

# **UNC-Chapel Hill Internal Audit**

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**Director of Internal Audit**

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## Audit Planning

- Risk assessment (*sample score sheet attached*)
- Management input
- Annual adjustments
- Function audits
- Special project pool
- Impact of crucial, unplanned reviews

## Individual Reviews

- Scope based on preliminary survey
- Management input/requests
- Internal control review and analysis
- Test strengths; investigate impact of material weaknesses
- Sampling type varies

## University-Wide Follow-up of Previously Issued Findings

- Done every 12 to 24 months
- Findings database
- Outstanding, Repeat, Corrected – test status or not
- Reporting capabilities (*sample reports attached*)

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### **Reporting Relationship**

- Chancellor, Chairman of Audit and Finance Committee of Board of Trustees, Vice Chancellor for Finance & Administration
- Interaction with Chancellor and other senior managers

### **Interaction with Audit and Finance Committee**

- Three scheduled presentations a year – others as necessary.
- Free to talk directly with Committee Chair and Board Chair.
- Closed Board sessions.

### **Interaction with Office of the President**

- Early warning system.
- Shared findings.
- Input for/flexibility with required audits

**UNC-CH Internal Audit - Sample Risk Assessment Scoring Sheet**

FACTOR	RISK LEVEL	WEIGHT	RISK SCORE	COMMENTS
<p>1. Does the unit manage significant costs on behalf of UNC?</p> <p>1 = costs of less than \$625,000.</p> <p>2 = costs of more than \$625,000 but less than \$2,800,000.</p> <p>3 = cost of more than \$2,800,000.</p>		5.0%		
<p>2. Does the unit receive or process significant revenue on behalf of UNC?</p> <p>1 = revenue of less than \$100,000.</p> <p>2 = revenue of more than \$100,000 but less than \$1,000,000.</p> <p>3 = revenue of more than \$1,000,000.</p>		5.0%		
<p>3. What is the impact on UNC if unit does not provide service in required time frames or at expected service level?</p> <p>1 = Nominal, if any.</p> <p>2 = Failure has minor effect on external relations. Short term internal delays or errors may occur.</p> <p>3 = Failure has serious effect on relations with constituency or creates serious internal problems.</p>		11.4%		
<p>4. What is the impact on UNC if the unit generates inaccurate information?</p> <p>1 = Little or no impact on operations of UNC as a whole.</p> <p>2 = Moderate impact on operations of UNC as a whole; few other units rely on information this unit produces.</p> <p>3 = Serious impact on operations of UNC as a whole; many units or outside entities rely on information this unit produces.</p>		12.0%		
<p>5. Does the unit interact with a large number of clients or have a significant number of employees?</p> <p>1 = Less than 53 employees (or 553 students &amp; employees for academic departments).</p> <p>2 = Between 53 &amp; 220 employees (or 553 &amp; 1120 students &amp; employees for academic departments).</p> <p>3 = More than 220 employees (or 1120 students &amp; employees for academic departments).</p>		8.0%		

**UNC-CH Internal Audit - Sample Risk Assessment Scoring Sheet**

FACTOR	RISK LEVEL	WEIGHT	RISK SCORE	COMMENTS
ic departments).				
<p>6. Is the control environment sufficient to ensure that management's objectives are achieved?</p> <p>1 = Strong control environment.</p> <p>2 = Moderate control environment.</p> <p>3 = Weak control environment.</p>		15.6%		
<p>7. Will the loss of disclosure of information produced by unit result in loss or embarrassment for UNC?</p> <p>1 = unit produces public information.</p> <p>2 = information produced by unit has limited availability; it's release would cause minor loss or moderate embarrassment.</p> <p>3 = information produced by unit requires protection against unauthorized or premature disclosure could have adverse effects.</p>		8.3%		
<p>8. Have there been significant changes in staffing, funding, or duties of unit?</p> <p>1 = No significant changes in past 12 or next 24 months.</p> <p>2 = Funding, staffing, or duties have/will change moderately in past 12 or next 24 months.</p> <p>3 = Funding, staffing, or duties have/will change significantly in past 12 or next 24 months.</p>		9.3%		
<p>9. Are assignments the unit manages or performs complex, require significant time, or involve multiple steps?</p> <p>1 = Unskilled assignments; little or no process-related risk.</p> <p>2 = Assignments involve several steps or persons, are somewhat time consuming, &amp; require moderate training to perform; moderate process-related risk.</p> <p>3 = Tasks involve several steps or persons, are very time consuming, and require extensive training.</p>		10.4%		
<p>10. What is the impact on UNC if errors or problems in this unit receive negative publicity?</p> <p>1 = Minor impact.</p>		8.7%		

**UNC-CH Internal Audit - Sample Risk Assessment Scoring Sheet**

FACTOR	RISK LEVEL	WEIGHT	RISK SCORE	COMMENTS
<p>2 = Moderate impact but not a pressing concern.</p> <p>3 = Significant impact due to high degree of interest by political groups or constituents.</p>				
<p>11. What opportunities for benefit or improvements in operations are known to exist?</p> <p>1 = Few known or expressed opportunities; unit is perceived as efficient &amp; customer-oriented.</p> <p>2 = Several known or expressed opportunities.</p> <p>3 = Many known or expressed opportunities.; unit is known or believed to be inefficient.</p>		6.5%		

**TOTAL RISK SCORE:     0**

**UNC Internal Audit  
Status of Audit Findings  
As of May 31, 2003**

**Report: #411**

**Faculty Workload Monitoring**

**Dated: 8/17/2001**

**Finding #: 4**

**Comment Summary:**

A well-defined annual performance review system was needed to show that faculty workloads are consistently monitored on a timely basis considering all three areas of responsibility.

**Responsible for Corrective Action: Executive Associate Provost**

**Original Date for Correcting Finding: 6/30/2003    Revised Date: 5/31/2004**

**Corrective Action through 6/30/00:**

Schools have submitted their procedures but the Provost Office needs to follow up on these. Also, a letter will be issued to remind schools to perform annual evaluations considering all expectations and document these in their records.

**Additional Corrective Action: (please attach copies of any documents that show what was done):**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Did these efforts correct the issue identified in the audit?    ☐ Yes    ☐ No**

**If so, date completed:    /    /**

**If not, what will be done to correct the issue?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Revised Date to complete correction:    \_\_/\_\_/\_\_**

**Return completed form to Internal Audit at CB# 1050, Chapel Hill, NC 27599-1050 by October 18, 2002. If you have questions, please call us at 962-5524.**

# Corrected Audit Findings as of May 31, 2003

Report #X-355.3 Issued: 6/7/2004 Title: State IT Audit Follow-up - Minor

Item #	Comment Summary	Corrective Action	Original Completion Date	Date Corrected
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2	The inventory list of UNC-CH's telecommunication closets was inaccurate.	The volatility of the information, source of information not adequately conveyed. In the future all extracted information provided by UNC-CH Networking will be dated, carry a disclaimer as to how long the information should be regarded as accurate.	6/1/2004	6/1/2004
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3	RACF settings allowed seven unsuccessful login attempts before a user's ID was revoked.	The University changed the RACF unsuccessful password attempts parameter to 3 consecutive unsuccessful attempts.	6/1/2004	6/1/2004
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# Outstanding Audit Findings as of May 31, 2003

Report #411

Issued: 8/17/2001

Title: Faculty Workload Monitoring

Item #	Comment Summary	Corrective Action	Original Correction Date	Revised Correction Date
4	A well-defined annual performance review system was needed to show that faculty workloads are consistently monitored on a timely basis considering all three areas of responsibility.	Schools have submitted their procedures but the Provost Office needs to follow up on these. Also, a letter will be issued to remind schools to perform annual evaluations considering all expectations and document these in their records.	6/30/2003	5/31/2004
Responsible Party: Executive Associate Provost				