

Office of Internal Audit Update

Presentation to the Board of Trustees
Audit, Risk and Compliance Committee

February 6, 2025



UNIVERSITY *of*
NORTH CAROLINA
WILMINGTON

BOARD *of* TRUSTEES

A teal background featuring a close-up, diagonal view of a dragon's tail. The tail is covered in overlapping scales that transition from a dark, almost black color at the top to a vibrant green at the bottom. The tail tapers to a point on the left, where the scales are lighter and more translucent.

Audit, Risk and Compliance Committee Charter

Review and Request for Approval

Audit, Risk and Compliance Committee Charter - Overview

Committee Responsibilities:

- Internal Controls
- Financial Reporting
- External and Internal Audit Functions
- Enterprise Risk Management and Compliance
- Information Technology

Action Item

Approval of the Audit, Risk and Compliance Committee Charter

(as provided in Board materials)



The background of the slide is a solid teal color. On the right side, there is a close-up, detailed image of a dragon's head and neck. The dragon's scales are a mix of dark green and black, with a prominent, lighter green, scaly texture on the side of its head. Its mouth is slightly open, showing a row of sharp, white, pointed teeth. The dragon's head is angled towards the left, and its neck extends towards the bottom right corner of the frame.

Internal Audit Charter

Review and Request for Approval

Internal Audit Charter - Overview

Mandate and Purpose:

- UNCW is required to establish a program of internal auditing pursuant to North Carolina General Statute 143-746.
- The purpose of the Office of Internal Audit is to strengthen the university's ability to create, protect, and sustain value by providing the Board of Trustees (through the Audit, Risk and Compliance Committee), and management with independent, risk-based, and objective assurance, advice, insight, and foresight.



Internal Audit Charter – Overview (Continued)

Charter includes information on:

- Standards for the Professional Practice of Internal Auditing
- Authority, Independence, and Organizational Position
- ARCC Oversight
- Scope of Internal Audit Activities
- Objectivity

Internal Audit Charter – Overview (Continued)

Responsibilities Include:

- Adhering to Ethics and Professionalism
- Managing Internal Audit Function
- Communicating with ARCC and Management
- Maintaining a Quality Assurance and Improvement Program

Action Item

Approval of the Internal Audit Charter (as provided in Board materials)



A close-up, low-angle shot of a dragon's head, showing its scales and teeth. The dragon is positioned diagonally across the frame, with its head pointing towards the top right. The scales are a mix of green and blue, with a prominent white stripe running down the side of its face. The teeth are sharp and white. The background is a solid teal color.

Internal Audit Update

Quarter Ending December 31, 2024

Quarterly Activities

- Completed and Pending Engagements
- Audit Findings Status
- FY25 Audit Plan Status Update
- Staffing Updates
- Revised Global Internal Audit Standards

Completed and Pending Engagements

Completed Engagements

- Friends of UNCW Financial Audit
- Disability Resource Center Review
- IT Change Management Follow-Up
- Vehicle Allowance Follow-Up

Pending Engagements

- Minors on Campus Compliance Review
- Purchasing Card Compliance Review



Audit Findings Status

Engagement	Report Date	Findings from Initial Review	Findings Closed (Previous Quarters)	Findings Closed (Current Quarter)	In Process Findings	Open Findings
Business Affairs						
Enterprise Risk Management	5/22/2024	5	0	0	3	2
IT Change Management	9/27/2024	1	0	1	0	0
Multi-Divisional						
Campus Safety	6/17/2024	6	2	0	4	0
Vehicle Allowance	9/24/2024	3	0	3	0	0
Student Affairs						
Housing and Residence Life	12/8/2023	7	4	1	2	0
Disability Resource Center	12/16/2024	4	0	0	0	4

FY25 Audit Plan Status Update

Audit Plan Engagements	
Engagements Planned as of July 1, 2024	17
Added to Plan	4
Engagements Projected Through June 30, 2025	21

FY25 Audit Plan Engagement Status - As of December 31, 2024		
Completed	9	43%
In Process	5	24%
Not Started	7	33%

Staffing Updates



Recruitment pending for Internal Auditor (Auditor II/III) position

Revised Global Internal Audit Standards

New Global Internal Audit Standards effective January 2025

Domain III, Governing, outlines “essential conditions” which are activities of the Board and senior management that enable the internal audit function’s success



Revised Global Internal Audit Standards (Continued)

The table below depicts the three principles and nine standards of Domain III.

6. Authorized by the Board

The board establishes, approves, and supports the mandate of the internal audit function.

6.1 Internal Audit Mandate

6.2 Internal Audit Charter

6.3 Board and Senior Management Support

7. Positioned Independently

The board establishes and protects the internal audit function's independence and qualifications.

7.1 Organizational Independence

7.2 Chief Audit Executive Qualifications

8. Overseen by the Board

The board oversees the internal audit function to ensure the function's effectiveness.

8.1 Board Interaction

8.2 Resources

8.3 Quality

8.4 External Quality Assessment



Thank You!

Enterprise Risk Management Update

Board of Trustees

Audit, Risk and Compliance Committee

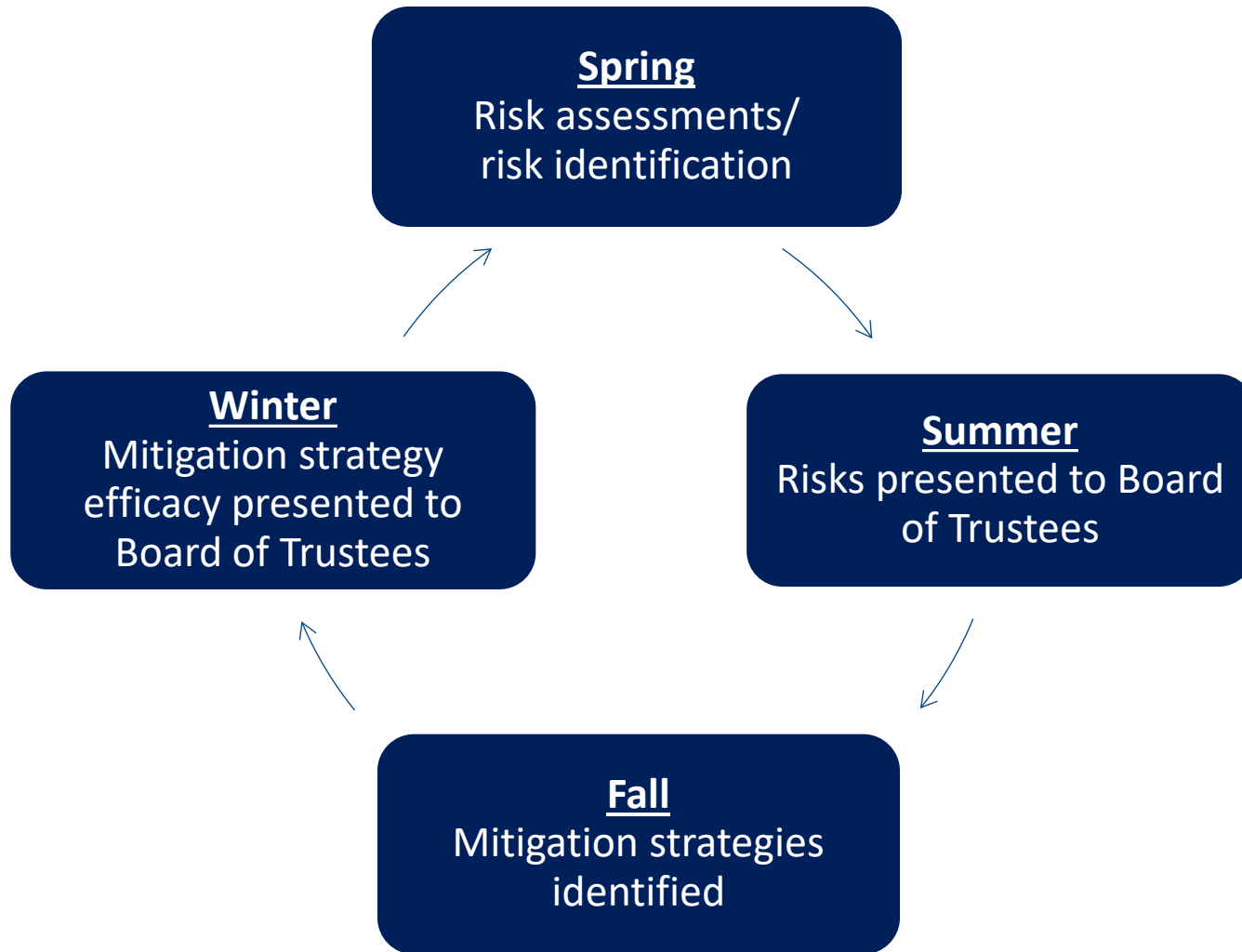
February 6, 2025



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ERM Process



Risk Recap

Prevailing Risks

- Enrollment Management
- Mental Health
- Revenue/Funding Sufficiency

Active Risks

- Cyber/Data Security
- Human Capital
- Safety and Security

Active Risks – Cyber/Data Security

Risk Description

Institutions in the US face significant cybersecurity risks due to their critical role in research, development, and education making them prime targets for nation-state actors and other cyber threats. Effective cybersecurity measures are essential to protect sensitive data and maintain the confidentiality, integrity, and availability of UNCW resources.

Mitigation Strategies

- Security training
 - Mandatory cybersecurity training
 - US Secret Service Business Email Compromise Symposium
- New investments in cybersecurity software
- Leveraging external training resources
- Improved Multi-Factor Authentication protocol



Active Risks – Human Capital

Risk Description

The institution faces risks related to its workforce, including employee satisfaction and retention, workforce shortages in specialized positions, and ensuring proper training. Addressing these concerns is critical to maintaining operational efficiency and achieving strategic goals.

Mitigation Strategies

- Pay increases above/beyond legislative increases
- Enhancing access/availability of resources for those seeking help through Employee Assistance Program
- Improvements to emergency loan program
- Return to in-person new employee onboarding

Active Risks – Safety and Security

Risk Description

The potential for various safety and security threats, including but not limited to personal injury, theft, violence, and insufficient physical security measures, can lead to potential harm, disruptions, and a diminished sense of safety within the university community.

Mitigation Strategies

- Physical infrastructure monitoring and remediation
- Lighting enhancements
- Emergency call box replacements
- New investments in technology, including expanded camera coverage
- Safe Zone Transition





Thank you!

UNCW Financial Audits Update

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Audits Completed for FYE June 30, 2024

- University of North Carolina at Wilmington
- The Foundation of the University of North Carolina at Wilmington, Inc.
- UNCW Student Aid Association (A.K.A. Seahawk Club)
- The Alumni Association of the University of North Carolina at Wilmington
- Friends of the University of North Carolina at Wilmington, Inc.
- UNCW Corporation
- UNCW Corporation II
- UNCW Research Foundation
- The Donald R. Watson Foundation, Inc.

FY 2024 Financial Highlights

- NC State Auditor and external auditors issued unqualified opinions
- No management letter comments or findings
- No material weaknesses in internal control over financial reporting
- No significant changes in accounting policies/practices
- No significant difficulties encountered during audits
- No disagreements with management
- Auditors received UNCW's Management Representation Letters associated with the financial statements audited
- NC State Auditor communicated via memo to the Audit Committee Chair at the conclusion of the audit
- External auditor communicated via memos to each UNCW entity's Board of Directors at the conclusion of each audit





Questions?