



OFFICE OF INTERNAL AUDIT QUARTERLY REPORT

Report for the Quarter Ending September 30, 2023

University of North Carolina Wilmington

Executive Summary

This report contains a summary of the Office of Internal Audit's operations for the quarter ending September 30, 2023. The following highlights provide an overview of the office's work.

Audits/Assurance Services

Completed Projects

- Targeted Expense Review

Pending Projects

- Friends of UNCW Financial Audit
- Housing and Residence Life Review

Follow Up Audits

- Follow up work was conducted on the following engagements:
 - D.C. Virgo Preparatory Academy
 - Title IX
- 2 findings were closed during the quarter
- 14 findings are in process and 4 findings are open as of September 30, 2023

Investigations

Completed Projects

- Minor Investigations

Consultations/Advisory Services

Advisory Services

- Routine consultations included 5 minor projects and requests for information serving 5 UNCW units.
- 11 individuals from 9 units representing 4 out of 5 of UNCW's divisions attended the Internal Controls course taught by Internal Audit.
- The office was involved with 6 UNCW committees.

Other

- Alex Harvell joined the office as an auditor in September 2023.
- Individuals from the office attended or participated in 7 University events/functions.
- Individuals from the office participated in 7 UNCW training programs. In addition, they attended 7 workshops/webinars, participating in 24 hours of CPE.

Work Allocation			
Audits/Assurance Services	Follow Up Audits	Investigations	Consultations/ Advisory Services

Audits/Assurance Services

Audits and assurance engagements include planned reviews of compliance, operations, information technology, financial activity, internal controls, and other topics. They also include integrated audits, which incorporate more than one of those categories in a single engagement. Audits are typically included in our office's annual audit plan (work plan), and they result in a formal audit report which includes an overall opinion of the area under review and any findings and recommendations that were identified.

Completed Projects

Targeted Expense Review

A university-wide targeted expense review was completed to assess and evaluate the appropriateness of selected expenditures and ensure compliance with applicable UNCW policies and spending practices. Our specific objectives were to review selected fiscal year 2023 university expenses over various funds and expense types that have defined UNCW policies, may be subject to more frivolous spending, and require a certain level of judgement as to the reasonableness of the transaction. Specifically, the following expenses were reviewed:

- Travel expenses
- Business entertainment expenses
- Expenses recorded to discretionary spending funds

Based on the work performed, each expense transaction tested included a direct university business purpose and appeared to be an appropriate use of university funds both in nature and amount. In addition, the transactions tested overall complied with applicable policy requirements and spending practices.

Although there were no compliance issues identified, certain UNCW policies reviewed appear to require revisions, as they do not align with current practices or applicable external guidance and may lack clarity to campus users. Three findings/recommendations were issued to the respective policy authority and responsible office, and we received positive responses to the findings. **The final report was issued July 25, 2023.**

Pending Projects

Friends of UNCW Financial Audit

Our annual audit of the financial statements of the Friends of the University of North Carolina at Wilmington, Inc. (Friends) is in process. This audit is being conducted in accordance with auditing standards generally accepted in the United States and work also includes a review of Friends' compliance with the requirements of a Minor Associated Entity under the policy of the North Carolina System. This engagement is being completed with the assistance of East Carolina University to ensure work is completed by someone who is independent in both fact and appearance as required for North Carolina Certified Public Accountants (CPAs).

Audits/Assurance Services (Continued)

Pending Projects (Continued)

Housing and Residence Life Review

A review of Housing and Residence Life is in process. The scope of the audit was determined by conducting a thorough risk assessment at the beginning of the review. Specific objectives are to review the following areas:

- Education/training for Facilities and Residence Life
- Facilities management
- Residency requirements
- Physical access/key control
- Revenues – billing and collection
- Student employment/timekeeping
- Review of overall internal controls, including IT general controls

It is anticipated that reporting for this review will occur in October 2023. Management has been kept apprised of status.

Follow Up Audits

Follow up work is completed for any audit findings resulting from audit/assurance engagements and may be completed for other engagements as deemed necessary. We typically follow up on open audit findings on a quarterly basis. A formal memo is issued when all findings relating to an engagement are closed. If findings are not yet resolved, formal memos are also issued approximately one to two years after the initial audit to update all parties involved of progress. (Note that engagements prior to FY23 are on a two-year timeframe, while FY23 and future engagements are on an updated one-year timeframe).

Audit Finding Status

During the quarter ending September 30, 2023, follow up work was completed related to open findings from the following engagements:

- D.C. Virgo Preparatory Academy
- Title IX

The table on the next page displays the status of audit findings for the quarter ending September 30, 2023. *A summary of in process and open audit findings is included at Appendix A.*

- **Closed** – Findings which were confirmed to be resolved during previous quarters and the quarter ending September 30, 2023. This includes findings where sufficient progress has been made and additional follow-up work is not planned.
- **In Process** – Findings where progress toward remediation has begun but is not yet complete or there is not a sufficient population to test the effectiveness of corrective measures. Movement of findings from 'Open' to 'In Process' requires work to be performed by Internal Audit for verification.
- **Open** – Findings which have not been resolved as of the quarter ending September 30, 2023, or where Internal Audit has not yet performed follow up work.

Follow Up Audits (Continued)

Audit Finding Status (Continued)

Engagement	Original Report Date	Findings from Initial Review	Findings Closed (Previous Quarters)	Findings Closed (Current Quarter)	Number of In Process Findings	Number of Open Findings
Academic Affairs						
D.C. Virgo Preparatory Academy	3/30/2023	11	0	2	8	1
Business Affairs						
Targeted Expense	7/25/2023	3	0	0	0	3
Chancellor						
Human Resources	3/24/2022	9	5	0	4	0
Title IX*	8/18/2022	3	1	0	2	0
Total for all Divisions		26	6	2	14	4
Findings % by Status			23%	8%	54%	15%

* As Title IX is a FY23 engagement, follow up timeline is typically one year. Although progress has been made, closure of the Title IX findings has been delayed due to an organizational change and transition in leadership. Steps to remediate the outstanding findings have been discussed with the appropriate parties and will continue to be reviewed in the upcoming quarter.

Investigations

Investigations result from tips reported to our office via the Office of State Budget and Management's hotline, our internal hotline, the UNC System Office, and other sources.

Completed Projects

Minor Investigations

Minor investigations occur when a complaint is received with no formal reporting requirement, and the complaint can be resolved by obtaining clarifying information or referral to another department. The Office of Internal Audit completed 1 minor investigation for the quarter ending September 30, 2023.

Consultations/Advisory Services

Internal Audit provides consultative and advisory services which are intended to provide advice and information on internal controls, risk management, and sound business practices. This includes reviewing current practices, interpreting policies and procedures, participating on standing committees, completing limited-life projects, attending ad-hoc meetings, and responding to routine questions. In addition, our advisory work includes work with the UNC System Office and professional organizations and serving as liaisons between the University and various external auditors.

Advisory Services

Routine Consultations

The Office of Internal Audit provided advisory services through 5 minor **projects and requests for information** during the quarter ending September 30, 2023.

Routine Consultations Served:

5 UNCW Units

INT 101: How to Pass an Audit (An Introduction to Internal Controls)

To proactively educate campus units about best practices for internal controls, we developed and teach a course on internal controls, currently offered through the Finance Certificate Program (via Percipio). Attendance for the quarter ending September 30, 2023, is included to the right.

INT 101 Attendees:

11 employees

representing

9 units

and

4 out of 5 UNCW divisions

Other Advisory Services

Advisory services were also provided through committee work.

Committee Work

- Athletic Eligibility
- Data Governance
- HR Liaison
- Internal Controls Assessment
- Search Committee – Internal Auditor

Other

This section contains a summary of the other projects and activities of the Office of Internal Audit.

Staffing Changes

The following staffing changes occurred:

- Recruitment efforts were successful to fill the vacant Internal Auditor I position open since February 2023. Alex Harvell joined the office on September 6, 2023.

Participation in University Functions

Participating in University functions keeps our office informed of activities and events at UNCW, provides team-building opportunities, and creates an opportunity to interact with the University community outside of an audit setting. During the quarter ending September 30, 2023, staff participated in the functions noted below.

- Alderman Hall Pizza Party
- Bike & Blend – Sustainability Initiative
- Chancellor’s Division Direct Reports Meetings
- Convocation: Class of 2026
- Data Steward Orientation
- Staff Senate Meetings
- Supreme Court’s Affirmative Action Ruling Roundtable

Professional Development / Training

Professional development is required for our certifications, and training allows our staff to stay informed of emerging topics and best practices, helping us to provide the best possible services to the University. During the quarter ending September 30, 2023, staff members attended the UNCW-sponsored and external training listed in the table below, **participating in 24 hours of continuing professional education (CPE).**

UNCW Training	External Training (Workshops/Webinars)
Finance Certificate Program Courses	2023 Association of College & University Auditors (ACUA) AuditCon
Maximize Your Productivity by Managing Time and Tasks	A Week in the Life of an Agile Auditor
Seahawk Secure IT Training	Building the Foundation for an Effective Team
Search Committee Training	Certified Internal Auditor (CIA) Challenge Exam Review
UNCW Finance Onboarding Courses	Risk in Focus 2024 – Hot Topics for Internal Auditors
UNCW General Onboarding Courses	Top 10 Rules for Highly Effective Leadership
UNCW Safety Onboarding Courses	UNC System Financial Statement Webinar

Distribution List

Audit, Risk and Compliance Committee, UNCW Board of Trustees

Dr. Aswani K. Volety, Chancellor

Mr. Bradley Ballou, Chief of Staff

Ms. Kristy Burnette, Risk Manager

Mr. Miles Lackey, Vice Chancellor for Business Affairs

Mr. Mark Lanier, Assistant to the Chancellor and Assistant Secretary, Board of Trustees

Mr. Michael Oblinger, Director, Athletics

Ms. Lori Preiss, Associate Vice Chancellor for Human Resources

Dr. Donyell Roseboro, Chief Diversity Officer

Dr. William D. Schafer, Interim Vice Chancellor for Student Affairs

Mr. John P. Scherer II, General Counsel

Mr. Eddie Stuart, Vice Chancellor for University Advancement

Ms. Tiffany Tramontozzi, Associate Chief of Staff

Ms. Andrea Weaver, Chief Marketing and Communications Officer

Dr. James J. Winebrake, Provost and Vice Chancellor for Academic Affairs

Appendix A

UNCW Office of Internal Audit In Process and Open Internal Audit Findings As of September 30, 2023

Engagement	Original Report Date	Number of In Process Findings	Number of Open Findings
Academic Affairs			
D.C. Virgo Preparatory Academy	3/30/2023	8	1
Business Affairs			
Targeted Expense	7/25/2023	0	3
Chancellor			
Human Resources	3/24/2022	4	0
Title IX	8/18/2022	2	0
Total for all Divisions		14	4

Academic Affairs

D.C. Virgo Preparatory Academy

Open Findings

1. Need for annual review of D.C. Virgo policies to ensure accurate information and compliance

In Process Findings

1. Enhancements needed to the D.C. Virgo Advisory Board to ensure continued alignment with NCGS
2. Lack of documented procedures for student eligibility and enrollment processes
3. Improvements needed in controls and documentation over computer equipment tracking
4. Improvements needed in controls and documentation over library inventory tracking
5. Need to enhance knowledge of various funding sources and develop more efficient strategies for allocating and utilizing funds
6. Need for technology budgeting to support technology replacement needs
7. Lack of comprehensive staffing plan for staffing continuity
8. Lack of adequate backup and cross training for significant functions, including management functions

Business Affairs

Targeted Expense

Open Findings

1. UNCW Policy 05.001, *Discretionary Trust Funds Spending Policy*, is outdated and requires revision
2. UNCW Policy 05.107, *Business Entertainment Expenditures*, is outdated and requires revision
3. Travel policies are outdated and require revision

Appendix A (Continued)

Chancellor

Human Resources

In Process Findings

1. Improvements needed to monitor compliance and participation in the Equal Employment Opportunity & Diversity Fundamentals (EODF) program
2. Need to clarify expectations and develop monitoring process for performance appraisal training for newly hired/appointed managerial roles
3. Improvements needed to ensure compliance with the Workplace Harassment Prevention program
4. Human Resources policies are outdated and require updates

Title IX

In Process Findings

1. Improvements needed to enhance faculty and staff education and training on Title IX reporting requirements
2. Improvements needed to campus education on availability of pregnancy accommodations