



OFFICE OF INTERNAL AUDIT QUARTERLY REPORT

Report for the Quarter Ending March 31, 2024

University of North Carolina Wilmington

Executive Summary

This report contains a summary of the Office of Internal Audit's operations for the quarter ending March 31, 2024. The following highlights provide an overview of the office's work.

Audits/Assurance Services

Completed Projects

- Quality Assurance Review – Self-Assessment

Pending Projects

- Campus Safety Review
- Enterprise Risk Management Maturity Assessment

Follow-Up Audits

- Follow-up work was conducted on the following engagements:
 - D.C. Virgo Preparatory Academy
 - Targeted Expense
 - Housing and Residence Life
 - Title IX
 - Human Resources
- 10 findings were closed during the quarter
- 7 findings are in process and 2 findings are open as of March 31, 2024

Investigations

- There were 2 minor investigations completed for the quarter ending March 31, 2024.

Consultations/Advisory Services

Completed Projects

- Housekeeping Department Compliance Review

Advisory Services

- Routine consultations included 7 minor projects and requests for information serving 3 UNCW units and 4 UNC institutions.
- 13 individuals from 12 units representing 3 out of 5 of UNCW's divisions attended the Internal Controls course offered by Internal Audit.
- The office was involved with 5 UNCW committees.
- The Chief Audit Officer presented at Business Week for the Cameron School of Business.
- The Chief Audit Officer presented at a Beta Alpha Psi meeting for Cameron School of Business.

Other

- The office had a failed search and is reassessing a staff auditor position. Recruitment efforts for this position are expected to begin in April 2024.
- A staff auditor obtained a Master of Arts in Organizational Management degree.
- Internal Audit team members completed a full-day departmental retreat.
- Risk assessment planning began as part of the office's annual risk assessment process.
- The Chief Audit Officer began serving as team lead on a quality assessment review.
- Individuals from the office attended or participated in 6 University events/functions.
- Individuals from the office participated in various UNCW-offered training programs and external workshops/webinars, participating in 25.5 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

Quality Assurance Review – Self-Assessment

Under the North Carolina Internal Audit Act (NCGS 143, Article 79), UNCW's Office of Internal Audit must comply with the *Standards* of the International Professional Practices Framework of the Institute of Internal Auditors. The *Standards* require a quality assurance review (peer review) of the Office of Internal Audit every five years. Between external reviews, the *Standards* require internal audit departments to complete thorough self-assessments which examine all aspects of operations for compliance with the *Standards* and the Code of Ethics and assist in identifying opportunities for improvement.

A self-assessment was completed in preparation for the next peer review, scheduled for spring 2026. The self-assessment review identified that the Office of Internal Audit's policies, procedures and practices overall conform with the *Standards* and the Code of Ethics. To ensure continuous improvement, opportunities were noted that will enhance conformance to the *Standards* and improve the efficiency and effectiveness of the Office of Internal Audit.

The self-assessment memo was issued February 20, 2024.

Pending Projects

Campus Safety Review

A review of campus safety is in process. The audit scope and objectives of this review include the following:

- Evaluate the university's preparedness for an active attacker, armed intruder safety incident (including advanced emergency planning and training)
- Evaluate programs and structures in place to assess and manage campus safety crises/incidents (i.e. Threat Assessment Team, Student Behavioral Intervention Team, etc.)

It is anticipated that reporting for this review will occur in April 2024.

Audits/Assurance Services (Continued)

Pending Projects (Continued)

Enterprise Risk Management Maturity Assessment

An assessment of UNCW's Enterprise Risk Management (ERM) program maturity is in process. The specific focus and objective of this audit is to assess the risk culture, risk governance, and risk identification and assessment processes at the University, including compliance with UNC System Policy 1300.7, *University Enterprise Risk Management and Compliance*.

It is anticipated that reporting for this review will occur in April 2024.

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 fiscal year 2023 are on a two-year timeframe, while fiscal year 2023 and future engagements are on an updated one-year timeframe).

Completed Follow-Ups

D.C. Virgo Preparatory Academy

During fiscal year 2023, our office completed a review of D.C. Virgo Preparatory Academy (D.C. Virgo), and 11 findings were identified. Follow-up work was completed throughout fiscal years 2023 and 2024 to determine whether steps were taken to adequately and effectively address the findings identified. Based on the work completed, we determined that of the 11 findings, **8 findings are considered closed, and 3 findings remain in process**. Although there are 3 findings not yet fully resolved, progress has been made towards resolution, and management has plans in place to ensure ongoing implementation of corrective measures. As our office is confident that these planned actions will continue and oversight from management will occur, no additional formal follow-up procedures will be performed. Updates on progress will be reported to the Office of Internal Audit as requested and findings will be revisited during future review of D.C. Virgo. **A final memo was issued March 27, 2024.**

Human Resources

During fiscal year 2022, our office completed a review of the Office of Human Resources (HR), and 9 findings were identified. Follow-up work was completed throughout fiscal years 2022, 2023 and 2024 to determine whether steps were taken to adequately and effectively address the findings identified. Based on the work completed, we determined that of the 9 findings, **7 findings are considered closed, and 2 findings remain in process**. Although there are 2 findings not yet fully resolved, progress has been made towards resolution, and management has plans in place to ensure ongoing implementation of corrective measures. As our office is confident that these planned actions will continue and oversight from management will occur, no additional formal follow-up procedures will be performed. Updates on progress will be reported to the Office of Internal Audit as requested and findings will be revisited during future reviews of HR. **A final memo was issued March 25, 2024.**

Follow-Up Audits (Continued)

Audit Finding Status

In addition to the above, follow-up work was also completed related to open and in process findings from the following engagements:

- Housing and Residence Life
- Targeted Expense
- Title IX

The table below displays the status of audit findings for the quarter ending March 31, 2024. *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 March 31, 2024. 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 March 31, 2024, or where Internal Audit has not yet performed follow-up work.

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	5	6*	0	0
Business Affairs						
Targeted Expense	7/25/2023	3	0	0	3	0
Chancellor						
Human Resources	3/24/2022	9	7	2*	0	0
Title IX**	8/18/2022	3	2	0	1	0
Student Affairs						
Housing and Residence Life	12/08/2023	7	0	2	3	2
Total for all Divisions		33	14	10	7	2
Findings % by Status			43%	30%	21%	6%

* Refer to previous page for additional information on follow-up reviews. Although findings remain in process, as there are no additional formal follow-up procedures planned at this time, findings are reported in the closed column above for reporting purposes.

** As Title IX is a fiscal year 2023 engagement, the follow-up timeline is typically one year. Although progress has been made, closure of the remaining Title IX finding has been delayed due to an organizational change and transition in leadership. Steps to remediate the outstanding finding have been discussed with the recently hired Director of Title IX and Clery Compliance 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 two minor investigations for the quarter ending March 31, 2024.

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.

Completed Project

Housekeeping Department Compliance Review

At the request of management, the Office of Internal Audit conducted a compliance review for the Housekeeping department within the Office of Facilities. The review was conducted to assess overall compliance with a Friends of UNCW grant and to ensure appropriate use of UNCW issued purchasing cards (P-cards) for grant purchases. Based on the work performed, expenditures associated with the grant appeared to be compliant with grant terms and were appropriate P-card purchases. Although instances of non-compliance were not identified, the need for enhanced controls around the monitoring and tracking of internal grant expenditures and the review of the approval workflow of P-card transactions was conveyed to management. **The final compliance review memo was issued on February 23, 2024.**

Advisory Services

Routine Consultations

In addition to formal advisory work, the Office of Internal Audit provided advisory services through 7 minor **projects and requests for information** during the quarter ending March 31, 2024.

Routine Consultations Served:

**3 UNCW Units
4 UNC Institutions**

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 March 31, 2024, is included to the right.

INT 101 Attendees:

13 employees
representing
12 units
and
3 out of 5 UNCW divisions

Consultations/Advisory Services (Continued)

Other Advisory Services

Advisory services were also provided through committee work and time spent educating others.

Committee Work	Educating Others
<ul style="list-style-type: none">• Athletic Eligibility• Data Governance• Data Stewards• HR Liaison• Systems Coordination	<ul style="list-style-type: none">• Business Week, Cameron School of Business – <i>Examining from Within: A View on Internal Auditing and Checks and Balances: Auditing Government Agencies</i>• Beta Alpha Psi, Cameron School of Business – <i>Internal Audit Panel</i>

Other

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

Staffing Changes

During the quarter ending March 31, 2024, recruitment efforts were unsuccessful to fill the office's vacant auditor position, resulting in a failed search. The office is reassessing the position vacancy and position details are being reviewed. Additional recruitment efforts for this position are expected to begin in April 2024.

Staff Accomplishments

Nina Taylor, Internal Auditor, completed a Master of Arts in Organizational Management degree.

Department Retreat

All Internal Audit team members completed a full-day retreat on January 17, 2024. The retreat enabled the team to discuss the progress of the audit plan for fiscal year 2024, evaluate the office's processes for efficiency and effectiveness, and discuss campus involvement and audit awareness opportunities. It was also an opportunity for the team to engage in team-building activities. Items from retreat discussions will be implemented throughout the fiscal year.

Annual Risk Assessment

Each year our office completes a risk assessment of UNCW operations as part of the audit planning process. During the quarter ending March 31, 2024, risk assessment planning began, and the office has started to schedule risk discussions with management. Information gained will be assessed and used as consideration in the development of the fiscal year 2025 audit plan.

Participation on Peer Review Team for NC A&T Quality Assessment Review

The Chief Audit Officer is serving as the team lead in conducting a quality assessment review for North Carolina Agricultural and Technical State University's (NC A&T) internal audit function. This work is being performed on behalf of the Council of Internal Auditing Peer Review Program through the Central Internal Audit Office, Office of State Budget and Management. The objectives are to review the internal audit function and operations for compliance with the *International Professional Practice mandatory requirements (Standards)*.

Other (Continued)

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 March 31, 2024, staff participated in the functions noted below.

- Black Faculty and Staff Association Events
- Campus Forum – Workgroup on Supporting Artificial Intelligence in Learning and Research
- Candidate Forums – Watson College of Education Dean Candidate
- Faculty Senate Meetings
- Farewell to Interim Vice Chancellor for Student Affairs
- Staff Senate Meetings

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 March 31, 2024, staff members attended the UNCW-sponsored and external training listed in the table below, **participating in 25.5 hours of continuing professional education (CPE).**

UNCW Training	External Training (Workshops/Webinars)
Active Attacker/Shooter	Building A Better Auditor: Empathy in Audit
Discover Natural Talents through Clifton Strengths	Crosswalk to the New Standards Training
Finance Certificate Program Courses	Fraud in Higher Education in a Post-Pandemic World
Information Technology (IT) and IT Security Training	Future Focused: Unpacking The IIA's Updated AI Framework
Professional Writing Courses	Higher Education Virtual Conference
UNCW Supervisors Develop Their Skills: Part 2	Internal Audit Strategies for Evaluating Enrollment Management in Higher Education
Workplace Productivity Courses	Internal Controls and the 2024 AICFR
	New IIA Global Audit Standards Training Courses

Distribution List

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Appendix A

UNCW Office of Internal Audit
In Process and Open Internal Audit Findings
As of March 31, 2024

Engagement	Original Report Date	Number of In Process Findings	Number of Open Findings
Business Affairs			
Targeted Expense	7/25/2023	3	0
Chancellor			
Title IX	8/18/2022	1	0
Student Affairs			
Housing and Residence Life	12/08/2023	3	2
Total for all Divisions		7	2

Business Affairs

Targeted Expense

In Process 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

Chancellor

Title IX

In Process Findings

1. Improvements needed to enhance faculty and staff education and training on Title IX reporting requirements

Student Affairs

Housing and Residence Life (HRL)

In Process Findings

1. Lack of formal process to ensure compliance with the two-year housing residency requirement
2. Lack of recurring reconciliations performed for HRL revenue activity
3. Improvements needed to ensure vehicle compliance

Open Findings

1. Improvements needed over warehouse controls and inventory reconciliation
2. Enhancements needed in key management practices