

INTERNAL AUDIT UPDATE



LaShonna Frederick
Interim Director of Internal Auditing
BOT RMAC Committee Meeting
September 30, 2022

INTERNAL ASSESSMENT FISCAL YEAR 2021-22



Objectives:

- Assess conformance with the International Standards for the Professional Practice of Internal Auditing (*Standards*) and Code of Ethics;
- Evaluate the effectiveness in carrying out the mission; and
- Identify opportunities to enhance internal audit processes and the value the Office of Internal Auditing provides to the University.

Scope included a review of:

- The IIA *Standards* and other IIA guidance;
- Internal policies and procedures;
- Audit charters and independence statements;
- Risk assessment and audit planning processes; and
- Engagement and staff management processes.

Internal Audit Self-Assessment Maturity Model (SAMM)

- Implemented at the end of fiscal year 2020-21 by the North Carolina Office of State Budget and Management (OSBM) and the North Carolina Council of Internal Auditing.
- Used as a framework for assessing the capabilities of the internal audit function against professional internal audit standards and good practices.
- Identified potential gaps and development areas within the Office of Internal Auditing.
- Completed annually and the outcome must be discussed with functional and administrative reports of the Director of Internal Auditing.

Internal Assessment Results

The OIA **generally conforms** to the IIA *Standards* and Code of Ethics.

“Generally Conforms” means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the *Standards* and the Code of Ethics.

ANNUAL REPORT FISCAL YEAR 2021-22

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Fiscal Year 2021-22 Annual Report

- Overview of Internal Audit Function
- Productivity
- Personnel
- Service to State and Profession
- Community Service

DASHBOARD & SUMMARY OF INTERNAL AUDIT ACTIVITY FISCAL YEAR 2021-22



Summary of Internal Audit Activity July 1, 2021 to June 30, 2022										
	Planned	Added	Total Audits			In Process	Completed*	Carried To FY 2022 (Not Started)	Deferred	Total
Audits	15	3	18		Audits	8	9		2	19
Advisory/ Special Assignments	7	1	8		Advisory/ Special Assignments	1	7		0	8
Investigations	4	6	10		Investigations	2	8		0	10
Other	9	0	9		Other	2	6		0	8
Total	35	10	45		Total	13	30	0	2	45
Audits: Audits of Financial, Information Systems Controls, Internal Controls, Performance/Operational Review, Compliance, and Audit Finding Follow-up										
Advisory/Special Assignments: Consultative Engagements, Committees, Ethics Liaison, IT Security Committee, University Administrative Assessment										
Investigations: Various										
Other: Items that do not fall under the other categories including the risk assessment, audit plan, and quality assurance.										
* Completed audits and investigations resulted in 23 audit findings.										

- Completed 9 scheduled audits and 8 investigations in fiscal year 2021-22.
- Completed audits and investigations resulted in 23 audit findings.
- 8 scheduled audits and 2 investigations were in process as of June 30, 2022.

Summary of Internal Audit Activity April 1, 2022 to August 31, 2022		
	Completed	In Progress
Audits	4	5
Advisory	2	5
Investigations	3	3
Other	0	3
Total	9	16

Summary of Completed Audits & Investigations			
Audit Title	Issue Date	Findings	
Resolution of the Aggie Athletic Foundation Financial Statement Audit for FY 20	6/23/2022	N/A	
UNC System Office Hotline Complaint - Hiring Process Concerns	6/30/2022	N/A	
Human Resources Process Review	6/30/2022	8	
4th Qtr Review Statewide Federal Compliance Audit Procedures Audit Findings (Cash Management)	6/30/2022	N/A	
Resolution of the Aggie Athletic Foundation Financial Statement Audit for FY 21	7/27/2022	N/A	
FY 2021-22 Assessment of Internal Controls Over Financial Reporting	8/5/2022	N/A	
Investigation: Several Allegations in a University Department	8/29/2022	N/A	

ANNUAL AUDIT PLAN FISCAL YEAR 2022-23



Fiscal Year 2022-23 Annual Audit Plan

Information System Controls Audits:

- 1) UNC Systems Policy 1400 – IT Governance, Information Security, and User Identity and Access Control

Audits/Reviews of Internal Controls:

- 1) Assessment of Internal Controls Over Financial Reporting for FY 2021-22
- 2) Assessment of Internal Controls Over Financial Reporting for FY 2022-23
- 3) Protection of Minors on Campus

Compliance Audits:

- 1) CARES Act/COVID Funding

Fiscal Year 2022-23 Annual Audit Plan (Continued)

Audit Findings Follow-Up:

- 1) Review of Selected University Policies and Practices
- 2) Review of Course and Curriculum Changes
- 3) Post Award Contracts and Grants
- 4) Aggie Athletic Foundation FY21 90-day Follow-Up
- 5) Allegation of Abuse of Time in a University Department
- 6) 2nd Quarter Review: Information Technology General Control Audit
- 7) Review of Internal Controls Over the Awarding of Undergraduate Degrees
- 8) BDM/Xtender IT and Process Controls
- 9) Review of Technology Transfer Process
- 10) COVID-19 Billing Concerns
- 11) Allegations – Human Resources Process Review

Fiscal Year 2022-23 Annual Audit Plan (Continued)

Investigations:

- 1) Pending (4)
- 2) Unscheduled

Committees/Consultations/Assignments:

- 1) Committee Assignments
- 2) Routine Consultations
- 3) NC State Ethics Commission Liaison
- 4) OSA Investigative Liaison
- 5) University's Administrative Assessment

Other:

- 1) Risk Assessment/Audit Plan
- 2) Internal Assessment
- 3) Website Revisions
- 4) Audit Manual Updates

QUESTIONS?

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