Sloop, CPAs, PA	No	\$18,496,422	Blended
<b>University of North Carolina at Charlotte</b>						
The Athletic Foundation of the University of North Carolina at Charlotte	6/30/17	Yes	RSM US LLP	No	\$32,367,209	
Ventureprise, Inc.	6/30/17	Yes	RSM US LLP	No	\$217,148	
The Foundation of The University of North Carolina at Charlotte, Inc.	6/30/17	Yes	RSM US LLP	No	\$161,479,472	Discretely Presented
The University of North Carolina at Charlotte Facilities Development Corporation, Inc.	6/30/17	Yes	RSM US LLP	No	\$3,554,852	Blended
The University of North Carolina at Charlotte Investment Fund, Inc.	6/30/17	Yes	RSM US LLP	No	\$192,499,099	Blended

## Summary Report of Major Associated Entities

Campus	Fiscal Year End	Unqualified Audit Opinion	Audit Performed By	Management Letter/Report Issues	Total Net Assets / Net Position	Reporting Status
<b>The University of North Carolina at Greensboro</b>						
Capital Facilities Foundation, Inc.	6/30/17	Yes	Bernard Robinson & Company, L.L.P.	No	\$1,602,546	Blended
Serve, Inc.	6/30/17	Yes	Bernard Robinson & Company, L.L.P.	No	\$330,857	
The Alumni Association of the University of North Carolina at Greensboro, Inc.	6/30/17	Yes	Duncan Ashe, P.A.	No	\$3,533,904	
The UNCG Excellence Foundation	6/30/17	Yes	Bernard Robinson & Company, L.L.P.	No	\$121,731,288	Blended
The University of North Carolina at Greensboro Human Environmental Sciences Foundation, Inc.	6/30/17	Yes	Bernard Robinson & Company, L.L.P.	No	\$9,628,836	Blended
Weatherspoon Art Museum Association	6/30/17	Yes	Bernard Robinson & Company, L.L.P.	No	\$291,004	
The University of North Carolina at Greensboro Investment Fund, Inc.	6/30/17	Yes	Bernard Robinson & Company, L.L.P.	No	\$276,120,937	Blended
<b>The University of North Carolina at Pembroke</b>						
The UNCP University Foundation, LLC	6/30/17	Yes	Thomas, Judy & Tucker, P.A.	No	(\$396,736)	Blended
The University of North Carolina at Pembroke Foundation, Inc.	6/30/17	Yes	Thomas, Judy & Tucker, P.A.	No	\$12,435,809	Blended
The UNCP Student Housing Foundation, LLC	6/30/17	Yes	Thomas, Judy & Tucker, P.A.	No	\$1,661,862	Blended
<b>University of North Carolina School of the Arts</b>						
University of North Carolina School of the Arts Foundation, Inc.	6/30/17	Yes	Smith Leonard PLLC	No	\$54,863,470	Discretely Presented
University of North Carolina School of the Arts Housing Corporation	6/30/17	Yes	Rives & Associates, LLP	No	\$701,437	Blended
University of North Carolina School of the Arts Program Support Corporation	6/30/17	Yes	Rives & Associates, LLP	No	\$1,197,880	Blended
RiverRun International Film Festival	6/30/17	Yes	Butler & Burke, LLP	No	\$259,690	
The Semans Art Fund, Inc.	6/30/17	Yes	Smith Leonard PLLC	No	\$4,073,733	

## Summary Report of Major Associated Entities

Campus	Fiscal Year End	Unqualified Audit Opinion	Audit Performed By	Management Letter/Report Issues	Total Net Assets / Net Position	Reporting Status
<b>University of North Carolina Wilmington</b>						
Donald R. Watson Foundation, Inc.	6/30/17	Yes	Bernard Robinson & Company, L.L.P.	No	\$1,526,446	Blended
Alumni Association of The University of North Carolina at Wilmington	6/30/17	Yes	Bernard Robinson & Company, L.L.P.	No	\$788,029	
The Foundation of the University of North Carolina at Wilmington, Inc.	6/30/17	Yes	Bernard Robinson & Company, L.L.P.	No	\$6,465,637	
UNCW Student Aid Association, Inc.	6/30/17	Yes	Bernard Robinson & Company, L.L.P.	No	\$2,769,355	
UNCW Corporation	6/30/17	Yes	Bernard Robinson & Company, L.L.P.	No	\$0	Blended
UNCW Corporation II	6/30/17	Yes	Bernard Robinson & Company, L.L.P.	No	\$286,409	Blended
UNCW Research Foundation	6/30/17	Yes	Bernard Robinson & Company, L.L.P.	No	\$357,357	Blended
<b>Western Carolina University</b>						
The North Carolina Arboretum Society	6/30/17	Yes	Carter, P.C.	No	\$2,872,190	
Western Carolina University Foundation	6/30/17	Yes	Burleson & Earley, P.A.	No	\$37,187,364	Blended
Western Carolina University Research and Development Corporation	6/30/17	Yes	Burleson & Earley, P.A.	No	\$2,198,489	Blended
The Highlands Biological Foundation, Inc.	5/31/17	Yes	Corliss & Solomon, PLLC	No	\$3,088,511	
<b>Winston-Salem State University</b>						
Simon Green Atkins Community Development Corporation	6/30/17	Yes	Cannon & Company, LLP	No	\$3,396,000	
Winston-Salem State University Foundation, Inc. and Subsidiary	6/30/17	Yes	Butler & Burke, LLP	No	\$18,757,345	Discretely Presented
Winston-Salem State University National Alumni Association, Inc.	6/30/17	Yes	Butler & Burke, LLP	No	\$168,867	
<b>The University of North Carolina System Office</b>						
The North Carolina Public Television Foundation, Inc.	6/30/17	Yes	Thomas & Gibbs, CPAs, PLLC	No	\$2,641,026	
The University of North Carolina Foundation, Inc.	6/30/17	Yes	Koonce, Wooten & Haywood, LLP	No	\$224,720	Blended

## Summary Report of Major Associated Entities

Campus / Associated Entity	Management Letter/Report Issues	CPA Firm's Audit Recommendations	Associated Entity's Response
<b>North Carolina Agricultural and Technical State University</b>			
North Carolina A&T State University Alumni Association, Inc.	(1) Preparation of financial statements (2) Audit adjustments (3) Contributions received and payments made on behalf of the Association	(1) "In accordance with management's request, we drafted the Association's June 30, 2017 financial statements. The Association should prepare its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). We recommend the Association implement a plan to prepare GAAP basis financial statements." (2) "To enhance the Association's financial reporting process, we recommend management complete a month-end and/or year-end close process to record accrual entries, reconcile all general ledger accounts, and analyze the accounts to ensure the completeness, existence, and accuracy of its financial data prior to commencement of the audit." (3) "Periodically (monthly), the Association should request or extract reports from the University accounting system detailing expenses paid and contributions received by the University on the Association's behalf. The transaction activity from the University should be included in all budget to actuals and entered on a timely basis. The Association should also enter all invoices as they are received into Quickbooks. Developing procedures for University payments and deposits will increase the accuracy and timeliness of financial reporting."	(1) "The Alumni Association will transition to a modified-cash basis method for its accounting structure and financial reporting. (Target: 1Q FY18)" (2) "The University Advancement Business Officer will develop a standardized monthly closing process which includes QuickBooks account reconciliations approved by the Executive Director of the Alumni Association. (Target: 1Q FY18)" (3) "The University Advancement Business Officer will extract financial reports from Banner Finance of revenues and expenses incurred by the Alumni Association. The documentation for additional out-of-pocket expenses not listed will be provided by the Executive Director of the Alumni Association. These reports will be reviewed and approved by both the Executive Director of the Alumni Association and the Vice Chancellor of University of Advancement. (Target: 1Q FY18)"

## Summary Report of Major Associated Entities

Campus / Associated Entity	Management Letter/Report Issues	CPA Firm's Audit Recommendations	Associated Entity's Response
<b>North Carolina Central University</b>			
NCCU Alumni Association, Inc.	(1) Financial Close (2) Financial Reporting (3) Independent Review and Approval of Accounting Entries	<p>(1) "During our audit procedures, the financial close process was ongoing. For example, after the Association's trial balance was presented to us to begin the 2017 audit, management had to record entries totaling \$16,267 for certain accounts and activity relating to the NCCU Foundation. We recommend management develop a financial close process that ensures all year end closing entries are recorded in a timely fashion. The financial close process should also include guidelines for providing the final trial balance and agreed-upon schedules to the external auditor."</p> <p>(2) "The 2017 financial statements presented to us contained misstatements that were corrected as a result of two (2) audit adjustments. One adjustment in the amount of \$11,312 related to revenue from the increase in cash surrender values on life insurance policies. The other adjustment in the amount of \$51,000 was to properly report in-kind support for office space provided by the University. These two (2) audit adjustments are individually significant to the Association's financial statements. These misstatements indicate the Association's internal control over financial reporting was not effective, and without these corrections, the 2017 financial statements could have been misleading to the reader. During the 2017 audit, the Association discovered errors in cash and cash equivalents, revenue and net assets relating due to the omission of certain accounts at the NCCU Foundation in the 2016 audited financial statements. The June 30, 2016 net assets balance was restated (increased) to reflect correction of this \$18,625 error in the 2016 financial statements.</p> <p>(3) "At present, different individuals have the ability to record and process transactions in the Association's QuickBooks accounting software. During the audit, we noted errors that could have been detected and corrected through timely independent review and approval by an independent party. We recommend the Association's system of internal control require independent review and approval of transactions recorded in the accounting system."</p>	<p>(1) "We concur, proper and timely closing procedures have been implemented."</p> <p>(2) "We concur, the cash surrender value of life insurance, in-kind support, and other balances will be properly recorded during year end close and before the start of the audit."</p> <p>(3) "We concur, an independent review will be conducted for approval by another person before entries are posted in the accounting system."</p>

## Summary Report of Major Associated Entities

Campus / Associated Entity	Management Letter/Report Issues	CPA Firm's Audit Recommendations	Associated Entity's Response
<b>University of North Carolina at Chapel Hill</b>			
Carolina Angel Network	(1) Documentation of Approval of Invoices (2) Lack of Accounting Policies and Procedural Documentation	(1) "There is no indication of approval for payment of invoices prior to entry by the Administrative Assistant into the University Accounting System. We recommend management initial and date invoices before submitting to the Administrative Assistant. This will ensure that all payments are for valid Organization expenses and reduce the risk of fraud and errors."  (2) "There is no documentation of the procedures to be followed by employees of the Organization. A comprehensive accounting manual is a fundamental component of an effective internal control, accounting and financial reporting system. Lack of formal procedures results in increased risks of errors and loss or misuse of assets, inconsistent treatment of transactions and lack of comparability of financial information. A comprehensive manual offers employees a clear picture of the Organization controls, accounting procedures and practices, provides the Organization with a source of information that will not be lost if key personnel leave, and will be helpful in training new employees. We recommend preparing a manual that defines accounting policies, procedures, and internal controls. We realize that preparing a comprehensive manual is costly and time-consuming. Thus, we recommend developing crucial areas first. As time permits, other areas could be developed. We believe the most crucial areas are: Policies for cash receipts and disbursements; Policies for membership dues and transfer of funds between accounts; and Policies for review of accounting reports generated by the University."	(1) "Management agrees and has changed the procedure to require either the Managing Director or the Director's written approval of all documents (invoices, reimbursement requests, and stipend requests) prior to forwarding the documents to the Administrative Assistant for entry into the University's financial system."  (2) "Management agrees a comprehensive manual offers employees a clear picture of the Organization controls, accounting procedures and practices, provides the Organization with a source of information that will not be lost if key personnel leave, and will be helpful in training new employees. Management, as a first step, has developed a comprehensive set of policies (SOPs) for the following: Cash Receipts and Disbursements; Membership/Membership Dues; Cash in Transfer Policy; and Financial Reporting."
Carolina Research Ventures, LLC	(1) Individual Entity Accounting Ledgers	(1) "Carolina Research Ventures, LLC and Carolina Research Venture Investment Fund, LLC are separate entities, however the accounting for both entities is recorded in the same ledger in the University's accounting system. It is important that each entity's financial data be maintained in separate ledgers, and the activity from outside investments be entered into the University's accounting system in a timely manner, in order for management to make informed and accurate financial decisions. We do note that in performance of our audit, management extracted the transactions from the University accounting system, and properly segregated the activity for each entity in Excel spreadsheets."	(1) "Management agrees that these entities should be treated separately in the University's accounting system. Accordingly, a separate business unit for CRVIF was established in the university's accounting system and financial transactions appropriately segregated. Financial transactions for each entity - CRV and CRVIF - are recorded under each entity's business unit monthly."

## Summary Report of Major Associated Entities

Campus / Associated Entity	Management Letter/Report Issues	CPA Firm's Audit Recommendations	Associated Entity's Response
Dental Foundation of North Carolina, Inc.	(1) Bank Reconciliations not Performed Timely (2) Weak Internal Controls over Financial Statement Preparation	(1) "We noted during our audit that bank reconciliations had not been performed timely for a portion of the year ended June 30, 2017. We recommend a monthly reconciliation of bank statements to the general ledger be performed." (2) "The Foundation does not have a system of internal controls that enable management to conclude that the financial statements and related disclosures are complete and presented in accordance with U.S.GAAP. We recommend that the transfer accounts be reviewed each month for posting errors which cause the transfer accounts to be out of balance. We recommend that opening fund balances be reviewed after posting the audit adjustments. We recommend that audit adjustments be recorded as soon as possible once the financial statements have been approved by the board of directors."	(1) "Management agrees with the identified need for routine monthly reconciliation of bank statements to the general ledger. The Foundation has one dedicated accountant supporting this effort and has identified and trained another accountant in the School of Dentistry Accounting Office as backup in the bank reconciliation process. All bank reconciliations are current." (2) "The Foundation has strengthened internal controls over financial statement preparation by the following: 1) Reviewing monthly transfer postings and requiring sign-off on the review; 2) Recording audit adjustments immediately; and 3) Promptly posting audit adjustments to the MIP system and providing the adjusted trial balance to confirm the year-end final balances."
Spirovention, Inc.	(1) Segregation of Accounting Duties (2) Contract Accounting	(1) "We noted there is limited personnel, who are responsible for all accounting functions, including receiving and posting cash, preparing disbursements, recording journal entries, and reconciling accounts. We understand adequate segregation of duties is not possible in a small organization, so we recommend the CEO and the Board of Directors remain involved in the monthly review of financial information." (2) "In order to properly recognize revenue on contracts, receipts and disbursements should be entered into the accounting system by contract. QuickBooks has a feature for entering transactions by 'job' or 'class'. Utilizing this feature, every contract the Organization enters into can be tracked as a job or class in QuickBooks, thereby allowing management to monitor all receipts and disbursements for those contracts. This would help management determine on a monthly basis the status of every contract, and improve reporting to the board."	(1) "Given our extremely small size, this comment will remain. However, Spirovention will continue to involve the Board members in the operation and accounting areas of this portion of the business as recommended. As noted due to our limited personnel true segregation is impossible. However, we do and will continue to segregate expenses and payments from accounts receivable. Our contract accountant is responsible for sending out all payments and has the authority to do so only with a proper and approved invoice that is submitted to her by the CEO. All bank statements will be reviewed by myself and be made available to the board to ensure that no unapproved payments have been made. The contract accountant does not have other access to the bank accountant and the CEO is responsible for all deposits to segregate duties as much as possible." (2) "As noted in the previous finding Spirovention has implemented a policy of providing executed contracts with payment schedules to the contract accountant. These will be recorded in job/class feature in QB to enter receipts/disbursements by contract; due to the timing of 2016 audit, was not possible for the 2017 audit. However, moving forward beyond that this issue will be resolved and utilized to have better oversight and records."

## Summary Report of Major Associated Entities

<b>Campus / Associated Entity</b>	<b>Management Letter/Report Issues</b>	<b>CPA Firm's Audit Recommendations</b>	<b>Associated Entity's Response</b>
The University of North Carolina at Chapel Hill School of Education Foundation, Inc.	(1) Financial Reporting	(1) "We noted the Foundation's audit committee is not receiving periodic financial reports that show operating results of the Foundation. To provide an improved basis for monitoring the Foundation's operating activity, we recommend the audit committee receive a report that shows the approved operating budget with a comparison of actual results and prior year information. This reporting should occur on a quarterly basis at a minimum."	(1) "For FY 2017-2018, the University of North Carolina at Chapel Hill School of Education Foundation was merged into the UNC-CH Foundation, increasing transparency and financial reporting. The School of Education receives standard UNC-CH Foundation reporting consistent with established UNC-CH Foundation policy."
UNC Global Projects, LLC	(1) Financial Close and Reporting Process	(1) "We understand the Company is still in its infancy, appropriate processes and controls should be put in place to ensure financial data is captured and recorded in accordance with the selected accounting basis (i.e. US GAAP) Specifically, we noted that the Company keeps its books on a cash basis for internal reporting purposes. Therefore, the Company should develop a formal closing process (checklist or other documented procedures) to ensure that adjustments necessary to convert financial data from a cash to US GAAP basis (i.e. accrual) are made at least on an annual basis. Finally, we noted that the financial reporting for the Company appears to be largely reliant on the bank account and the University's systems. We would recommend that the Company consider the use of a packaged accounting software solution to streamline its financial reporting, particularly in light of the consideration that the Company may increase the size and scope of operations by entering new countries."	(1) "Audit adjustments that were the result of lack of startup entries and documentation created at the location in Zambia that did not meet the standards required by US GAAP were posted. There will not be any more startup costs as the University has fulfilled its commitment. Management has documented operating procedures (SOPs) that meet the standards required by US GAAP for the Zambia location. These procedures include the following: Implementation of a check register for FY 2017-2018 utilized by the Zambia team and reviewed weekly by School of Medicine Financial Business Office and OBGYN accounting staff; Implementation of a monthly close checklist that details procedures for recording of both actuals and accruals, reconciliation of the check register and bank account, and exchange rate calculations for both actuals and accruals. To prevent lack of consistent foreign currency translation, Management has established the usage of the following exchange rate guidelines: Actual revenue and expense in a given month will be calculated using the published average monthly conversion rate; and Accrued revenue and expense in a given month will be calculated using the published conversion rate on the last day of the month. Transactions are now posted monthly to UNC's financial software, rendering a second software unnecessary."



## AGENDA ITEM

A-3. Summary of System-wide Internal Audit Activities for 2017-18 ..... Lynne Sanders

<b>Situation:</b>	Annually, the Committee on Audit, Risk Management, and Compliance (CARMC) reviews a summary of system-wide internal audit activities from the previous fiscal year.
<b>Background:</b>	In accordance with the CARMC Charter, the committee is to review an annual summary of the work performed by the audit committee of each constituent institution's board of trustees. This report incorporates a summary of audits, reviews, investigations, or special assignments completed by the internal audit department of each constituent institution and the UNC System Office. This document also notes material reportable conditions and the status of their resolution.
<b>Assessment:</b>	The internal auditors have updated their internal audit plans, as needed, to meet the changing demands at their institutions, and they have provided an update on the actions taken to address items included on the original approved plans and the changes made during the year. A summary of these activities has been prepared for your information.
<b>Action:</b>	This item is for information only.

## INTRODUCTION

On behalf of the internal audit functions within the University of North Carolina System, presented is the Summary of System-wide Internal Audit Activities for the fiscal year ended June 30, 2018. This report highlights the work and accomplishments of internal audit departments across the UNC System for the period July 1, 2017, through June 30, 2018. The report contains the following sections:

- A summary of **Boards of Trustees Audit Committee Activities for the 2017-18 Fiscal Year**.
- A summary of the **Planned Audit Hours for the 2017-18 Fiscal Year** as approved by university boards of trustees.
- A summary of **Actual Audit Hours Completed for the 2017-18 Fiscal Year** as reported by the institutions' chief audit officers.
- An overview and **Internal Audit Report Highlights** of audits performed in the 2017-18 fiscal year.
- An overview of **Internal Audit's Participation in University Initiatives** including external audit support, collaborative engagements, and special accomplishments.
- **Internal Audit – Being Responsive to Change** provides an overview of the use of technology, communication, staffing, and professional development.

As with most public institutions of higher education, the UNC System must constantly balance its strategic objectives with its available financial resources while also maintaining a consciousness of risks that permeate the environment of higher education. Risks can result from regulatory changes promulgated by state, national, and international regulators as well as the Board of Governors (BOG) through UNC Policy change. Risks are also introduced into the environment when there is turnover of key executives and/or financial staff and when there are new system implementations or changes to existing IT infrastructure and IT security vulnerabilities.

While designed to promote a sense of order and control over behavior and conduct, new guidelines, rules, regulations and professional standards can present challenges in the University operating environment as well as to internal audit professionals. All parties must be responsive to the changes and remain aware of the impact on the overall risk profile that they bring. Internal auditors are key players in partnering with management to help create a risk-conscious climate and in ensuring that risks associated with these constant changes are mitigated by thorough review and evaluation. By developing and implementing risk-based audit plans, internal auditors are focused on those areas where risks and materiality of exposure is greatest and offer feedback to management.

## **Boards of Trustees Audit Committee Activities for the 2017-18 Fiscal Year**

Article 79 of Chapter 143 of the General Statutes requires that each director of internal auditing report to a governing board if one exists within the entity. Additionally, professional standards promulgated by the Institute of Internal Auditors require that each chief audit officer report functionally to the board of trustees audit committee. Annual audit plans are approved by each institution's audit committee and the results of those approved plans are discussed with the committee members at periodic intervals as they are completed throughout the year. To confirm the annual activities of the audit committees, the chair of each board of trustees audit committee, including the chair of the BOG Committee on Audit, Risk Management, and Compliance (CARMC), confirms its committees' compliance with the following:

1. Met at least four times in the 2017-18 fiscal year.
2. Reviewed the results of the annual financial audit with representatives of the North Carolina Office of the State Auditor (OSA) and discussed corrective actions, if needed.
3. Reviewed the results of any other audit performed and report/management letter (i.e., investigations, Statewide Federal Compliance Audit Reports, etc.) issued by the OSA with representatives of the State Auditor's Office, the chief audit officer, and/or appropriate university official.
4. For any audit finding contained within a report or management letter issued by the OSA, reviewed the institution's corrective action plan and the report of the internal auditor on whether or not the institution has made satisfactory progress in resolving the deficiencies noted, in accordance with G.S. 116-30.1, as amended.
5. Reviewed all audits and management letters of University Associated Entities as defined in Section 600.2.5.2[R] of the UNC Policy Manual.
6. Received and reviewed quarterly status updates from the institution's chief audit officer and internal audit reports that, at a minimum, reported material (significant) reportable conditions, management's corrective action plan for these conditions, and any follow-up reports regarding whether these conditions have been corrected.
7. Received, reviewed, and approved, at the beginning of the audit cycle, the annual audit plan for the institution's internal audit function.
8. Received and reviewed, at the end of the audit cycle, a comparison of the annual audit plan with internal audits performed by the internal audit department.

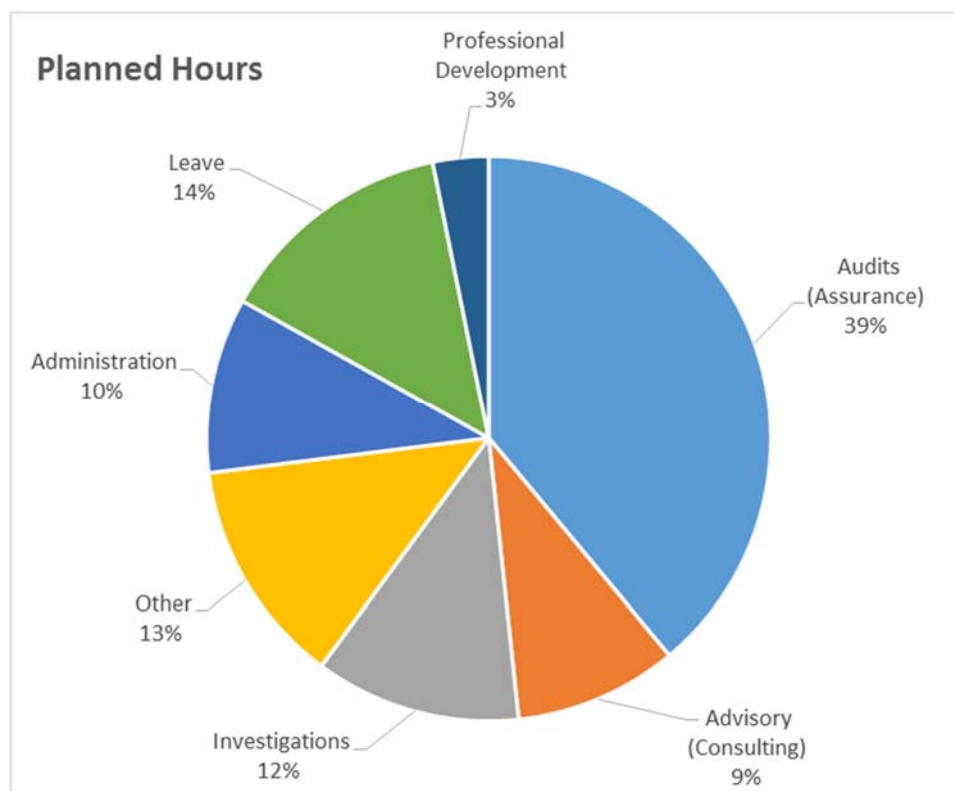
Each audit committee further attests:

1. The institution's chief audit officer reports administratively to the chancellor (or president for the UNC System Office) with a clear and recognized functional reporting relationship to the chair of the audit committee.
2. The Audit Committee charter defines appropriate roles and responsibilities, including the committee's oversight of the institutions information security program. These responsibilities also include the assurance that the institution is performing self-assessments of operating risks and evaluations of internal controls on a regular basis.

3. Internal audit functions are carried out in a way that meets professional standards.
4. The institution's chief audit officer forwarded copies of both the approved audit plan and the summary of internal audit results, including any material reportable conditions and how they were addressed, to the UNC System Office in the prescribed format.

### Planned Audit Hours for the 2017-18 Fiscal Year

In November 2017, a summary of institutional internal audit plans were presented to CARMC. Planned assurance and consulting assignments ranged from financial, compliance, and operational audits to reviews of general internal controls, as well as information system controls. Based on the chart presented below, the majority of the planned work was in the area of audits (assurance).

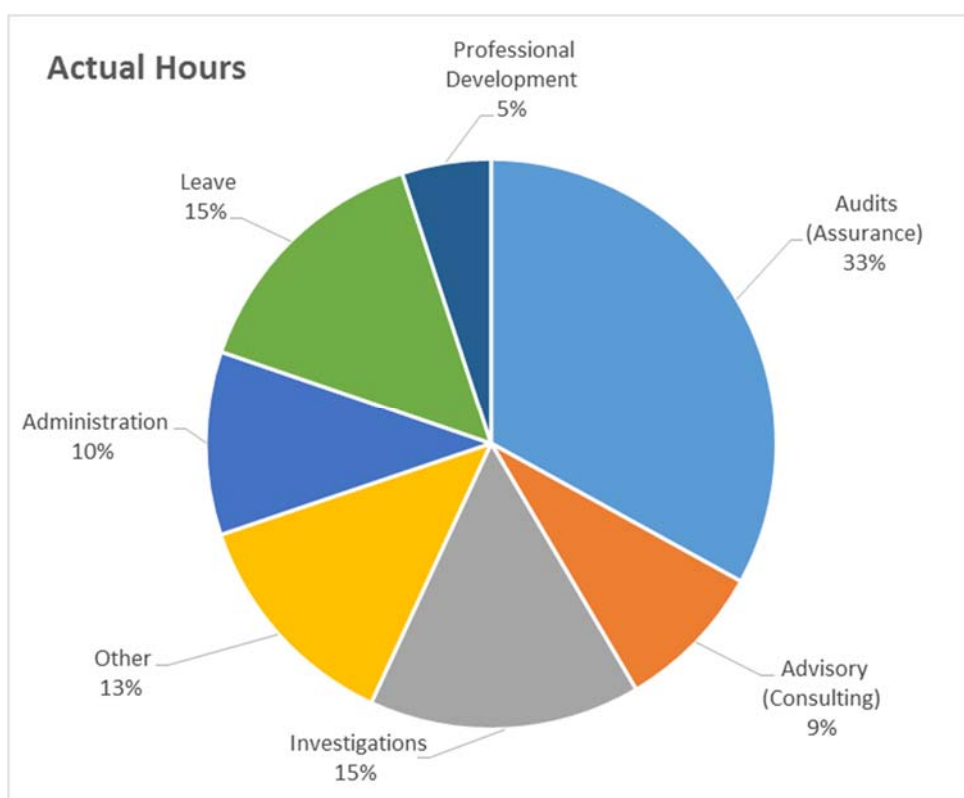


Annual internal audit plans are developed for each institution, and result from a comprehensive risk-based analysis of specific operations in relation to university operations as a whole. Once an institution's plan is drafted, it is forwarded to campus leadership for review and approval. Ultimately, the plan is presented to and approved by the institution's board of trustees audit committee. As per the BOG's CARMC charter for fiscal year 2017, these plans were then forwarded to the UNC System Office for CARMC review.

## Actual Audit Hours Completed for the 2017-18 Fiscal Year

In contrast to the previous chart, which highlighted planned audit work for the 2017-18 fiscal year, the chart in this section presents the results of actual audit work for the 2017-18 fiscal year. Rarely will planned effort be exactly the same as actual effort. This is due to the fact that an internal audit plan is dynamic. It can, and most likely will, change based on crisis situations or changing circumstances at an institution. Chief audit officers must continuously respond to new and/or changing risk factors at their institution. Accordingly, original plans are typically changed and updated.

In capturing actual audit work completed in relation to planned assignments, the area of most change is in audits and investigations. Twelve percent of the total number of planned hours was in the area of investigations; however, once audit plans were completed, fifteen percent of time was spent conducting investigations. This statistic supports the normal trend we have seen over the past several years. Since investigations generally arise without warning and are very time sensitive, planned effort to conduct audits in other areas may have to be deferred or cancelled from the original annual plan so as to accommodate the need to pursue investigative matters.



## Internal Audit Report Highlights

Between July 1, 2017 and June 30, 2018, internal audit departments across the University of North Carolina system:

- Completed audit, advisory services, audit finding follow-ups and investigations resulting in 286 reports (**Attachment 1**) that produced 317 recommendations (**Attachment 2**) for improvements to internal controls. Corresponding Management Corrective Actions were identified and agreed upon by university leadership.
- In addition to the 83 written follow-ups on prior year reports with audit findings, internal audit departments at the institutions conducted numerous follow-ups that resulted in email or a memorandum communication rather than formal reports.

Many topics are covered through the work of our internal audit departments. Of specific mention, twenty-two projects were completed across the system related to information technology reviews, and fourteen projects were completed related to athletics. Each of these areas yielded audit findings with recommendations for improvement in controls.

A common thread throughout audit findings was the inconsistent application and/or violation of policies and procedures, and in some cases the absence of policies and procedures. Written policies and procedures and on-going training of employees are both essential for reinforcing the rules and regulations and strengthening the skills of the employees. Issues reported are subject to specific management corrective actions in the environment where the issues were identified and follow-up on these issues will be conducted in subsequent years.

As required by the BOG's CARMC Charter, **Attachment 2** includes a detailed listing of all audit findings reported by our campuses and the current status of resolution.

## **Internal Audit's Participation in University Initiatives**

Internal audit departments have continued to partner with management to support key initiatives and priorities for their respective institutions. This section highlights some of the key areas in which internal audit has participated and/or provided support.

External Audit Support – The Office of the State Auditor (OSA) performs annual audits of each institution within the UNC System. These audits include financial statement audits and statewide federal compliance audits. The OSA also conducts investigative reviews and Information Technology audits as the need arises. On most campuses, the chief audit officers meet and work with the State Auditors on an as needed basis to assist during the external audit process. The level of involvement will vary by campus; however, the chief audit officers and their audit teams are ready to respond to requests for assistance. On the back-end of audits from the Office of the State Auditor, if audit findings are reported in the published report, chief audit officers are involved in performing a 90-day follow-up to ensure that satisfactory progress is being made towards remediation of the issues reported. This follow-up is required per G.S. 116-30.1.

Collaborative Engagements – Through Memorandum of Understanding arrangements, two institutions provide chief audit officer services to other institutions. These arrangements include: UNC System Office providing chief audit officer and internal audit staff services to NCSSM and the NC State Education Assistance Authority; and WSSU providing chief audit officer and internal audit staff services to UNC-SA.

In addition, the single-person internal audit departments at UNCA and WCU have an established peer-to-peer collaboration model. This arrangement adds value to both institutions through collaboration in specialized audit areas and review of workpapers in order to adhere to required Institute of Internal Audit Standards.

In another collaborative engagement, ECU audits UNCW's minor associated entity *Friends of the University of North Carolina at Wilmington, Inc.*'s financial statements, as well as the entity's compliance with the requirements of UNC Policy 600.2.5.2[R] for the Required Elements of University-Associated Entity Relationship. Because *Friends of the University of North Carolina at Wilmington, Inc.* is a minor associated entity, UNC Policy 600.2.5.2[R] allows for another institution's internal audit to conduct the financial statement audit.

Special Accomplishments – The expertise provided by our chief audit officers and other professional internal audit staff is invaluable to the institutions and to the profession of internal auditing. Our chief audit officers are asked to serve on search committees for key positions, risk management steering committees, and to participate in a consultative capacity for new initiatives as well as discussions around process improvements related to operational matters. The internal auditors at WSSU are helping the university implement a university-wide compliance calendar to assist managers with compliance monitoring campus-wide. In addition, our professional staff also participates on Quality Assurance Review teams to assess compliance with professional standards of practice, and serve as presenters for national professional conferences. In fact, two members of the internal audit department at East Carolina University were chosen to present a session on "Protecting the Pirate Treasure with Data Analytics" at the 2018 annual conference for the Association of College and University Auditors.

With regards to data analytics, more of our internal audit departments are using data analytics tools to conduct more thorough and scope-focused audits at their institution. Use of these tools can result in more efficient audits that can provide valuable results for management. Two of the internal auditors at Appalachian State University led the internal audit office in the data analytics implementation program by working with an outside vendor, Visual Risk IQ, and getting the internal auditors proficient in using Tableau. In addition, ECU's internal audit department was selected to present to a team of audit professionals from other state agencies on the use of Tableau as well. Winston Salem State University's internal audit group has also implemented new Governance, Risk, and Control software, provided by ACL, to help document, manage and report about its audit, risk, and compliance work.

## **Internal Audit – Being Responsive to Change**

Just as the University environment is one of continuous change, so is the internal audit profession. Chief audit officers, along with their audit teams, must constantly stay apprised of changes in the regulatory environment (both at the state and federal level) and be responsive to emerging risks at their institutions. These emerging risks may be slow growing or they could rapidly infiltrate the institution's culture and environment. Part of the adaptability to addressing these risks lies in the way in which internal audit work is conducted and how internal audit shops are managed.

Enterprise Risk Management (ERM) – Over the past year, the UNC system office has been working with the institutions to move forward with implementation of the UNC policy requiring establishment of ERM programs. A number of our chief audit officers are working with compliance and ERM staff at our institutions to help move this process forward. Under the direction of the Chief Audit, Risk and Compliance Officer at Winston Salem State University, both WSSU and UNC School of the Arts began implementing ERM on campus, thereby enabling the institutions to more readily realize its strategic goals through improved risk mitigation and resource allocation.

Communication – Given the decentralization of the internal audit functions across the University, communication standards and protocols are essential in ensuring professional development and sharing of challenges and ideas for seeking solutions and addressing institutions' needs. With the exception of months when other university-wide internal audit events are taking place, a monthly conference call is facilitated by the Vice President for Compliance and Audit Services at the UNC System Office with the institutions' chief audit officers. Agendas are prepared and include standing reports from the NC Office of Internal Audit and the President of the UNC Auditors Association. In addition, the Vice President for Compliance and Audit Services at the UNC System Office provides information related to updated or new UNC Policies, Enterprise Risk Management updates, reports from the Board of Governors CARMC meetings, status reports from the University Business Compliance Program and any other relevant information to the chief audit officers that will be beneficial in their work.

In addition to the monthly conference calls, the annual UNC Auditors Association conference was hosted in Cullowhee, NC in October 2017. The conference provided internal audit staff the opportunity to earn 9.5 hours of continuing professional education. Topics included emergency planning, risk at the universities as seen from OSA's perspective, stress management, personality assessments, data analytics, investigations, uniform guidance, enterprise risk management, budget process, and IT risk assessments.

Also, in May 2018, the System Office of Compliance and Audit Services sponsored its fifth annual chief audit officers retreat in Chapel Hill. The training provided the chief audit officers the opportunity to earn 5 hours of continuing professional education, as well as have working sessions to discuss current topics and trends. In addition to updates provided by various departments within the System Office, primary topics included enterprise risk management, investigations, and leadership/succession planning.

Professional Development – Per *International Standards for the Professional Practice of Internal Auditing* section 1230 – Continuing Professional Development, "Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development." A Certified Internal Auditor (CIA) who is performing internal auditing functions must complete a total of 40 hours of acceptable CPE every calendar year. Certified Public Accountants (CPAs) are required to complete 40 hours of CPE hours, including at least two hours of regulatory or behavioral professional ethics and conduct by December 31 of each year. Ninety percent of internal audit staff have at least one professional certification.

Staffing – As of June 30, 2018, internal audit across the UNC System had fifty-four full-time employees, five part-time employees, two contract employees, two student workers, and three temporary employees. In addition, six interns were used throughout the year.



This concludes the summary of system-wide internal activities for the 2017-18 fiscal year. If you have any questions, please contact Lynne Sanders, Vice President for Compliance and Audit Services, at 919-962-4610.

## ATTACHMENT 1- Summary of Reports (by institution) Issued July 1, 2017- June 30, 2018

### ***Appalachian State University***

AiM System Application Controls  
 Annual Cash Counts FYE 2017  
 Appalachian SBIRT Student Training Grant  
 Appalachian Real Estate Holdings, Inc.  
 Athletics Cash Handling Procedures Concessions  
     Game Day  
 Athletics FYE 06/30/2016  
 Banner Vendor Table  
 Communication Disorders Clinic - ACA Section 1557  
     Compliance with Regard to Providing  
     Meaningful Access for Individuals with Limited  
     English Proficiency  
 Conferences and Camps - Baseball Camp  
 CS Access-Application Controls  
 Department of Parking and Traffic Audit Year  
     Ended June 30, 2017  
 Education & Technology Disbursement Review (3)  
 FLSA Exempt Hours and Compensatory Time  
 Follow-up Distributed IT  
 Follow-up DRP BC  
 Follow-up Inv IC over Chgs to Vendor Electronic  
     Payment Records  
 FS Inventory Transfer  
 GEAR UP Year3  
 Housing Employees Timecards  
 Institutional Conflict of Interest  
 Inventory Review FYE 2017  
 IT Security Risk Assessment  
 ITGC Audit - Governance, Access, Incident Mgmt  
 NCAA Athletics Paid Attendance-2017 Season  
 New River Light and Power Company  
 Payments to Students  
 Quarterly Access Review (4)  
 Quarterly Fixed Asset Review (4)  
 Quarterly Foundation Review (4)  
 Quarterly Fund Reconciliation Review (4)  
 Quarterly Procurement Card Review (4)  
 Quarterly Travel Review (4)  
 Receipt Book Review FYE 2017  
 UB  
 Volleyball Camp Store

### ***East Carolina University***

2016 IT Disaster Preparedness and Functional  
     Units' Continuity of Operations  
 Academic Affairs Unit Allegations  
 Admin and Finance Nepotism Allegation  
 Administration and Finance-Use of Employee  
     Resources  
 Allegations Referred from UNC SO  
 Athletics Employee Allegations  
 Athletics Financial Review  
 Athletics Imprest Funds  
 ECUF Real Estate Transaction  
 Employee Conflict of Interest Management Plans  
 Employee Resource Use Allegation  
 Export Controls  
 Follow-up Academic Integrity Compliance  
 Follow-up of 1Card Physical Security Controls  
 Follow-up of IT Incident Detection and Response  
 Follow-up of Kronos Timekeeping and Leave  
 Follow-up of Title IX Response Process  
 Follow-up of Undergrad Admissions Waivers  
     Process  
 Follow-up of User Access Onboarding and  
     Offboarding  
 Follow-up Telemedicine  
 Former HS Employee Use of Resources  
 Governance and Ethics Processes  
 Health Sci Employee Timekeeping  
 Health Sci Faculty Member COI  
 Health Sciences On-Call Pay  
 Health Sciences Temp Employee Time Reporting  
 Health Sciences-Department Time and Leave  
     Records  
 Health Sciences-Faculty Conflict of Commitment  
 Hiring Practices and Contractor Supervision  
 Institutional Complaints Procedure  
 IT Change Management  
 Misuse of University Resources and Falsification of  
     Documents  
 Mobile Computing Controls  
 Parking and Trans 3rd Follow-up  
 Student Academic Appellate Process  
 Student Affairs Employee Computer Use  
 Student Affairs Unit Allegations  
 Teaching Overload Pay  
 University Youth Programs  
 Vendor Contract Compliance

(#) Denotes the number of audits performed in relation to topic

***Elizabeth City State University***

90 Day Follow-up of State Auditor Single Audit Finding  
 Follow-up - Admissions Operations  
 Follow-up - Coaches Salary  
 Follow-up - Contracts & Grants  
 Second Follow-up OSA Single Audit Findings

***Fayetteville State University***

Audit of Student Accounts Receivable Collection Procedures  
 Internal Control Assessment  
 Second Follow-up on State Auditors IT General Controls Audit Findings  
 Testing Services Operations on Weekends

***North Carolina Agricultural and Technical State University***

2017 Assessment of Internal Controls Over Financial Reporting  
 3rd Qtr Surprise Cash Count 2016-17  
 Follow-up Audit: Improper Procurement Card Purchases & Conflict of Interest in a University Department  
 Follow-up Audit: Review of the University's Non-Fixed Assets  
 Review of Internal Controls Over Employee Vehicle Registration Revenue  
 Review of Internal Controls Over University Procurement Cards  
 Review of Selected University Policies And Practices  
 Review of the Conflict of Interest Form Submission Process  
 Surprise Cash Count and Follow-up Review-Office of the Registrar

***North Carolina Central University***

Accounts Payable  
 Alumni Scholarship Homecoming Concert  
 Delegation of Contractual Authority  
 Eagle Card Review  
 Follow-up Academic Community Service Learning Program Review  
 Follow-up Athletics Petty Cash  
 Follow-up Band Review  
 Follow-up Chancellor's Office Review

***North Carolina Central University (Cont'd)***

Follow-up Division of Student Affairs Temporary & Student Employee Review  
 Follow-up Executive MPA Program  
 Follow-up Federal Compliance 90 Day Review  
 Follow-up Grant Change Fund  
 Follow-up Martha Street Apartments  
 Follow-up North Carolina Research Center at Kannapolis  
 Institutional Advancement  
 Mister and Miss Residential Life Pageant  
 School of Education (Attendance)  
 Strategic Initiatives and School Partnerships  
 University Police Towing Operations  
 Year End Inventory  
 Year End Inventory Financial Reporting Assistance

***North Carolina School of Science and Mathematics***

Follow-up - Summer Accelerator Review

***North Carolina State University at Raleigh***

Campus Enterprises -Dining Timesheet Investigation  
 College of Agriculture and Life Sciences - Department of Animal Science Investigation Audit Report  
 College of Agriculture and Life Sciences - Foundations Internal Controls Review  
 College of Agriculture and Life Sciences - Agricultural and Human Sciences Investigation  
 College of Agriculture and Life Sciences-Poultry Sciences-Feed Mill Education Unit Investigation  
 College of Sciences - Department of Biological Sciences Investigation  
 College of Sciences - Dept. of Marine, Earth & Atmospheric Sciences Investigation  
 College of Sciences - The Science House Investigation  
 Department of Athletics - Women's Basketball Transportation Investigation  
 Division of Academic and Student Affairs - Student Health Services  
 Environmental Health and Public Safety - University Police Investigation  
 Follow-up: The Friday Institute for Educational Innovation Investigation

(#) Denotes the number of audits performed in relation to topic

**North Carolina State University at Raleigh (Cont'd)**

Investigation - College of Engineering - Material  
Science and Engineering Investigation Audit  
Report

The Friday Institute for Educational Innovation  
Investigation

User Controls Over Ultra-Sensitive Data

**University of North Carolina at Asheville**

Banner IT Reporting System Changes

Clery Act Reporting

Inventory Testing FYE 2017

**University of North Carolina at Chapel Hill**

Follow-up - Auxiliary Services

Follow-up - Deficit Spending - Sponsored Research

Follow-up - Gene Therapy Vector Core

Follow-up - Gene Therapy Vector Core – Provost

Follow-up - Payment Card Receipts

Follow-up - Payment Card Receipts – Journalism

Follow-up - Payment Card Receipts – Law

Follow-up - Recharge Center Function

Follow-up - Restricted Funds – Sponsored Research

Follow-up - Restricted Funds - Finance

Follow-up - Restricted Funds Development

Follow-up - Shared Services and Data Mining

Follow-up - State IT General Controls Review

Follow-up - Time & Effort Review

Internal Quality Assessment Review

School of Law Faculty Workloads

Special Review Lineberger Comprehensive Cancer  
Center - Cameras

UNC Core Program

Follow-up - Cell Biology and Physiology - School of  
Medicine

Follow-up - State EDP Audit Follow-up Report

Follow-up - Hematology- Oncology - Disbursement  
Services

Follow-up - Radiology - Quick Move - Disbursement  
Services

Follow-up - Use of Central Air for Advance  
Payments

Follow-up - African-American Studies/Public Policy  
- African-American Studies

Follow-up - Public Policy and African, African  
American, and Diaspora Studies – Public Policy

Follow-up - Public Policy and African, African  
American, and Diaspora Studies - Deans Office

**University of North Carolina at Chapel Hill  
(Cont'd)**

Follow-up - Dental Ecology

Follow-up - Health Promotion and Disease  
Prevention

Follow-up - Special Review - Green Cart

Follow-up - 2017 Information Technology General  
Controls (Office of the State Auditor)

Follow-up - Management of Sponsored Awards-  
Time and Effort Reporting

Follow-up - Special Review - Emergency Medicine  
Performance Improvement Center

Follow-up - Pediatrics Cardiology

Follow-up - Special Review - Pediatrics Cardiology -  
University Counsel

Follow-up - Project uplift

Follow-up - Project uplift -University Counsel

Follow-up - Independent Contactors -  
Disbursement Services

Follow-up - Independent Contactors – Kenan-  
Flagler

**University of North Carolina at Charlotte**

Administrative Review – College of Computing &  
Informatics

Administrative Review – Office of International  
Programs

Bookstore Investigation

Capital Construction – Bid Process

Centers & Institutes

External Quality Assessment 2018

Follow-up - Academic Integrity

Follow-up - Clery

Institutional Research

IT Security Allegations

Minors on Campus

NCAA Compliance – Football Attendance

NCAA Compliance – Rules Education

OSA ITGC Remediation Report

Payment Card Industry Compliance Readiness  
Review

Residency Classification

Retaliation Allegation

Review of Effort Reporting Process

Time & Attendance Investigation

Travel Reimbursement

(#) Denotes the number of audits performed in relation to topic

***The University of North Carolina at Greensboro***

Athletics NCAA AUP FY18  
 Departmental Deposits  
 P-cards  
 Securities Gifts  
 State Property  
 Travel Audit  
 Weatherspoon Arts Foundation - Art Collection  
 Inventory

***The University of North Carolina at Pembroke***

Athletic Camps and Clinics Review  
 Follow-up - Dean of Library Services  
 Follow-up - Nepotism, Office of Engaged Outreach  
 Internal Controls of Deselected Library Media for  
 Sale  
 OSA Hotline Referral - Potential Misuse  
 Conflict of Interest - Chief Information Officer  
 Dean of Library Services  
 Nepotism, Office of Engaged Outreach  
 Potential misappropriation of furniture  
 Investigative - Response to State Auditor's Referral  
 - Hiring Practices  
 Office of Advancement Audit  
 Potential Misuse of State Property - Purchase  
 Surplus Sales Audit

***University of North Carolina School of the Arts***

Center for Design Innovation Missing Property  
 Follow-up Cash Handling  
 Follow-up OSA 90 Day Conflict of Interest  
 Special Contract Review

***University of North Carolina System Office***

End User Data Storage and Security Awareness  
 Follow-up OSA IT General Controls Audit  
 Petty Cash Investigation

***University of North Carolina Wilmington***

Cameron School of Business Audit  
 College of Arts & Sciences Audit  
 Follow-up Athletics  
 Follow-up Cash Counts  
 Follow-up Purchasing  
 Follow-up Randall Library  
 Follow-up Research Compliance

***University of North Carolina Wilmington (cont'd)***

Follow-up Tuition Waivers  
 Friends of UNCW Audit Report  
 Housing and Residence Life

***Western Carolina University***

Building Emergency Action Plans (17)  
 Information Technology Fixed Assets (6)  
 Investigative Report  
 IT General Control Audit Banner Module-Finance  
 Laboratory Safety and Training (2)  
 Possible Conflict of Commitment/Interest  
 Review of Controls over Blank Prescription Slips (2)

***Winston-Salem State University***

Admissions  
 Center for Design Innovation Missing Property  
 Conflict Management - Library Services  
 Enrollment Management  
 Follow-up Fuel Inventory  
 Inappropriate Charges  
 Pan-Hellenic Council Checkbook  
 Purge Process

(#) Denotes the number of audits performed in relation to topic

**Attachment 2: Resolution of Audit Findings July 1, 2017 - June 30, 2018**

Campus Name	Report Name	Audit Type	Date of Report	Number of Findings	Findings (Detail)	Status of Finding Resolution
ASU	Access Review	Information Systems	1/26/2018	1	Procedures were not consistently applied to ensure that one user who transferred departments within the University had appropriate Banner access in their new position. This led to the user having unnecessary access to certain Banner records. Their access was updated after the issue was brought to the attention of the Banner Student Module Security Officer.	Resolved
ASU	AIM System Application Controls	Information Systems	4/19/2018	1	The controls for use of CPPM as a centralized information source need improvement.	Follow-up Pending
ASU	Budget Reconciliation	Compliance	6/8/2018	3	(1) The Departmental Fund Activity Reconciliation Forms for one trust fund was lacking the supervisory review and approval signatures. (2) The Departmental Fund Activity Reconciliation Form for three trust funds were not completed. (3) The Departmental Fund Activity Reconciliation Forms for one trust fund was not completed online as per Budget Office policies and procedures.	Follow-up Pending
ASU	Budget Reconciliation	Compliance	2/23/2018	1	The Departmental Fund Activity Reconciliation Forms for one state fund were lacking the supervisory review and approval signatures.	Resolved
ASU	Communication Disorders Clinic - ACA Section 1557 Compliance with Regard to Providing Meaningful Access for Individuals with Limited English Proficiency	Investigative	10/27/2017	2	(1) Required Notice and Taglines were not posted (2) HHS Form 690 was not filed.	Resolved
ASU	Conferences and Camps - Baseball Camp	Performance / Operational	8/29/2017	1	We found that the monthly fund reconciliation was not consistently prepared or approved in a timely manner in compliance with ASU Policy 512.	Resolved
ASU	E&T Disbursement Review – for Quarter Ended September 2017	Compliance	11/20/2017	1	Five expenditures were not in compliance with E&T requirements. One department paid unallowable expenditures for a total of \$200.	Follow-up Pending
ASU	Education & Technology	Compliance	3/2/2018	3	(1) One department paid unallowable expenditures (preferred seating for air travel) for a total of \$79.36. (2) One department improperly coded transactions totaling \$457.45 to E&T funds. (3) There is a lack of current guidance concerning E&T funds since there have been no written revisions to the E&T guidelines, which were originally presented as a memo to the Deans in 2004.	Follow-up Pending
ASU	Education & Technology	Compliance	6/8/2018	1	Two departments improperly coded transactions totaling \$266.97 to E&T funds.	Follow-up Pending
ASU	Fixed Asset Review	Compliance	11/16/2017	1	One asset from one department was not in the location as specified in the department's inventory listing and we were unable to locate the asset.	Follow-up Pending
ASU	FLSA Exempt Hours and Compensatory Time	Compliance	6/14/2018	3	(1) Controls over monitoring of leave usage should be strengthened. (2) Instances of non-compliance with University payroll policy. (3) University policy regarding hours of work and comp time should be unclear and contradictory to University guidance.	Follow-up Pending
ASU	FS Inventory Transfer	Investigative	2/26/2018	2	(1) Not following leftover (product) policy (2) Internal controls over the prepared product needs improved	Follow-up Pending
ASU	Fund Reconciliation Review – for Quarter Ended September 2017	Compliance	11/17/2017	2	(1) Departmental Fund Activity Reconciliation Form for six trust funds were not completed. (2) One monthly Departmental Fund Activity Reconciliation Form for four trust funds was completed and approved before the month's end.	Resolved
ASU	Housing Employees Timecards	Integrated	8/14/2017	1	Lack of timecard review and approval as required by Policy.	Partially Resolved
ASU	Institutional Conflict of Interest	Consulting	3/9/2018	1	The function of governance should be strengthened.	Follow-up Pending
ASU	IT Security Risk Assessment	Information Systems	6/7/2018	1	The IT Risk Assessment was not completed for calendar year 2017.	Resolved
ASU	ITGC Audit - Governance, Access, Incident Mgmt	Information Systems	2/19/2018	2	(1) "Maintain" strategy was not supported for one control strategy in Information Security Policies. (2) "Maintain" strategy was not supported for one control strategy in Access Controls.	Follow-up Pending

Campus Name	Report Name	Audit Type	Date of Report	Number of Findings	Findings (Detail)	Status of Finding Resolution
ASU	Payments to Students	Compliance	4/27/2018	2	(1) We noted that the payment processing steps were lacking a mechanism to provide consistent information to the Tax Compliance consultant or to OFA. (2) It was also noted that P-Card payments were made that were unallowed per spending policy.	Follow-up Pending
ASU	P-Card Expenditures	Compliance	6/8/2018	3	(1) Ten instances were found where the expenditures were charged to a non-allowable fund. (2) Eight instances were found where the expenditures were charged to an incorrect account code. (3) One instance was found in which the receipts that are required to be submitted with the P-Card reconciliation packet were not submitted.	Follow-up Pending
ASU	P-Card Expenditures	Compliance	3/2/2018	2	(1) One instance was found in which a travel authorization was not submitted. Travel authorizations are required to be completed properly and attached to the travel-related P-Card documentation when submitted for approval. (2) One instance was found in which the receipt that is required to be submitted with the P-Card reconciliation packet was missing.	Follow-up Pending
ASU	P-Card Review – for Quarter Ended September 2017	Compliance	11/20/2017	2	(1) Three instances were found where a travel authorization was not submitted, as required. (2) Eight instances were found where certain forms were missing that are required to be submitted with the P-Card documentation when submitted for approval. In addition, six instances were found where rosters supporting the expenditures were missing.	1) Satisfactory Progress Made 2) Partially Resolved
ASU	Quarterly Fixed Asset Review	Compliance	9/12/2017	2	(1) One fixed asset was incorrectly tagged with the tag assigned to another departmental asset. (2) For one of the fixed assets sampled, we noted that the asset was comprised of multiple components and that the department did not include this asset when completing the annual physical count. We also noted that the various locations of the components of the fixed asset were not documented.	Resolved
ASU	Quarterly Fund Reconciliation	Compliance	9/11/2017	1	Three state fund reconciliations were lacking supervising review and approval signatures.	Resolved
ASU	Quarterly Procurement Card Review	Compliance	9/13/2017	2	(1) Three instances were found where the reconciliation form was not signed by the cardholder. (2) Two instances were found where purchases were shipped to a residential address.	Resolved
ASU	Receipt Book Review FYE 2017	Financial	8/23/2017	1	We identified eighteen departments where late deposits were made.	Resolved
ASU	Review of User Access Controls for the Quarter Ended 06/30/2017	Information Systems	8/10/2017	1	Our follow-up review revealed that for three of the 22 employees who transferred to other departments within the University between January 2017 and July 2017, unnecessary access was not terminated in a timely manner during their transition to their new position by the department manager.	Satisfactory Progress Made
ASU	Travel Disbursements	Compliance	2/16/2018	2	(1) One employee received an advance and reimbursement totaling of \$894.61 for expenditures incurred by another traveler. (2) One traveler was reimbursed \$22 for meals that were already covered by the registration fee. Additionally, this traveler was reimbursed \$18.90 for a meal that did not meet the requirement per State of North Carolina Budget Manual Policy 5.1.12.	Follow-up Pending
ASU	Travel Review – for Quarter Ended September 2017	Compliance	11/17/2017	1	One traveler's expenditure reflected an instance of incorrect processing of the travel expense. The traveler was reimbursed on an estimate and not the actual receipt.	Resolved
ASU	UB	Investigative	2/1/2018	1	Unallowable expenditures due to insufficient documentation/direct benefit	Resolved
ASU	Volleyball Camp Store	Investigative	11/15/2017	1	Camp management chose not to follow certain University Policy and Procedures applicable to the operation of the camp store.	Follow-up Pending

Campus Name	Report Name	Audit Type	Date of Report	Number of Findings	Findings (Detail)	Status of Finding Resolution
ECU	Academic Affairs Unit Allegations	Investigative	3/19/2018	5	(1) Employee time and leave records do not accurately reflect the employee's actual work time. (2) Former student employee possibly completed work in the unit and had access to confidential records after his/her employment ended (3) Employee misused University computing resources during regular work hours (4) Management used a lack of discretion in sharing personnel information, potentially creating significant risk for the University (5) Lack of documented procedures and opportunities to strengthen the security of sensitive information	(1) Resolved - Follow-up Completed (2) Resolved - Follow-up Completed (3) Resolved - Follow-up Completed (4) Resolved - Follow-up Completed (5) Follow-up Pending
ECU	Administration and Finance-Use of Employee Resources	Investigative	9/12/2017	1	Use of University computers and network for personal purposes	Resolved - Follow-up Completed
ECU	Athletics Imprest Funds	Compliance	4/23/2018	4	(1) Opportunity to improve security of imprest funds outside the Business Office and Ticket Office (2) Documentation and approvals not always completed timely (3) Other instances of non-compliance and opportunities to strengthen controls (4) Reconciliation of imprest funds by the Athletic Ticket Office not always timely	(1) Resolved - Follow-up Completed (2) Resolved - Follow-up Completed (3) Follow-up Pending; (4) Resolved - Follow-up Completed
ECU	ECUF Real Estate Transaction	Investigative	5/21/2018	1	Opportunity to strengthen compliance with applicable ECUF policy	Follow-up Pending
ECU	Employee Conflict of Interest Management Plans	Compliance	8/7/2017	4	(1) Opportunity to improve the reports used to measure conflict of interest disclosure compliance tracking. (2) Notices of Intent to Engage in External Professional Activities for Pay not submitted timely and not always complete or consistent with conflict of interest disclosures. (3) The process for annually identifying and reporting related persons has not been documented. (4) Employee disclosure of related persons is not consistent	Follow-up Pending
ECU	Export Controls	Compliance	5/7/2018	9	(1) Opportunities to strengthen the authority and resources available to the REDE Division so that the division can administer the import and export control compliance function (2) There is no master list of activities and technology subject to export control requirements (3) Opportunities to improve awareness, training, documented procedures related to screening for excluded parties, international travel, inbound and outbound shipments, and review of proposed research that is subject to export control compliance requirements. (4) No documented Standard Operating Procedure regarding excluded party screening efforts (5) Lack of documentation related to review for export control compliance in sponsored research projects (6) The processes for screening Foreign Nationals and for determining if a technology control plan is needed are not documented, and the documentation on the file is not always complete (7) Opportunities to strengthen compliance with international travel export compliance requirements (8) Opportunities to strengthen controls over international outbound shipping (exports) (9) Opportunities to strengthen controls over international inbound shipping (imports)	Follow-up Pending
ECU	Former HS Employee Use of Resources	Investigative	8/19/2017	1	ProCard used to purchase items that were not related to University business, cannot be located, and/or were not approved. Total \$497.83	Resolved - Follow-up Completed
ECU	Governance and Ethics Processes	Performance / Operational	5/22/2018	2	(1) ECU does not have a University-wide code of conduct (2) ECU does not have a written whistleblower policy	Resolution in Process



Campus Name	Report Name	Audit Type	Date of Report	Number of Findings	Findings (Detail)	Status of Finding Resolution
ECU	Health Sci Faculty Member COI	Investigative	6/26/2018	5	(1) Monitoring of the faculty member's COI management plan has not occurred (2) Erroneous reimbursement of one night's lodging expenses (3) Incidental amount of support staff time and some facility use in support of external activities (4) Opportunities to significantly improve controls over monitoring, invoicing and collection for use of the laboratory (5) Facility Use Agreement with the faculty member's company should only be executed after extreme diligence, since it is owned by a University employee	(1) Follow-up Pending (2) Resolved - Follow-up Completed (3) Resolved - Follow-up Completed (4) Follow-up Pending (5) Resolved - Follow-up Completed
ECU	Health Sciences Employee Time	Investigative	10/18/2017	3	(1) Employee remotely accessed computer to log in to Kronos on occasions (2) Time punches may not accurately reflect actual hours worked (3) Secondary employment not properly disclosed	Resolved - Follow-Up Completed
ECU	Health Sciences On-Call Pay	Investigative	1/2/2018	5	(1) FWS students worked after-hours call and performed call-back duties for full-time staff. Full-time staff claimed and accepted payment for the on-call hours and passed the funds through to the FWS students. (2) One employee was untruthful with us during review (3) Instances of non-compliance with applicable department procedures, and opportunities to improve documented procedures. (4) Disruptive work environment in the unit (5) Opportunities to improve management oversight and the overall control environment	(1) Resolved - Follow-up Completed (2) Resolved - Follow-up Completed (3) Follow-up Pending (4) Follow-up Pending (5) Follow-up Pending
ECU	Health Sciences Temp Employee Time Reporting	Investigative	3/19/2018	1	Employee clocked in and out from home on numerous occasions when she was not teleworking.	Resolved - Follow-up Completed
ECU	Health Sciences-Department Time and Leave Records	Investigative	2/12/2018	3	(1) Excessive Number of Absences (2) One know absence not recorded on time record. (3) Inaccurate overtime calculations and untimely submission of leave records for numerous employees in the department.	Resolved - Follow-up Completed
ECU	Health Sciences-Faculty Conflict of Commitment	Investigative	11/20/2017	2	(1) Faculty member used non-University email account for University business. (2) COI and EPAPs only routed to one supervisor when there are multiple supervisors.	(1) Resolved - Follow-up Completed (2) Follow-up Pending
ECU	Hiring Practices and Contractor Supervision	Investigative	9/29/2017	2	(1) Mileage logs are not maintained for certain University-owned vehicles. (2) Employee has held an interim position for an extended period of time.	Resolved - Follow-up Completed
ECU	Institutional Complaints Procedure	Investigative	3/21/2018	1	Management was not periodically reviewing complaints to identify trends, as required by the ECU Procedure and by SACS.	Resolution in Process
ECU	IT Change Management	Integrated	1/2/2018	4	(1) Lack of documented charter for Banner Change Management Committee (CMC) (2) Opportunities for the CMC to improve consistency in documenting change requests that have been reviewed, approved, and completed. (3) Opportunities to ensure change management work tickets are closed timely. (4) Opportunities to strengthen the documented comparisons of actual configuration to expected or baseline configuration.	Resolved - Follow-up Completed
ECU	Misuse of University Resources and Falsification of Documents	Investigative	10/10/2017	1	Employee falsified client statements, forged client signatures, falsified information related to training events and did not record 136 hours of annual leave.	Resolved - Follow-up Completed
ECU	Mobile Computing Controls	Information Systems	4/27/2018	1	Opportunities to Strengthen the controls over the mobile computing environment. Details are confidential per NCGS and have been communicated to management separated.	Follow-up Pending
ECU	Student Academic Appellate Process	Compliance	1/31/2018	1	Instances of SAAC decisions changed in conflict with Undergraduate Academic Regulations. Management should consider updating regulation to reflect the authority given to/delegated by the Chancellor.	Resolved - Follow-Up Completed
ECU	Student Affairs Employee Computer Use	Investigative	10/17/2017	1	Employee has used a University computer to access and, on some occasions, print nude photos	Resolved - Follow-up Completed

Campus Name	Report Name	Audit Type	Date of Report	Number of Findings	Findings (Detail)	Status of Finding Resolution
ECU	Teaching Overload Pay	Compliance	6/22/2018	1	Opportunity to strengthen monitoring over teaching overload courses	Resolution in Process
ECU	University Youth Programs	Compliance	6/20/2018	5	(1) Opportunities for the YPCO to significantly strengthen the oversight and guidance that is provided to the University community (2) Numerous instances of non-compliance with the Regulation in the sample programs that we reviewed (3) Lack of accident insurance coverage or proof of medical insurance as required by the Office of Enterprise Risk Management (4) External entity was not invoiced for facility usage according to established pricing structure (5) Family members of employees involved with youth programs participated without meeting program requirements	Follow-up Pending
ECU	Vendor Contract Compliance	Investigative	6/22/2018	2	(1) There is no documentation of the actual hours worked by the Contractor employees; Contract does not reflect actual practice and needs to be updated (2) Service records and supporting documents have not consistently been provided as required by the Contract.	Resolved - Follow-up Completed
FSU	Audit of Student Accounts Receivable Collection Procedures	Compliance	9/5/2017	1	Actions needed to clear up old credit balances on student accounts.	Resolution in Process, Follow-up Pending
FSU	Testing Services Operations on Weekends	Investigative	3/23/2018	1	Confidential finding	Resolved - Follow-up Completed
N.C. A&T	Review of Internal Controls Over Employee Vehicle Registration Revenue	Financial	4/16/2018	3	(1) Internal control weaknesses in the establishment and monitoring of employee payroll deductions for vehicle registrations. (2) Internal Control Weakness in Temporary and Adjunct Employee Vehicle Registration Process (3) Error noted in the recording of vehicle registration revenue.	Follow-up Pending
N.C. A&T	Review of Selected University Policies And Practices	Investigative	2/28/2018	10	(1) Faculty member violated conflict of interest policy. (2) Insufficient arrangements made for a student undertaking a research assignment at a collaborative university. (3) The Office of International Affairs was not notified timely of an international student's assignment at an out-of state collaborative university. (4) Ineffective situation management (5) University professor claimed a student's travel reimbursement (6) Circumvention of university travel policies (7) Conflicts of interest (8) Acquisition of Major Research Instrumentation (MRI) (9) Progress Report Monitoring (10) Plagiarism	Follow-up Pending
N.C. A&T	Review of the Conflict of Interest Form Submission Process	Compliance	6/29/2018	1	Human Resources (HR) did not receive all FY 2017-18 Conflict of Interest forms(COI). In addition, HR does not have written procedures for the COI process, including following up on forms not received.	Follow-up Pending
NCCU	Accounts Payable	Investigative	4/4/2018	2	(1) Unpaid invoices to vendor (2) Overpayment made to the vendor	Follow Up Pending

Campus Name	Report Name	Audit Type	Date of Report	Number of Findings	Findings (Detail)	Status of Finding Resolution
NCCU	Delegation of Contractual Authority	Compliance	2/23/2018	1	<p>The University entered into a leasing agreement with an outside company. Such leasing agreements would need further approval from other state entities. Policy 30.01.1 – Real Transaction Policy provides guidance pertaining to real property transactions by NCCU. The applicable sections are as follows:  - Section 4.2.1 (Leases) - “Any lease for \$25,000 or more annual rent (irrespective of duration) – must be approved by the Board of Governors, the Department of Administration, the Governor, and the Council of State. The instrument is executed by the Governor”  - Section 5.2.1 (Required Clearances for Real Property Transactions) - “All real property transactions that require approval beyond the campus level are to be initiated by submission of the Form PO-1 for acquisitions and the Form PO-2 for dispositions to the State Property Office.”</p> <p>The contract was not submitted to any other state entity for approval nor sent to the State Property Office (SPO) before being affirmed by the University. Presently, this contract requires no further affirmation from any other state entity because it effectively expired as of May 31, 2017.</p>	Resolved- Follow-Up Completed
NCCU	Eagle Card Review	Consulting	3/15/2018	3	(1) Deficiencies in Internal Controls (2) Use of Social Security Numbers (3) Deficiencies in Sales Deposits and Documentation	Resolved- Followed Up Pending
NCCU	University Police Towing Operations	Performance / Operational	5/31/2018	4	(1) Vendor Contracts (2) Inconsistency between General Order and policy (3) Insufficient vendor oversight of vendor insurance requirements (4) Notification to owners about the location of vehicles have been towed	Follow-Up Pending
NC State	Campus Enterprises -Dining Timesheet Investigation	Investigative	3/15/2018	3	(1) Inconsistent Application of Overtime and Lunch Break Policy (2) Insufficient Documentation of Timesheet Changes for Atrium Employees (3) Lack of an Audit Trail Related to Time Clock Changes	Resolution in Process
NC State	College of Agriculture and Life Sciences - Department of Animal Science Investigation Audit Report	Investigative	10/16/2017	2	(1) Student Organization Financial Training (2) University procedures related to reporting concerning behavior	Resolved - Follow-up Pending
NC State	College of Agriculture and Life Sciences-Poultry Sciences-Feed Mill Education Unit Investigation	Investigative	4/16/2018	1	Inadequate PCard Transaction Review	Resolution in Process
NC State	College of Sciences - Dept. of Marine, Earth & Atmospheric Sciences Investigation	Investigative	5/17/2018	1	ETF Fund Guidance is Unclear Related to Faculty Member Salaries	Resolution in Process
NC State	The Friday Institute for Educational Innovation Investigation	Investigative	7/18/2017	1	Unsupported Travel Expenses	Resolved - Follow-up Completed
NC State	User Controls Over Ultra-Sensitive Data	Information Systems	3/26/2018	23	Report contains confidential information. Issues are not noted on this database per NC General Statute 132-6.1(c)	Resolution in Process
System Office	End User Data Storage and Security Awareness	Information Systems	1/4/2018	4	Confidential Findings	Follow-up Pending
System Office	Petty Cash Investigation	Investigative	8/15/2017	1	Petty cash funds were reported as missing. UNC-GA's policies and procedures for safeguarding petty cash were not followed, are outdated, and need to be improved in order to reduce the risk of misuse or theft.	Follow-up Pending
UNCA	Banner IT Reporting System Changes	Information Systems	6/28/2018	1	Observations are considered sensitive.	Resolved - Follow-up Pending
UNCA	Clery Act Reporting	Compliance	4/9/2018	3	(1) Reconciliation of CSA designations on position descriptions (2) Finalization of policy for crime reporting (3) Adoption of policy for missing students	Resolution in Process
UNCC	Administrative Review – College of Computing & Informatics	Performance / Operational	6/4/2018	4	(1) Data security plans (2) Accuracy of transaction coding (3) Business continuity plans (4) Asset tracking	Resolved - Follow-up Completed

Campus Name	Report Name	Audit Type	Date of Report	Number of Findings	Findings (Detail)	Status of Finding Resolution
UNCC	Administrative Review – Office of International Programs	Performance / Operational	4/6/2018	3	(1) Monthly Reconciliations (2) Accuracy of Transaction Coding (3) Business Continuity Plans	Resolved - Follow-up Completed
UNCC	Capital Construction – Bid Process	Compliance	3/29/2018	1	Outdated Documented Procedures	Follow-up Pending
UNCC	Centers & Institutes	Performance / Operational	1/31/2018	2	(1) Required annual training is not occurring. (2) UNC Charlotte Policy 314 and related procedure need updates.	Resolved - Follow-up Completed
UNCC	Minors on Campus	Performance / Operational	6/22/2018	2	(1) Lack of Oversight of External Organizations (2) Absence of Comprehensive Program List	Follow-up Pending
UNCC	OSA ITGC Remediation Report	Information Systems	10/18/2017	3	Observations are considered sensitive.	All findings (confidential) have been resolved
UNCC	Payment Card Industry Compliance Readiness Review	Compliance	4/3/2018	15	All findings are confidential.	13 - Resolved - Follow-up Completed 2 - Follow-up Pending
UNCC	Travel Reimbursement	Performance / Operational	4/2/2018	2	(1) Errors in TCP Processing (2) Errors in DAP Reimbursements	Resolved - Follow-up Completed
UNC-CH	School of Law Faculty Workloads	Investigative	8/2/2017	3	(1) Opportunities to clarify language in the School's Faculty Reference Manual regarding time frames for "making up" reduced teaching loads other than those specified by School policy (2) Differences between the School's records and the Academic Personnel Office's (APO's) records for faculty members who were on extended leave (3) A faculty member had a properly approved course reduction in fall 2016.	Follow-up Pending
UNC-CH	Special Review Lineberger Comprehensive Cancer Center - Cameras	Investigative	4/24/2018	2	(1) Lack of separation of duties (2) Unallowable costs	Follow-up Pending
UNC-CH	UNC Core Program	Special Review / Project	11/27/2017	1	Core funds were spent for Core course development, program development, and support. However, the language of the special appropriation: "(provide) funds to support course development for UNC Core" appears to limit use of the funds to a single purpose – course development.	Resolved - Follow-up Completed
UNCG	Departmental Deposits	Compliance	8/31/2017	1	Departmental deposit was not deposited timely (by next business day).	Resolved - Follow-up Completed
UNCG	Securities Gifts	Compliance	4/13/2018	1	Minor concern regarding no month-end reconciliation of external brokerage statement (reconciliation would strengthen controls in place).	Resolved - Follow-up Completed
UNCG	Travel Audit	Compliance	11/22/2017	1	Travel report not submitted in a timely manner.	Resolved - Follow-up Completed
UNCP	Athletic Camps and Clinics Review	Consulting	11/20/2017	3	(1-3) The Athletic Department does not have written policies and procedures for Athletic camps/clinics. *Need for athletics camp manual *Contracts *Facility use fee	Resolved - Follow-up Pending
UNCP	Internal Controls of Deselected Library Media for Sale	Investigative	11/21/2017	7	(1) Library surplus sale did not follow required rules and regulations (2) Lack of inventory control system (3) Sale items not located in a secured locked area (4) Segregation of duties (5) Collection of checks (6) Need for training on how to properly complete receipt book entries (7) Proceeds need to be properly submitted to the NC State Surplus Property Agency	(1)-(6) - Follow-up Pending (7) - Resolved - Follow-up Completed
UNCP	Investigative - Conflict of Interest - Chief Information Officer	Investigative	8/11/2017	1	The university's Chief Information Officer (CIO) was hired in August 2014. In November s/he became a consultant with a leadership development firm. Her/his first assignment with the firm was in December 2014. In October 2016, the university hired the firm to work with employees within the Department of Information Technology (DoIT). The firm was hired again in April 2017 to work with the DoIT leadership team. The CIO has completed an EPAP every year since her/his employment.	Resolved - Follow-up Completed

Campus Name	Report Name	Audit Type	Date of Report	Number of Findings	Findings (Detail)	Status of Finding Resolution
UNCP	Investigative - Dean of Library Services	Investigative	8/11/2017	6	(1) Dean's misuse of her/his university purchase card (2) Dean's travel (3) Dean's leave and advice to his/her staff about reporting leave (4) Dean's doctorate (5) Deselection/removal of library books (6) SHRA employee not required to take leave while volunteering with a UNCP athletic team	Resolved - Follow-up Completed
UNCP	Investigative - Nepotism, Office of Engaged Outreach	Investigative	8/10/2017	2	(1) Nepotism (2) Inaccurate leave reporting	Resolved - Follow-up Completed
UNCSA	Center for Design Innovation Missing Property	Investigative	11/21/2017	1	Improper Removal of University Equipment	Resolution in Process
UNCSA	Special Contract Review	Special Review / Project	4/26/2018	2	(1) State policy requirements were bypassed (2) IT approval	Resolution in Process
UNCW	Cameron School of Business Audit	Performance / Operational	12/19/2017	4	(1) Improvements needed in accounting for and reporting financial activity (2) Lack of segregation of duties over financial processes (Departmental funds receipting, Accounting for the International Masters in Business Administration (IMBA) program) (3) Enhancements needed to scholarship awarding process to ensure adherence to donor criteria (4) Lack of continuity of operations plan	(1) - (3) Resolution in Process (4) Not Resolved
UNCW	College of Arts & Sciences Audit	Performance / Operational	9/18/2017	15	(1) Inconsistencies noted during the fixed asset verification process (noncompliance with UNCW Policy 05.164, University Equipment) (2) Lack of complete tracking of computer equipment (3) Lack of complete tracking of other computer equipment (not meeting the fixed asset definition) (4) Lack of appropriate oversight over surplus disposal requests (5) Incomplete project tracking and lack of oversight of project spending (6) Lack of tracking repair and maintenance needs for CAS facilities (7) Lack of continuity of operations plan (COOP) (8) Lack of adequate backup and cross training for critical functions (9) Noncompliance with NC General Statute and UNCW Policy on deposit timeliness (10) Noncompliance with UNCW Policy 05.141 Departmental Funds Receipting (11) Lack of back-up for cash receipting in the Music Department (12) Incomplete reporting of gifts-in-kind to Advancement Services (13) Proper use of accounts (14) Incomplete collection and remittance of sales tax (15) Supplemental payments not approved in writing before work beginning	(1) Resolution in Process (2) Not Resolved (3) Resolution in Process (4) Resolution in Process (5) Resolved (6) Resolution in Process (7) Not Resolved (8) Resolved (9) Resolution in Process (10) Resolution in Process (11) Resolution in Process (12) Resolution in Process (13) Resolution in Process (14) Not Resolved (15) Resolution in Process
UNCW	Housing and Residence Life	Performance / Operational	3/27/2018	6	(1) Lack of complete and accurate tracking of computer equipment inventory (2) Noncompliance with UNCW Policy 05.350, Operation of State-Owned Vehicles Policy (3) Noncompliance with UNCW Policy 05.400, Cart (Golf, Utility, Street Legal) Safety Policy (4) Lack of segregation of system access rights and duties (5) Lack of system access permissions management/documentation for the HRL server (6) Lack of adequate backup and cross training for critical functions	Follow-up Pending
WCU	Investigative Report	Investigative	9/1/2017	2	(1) Conflict of interest disclosure form not completed (2) Notice of intent to engage in external activity for pay form not completed	Resolved

Campus Name	Report Name	Audit Type	Date of Report	Number of Findings	Findings (Detail)	Status of Finding Resolution
WCU	Laboratory Safety and Training College of Engineering and Technology	Compliance	11/15/2017	11	<p>We found the following when performing walk-throughs of the selected labs:</p> <p>(1) Laboratory 354, Electronics Fabrication - contained a chemical fume hood that had no evidence that it had been inspected or certified. This particular laboratory contained chemicals.</p> <p>(2) Belk 209, Construction Materials and Methods - had not been cleaned after use. There were various tools left out on workbenches and accumulation of sawdust on tools and on the floor.</p> <p>(3) CAT 116 DMLS Laboratory - the refrigerator and microwave in this laboratory, appeared to be for personal use.</p> <p>(4) CAT 116 DMLS Laboratory - there was no eyewash station available in the lab.</p> <p>(5) ENGR 350 Spring 2017- twenty-five of the eighty students, or thirty-one percent, enrolled in this class had not received the appropriate training.</p> <p>(6) ENGR 400 Fall 2016, twenty-two of the ninety-three students, or twenty-four percent, enrolled in this class had not received the appropriate training.</p> <p>(7) ENGR 450 Spring 2017, twenty of the ninety-one students, or twenty-two percent, enrolled in this class had not received the appropriate training.</p> <p>(8) Rapid Center seven out of the eleven individuals, or sixty-four percent, having access to this room had not received the appropriate training.</p> <p>(9) Level two classes, those that deal with power tools and machinery, are being taught, however, level two training is not occurring. Note that participants in these classes are supposed to have basic training and always have an instructor in the class.</p> <p>(10) Faculty was not being trained.</p> <p>(11) There are no standard operating procedures (SOP's) for each laboratory</p>	Resolution in Progress
WCU	Laboratory Safety and Training College of Fine and Performing Arts	Compliance	11/15/2017	11	<p>We found the following when performing walk-throughs of the School of Art and Design:</p> <p>(1) Safety Data Sheets were not present in the studios or available to individuals in studios.</p> <p>(2) None of the studios had lab specific standard operating procedures (SOP's).</p> <p>(3) Food containers were being utilized for chemical/hazardous waste storage.</p> <p>(4) Secondary containers were not properly labeled.</p> <p>(5) A refrigerator and microwave was present in a studio and utilized for personal use. In addition to this, there was evidence of food consumption in various studios.</p> <p>(6) Electronic components were "daisy chained" together.</p> <p>(7) A chemical fume hood lacked any indication of certification.</p> <p>(8) A fire extinguisher was obstructed by a variety of items.</p> <p>We found the following when performing walk-throughs of the Scene &amp; Costume Shop</p> <p>(9) An oven in one studio was not labeled "for lab use only."</p> <p>(10) Safety Data Sheets were not present in the studios or available to individuals in studios.</p> <p>School of Art and Design - Training</p> <p>(11) Training is not being formally documented or tracked</p>	Resolution in Progress
WCU	Possible Conflict of Commitment/Interest	Investigative	12/12/2017	2	<p>(1) Conflict of interest disclosure form not completed</p> <p>(2) Notice of intent to engage in external activity for pay form not completed</p>	Resolved
WCU	Review of Controls over Blank Prescription Slips Counseling and Psychological Services	Investigative	11/15/2017	1	<p>We found that controls over blank prescription slips were lax. Although the blank prescription slips are technically the property of Meridian Behavioral Health, they appeared to have been left unattended while the provider worked in a shared office space on Western Carolina's property.</p>	Follow-up Pending

Campus Name	Report Name	Audit Type	Date of Report	Number of Findings	Findings (Detail)	Status of Finding Resolution
WSSU	Admissions	Investigative	4/16/2018	9	(1) Students not admitted timely (2) Students registering after the change of registration period (3) Admissions' files not secure (4) Transcripts reviewed by unauthorized volunteer (5) Admission of students that did not meet Minimum Admissions Requirements and Minimum Course Requirements (6) Chancellor's exceptions exceeded (7) Chancellor's exceptions and special considerations not reported to BOT (8) Final high school transcripts not reviewed timely (9) Discrepancies with data related to students that are deferred for capacity	Resolution in Process
WSSU	Center for Design Innovation Missing Property	Investigative	11/21/2017	1	Improper Removal of University Equipment	Resolution in Process
WSSU	Conflict Management - Library Services	Investigative	3/13/2018	1	Annual Conflict of Interest reporting requirements not met	Resolution in Process
WSSU	Enrollment Management	Investigative	8/30/2017	6	1) Insufficient Conflict Management 2) Insufficient Compliance Risk Management 3) Reactive and Haphazard Processes for Graduation Clearance 4) Insufficient Risk Management 4a) Protected Students Accounts not Sufficiently Monitored 4b) Information and Communication Systems Not Adequate 5) Non-Compliance with North Carolina General Statute 116-143 6) Non-Compliance with Credit by Examination and Course Substitution Policies and Procedures	Resolution in Process
WSSU	Enrollment Management - Risk Monitoring	Investigative	12/5/2017	1	Inappropriate Charges	Resolution in Process
WSSU	Pan-Hellenic Council Checkbook	Investigative	3/13/2018	1	Abandoned Checkbook should be destroyed	Resolution in Process
WSSU	Purge Process	Investigative	8/31/2017	4	1) Insufficient Financial Risk Management 2) Inefficient practices and performance issues 3) Noncompliance with internal and external guidelines and regulations 4) Failing to appropriately manage strategic risks	Resolution in Process

## AGENDA ITEM

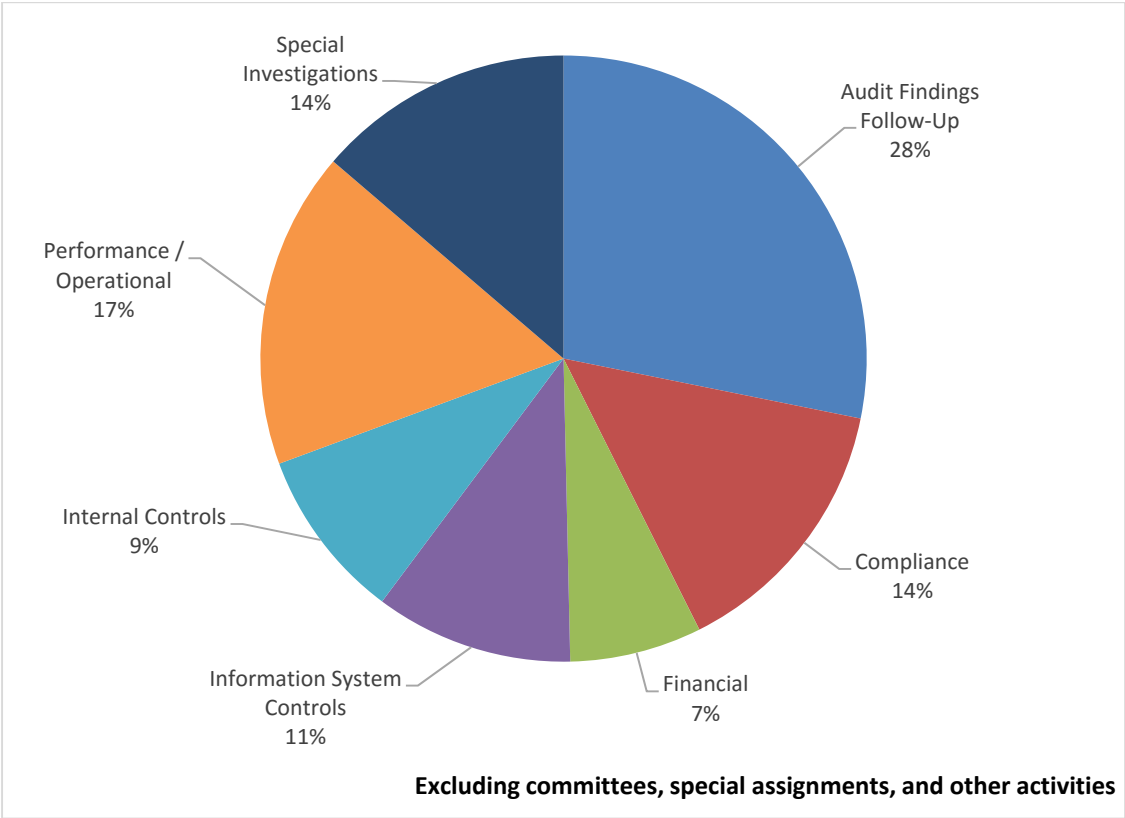
A-4. Approval of System-wide Internal Audit Plans for 2018-19 ..... Lynne Sanders

<b>Situation:</b>	The 2018-2019 System-wide summary of internal audit plans is presented for review and approval.
<b>Background:</b>	Chapter 100.1 of the UNC Policy Manual – Section 301 of <i>The Code</i> requires this committee to review a summary of the internal audit plans of the constituent institutions. As part of the policy, each constituent institution is to submit its internal audit plan as approved by the institution’s board of trustees. The CARMC charter requires that this committee review and approve an annual summary of the internal audit plans submitted by each constituent institution and the UNC System Office.
<b>Assessment:</b>	A summary is attached for the committee’s review and approval, as are individual institution internal audit plans.
<b>Action:</b>	This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.



**Planned Audit Work for Fiscal Year 2018-2019**

Planned assignments range from financial, compliance and operational audits, to reviews of general internal controls as well as information system controls. Based on the chart presented below, most of the planned reports are in the areas of audit findings follow-up, compliance audits and performance/operational audits.



Annual internal audit plans are developed at each institution and result from a comprehensive risk-based analysis of specific operations in relation to the institutions’ operations as a whole. Once a plan is drafted by internal audit, it is forwarded to management for review and approval. Ultimately, the plan is presented to and approved by the institutions’ Board of Trustees audit committee. As per the Board of Governors CARMC charter, these institutions’ plans are then forwarded to the UNC System Office for CARMC review and approval. The details of planned internal audit projects are listed by institution in the following pages.

**Appalachian State University**  
**Audit Plan**  
**Year Ending June 30, 2019**

Specific Audits	
<b>Financial Audits/Reviews</b>	
Petty Cash/Change Fund Counts/Receipt Books - 6/30/18	
Petty Cash/Change Fund Counts/Receipt Books - 6/30/19	
Inventory Testing - 6/30/18	
Inventory Testing - 6/30/19	
New River Light & Power- 12/31/2017	
New River Light & Power- 12/31/2018	
Athletics - 6/30/2018	
Appalachian Real Estate Holdings, Inc. 6/30/18	
Bookstore	
Housing	
<b>Information System Controls</b>	
Access Controls	
BOA Works Access Review	
System Access Controls - Systems w/ Confidential Data (non-Banner)	
IT Security General Controls Audit: GLBA Environment - FERPA	
IT Security Risk Assessment - Annual (12/18) completion and approval	
<b>Audits/Reviews of Internal Controls</b>	
Departmental Budget Reconciliations	
Educational and Technology (E&T) Disbursement Testing	
Campus Wide Asset Control	
Travel Disbursements	
Procurement Card Expenditures Review	
Minors on Campus - Oversight and Controls	
P3: Public/Private Partnerships - Oversight and Controls	
<b>Performance/Operational Audits and/or Reviews</b>	
Child Care Development Center	
CARE (Center for Analytics Research and Education)	
<b>Compliance Audits</b>	
Financial Aid - Tuition Appeals Committee/Tuition Waiver Process	
ADA (Am. Disability Act) Compliance Oversight - Physical Access	
NCAA - Paid Attendance Ticket Audit - 2018 Season	
GEAR UP Grant - Year 4	
<b>Audit Findings Follow-up</b>	
Follow-up - Food Services Banner/CS Gold Reconciliation (oral)	
Follow-up - NCRC Cash Handling/Contract Administration	
Follow-up - UB Questioned Costs	
Follow-up - Volleyball Camp Store	
Follow-up - Baseball Camp	
Follow-up - Housing Employee Timecards	
Follow-up - ITGC Controls	
Follow-up - FS Inventory Transfer	
Follow-up - ICOI	
Follow-up - Aim	

**Appalachian State University**  
**Audit Plan**  
**Year Ending June 30, 2019**

<b>Specific Audits</b>
Follow-up - Payment to Students
Follow-up - Business Continuity Plan Management
Follow-up - OT Comp to Exempt Employees
Follow-up - Receipt Books
Follow-up - State Financial Audit
Follow-up - State IT Audit
<b>Special Investigations</b>
As occur
<b>Special Assignments</b>
Data Management Committee
Data Analytics Subcommittee - UNC System Office
Enterprise Timekeeping System Assessment Committee
Identity Management Committee
Payment Card Oversight Committee
Payment Card Oversight - Search Committee
P-card Review Committee
Information Security Advisory Council
Administrative Institutional Effectiveness Council
Internal Control Assessments Committee
<b>Other</b>
Quality Assurance Review (QAR) - External
Quality Assurance and Improvement Program (QAIP/QAR)
Data Analytics Implementation Program

**East Carolina University**  
**Audit Plan**  
**Year Ending June 30, 2019**

<b>Specific Audits</b>
<b>Information System Controls</b>
IT Disaster Recovery and BCP
XTender IT and Process Controls
Distributed IT Controls
<b>Performance/Operational Audits and/or Reviews</b>
SoDM Community Service Learning Centers
Greek Life
Security Cameras
Study Abroad
Student Health Pharmacy
Kronos and Timekeeping
PeopleAdmin Position Approval Processes
<b>Compliance Audits</b>
IT Policies and ISO-27002
Third Party Service Provider Controls
<b>Audit Findings Follow-up</b>
Organizational Continuity
Export Controls
Athletic Imprest Fund
Mobile Computing
1Card Controls
Incident Detection and Response
Institutional Complaint Procedure
Foundation Real Estate Purchases
COI Management Plans
IT Change Management
Pathology On-Call Pay
Student Academic Appellate Process
Teaching Overload Payments
CVS COI Reporting and Facility Use
Governance and Ethics
University Youth Programs
Academic Integrity
DoD Education Program Compliance Review (Ext)
<b>Special Investigations</b>
Pending
In Process (as of July 12, 2018, eight (8) are in progress)
<b>Special Assignments</b>
Consultations (Routine and non-Routine)
Sponsored Programs Revenue Management (Consult)
Committees/Other Routine Tasks (ie. SBI Reports, Assist State Auditor)
Audit Management Software - Issue Tracking, Reporting, and Risk Modules
Client Education and Outreach
Data Analytics - Accounts Payable; SoDM Patient Revenue Cycle; others
Anti-Fraud Guide
Student Intern Program

**East Carolina University**  
**Audit Plan**  
**Year Ending June 30, 2019**

Specific Audits
Self-Assessment of Internal Audit
Sponsor UNCAA Annual Conference
Risk Assessment/Audit Planning 2019-2020
Risk Assessment/Audit Planning 2018-2019

**Elizabeth City State University**  
**Audit Plan**  
**Year Ending June 30, 2019**

Specific Audits
<b>Information System Controls</b>
Banner Access
<b>Performance/Operational Audits and/or Reviews</b>
Athletic Operations
Travel Process
Purchasing Process
<b>Compliance Audits</b>
Student Judicial Process
<b>Audit Findings Follow-up</b>
Admissions Operations
Financial Aid Operations
Office of State Auditor Reviews
Pro Card
Associated Entity Reports - Foundation and Alumni Association
<b>Special Investigations</b>
Special Reviews - Pending
<b>Other</b>
Consultations and Advisory Services/Committees
Outreach-Training (Internal Control)
Risk Assessment/Audit Planning 2017/18

**Fayetteville State University**  
**Audit Plan**  
**Year Ending June 30, 2019**

Specific Audits
<b>Audits/Reviews of Internal Controls</b>
Internal Control Questionnaire
<b>Performance/Operational Audits and/or Reviews</b>
Departmental Budget Procedures
Departmental Asset Inventories
Quarterly Cash Counts
<b>Compliance Audits</b>
Grant Close-Out Process
Compliance with the Clery Act
PCI Data Security Compliance
Title IX Compliance
Banner Payroll Operations
Selected Aspects of the Athletic Department
<b>Audit Findings Follow-up</b>
ITTS State Auditor's Findings
<b>Special Investigations</b>
Hotline Referral OSBM
Phi Eta Sigma Advisor Investigation
Grant Investigation
UNC System Hotline Referral
<b>Special Assignments</b>
Banner Steering Committee
Internal Control Committee

**North Carolina Agricultural and Technical State University**  
**Audit Plan**  
**Year Ending June 30, 2019**

<b>Specific Audits</b>
<b>Financial Audits/Reviews</b>
Surprise Cash Counts (as time permits)
<b>Information System Controls</b>
IT Network Closets
Notification Process for Separated Employees
<b>Audits/Reviews of Internal Controls</b>
Tuition Surcharge Process
Assessment of Internal Controls Over Financial Reporting
<b>Performance/Operational Audits and/or Reviews</b>
University Travel Card
<b>Compliance Audits</b>
Review of Selected Research Grants and Grant Closeout Procedures
NCAA Compliance Phase II
<b>Audit Findings Follow-up</b>
Review of Conflict of Interest Form Submission Process
Office of the State Auditor - Statewide Federal Compliance Procedures- Student Financial Aid
US Department of Education - Student Financial Aid
Review of the Information Technology Change Management Process
Review of Selected University Policies and Practices
Surprise Cash Count and Follow-Up Review- Office of the Registrar
Review of Internal Controls Over Employee Vehicle Registration Revenue
AggieMart E-Procurement System Audit
<b>Special Investigations</b>
Special Investigation - In Progress 1
Special Investigation - In Progress 2
Special Investigation - Pending
<b>Special Assignments</b>
Committee Assignments- IT Security Advisory Committee, Clery, Internal Control Committee, etc.
Routine Consultations
NC State Ethics Commission Liaison
OSA Investigative Liaison
Campus Engagement
<b>Other</b>
Quality Assurance Review
Risk Assessment/ Audit Plan



**North Carolina Central University**  
**Audit Plan**  
**Year Ending June 30, 2019**

Specific Audits	
<b>Financial Audits/Reviews</b>	
Accounts Payable	
Purchasing	
Institutional Advancement	
<b>Performance/Operational Audits and/or Reviews</b>	
Human Resources Onboarding/Terminations/Job Descriptions	
International Programs	
<b>Audit Findings Follow-up</b>	
Strategic Initiatives & School Partnerships	
School of Education	
Eagle Card Review	
University Police Towing Operations	
Business & Auxiliary Services	
Other Follow-ups	
<b>Special Investigations</b>	
As occurs	
<b>Special Assignments</b>	
Committees and Consultations	
<b>Other</b>	
Quality Assurance Review	
Risk Assessments	

**North Carolina School of Science and Mathematics**  
**Audit Plan**  
**Year Ending June 30, 2019**

Specific Audits	
<b>Financial Audits/Reviews</b>	
Review of Student and Constituent Support Services, Inc. Activity	
<b>Compliance Audits</b>	
Additional Pay Contracts	
<b>Audit Findings Follow-up</b>	
Follow-up: Student Information System's Access Audit	
<b>Special Investigations</b>	
Unplanned / Various: Hold for unexpected investigations of internal or external hotline reports and other similar reported incidents.	
<b>Special Assignments</b>	
ERM Working Group Consult	
NCSSM-Morganton Planning Consult	
Online Programs Consult	
Foundation & Advancement Policies/Procedures Consults	
Finance & Human Resources Policy/Procedures Consults	
Information Technology Policies/Procedures Consult	
Consults: NCSSM Annual Self-Assessment of Internal Controls over Financial Reporting; Hiring Committee; Charter Updates; Annual Certification Letters; External Auditor Assistance; Other Unplanned Consults/Projects	
<b>Other</b>	
Risk Assessment/FY2019 Audit Plan Development	
Risk Assessment / FY2020 Audit Plan Development	
Board & Management Meetings, Unit Oversight & Marketing	
Quality Assurance Review (QAR) Preparation	

**North Carolina State University at Raleigh**

**Audit Plan**

**Year Ending June 30, 2019**

<b>Specific Audits</b>
<b>Information System Controls</b>
College of Sciences (COS) - General Information Technology (IT) Controls
<b>Audits/Reviews of Internal Controls</b>
Grant Expenses at Award End
Hiring Process - Controls to Prevent Unallowable Hires
Office of Finance and Administration - Facilities - Small Construction Contract Award Process
Office of Finance and Administration - Environmental Health and Public Safety - Security Applications and Technology (SAT) Services - Physical Access Services
<b>Performance/Operational Audits and/or Reviews</b>
College of Agriculture and Life Sciences (CALS) - Cooperative Extension Services (CES) - Business Process Governance
College of Humanities and Social Sciences - Institute for Nonprofits - Business Processes
<b>Compliance Audits</b>
Title IX Governance Processes
Corrective Actions for National Science Foundation (NSF) Audit
<b>Audit Findings Follow-up</b>
Campus Enterprises - NCSU Dining Timesheet Investigation Follow-up
Campus Enterprises - University Dining Vendor Processes Fraud Risk - Follow-up
College of Agriculture and Life Sciences - Business Processes - Follow-up
User Controls Over Ultra-Sensitive Data - Follow-up
<b>Special Investigations</b>
As Occurs
<b>Special Assignments</b>
National Institute of Standards and Technology (NIST) 800-171 Compliance Steering Team
Research Administration Systems Replacement - eRA (electronic Research Administration)
Information Technology (IT) Governance Committees
<b>Other</b>
2017 Office of the State Auditor Information Technology General Controls Audit
College of Agriculture and Life Sciences - Integrated Pest Management Research
Implementation of Accounts Payable Vendor Management System Applications
University Compliance and Integrity Initiative

**University of North Carolina at Asheville**  
**Audit Plan**  
**Year Ending June 30, 2019**

Specific Audits	
<b>Financial Audits/Reviews</b>	
Construction Payment Process and Funding Model	
<b>Information System Controls</b>	
Banner IT Reporting of System Changes	
PCI Training Compliance	
Networking Closets - Physical Security	
Campus Security Training	
<b>Audits/Reviews of Internal Controls</b>	
Assessment of Internal Controls over Financial Reporting	
<b>Compliance Audits</b>	
Athletics / NCAA Compliance Topics	
<b>Audit Findings Follow-up</b>	
Follow up on prior recommendations from Clery Audit and IT Reporting of System Changes	
<b>Special Investigations</b>	
As Occurs	
<b>Special Assignments</b>	
Enterprise Risk Management	
Information Security and Governance	
KPI Reporting	
Scholarship Process Improvement Committee	
Routine Consultations	
Risk Assessment	
<b>Other</b>	
Internal Audit Intern	
Quality Assurance Review Activities	

**University of North Carolina at Charlotte**  
**Audit Plan**  
**Year Ending June 30, 2019**

<b>Specific Audits</b>	
<b>Financial Audits/Reviews</b>	
Treasury Services - Gift Accounting	
Construction Contract Compliance (outsource)	
<b>Information System Controls</b>	
Data Security Plans Verification	
Information Privacy (FERPA, HIPAA)	
IT Security Review (outsource)	
IT Disaster Recovery Plan Assessment (outsource) - from FY 2018	
<b>Audits/Reviews of Internal Controls</b>	
Internal Control Assessment	
<b>Performance/Operational Audits and/or Reviews</b>	
Admin Review: Extended Academic Programs	
Admin Review: Cato College of Education	
Admin Review: Provost Office	
Emergency Response/Crisis Communications Review	
Auxiliary Service Contracts Review (Food Services, Bookstore)	
Parking and Transportation Review	
Vivarium Operations Review	
<b>Compliance Audits</b>	
NCAA Compliance - Football Attendance Verification	
NCAA Compliance - Official Visits Policy	
<b>Audit Findings Follow-up</b>	
EHSO - Fire Code Requirements	
PCI DSS	
<b>Special Investigations</b>	
As needed	
<b>Special Assignments</b>	
Monitor ERM Implementation	
<b>Other</b>	
Complete FY 2018 Audits	
Building Access/49er Card	
Scholarships and Restricted Gifts	

**University of North Carolina at Chapel Hill**

**Audit Plan**

**Year Ending June 30, 2019**

<b>Specific Audits</b>
<b>Information System Controls</b>
System Outage Response
<b>Performance/Operational Audits and/or Reviews</b>
Historically Under-utilized Business Program
Governance - Trustee Orientation
Chemistry Department
Energy Services Equipment
Athletics Ticket Sales
Intellectual Property management
Sponsored Awards - Cost Management and Post-Award
<b>Compliance Audits</b>
UNC Business Compliance Program 2019
<b>Audit Findings Follow-up</b>
University-wide Follow-up - Internal Audit Findings
<b>Special Investigations</b>
Nutrition Research Institute
Referral from Office of Internal Audit
<b>Special Assignments</b>
University Committee for the Protection of Personal Data
HIPAA Security Liaisons
Enterprise Data Coordinating Committee
Internal Control and Governance Committee
Policy Liaisons
Privacy Liaisons
Integrity Advisors
<b>Other</b>
2019/20 Risk Assessment and Audit Plan
Internal QAR
External QAR

**The University of North Carolina at Greensboro**  
**Audit Plan**  
**Year Ending June 30, 2019**

Specific Audits
<b>Audits/Reviews of Internal Controls</b>
Disaster Recovery Plans (business functions)
Self-Assessment of Internal Controls
User Access Controls
Weatherspoon Arts Foundation (inventory observation)
<b>Compliance Audits</b>
Conflicts of Interest (research)
Contracts and Grants
Intercollegiate Athletics Program (assistance with Agreed-Upon Procedures review)
Misuse or Theft of State Property (reporting)
Purchasing
Student Accounts
<b>Audit Findings Follow-up</b>
Follow-up Resolution of Audit Findings (of external auditors)
<b>Special Investigations</b>
As occurs
<b>Special Assignments</b>
Risk Assessment (for development of internal audit plans)

The University of North Carolina at Pembroke  
**Audit Plan (Draft)**  
Year Ending June 30, 2019

Specific Audits
<b>Financial Audits/Reviews</b>
Annual Inventory Observation and Surprise Cash Counts
<b>Information System Controls</b>
Employee Separation Process
<b>Audits/Reviews of Internal Controls</b>
Approval of Interdepartmental Fees
Cash Handling Procedures - Givens Performing Arts Center (GPAC)
Advancement/Financial Aid - Implementation of New Software
Personal/Additional Service Contracts
<b>Performance/Operational Audits and/or Reviews</b>
Advancement
Financial Aid
<b>Compliance Audits</b>
Restricted Expenditures
Grants
<b>Audit Findings Follow-up</b>
Athletics Camps and Clinics
Internal controls of deselected library media for sale
<b>Special Investigations</b>
Facility Use Fee
<b>Special Assignments</b>
Committee Assignments
Routine Consultations
Enterprise Risk Management Implementation Assistance
<b>Other</b>
Quality Assurance and Improvement Program
Continuing Professional Education (CPE)
Risk Assessment/Audit Plan



**University of North Carolina School of the Arts**  
**Audit Plan**  
**Year Ending June 30, 2019**

<b>Specific Audits</b>
<b>Audits/Reviews of Internal Controls</b>
CDI - Post Investigative Review for Controls/Control Deficiencies
Social Media
<b>Performance/Operational Audits and/or Reviews</b>
Human Resources
Admissions
<b>Compliance Audits</b>
Clery Act Compliance
Environmental Health and Safety - Life Safety
<b>Audit Findings Follow-up</b>
Vendor Contracts/Payments
<b>Special Investigations</b>
As occur
<b>Special Assignments</b>
Audit, Risk, and Compliance Committee - Reporting and Preparation
Enterprise Risk Management
Search Committees
Compliance Calendar - assistance with development and monitoring
Assisting External Auditors and Oversight Agencies
<b>Other</b>
Annual Risk Assessment & Audit Planning
Internal Audit Strategic Plan Development
Risk Monitoring Memos
QAR Preparation
Quality Assessment and Improvement Activities

**University of North Carolina System Office**

**Audit Plan**

**Year Ending June 30, 2019**

<b>Specific Audits</b>
<b>Information System Controls</b>
Security Review of the Data Mart Database (with external consultant)
<b>Performance/Operational Audits and/or Reviews</b>
Program Review of the Research Opportunities Initiative
<b>Compliance Audits</b>
Review of UNC-TV's Compliance with Payment Card Industry Data Security Standards (for security of donor card data)
<b>Audit Findings Follow-up</b>
Follow-up of 2016 Travel & Purchase Card Review
2nd Follow-up of OSA 2017 IT General Controls Audit
1st Follow-up of Internal Audit's 2017 GEAR-UP NC Review
1st Follow-up of Internal Audit's 2018 End User Data Storage & Awareness Review
<b>Special Investigations</b>
Unplanned / Various as occurs: Investigations of internal/external hotline reports and similar types of investigations.
<b>Special Assignments</b>
Finance Consults: Internal Process Updates, Annual Assessment of Controls, Data Modernization Implementation
Finance/IT Consults: Policy and Procedure Updates
Finance/HR Consults: Updates to Onboarding Procedures and Independent Contractor Process
Academic Affairs Consults: Various Program Procedure Updates
Strategy & Policy Consult: Teaching Fellows Policies and Procedures
UNC-TV Consults: New CRM System Implementation, FCC Tower Project
Other Consults/Committees: Routine consults for UNC-TV and the System Office; external audit Interactions; charter updates; annual certifications; CAO/OIA committee meetings; and other projects to be determined.
<b>Other</b>
Risk Assessment/2019 Audit Plan Development
Annual Risk Assessment / FY2020 Audit Plan Development
Quality Assurance Review Preparation
Board Meetings, Unit Oversight, MOUs & Marketing

University of North Carolina Wilmington  
Audit Plan  
Year Ending June 30, 2019

Specific Audits
<b>Financial Audits/Reviews</b>
Friends of UNCW Financial Audit
<b>Information System Controls</b>
Change Control Practices
Information Systems Compliance Consultation
IT Security Consultation
<b>Performance/Operational Audits and/or Reviews</b>
Auxiliary Services (Parking)
Center for Innovation and Entrepreneurship (CIE)
College of Health and Human Services (CHHS)
Human Resources
Payroll
Facilities, Phase II
<b>Compliance Audits</b>
Title IX
<b>Audit Findings Follow-up</b>
Various Follow Ups
<b>Special Investigations</b>
As occur
<b>Special Assignments</b>
Committee Assignments
Routine Consultations
Campus Engagement
<b>Other</b>
Quality Assurance Activities
Other Routine Tasks (i.e. Reporting, Audit Team Collaboration, IIA/UNCAA)
Risk Assessment/Audit Plan
Expanded Campus Risk Discussions
Campus Fraud Risk Assessment
Campus Training

**Western Carolina University**  
**Audit Plan**  
**Year Ending June 30, 2019**

Specific Audits	
<b>Information System Controls</b>	
IT General Controls (includes certification of access) - Banner Modules: These will be consultative in nature	
IT General Controls (includes certification of access) - File Shares NOTE: These will be consultative in nature	
IT General Controls (includes certification of access) - Systems and Applications NOTE: These will be consultative in nature while the Banner Modules will be treated as an audit	
<b>Performance/Operational Audits and/or Reviews</b>	
Laboratory Safety and Training-School of Nursing	
Testing of Training, Building Emergency Action Plans	
Business Continuity NOTE: This will be consultative in nature	
<b>Compliance Audits</b>	
Audit of Grant Expenditures	
Periodic Audits of Petty Cash	
Periodic Audits of Information Technology Fixed Assets and other Fixed Audits	
Construction Audit	
Campus Safety-Minors	
<b>Audit Findings Follow-up</b>	
Laboratory Safety and Training, College of Arts and Sciences	
Laboratory Safety and Training, College of Health and Human Sciences	
Laboratory Safety and Training, Engineering and Technology	
Laboratory Safety and Training, Fine and Performing Arts	
<b>Special Investigations</b>	
As occur	
<b>Special Assignments</b>	
Succession Planning	
Quality Assurance Review	
Annual Risk Assessment	
Collaborative Work-Training Purchasing to analyze Purchasing Card Transactions using Tableau Visual Risk	
Review of Deposits Process	
<b>Other</b>	
University of North Carolina Auditors Association, UNCAA	
Association of College and University Auditors, ACUA	
Information Technology Leadership Counsel	
Institutional Effectiveness Committee	
Quality Assurance Review Volunteer, Statewide	
Computer Security Incident Response Team	
Export Control Committee	
Data Security and Stewardship Committee	
Enterprise Risk Management Committee	
University Safety Committee	

**Winston-Salem State University**  
**Audit Plan**  
**Year Ending June 30, 2019**

Specific Audits
<b>Information System Controls</b>
IT - Strategy, Operations, Performance
<b>Compliance Audits</b>
NCAA Compliance
EHS - Fire Safety
<b>Audit Findings Follow-up</b>
Cash Count & Receipting follow-up
Overtime - Facilities Employees follow-up
Business Continuity Management
Clery Act Compliance
<b>Special Investigations</b>
Academics - MSEN - P-Card
Athletics - Travel
Student Health Center
Housing
SAP
Immunization Records
Community Service Leave
Admissions - Staff Evaluations
<b>Special Assignments</b>
Audit, Risk and Compliance Committee - Reporting & Preparation
Enterprise Risk Management - Steering Committee
Enterprise Risk Management - Implementation Committee
Ethics Committee
Search Committees - Various
SACS Committees
Chancellor's Executive Staff
University-wide Compliance Calendar implementation and assistance with monitoring
WSSU's Administrative Assessment
Assisting External Auditors and Oversight Agencies
<b>Other</b>
Annual Risk Assessment & Audit Planning
Internal Audit Strategic Plan Development
Risk Monitoring Memos
QAR Preparation
Quality Assessment and Improvement Activities

## AGENDA ITEM

A-5. Information Technology Update .....James L. Holmes, Jr.

**Situation:** The purpose of the Committee on Audit, Risk Management, and Compliance (CARMC) is to provide structured, systematic oversight of the UNC System’s governance, risk management, and internal control practices. Principal oversight duties include reviewing significant audit-related communications from the Office of the State Auditor.

**Background:** CARMC has identified information governance and information security as areas of enterprise risk. Based on previous audit work completed by the Office of the State Auditor and internal auditors within the UNC System, deficiencies in the area of information technology were identified. The IT Security Working Group was formed and was instrumental in helping to shape policies that were approved by the Board of Governors in January and May of this year.

**Assessment:** The committee will receive an update on the status of IT general controls audits that have been underway at the Office of the State Auditor, and will receive a current status update on implementation of UNC policies related to information technology.

**Action:** This item is for information only.