



# Fiscal 2019-2020 Internal Audit Plan

September 2019

Internal Audit Department | UNC System Office

Joyce D. Boni, Chief Audit Officer

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**UNC System Office Internal Audit Plan**  
 Fiscal Year 2019-2020

Description	Allocated Hours
<b>Prior Year Carry Over</b>	
Annual Risk Assessment/2020 Audit Plan Development Follow-up on IT audits: OSA 2017 IT Audit of Banner Hosted Services and 2018 Internal Audit of End User Data Storage and Security Awareness Security Review of the Data Mart Database (with external audit firm) Investigation of Questionable Travel (SAA)	256
<b>Assurance Engagements</b>	
UNC-TV: Review of Compliance with Payment Card Industry Data Security Standards (for security of donor card data)	140
UNC System Office: Review of the Contracting Process	180
<b>Follow-up Engagements</b>	
Develop a new Follow-up Tracking, Monitoring, and Reporting Process	70
<b>Investigations</b>	
Unplanned/Various as occurs: Investigations of internal/external hotline reports and similar types of investigations.	120
<b>Special Projects/Consultations</b>	
Consult: Design of UNC-TV Procurement/Purchasing Process	80
Assist a Quality Assurance Review Team (assisting OIA)	100
Annual Risk Assessment/FY2021 Audit Plan Development	60
<b>Technical Assistance/Other Audit Services</b>	
Advisory Services to Information Technology: Policy and Procedure Updates	40
Advisory Services to Human Resources: Updates to Onboarding Procedures and Learning Management Implementation	16
Advisory Services to Strategy and Policy: Innovation Lab Internal Procedures	16
Advisory Services to UNC-TV: Repair and Renovation Budgeting Process	20
Board Meetings, Unit Oversight, Staff Hiring, MOUs, and Marketing	325
Other Services/Committees: Other routine advisory services to UNC-TV and the System Office; assist external auditors; charter updates; annual certifications; CAO/OIA committee meetings; QAIP work; and other projects to be determined.	177
Total Direct Hours to UNC System Office audit function	<b>1,600</b>
<b>Other Hours</b>	
Professional Development (and related travel)	230
Internal Audit Services to NCSSM and NCSEAA	1,520
Total Hours	<b>3,350</b>

William L. Roper, Interim President

James L. Holmes, Jr., Committee Chair

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**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 board, 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 2019 to June 2020. The estimated hours are for two audit positions (the chief audit officer and a staff auditor). The unit is in the process of hiring another auditor and the audit plan will be adjusted once that position is on-board. A brief description of the projects are as follows:

**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 2020:

- The **Risk Assessment/2020 Audit Plan Development** is the annual project to assess risk in order to develop the audit plan for the upcoming fiscal year. Procedures to complete this project were conducted in the first quarter of fiscal 2020.
- **2nd Follow-up of OSA 2017 IT General Controls Audit:** In fiscal 2017, the Office of the State Auditor (OSA) issued an IT general controls audit of Banner Hosted Services. Internal audit completed an initial follow-up in October 2017 to evaluate the status of management's corrective actions and noted some planned actions were still in progress. In August 2019, the internal audit released a second follow-up review that noted satisfactory progress had been made toward resolution of the prior OSA findings.
- **Follow-up of 2018 Internal Audit of End User Storage & Awareness:** In January 2018, internal audit issued a report that assessed how UNC System Office employees store and share data, as well as their awareness of how data (especially confidential data) should be stored and handled. The report included observations and recommendations for improvement and in fiscal 2019 the internal audit team conducted a follow-up review to evaluate the status of management's planned corrective actions. Procedures to complete the report were conducted in the first quarter of fiscal 2020.
- **Security Review of the Data Mart Database:** The UNC Data Mart is a database of University student and human resources information that was developed by the UNC System Office. In a world of increasing security threats, the audit team partnered with an external auditor with the appropriate technical expertise to conduct a security review the UNC Data Mart. Procedures to complete the audit work and related report were conducted in the first quarter of fiscal 2020.
- **Investigation of Questionable Travel (SAA):** Near the end of the prior fiscal year, internal audit received an allegation of questionable travel activity at the State Approving Authority. Procedures to complete the audit work and related report were conducted in the first quarter of fiscal 2020.

**Review of UNC-TV's Compliance with Payment Card Industry (PCI) Data Security Standards:** Public Media North Carolina (UNC-TV) receives donations from individuals in a number of ways, including by credit card. As a result, UNC-TV must comply with the payment card industry (PCI) data security standards. The internal audit team will review the existing policies and procedures that are in place and evaluate UNC-TV's compliance with applicable PCI requirements.

**Review of the UNC System Office Contracting Process:** The UNC System Office has a high volume of contracts with external parties. Internal audit will review the current contracting process and control procedures to assess the following: efficient workflow and compliance with applicable policies and rules, including appropriate content, terms and conditions, appropriate approvals, and contract monitoring.

**Follow-up Tracking, Monitoring, and Reporting Process:** To gain efficiencies in the audit process and provide better reporting to senior leadership and the Committee on Audit, Risk Management, and Compliance

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(CARMC), the audit team will develop a stream-lined process for assessing the status of management's corrective actions to prior audit findings. The objective is to create a simple method for tracking unresolved issues and obtaining regular updates from management regarding the status of actions taken to correct or make improvements. The audit team will review management's updates and assess if further audit tests are necessary. A summary document will be developed and shared with senior management and the CARMC to keep them apprised of management's corrective actions.

**UNC-TV Procurement/Purchasing Consult:** UNC-TV management has asked internal audit to review their existing procurement/purchasing process. The goal is to assess if there are potential improvements and efficiencies they can make. Internal audit will evaluate the design of UNC-TV's procurement/purchasing process and provide management with advice on any potential improvements.

**Assist the Office of Internal Audit on the Quality Assurance Review (QAR)** of a state agency (special project): A member of the internal audit team will assist the OSBM Office of Internal Audit's (OIA) quality assurance program on a QAR of another state entity. This service is being provided to the OIA in return for the external review they conducted in 2019 of our audit function.

**Annual Risk Assessment:** Internal audit will conduct a risk assessment as part of the annual process to develop an audit plan for the 2021 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 (Standards)* issued by The Institute of Internal Auditors.

**Technical Assistance / Other Projects:** As needed, internal audit is available to provide technical advice and other 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:

- Information Technology Policy Updates: The Chief Information Security Office (in the Department of IT) is working on various projects to improve internal security policies and procedures. Internal audit will provide advice, as needed, on these projects.
- Human Resources Training and On-boarding: Human Resources is working on initiatives to implement a Learning Management System to improve employee training and new employee on-boarding process. Internal audit will provide advice, as needed, on the project.
- Strategy and Policy Innovation Lab Grant: Internal audit will provide advice, as needed, to the Strategy and Policy unit as it continues to develop policies and procedures for the Innovation Lab grants.
- UNC-TV Repair and Renovation Budgeting Process: UNC-TV management has been assessing their repair and renovation needs and wants to develop a plan to seek funding and create an annual budget to address the need over time. Internal audit will provide advice, as needed, on the project.

**Other/Unplanned** - Internal audit has reserved time for possible investigations, consults, special projects, technical advisory services, 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 assess the culture and governance structure and, where necessary, make appropriate recommendations for improving the governance process.