



# Fiscal 2017-2018 Internal Audit Plan

September 2017

Compliance and Audit Services | UNC General Administration

Joyce D. Boni, Chief Audit Officer

## APPENDIX B

## UNC General Administration Audit Plan

Fiscal Year 2017-2018

| Description   | Allocated Hours |
|---|-----------------|
| <b>Prior Year Carry Over</b>  |                 |
| Compliance Audit: End User Data Storage & Security Awareness; Report/WP Wrap-up: Risk Assessment/2018 Audit Plan Development  | 124             |
| <b>Internal Control/Operational Procedures Review</b>   |                 |
| Go Global Expenditure Process & Procedures  | 160             |
| Design of the Vendor Payment Process at UNC-TV  | 120             |
| Design of Independent Contract Evaluation Process   | 75              |
| Design of the Employee On-boarding/Off-boarding Process   | 50              |
| <b>Compliance Reviews</b>   |                 |
| NC New Teacher Support Program  | 120             |
| <b>Follow-up Reviews</b>  |                 |
| UNC-GA Internal 2016 Travel & Purchase Card Follow-up, plus Travel Review   | 100             |
| OSA 2017 IT General Controls Audit Follow-up  | 64              |
| UNC-GA Internal 2017 GEAR-UP  | 46              |
| <b>Investigations</b>   |                 |
| Unplanned / Various as occurs: Investigations of internal/external hotline reports and similar types of investigations.   | 120             |
| Petty Cash Investigation (issued August 2017)   | 40              |
| <b>Special Projects/Consultations/Other</b>   |                 |
| Annual Risk Assessment / FY2019 Audit Plan Development  | 96              |
| Finance & Budget Consults: Data Modernization, Cybersecurity, Enrollment Growth, Electronic Forms   | 80              |
| Academic Affairs Consult: Licensure Procedures Consult  | 24              |
| Strategy & Policy Consults: Program Development & Process Consult   | 24              |
| Academic & Student Affairs Consult: NC Pathways Agreements & Procedure Updates  | 18              |
| UNC-TV Consults: New CRM System, FCC Tower Project, Cost Methodology, other   | 90              |
| Quality Assurance Review Preparation  | 16              |
| Board Meetings/Unit Oversight & Marketing   | 300             |
| Other Consults/Committees: Routine consults for UNC-TV and UNC-GA such as: Cheatham White Scholars, Annual Self-Assessment of Controls, and other unplanned consults; Charter updates; Annual Certifications; CAO/OIA committee meetings; and other unknown projects. | 275             |
| <b>Total Direct Hours to UNC-GA audit function</b>  | <b>1942</b>     |
| <b>Other Hours</b>  |                 |
| Leave/Holiday   | 472             |
| Professional Development  | 222             |
| Other Administration  | 136             |
| Internal Audit Services to NCSSM & NCSEAA   | 1520            |
| <b>Total Hours</b>  | <b>4292</b>     |

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 Margaret Spellings, President

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 Harry Smith, Committee Chair

## Summary of the Planned Services

The planned hours and projects for this annual plan cover work from July 2017 to June 2018. The estimated hours includes the Chief Audit Officer, one audit staff member, and minimal assistance from other UNC-GA Compliance and Audit Services staff.

**Prior Year Carry Over** - This includes the following internal audit projects from the 2016-2017 audit plan that have final reports to be issued and necessary steps required to finalize the working papers in order to close the audit files:

- The **End User Data Storage & Security Awareness** is a FY2017 project to assess the types of data that are handled, stored, or transmitted by UNC-GA employees; where it is stored or transmitted; and the employees/users' awareness of how they should store and transmit the data in order to secure and protect the data.
- The **Risk Assessment/2018 Audit Plan Development** is the annual project to assess entity risk in order to develop the audit plan for the upcoming fiscal year. Final procedures to complete this project were conducted in the first quarter of fiscal 2018.

**Go Global Expenditure Process & Procedures** - Within External Affairs is Go Global NC, a unit of the University that works with various international education and engagement programs. Internal audit will select certain program expenses and evaluate the current process and procedures to identify potential operational efficiencies.

**Design of the Vendor Payment Process at UNC-TV** - Internal audit will review the UNC-TV processes and procedures for paying vendor invoices to identify potential operational efficiencies.

**Design of Independent Contractor Evaluation Process** - Internal audit will review the process for hiring independent contractors to verify that appropriate internal control procedures have been designed to comply with applicable laws and policies.

**Design of the Employee On-boarding/Off-boarding Process** - Internal audit will review the process for integrating and training new employees and the process that is followed when employees leave the organization to verify that appropriate internal control procedures have been designed.

**NC New Teacher Support Program** - The North Carolina New Teacher Support Program is a state funded program that is administered by UNC-GA to assist beginning teachers in their first three years of teaching. Internal audit will select certain program activity and evaluate if proper internal control procedures are in place to ensure compliance with applicable requirements.

**Follow-up of UNC-GA 2016 Travel and Purchase Card Review** - In July 2016, internal audit issued a report on certain travel and purchase card activity that noted noncompliance with established policies. During fiscal 2018, internal audit will conduct a follow-up review to evaluate and report on the status of management's planned corrective actions. In addition, this review will include examining current year transactions for compliance with the updated travel and purchase card policies.

**UNC-GA Internal 2017 GEAR-UP** - In June 2017, internal audit issued a report on UNC-GA's procedures for monitoring subrecipients and contractors of the GEAR-UP grant. That report included observations and recommendations for improvement. During fiscal 2018, internal audit will conduct a follow-up review to evaluate and report on the status of management's planned corrective actions.

**Follow-up of the OSA 2017 IT General Controls Audit** - In fiscal 2017, the Office of the State Auditor (OSA) issued an IT general controls audit of the UNC-GA Banner Hosted Services. For the findings reported by OSA, internal audit will conduct a follow-up review to evaluate and report on the status of management's planned corrective actions.

**Petty Cash Investigation** - Management reported a petty cash incident to legal and internal audit and internal audit led the necessary investigation to assess the matter and offer recommendations to improve internal procedures to minimize risks.

**Annual Risk Assessment** - Internal audit will conduct a risk assessment as part of the process to develop the audit plan for the 2019 fiscal year. This involves identifying and ranking risks based on management input, current trends, prior audit results, and other factors. The result will be a risk-based audit plan as required by the Internal Audit Charter and the *International Standards for the Professional Practice of Internal Auditing (IIA Standards)* issued by the Institute of Internal Auditors.

**Other Projects / Consults** - As requested, internal audit will provide consultative services to management and staff on new or existing processes and procedures. The objective will be 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 of the specific consultative projects include the following:

- Finance & Budget: Data Modernization, Enrollment Growth, Electronic Forms Consults - The Finance & Budget staff will be engaged in projects to comply with new legislation and UNC initiatives. Internal audit will provide advice, as needed, as they evaluate, design and implement these initiatives.
- Academic Affairs: Licensure Procedures Consult - Internal audit will provide advice, as needed, to the Academic Planning & State Authorization unit as they evaluate and update the policies and procedures for the unit.
- Strategy & Policy: Program Development & Process Consult - Internal audit will provide advice, as needed, to the Strategy and Policy unit as it grows and develops new programs, processes and procedures.
- Academic & Student Affairs: NC Pathways Consult - Internal audit will provide advice, as needed, to the Pathways CFNC Resources Center as they evaluate and update external agreements and update the policies and procedures for the unit.
- UNC-TV: New CRM System, FCC Tower Project, Cost Methodology, other - Various units at UNC-TV have new projects and initiatives for the upcoming year. Internal audit will provide advice, as needed, as management evaluates, designs and implements these initiatives.
- Quality Assurance Review Preparation - The *IIA Standards* require the internal audit function to undergo an external quality assurance review. This assessment must be conducted at least once every five years by a qualified, independent assessor from outside the organization. The internal audit function is scheduled to have this review by February 2019. To prepare for the external review team, internal audit must gather a prescribed list of reports and other information for the review and then be available once the team arrives on-site. Time will be set aside at the end of fiscal 2018 and the start of fiscal 2019 for this task.

**Other/Unplanned** - Internal audit has reserved time for possible investigations, special projects, consultations, and/or other needs that will likely arise during the year.

For all projects, internal audit will seek to incorporate an evaluation of how the organization communicates, directs, reinforces, and monitors adherence to the organization's standards and policies. This will be used to

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assess the culture and governance structure and, where necessary, make appropriate recommendations for improving the governance process.

This document represents the initial internal audit plan. However, the audit plan is a dynamic document that may change during the year as circumstances warrant. Requests from management or the board, unexpected hotline or other investigations, and changes within the organization or its operations can alter the needs and priorities of the organization. Thus, the audit plan may be adjusted to meet these evolving needs.