Fiscal 2024 Internal Audit Plan

September 2023

Internal Audit Department | University of North Carolina System Office

Michael Ptasienski, Chief Audit Officer

UNC System Office Internal Audit Plan
Fiscal Year 2024

Engagements	Planned Hours FY24	Comments
Prior Year Carry Over		
No carryover audits for 2023	**0**	
Assurance Engagements		
UNC System Office IT Contracting and Vendor Management	**450**	
Campus Data Quality	**740**	
PBS NC IT Contracting and Vendor Management	**450**	
Consultation Engagements		
Consult on Generative AI Policies	**100**	
Follow-up on Management Corrective Actions		
• 1st Follow-Up to IA End User Data Storage and Security Awareness • PBS NC PCI Compliance Review • UNC System Office Information Systems Policy Audit	**150**	*Review status and verify actions taken on prior recommendations*
Investigations		
Unplanned/Various as occurs: Investigations of internal/external hotline reports and similar types of investigations.	**100**	
Special Projects		
System Office Peer Review	**180**	*Required every 5 years in accordance with professional Standards and Internal Audit Act*
Participation in OSBM Peer Review Process	**120**	
Annual Risk Assessment/ FY2024 Audit Plan Development	**80**	
Technical Assistance to Finance, Information Technology, Human Resources, Academic Affairs, Strategy and Policy, Government Relations, University Communications, Office of the Secretary, University Advancement, Safety & Emergency Operations, UNC Affiliates (PBSNC, UNC Press, etc.)	**80**	*As requested*
Other Hours		

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Engagements	Planned Hours FY24	Comments
Preparation for Board Meetings and meeting attendance.	550	*Includes NCSSM and NCSEAA Boards and Committees*
Unit Oversight, Staff Hiring, MOUs, Procedure and Charter Updates	200	
NC Council on Internal Auditing Reporting Requirements (SAMM, Attestations, Annual Report, KPI). Meetings with OSBM and attending Council Meetings	200	*Required*
Other Services- Routine Advisory Services; assist external auditors; QAIP work; and other projects to be determined	100	
Professional Development	120	*Required by Internal Auditing Standards*
Outreach and coordination with other UNC System Internal Audit Groups. Collection of KPIs.	80	
Management of Internal Audit Hotline	40	
Holidays and Staff Leave	880	
FY24 Total Hours to UNC System Office	**4620**	
Internal Audit Shared Services		
Internal Audit Services to NCSSM	860	Hours established by MOU
Internal Audit Services to NCSEAA	760	Hours established by MOU
Total Hours Per MOUs	**1620**	
Total Available Hours	**6240**	
Less (Permanent Resource Hours 3 X 2080)	**6240**	
Difference	**0**	

Peter Hans, President   Date   **Terry Hutchens, Committee Chair   Date**

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Fiscal Year 2024

Summary of the Planned Services

This document represents the initial internal audit plan; however, it is a dynamic document that may change during the year as circumstances warrant. Requests from management or the University of North Carolina Board of Governors, unexpected allegations, or other investigations, and/or significant changes to the organization or its operations can alter the needs and priorities. Thus, if necessary, the audit plan may be adjusted to meet the evolving needs.

The planned hours and projects for this annual plan cover work from July 2023 to June 2024. The estimated hours include an allocation of time for the chief audit officer, one senior internal auditor, and one staff auditor.

A brief description of the projects are as follows:

Prior Year Carry Over: Prior Year Carry Over includes the following internal audit projects from the prior year audit plan that have final reports to be issued and/or steps that are required to finalize projects during the beginning of fiscal 2024. There were no carryover efforts.

Assurance Engagements:

IT Contract and Vendor Management: The UNC System Office utilizes many outside software vendors and service providers to provide key business and operational capabilities. Having solid contracts that outline the obligations and requirements of all parties in place is critical. It is critical that contract performance is monitored and that vendors meet the terms outlined in the contract. Vendors may be required to provide service-level agreements (SLA's), performance metrics, license or usage metrics, and results of third-party audits. The internal audit team will review current processes for managing vendor relationships and monitoring vendor performance in accordance with contract terms and vendor management best practices.

Campus Data Quality Review: The UNC System Office has established an Enterprise Data Office to centrally manage the collection of financial, student, and human resources data. This data is provided to the UNC System Office through periodic feeds from the constituent institutions. This data is utilized for analysis and reporting purposes throughout the enterprise. In addition, this data will ultimately drive funding and incentives to the institutions and their leadership. While efforts are made by the System Office to ensure this data is accurately collected, ultimate responsibility for its accuracy lies with the institution providing the files. The internal audit team will review a sample of the data being transmitted and attempt to reconcile and verify the accuracy of the data with the institutions providing the information.

PBS NC IT Contracting and Vendor Management: PBS NC contracts with technology vendors and contractors to support the operations and deliver their services. Having solid contracts that outline the obligations and requirements of all parties in place is critical. It is critical that contract performance is monitored and that vendors meet the terms outlined in the contract. Vendors may be required to provide service-level agreements (SLA's), performance metrics, license or usage metrics, and results of third-party audits. The internal audit team will review current processes for managing vendor relationships and monitoring vendor performance in accordance with contract terms and vendor management best practices.

Consulting Engagements:

FY24 Consultation Engagements: As needed, internal audit is available to provide technical advice and consulting services to management and staff as they consider operational changes, re-evaluate current practices and/or develop new processes and procedures. The objective is to provide proactive feedback, as needed, to help ensure effective controls and operating procedures are designed and, where applicable, promote compliance with state, federal, and UNC System rules. Some specific technical assistance that was requested by management include:

• **Consult with IT on Generative AI Policies:** Generative AI is beginning to have widespread usage within businesses, government, and educational institutions. These tools and associated large language models potentially create great advancement opportunities but may present serious ethical, IT security, data security, and legal issues. Many organizations are beginning to introduce Generative AI policies. Working with associated stakeholders, we will identify possible policy changes that may be considered to minimize risk across the System.

Follow-up on Management Corrective Actions:

FY 24 Monitoring and Reporting of Management's Corrective Actions: The internal audit team will obtain regular updates from management regarding the status of corrective actions taken to mitigate risks identified in prior audits (from both internal and external audits). The internal audit team will review and assess what audit tests are necessary to verify the status of actions taken. A summary report will be shared with senior management and the Committee on Audit, Risk Management and Compliance to keep them apprised of the progress of management's corrective actions.

Special Projects:

Peer Review: Under the NC State Internal Auditing Act, we are required to follow the Institute of Internal Auditors, *International Standards for the Professional Practice of Internal Auditing.* The standards require each internal audit office to have a peer review of their operation and assess adherence to the standards every five years. The UNC System Office Internal Audit function needs to be reviewed in FY 2024.

Peer Review Participation: For an organization to participate in the OSBM Managed Peer Review Program, organizations are required to assist with a Peer Review of another NC State Agency.

Technical Assistance: The internal audit team is frequently asked to review documents and provide input on process, policies, and answer internal audit related questions from the various UNC System Office operational units.

Other Hours:

NC Council on Internal Auditing Reporting Requirements: There are several requirements the office is required to generate and submit to the Central Audit Office to meet requirements under the Internal Auditing Act and directives from the NC Council on Internal Auditing. This includes submitting audit work plan attestations, quarterly reporting attestations, submissions of audit plans, audit reports, and productivity data. In addition, each office is also required to complete a Self-Assessment Maturity Model

(SAMM) tool which is used to report the self-assessment of internal audit maturity. To ensure compliance, the Central Internal Audit Office holds regular meetings and offers training to the internal audit organizations.

Additional Items: General management of the office, coordination with Institutional audit organizations, and ensuring staff professional development requirements are met.

Internal Shared Services:

FY24 Internal Audit Shared Services: Under the supervision of the Chief Audit Office, the UNC System Office Internal Audit staff provides internal audit services to both the North Carolina School of Science and Mathematics (NCSSM) and the North Carolina State Education Assistance Authority (NCSEAA). This includes all board communications and fulfilling requirements, for these institutions, related to the North Carolina Council of Internal Auditing.