Executive Summary
This report contains a summary of the Office of Internal Audit’s activity for the quarter ending June 30, 2019. The following highlights provide an overview of the office’s work.

Audits/Assurance Services

Completed Project
• Parking Services Review

Pending Projects
• Fraud Risk Assessment
• Center for Marine Science (CMS) Review

Follow Up Audits
• Follow up check-ins were conducted on the following engagements: Center for Innovation and Entrepreneurship (CIE), Project Management (Facilities), Environmental Health & Safety (EH&S), and Purchasing Card (Pcard)
• 3 findings closed during the quarter
• 46 findings are considered to be “in process” as of June 30, 2019
• 14 open findings as of June 30, 2019

Investigations

Completed Projects
• UNC System Office Referral (March 2019)
• Facilities Investigation
• UNC System Office Referral (January 2019)

Consultations/Advisory Services

Advisory Services
• Routine consultations included 11 minor projects and requests for information.
• Individuals from 10 departments representing 4 out of 5 of UNCW’s divisions attended the Introduction to Internal Controls course taught by Internal Audit.
• The office was involved with 6 UNCW committees.
• The office held Fraud Risk Assessment Forums with various University personnel.

Other
• The office’s annual risk assessment is in process.
• The Internal Audit office moved locations from Hoggard Hall to Alderman Hall.
• Corby Johnson will end his term with the Office of Internal Audit, effective June 30, 2019. Stefanie Powell, former Chief Audit Executive, will return to the office in July 2019.
• Annie Edmonston was hired as the office’s new intern.
• Individuals from the office attended or participated in 6 University events/functions.
• Individuals from the office participated in 7 UNCW training programs. In addition, they attended 3 workshops and 2 webinars earning 65 hours of CPE.

FY19 Audit Plan Update
One of the Key Performance Indicators (KPIs) tracked by Internal Audit is completion of the annual audit plan. This report includes a summary of the status of the FY19 audit plan.
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 on 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 Project
Parking Services Review
A review of UNCW Parking Services was completed to assess and evaluate select operational, compliance, and administrative aspects of Parking Services including the underlying internal controls. Our review focused on select operations within Parking Services based on a risk assessment completed by our office. Specific objectives were to review:

- Accuracy, completeness, and proper reporting of financial activity
- Analysis and review of revenue streams (parking permits, citations, meters, special events, etc.)
- Parking citation appeal process
- Compliance with established policies, procedures, and external regulations
- Budgeting and long-term planning
- General controls and data security practices

In our opinion, some improvement is needed for the system of internal control with respect to the areas reviewed within Parking Services. There were 6 findings associated with the review, and we received positive responses from management to the findings. The final report was issued June 4, 2019.

In addition, during the Parking Services review, an additional finding regarding timely remittance of parking fines and fees was identified. As the responsibility for remittance is with the Controller’s Office, the finding was reported to the Controller’s Office via a separate memo issued on June 4, 2019.

Pending Projects
Fraud Risk Assessment
A fraud risk assessment is currently in process for the University. The objective of our review is to assess the perception of fraud, review existing resources and controls, and make recommendations to enhance the University. Fraud forums were held in June 2019 and we plan to communicate the results of the assessment in July 2019.

<table>
<thead>
<tr>
<th>Audits/Assurance Services</th>
<th>Follow Up Audits</th>
<th>Investigations</th>
<th>Consultations/Advisory Services</th>
</tr>
</thead>
</table>

Office of Internal Audit
Report for the Quarter Ending June 30, 2019
Audits/Accurance Services (Concluded)
Pending Projects (Concluded)

Center for Marine Science (CMS) Review
A review of the Center for Marine Science (CMS) is in process. The review encompasses the units of the Center for Marine Science, Marine Biotechnology in North Carolina (MARBIONC), Shellfish Research Hatchery, and Finfish Aquaculture Facility. The scope of the audit was determined by conducting a thorough risk assessment at the beginning of the review. Specific objectives are to review:

- Financial analysis, including fund structure
- Program income sales
- Grant compliance
- Asset management
- Tenant management
- Lab safety
- General controls and data security practices
- Long-term planning
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 two years after the initial audit to update all parties involved of progress.

Audit Finding Status

Audit findings are reported below in the following categories:

- **Closed** – Findings which were confirmed to be resolved during previous quarters and the quarter ending June 30, 2019.
- **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 June 30, 2019 or where Internal Audit has not yet performed follow up work (typically due to schedule limitations for Internal Audit or campus departments).

Note: A summary of in process and open audit findings is included at Appendix A.

<table>
<thead>
<tr>
<th>Engagement</th>
<th>Original Report Date</th>
<th>Findings from Initial Review</th>
<th>Findings Closed (Previous Quarters)</th>
<th>Findings Closed (Current Quarter)</th>
<th>In Process Findings</th>
<th>Open Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Academic Affairs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>College of Arts &amp; Sciences</td>
<td>9/18/2017</td>
<td>15</td>
<td>6</td>
<td>0</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Cameron School of Business</td>
<td>12/19/2017</td>
<td>4</td>
<td>1</td>
<td>0</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Center for Innovation and Entrepreneurship (CIE)</td>
<td>2/19/2019</td>
<td>7</td>
<td>0</td>
<td>3</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td><strong>Business Affairs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Management (Facilities)</td>
<td>7/13/2018</td>
<td>19</td>
<td>0</td>
<td>0</td>
<td>14</td>
<td>5</td>
</tr>
<tr>
<td>Environmental Health &amp; Safety (EH&amp;S)</td>
<td>11/1/2018</td>
<td>8</td>
<td>0</td>
<td>0</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Purchasing Card (Pcard)</td>
<td>12/20/2018</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Parking Services [a]</td>
<td>6/4/2019</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total for all Divisions</strong></td>
<td></td>
<td>70</td>
<td>7</td>
<td>3</td>
<td>46</td>
<td>14</td>
</tr>
<tr>
<td><strong>Finding % by Status</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>14%</td>
<td>66%</td>
</tr>
</tbody>
</table>

(a) As noted above, one finding which resulted from the Parking Services review was issued to the Controller’s Office for resolution.

Office of Internal Audit
Report for the Quarter Ending June 30, 2019
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

Investigation - UNC System Office Referral (March 2019)

In March 2019, the UNC System Office provided information on a complaint that was received by the System Office involving UNCW. The complaint included allegations that UNCW did not follow University policies/procedures related to an alleged sexual assault incident involving a UNCW employee and reported to the UNCW campus, specifically that University officials delayed action on the claim; that certain University officials were inappropriately involved in the investigation process; and that University officials did not provide appropriate appeal opportunities for the Complainant.

We evaluated each of the allegations. The allegations were determined to not have merit.

No further work regarding this investigation is necessary by our office and we consider this investigation closed. The final investigation memo was issued May 13, 2019.

Facilities Investigation

In April 2019, our office received a complaint regarding potential inappropriate use of state time. The complaint included an allegation that an employee from the Office of Facilities utilized state time in conjunction with employee recovery efforts following Hurricane Florence.

We evaluated the allegation and it was determined that the allegation has merit. This was discussed with leadership in the Office of Facilities and the Office of Human Resources. Appropriate actions have been taken for resolution.

No further work regarding this complaint is necessary by our office and we consider this investigation closed. The final investigation memo was issued May 28, 2019.

Investigation - UNC System Office Referral (January 2019)

In January 2019, the UNC System Office provided information on a complaint that was received by the System Office involving a UNCW employee. The complaint included an allegation regarding potential improper use of state funds. Specifically, the allegation noted that a current UNCW employee used state funds to attend courses that benefit him in his secondary employment, unrelated to his state job responsibilities.

We evaluated the allegation and identified no evidence to suggest inappropriate activities. In our opinion, this allegation of inappropriate use of state funds was unfounded and we consider this investigation closed. The final memo was issued June 24, 2019.
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

In addition to formal advisory work such as serving on committees and leading training, the Office of Internal Audit provided advisory services through 11 minor projects and requests for information during the quarter ending June 30, 2019.

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

In order to proactively educate campus departments about best practices for internal controls, we teach the course INT 101: How to Pass an Audit (An Introduction to Internal Controls), offered through the Finance Certificate Program. During the quarter ending June 30, 2019, 16 individuals took the course, representing 10 departments and 4 out of 5 divisions at UNCW.

Other Advisory Services

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

Committee Work

- Athletic Eligibility
- Enterprise Risk Management (ERM)
- HR Liaison
- Internal Controls Assessment
- IT Advisory Council
- Systems Coordination

Educating Others

- Fraud Risk Assessment Forums with various University personnel
Other
This section contains a summary of the other projects and activities of the Office of Internal Audit.

Annual Risk Assessment
Each year our office completes a risk assessment of UNCW operations as part of the audit planning process. Throughout fiscal year 2019, the Interim Chief Audit Executive and other staff members engaged in ongoing risk discussions with management. In addition, throughout the course of our work, we continuously assess risks and areas of impact to the University which are used in the audit planning process. Based on this risk assessment, an audit plan for fiscal year 2020 is being developed.

Typically, the audit plan is presented to the Audit, Risk and Compliance Committee of the Board of Trustees for approval at the July 2019 meeting. Due to transition in leadership within the Office of Internal Audit, and audit work from fiscal year 2019 which will continue through the summer, audit plan approval is being deferred until the October 2019 Audit, Risk and Compliance Committee meeting.

Office Move
In April 2019, the Internal Audit office moved locations from Hoggard Hall to Alderman Hall.

Staffing Changes
Leadership Transition
Corby Johnson, Interim Chief Audit Executive, will end his term with the Office of Internal Audit, effective June 30, 2019. Stefanie Powell, former Chief Audit Executive, will return to the office in July 2019.

Audit Intern
Annie Edmonston joined the Office of Internal Audit as an audit intern in June 2019. Annie is a full-time undergraduate accounting student at UNCW and plans on pursuing a Master’s in Accounting following her graduation in Spring 2020. Annie serves as President for UNCW’s Student Finance Association and is enrolled in the Honors College.

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 June 30, 2019, staff participated in the following functions.

- Budget Managers Meetings
- Faculty Senate Meetings
- Leavekeeper Meeting
- Seahawk Respect Compact Reauthorization Ceremony
- Staff Senate Meetings
- Staff Senate Strides
Other (Concluded)

Staff Senate Strides
On May 16, 2019, the office hosted a table at the annual Staff Senate Strides event. This event involves departments across campus hosting tables to provide information on the programs and services that their department offers to campus. During the event, we spoke with over 69 staff from 28 departments across all divisions. We had the opportunity to communicate how our office can support other departments by conducting audit work, consultations, or investigative work if needed. We also provided an Internal Controls Checklist as a resource for departments to ensure they have adequate internal controls and promoted the course INT 101: How to Pass an Audit.

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 June 30, 2019, staff members attended the UNCW-sponsored and external training listed in the table below, obtaining 65 hours of CPE.

<table>
<thead>
<tr>
<th>UNCW Training</th>
<th>Workshops</th>
<th>Webinars</th>
</tr>
</thead>
<tbody>
<tr>
<td>•Clicker Technology</td>
<td>•2019 Office of State Controller (OSC) Government Accounting Update</td>
<td>•System and Organizational Controls (SOC) for Cybersecurity</td>
</tr>
<tr>
<td>•Diversity &amp; Workplace Safety</td>
<td>•Tableau Software Training</td>
<td>•Fighting Fraud in the Government (self-study)</td>
</tr>
<tr>
<td>•Finance Certificate Program Courses</td>
<td>•UNC Chief Audit Officer’s (CAO) Retreat</td>
<td></td>
</tr>
<tr>
<td>•New Employee Orientation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>•PCI Data Security and Awareness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>•Search Committee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PeopleAdmin Training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>•WORKS Training</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**FY19 Audit Plan Update**

One of the Key Performance Indicators (KPIs) tracked by Internal Audit is completion of the annual audit plan. The following table summarizes the status of the items on the revised FY19 Audit Plan as of June 30, 2019. The revised FY19 Audit Plan was approved at the April 2019 Audit, Risk and Compliance Committee meeting.

<table>
<thead>
<tr>
<th>Engagement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Audits/Assurance Services</strong></td>
<td></td>
</tr>
<tr>
<td>Auxiliary Services (Parking)</td>
<td>Complete</td>
</tr>
<tr>
<td>Center for Innovation and Entrepreneurship (CIE)</td>
<td>Complete</td>
</tr>
<tr>
<td>Center for Marine Science (CMS)</td>
<td>In Process</td>
</tr>
<tr>
<td>Friends of UNCW Financial Audit</td>
<td>Complete</td>
</tr>
<tr>
<td><strong>Audit Follow Ups</strong></td>
<td></td>
</tr>
<tr>
<td>Various</td>
<td>In Process / Complete</td>
</tr>
<tr>
<td><strong>Consultations/Advisory Services</strong></td>
<td></td>
</tr>
<tr>
<td>ITS Compliance Consultation</td>
<td>Deferred (a)</td>
</tr>
<tr>
<td>IT Security Consultation</td>
<td>Deferred (a)</td>
</tr>
<tr>
<td>Committee Assignments</td>
<td>Complete</td>
</tr>
<tr>
<td>Routine Consultations</td>
<td>Complete</td>
</tr>
<tr>
<td>Campus Engagement</td>
<td>Complete</td>
</tr>
<tr>
<td><strong>Complete Prior Year Work</strong></td>
<td></td>
</tr>
<tr>
<td>Facilities, Phase I</td>
<td>Complete</td>
</tr>
<tr>
<td>Environmental Health &amp; Safety</td>
<td>Complete</td>
</tr>
<tr>
<td>Purchasing Card</td>
<td>Complete</td>
</tr>
<tr>
<td><strong>Special Projects/Investigations</strong></td>
<td></td>
</tr>
<tr>
<td>Quality Assurance Activities</td>
<td>Complete</td>
</tr>
<tr>
<td>Other Routine Tasks (i.e. Reporting, Audit Team Collaboration, IIA/UNCAA)</td>
<td>Complete</td>
</tr>
<tr>
<td>Risk Assessment/Audit Plan</td>
<td>In Process</td>
</tr>
<tr>
<td>-Expanded Campus Risk Discussions</td>
<td>Deferred (a)</td>
</tr>
<tr>
<td>-Campus Fraud Risk Assessment</td>
<td>In Process</td>
</tr>
<tr>
<td>Campus Training</td>
<td>Complete</td>
</tr>
<tr>
<td><strong>Engagements Added</strong></td>
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</tr>
<tr>
<td>OSA Hotline Referral</td>
<td>Complete</td>
</tr>
<tr>
<td>Investigation-Referral from General Counsel and Title IX</td>
<td>Complete</td>
</tr>
<tr>
<td>UNC System Office Referral (January 2019)</td>
<td>Complete</td>
</tr>
<tr>
<td>UNC System Office Referral (March 2019)</td>
<td>Complete</td>
</tr>
<tr>
<td>Facilities Investigation</td>
<td>Complete</td>
</tr>
</tbody>
</table>

(a) Deferred engagements will be assessed during the annual risk assessment process and considered for inclusion on the FY20 Audit Plan.
Distribution List
Audit, Risk and Compliance Committee, UNCW Board of Trustees

Dr. Jose V. Sartarelli, Chancellor

Mr. Bradley Ballou, Chief of Staff

Ms. Sharon Boyd, Associate Vice Chancellor for Business Services

Mr. Jim Koebel, Assistant General Counsel

Mr. Miles Lackey, Vice Chancellor for Business Affairs

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

Ms. Pat Leonard, Vice Chancellor for Student Affairs

Ms. Stefanie Powell, Interim Associate Vice Chancellor for Finance (FY19)

Ms. Dana Harris, Associate Vice Chancellor for Finance (FY20)

Mr. John P. Scherer II, General Counsel

Dr. Marilyn Sheerer, Provost and Vice Chancellor for Academic Affairs

Mr. Eddie Stuart, Vice Chancellor for University Advancement
### Appendix A

**UNCW Office of Internal Audit**

**In Process and Open Internal Audit Findings**

**As of June 30, 2019**

<table>
<thead>
<tr>
<th>Engagement</th>
<th>Original Report Date</th>
<th>Number of In Process Findings</th>
<th>Number of Open Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Academic Affairs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>College of Arts &amp; Sciences</td>
<td>9/18/2017</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Cameron School of Business</td>
<td>12/19/2017</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Center for Innovation and Entrepreneurship (CIE)</td>
<td>2/19/2019</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td><strong>Business Affairs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Management (UNCW Facilities)</td>
<td>7/13/2018</td>
<td>14</td>
<td>5</td>
</tr>
<tr>
<td>Environmental Health &amp; Safety (EH&amp;S)</td>
<td>11/1/2018</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Purchasing Card (Pcard)</td>
<td>12/20/2018</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Parking Services (a)</td>
<td>6/4/2019</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total for all Divisions</strong></td>
<td></td>
<td><strong>46</strong></td>
<td><strong>14</strong></td>
</tr>
</tbody>
</table>

(a) One finding which resulted from the Parking Services review was issued to the Controller’s Office for resolution.
Appendix A (Continued)
Academic Affairs

College of Arts & Sciences

In Process Findings

1. Per UNCW Policy 07.200.05, Purchase, Inventory, Replacement and Disposal/Surplus of IT Resources, “Each department/division is responsible for maintaining an accurate listing including serial number and location of their computer equipment.” Computer equipment includes computers, laptops, iPads, and tablets.
2. Identifying maintenance needs, prioritizing deferred maintenance, and strategizing for long-term building and equipment requirements is at the core of facility management. Future repair and maintenance needs should be tracked to assist in planning.
3. UNCW Policy 05.141, Departmental Funds Receipting, outlines various requirements for collecting funds, including implementing and maintaining internal controls by establishing departmental procedures, performing monthly departmental reconciliations, and ensuring the safekeeping of all un-deposited receipts held by the department.
4. Cash handling responsibilities should be segregated to facilitate appropriate backup.
5. Financial transactions should be recorded and classified in the most appropriate accounts in Banner based on the nature of the transaction. Miscellaneous accounts should only be used for one-time transactions and activities that are nonrecurring in nature.
6. UNCW Policy 08.135, Supplemental Payments for UNCW Employees, states “All requests for supplemental pay must be approved in writing before the actual activity is scheduled to begin”.

Open Findings

7. Per UNCW Policy 05.164, University Equipment, departments are responsible for the appropriate use, safeguarding, and tracking of all University equipment assigned to their respective department. In addition, departments are responsible for notifying the UNCW Fixed Asset department whenever fixed asset items are transferred to another department or relocated.
8. Per UNCW Policy 05.164, University Equipment, departments are responsible for the appropriate use, safeguarding, and tracking of all University equipment assigned to their respective departments, whether or not the equipment meets the fixed asset definition. Equipment not meeting the fixed asset definition includes non-consumable equipment costing less than $5,000 (furniture, lab equipment, etc.).
9. Continuity of operations plans (COOPs) ensure departments have planned and coordinated procedures to ensure business operations continue despite interruptions.
Appendix A (Continued)
Academic Affairs (Continued)

Cameron School of Business

In Process Findings

1. Appropriate segregation of duties in business operations ensures proper oversight and decreases the potential for errors, fraud, or other inappropriate activity.
2. For donor-funded scholarships, all scholarship award recipients must meet the donor criteria and awarding parameters, as documented in the donor gift agreement, for the scholarship they receive. Any known deviations should be fully documented.

Open Findings

3. Continuity of operations plans (COOPs) ensure departments have planned and coordinated procedures to ensure business operations continue despite interruptions.

Center for Innovation and Entrepreneurship (CIE)

In Process Findings

1. The Center for Innovation and Entrepreneurship (CIE) initiates contracts for tenant occupancy and facility rentals. All contracts should be fully executed and maintained on file by the CIE.
2. Per the University’s Facilities Use Procedures, Section F. Insurance:
   • “Non-University groups using University facilities will be required to provide a certificate of general liability insurance listing the University as an ‘additional insured’. This includes all non-University groups that co-sponsor events with University entities.”
   • “Coverage will not be less than: Bodily injury $1,000,000 each person, $3,000,000 each occurrence, $1,000,000 property damage each occurrence”.
   • “All agreements with non-University groups shall include a clause requiring that the groups indemnify and hold harmless the University and its employees or agents from all liability, loss, damage, costs and all other claims for expenses asserted against the University and its employees or agents that may arise during or result from the approved use”.
3. UNCW Policy 05.120, Key Control, provides guidance and procedures for the control of keys to promote the safety and security of the University community and its property. Designated Key Control Persons (DKCs) within campus departments are responsible for:
   • Administering the department’s key control program by preparing key related forms, issuing, tracking, transferring, and retrieving keys, reporting lost or stolen keys, and performing periodic audits of the department’s key control program.
   • Keeping accurate and up-to-date key records including the loss, theft, and transfer of all keys.
   • Keeping Locksmith Services apprised of permanent key transfers within their respective departments.
Appendix A (Continued)
Academic Affairs (Concluded)

Center for Innovation and Entrepreneurship (CIE) (Concluded)
4. For continuity of operations, more than one person should be trained to complete important functions and tasks, with tasks documented in desktop procedures that can be accessed by others in the department.

Business Affairs
Project Management (UNCW Facilities)

In Process Findings
1. University contracts should be reviewed by the Office of General Counsel to ensure that contract risk is managed appropriately. In addition, contracts should only be signed by authorized employees; those with an express written delegation from the Chancellor or a written sub-delegation from a Vice Chancellor, as noted on the signature authority chart managed by General Counsel.

2. For projects requiring design professionals, architects and/or engineers must issue a signed and sealed certificate of compliance. Per NCGS 131-1.1, Certain buildings involving public funds to be designed, etc., by architect or engineer, Section (b)(2), on all projects requiring the services of an engineer, an engineer shall conduct frequent and regular inspections or such inspections as required by contract and shall issue a signed and sealed certificate of compliance.

3. North Carolina General Statute (NCGS) guidelines provide requirements that the University must abide by regarding the recruitment of minority participation for contract selection and the reporting of Historically Underutilized Business (HUB) data. Project Management has required documents (HUB-1 and Minority Business Enterprise (MBE)), included in its Project Manual, that function to capture information necessary for HUB reporting purposes.

4. Appropriate oversight of project management ensures compliance with all external requirements, department procedures, and proper execution of the project. Any delegation of responsibility should be communicated to all relevant parties and documented.

5. Appropriate oversight of financial transactions help ensure the accuracy of the information and decreases the potential for errors or fraud.

6. Fund reconciliations ensure that all activity has been accounted for. Reconciliation of the Special Project budget fund would ensure that the detailed project data within AiM agreed to the Banner finance fund.

7. Appropriate oversight of asset procurement and disposal ensures accountability for University assets. In addition, to ensure proper repair and maintenance for procured assets, assets should be entered into AiM (asset management system). Asset disposals should be coordinated with the UNCW Surplus department.
Appendix A (Continued)
Business Affairs (Continued)

Project Management (UNCW Facilities) (Continued)

8. A certificate of insurance (COI) is a document used to provide information on specific insurance coverage. The certificate provides verification of the insurance and usually contains information on types and limits of coverage, insurance company, policy number, named insured, and the policies’ effective periods. Certificates of insurance should be on file for all projects.

9. For continuity of operations, more than one person should be trained to complete important functions and tasks, with tasks documented in procedures that can be accessed by others in the department.

10. For continuity of operations, critical processes should be fully executed in a timely manner.

11. Departments should have a process in place for assessing, tracking, and monitoring required training needs, including federally mandated training required by OSHA (Occupational Safety and Health Act) standards.

12. UNCW Policy 05.350, Operation of State-Owned Vehicles, applies to all UNCW employees who operate state-owned vehicles or motor fleet lease vehicles regardless of employment status or type. It establishes the requirements for each department head to oversee safe operation of state-owned vehicles.

13. Per UNCW Policy 08.120, Secondary Employment, “the employment responsibilities to the State are primary for any employee working full-time; any other employment in which that person chooses to engage is secondary. An employee shall have approval from the dean or department director (or designee) before engaging in any secondary employment. The purpose of this approval procedure is to determine that the secondary employment does not have an adverse effect on the primary employment and does not create a conflict of interest.” Employees shall obtain approval via the completion of a Request for Approval of Secondary Employment form.

14. Sufficient staffing is needed to ensure campus/department needs and objectives are met while ensuring compliance with applicable guidelines.

Open Findings

15. Project Management maintains insurance guidelines within the General Conditions section of their bid package to contractors. The insurance guidelines in the General Conditions are used for all projects managed by Project Management and have remained the same for over 13 years.

16. UNC Policy 300.2.2, Conflict of Interest and Commitment, states, “All members of the University community are expected to avoid conflicts of interest and conflicts of commitment that have the potential to directly and significantly affect the University’s interests or compromise their objectivity in carrying out their University Employment Responsibilities, including research, service and teaching activities and administrative duties, or otherwise compromise performance of University responsibilities, unless such conflicts are disclosed, reviewed and appropriately managed in accordance with the provisions of this Policy.”
Appendix A (Continued)
Business Affairs (Continued)

Project Management (UNCW Facilities) (Concluded)
17. According to North Carolina General Statute 133-32, Gifts and Favors Regulated, subsection (a), it shall be unlawful for any officer or employee of a governmental agency who is charged with the duty of:
   (1) Preparing plans, specifications, or estimates for public contracts; or
   (2) Awarding or administering public contracts; or
   (3) Inspecting or supervising construction willfully to receive or accept any such gift or favor.
   A violation of subsection (a) shall be a Class 1 misdemeanor.

Note: Two additional findings relating to campus building floor plans were shared in a separate memo to management pursuant to North Carolina General Statute 132-1.7(a), as they included details of sensitive public security information.

Environmental Health & Safety (EH&S)
In Process Findings
   1. Departments should have written procedures to promote consistency and uninterrupted processes during staff absences or changes.
   2. Per OSHA Standard Number 1910.1450 Appendix A, National Research Council Recommendations Concerning Chemical Hygiene in Laboratories (Non-Mandatory), Section B.1.d, the Chemical Hygiene Officer has the responsibility to conduct regular inspections of laboratories.
   3. Regarding lab safety inspections, OSHA Standard Number 1910.1450 Appendix A, Section C.4.d, notes that an inspection report containing all findings and recommendations should be prepared for management and other appropriate workers.
   4. Regarding lab safety inspections, OSHA Standard Number 1910.1450 Appendix A, Section C.4.e, notes that one element of an inspection is management following-up on the inspection to ensure that all corrections are implemented.
   5. In order to protect employees from exposure to hazardous chemicals, employers must inform employees and visiting employees of chemical hazards. Hazard communication signs provide critical information to lab users, visitors, and emergency responders as they communicate potential hazards located within the lab.
   6. The OSHA Act of 1970 states employers are responsible for providing a safe and healthful workplace. Training is an essential part of every employer’s safety and health program to protect workers from injuries and illnesses.
   7. Ensuring campus departments have a COOP will assist in minimizing interruption to the University in the event of an emergency.
Appendix A (Continued)
Business Affairs (Continued)

Environmental Health & Safety (EH&S) (Concluded)

8. UNCW Policy 05.141, Departmental Funds Receipting, outlines various requirements for collecting funds, including implementing and maintaining internal controls by establishing departmental procedures, ensuring adequate segregation of duties, and obtaining departmental funds receipting privileges should funds be received as part of the department’s normal operation.

Purchasing Card (Pcard)

In Process Findings

1. Bank of America WORKs is the system of record for Purchasing Card transactions. All transactions are to have complete supporting documentation. Any deviations from this requirement should be documented within Bank of America WORKs.

2. Effective July 1, 2004, UNCW became exempt from North Carolina state sales tax in accordance with G.S. 105-164.13(52) which notes that items purchased by a NC State agency for its own use are exempted from state sales tax.

3. Per UNCW Policy 05.156, Procurement of Contracted Personal Services and Consulting Services:
   - Section III. A. 5. Conflict of Interest states, “No university employee may benefit from any contract with the university, and no current or prior personal/professional relationship shall exist with the service provider that would constitute a conflict of interest or nepotism”.
   - Section IV. A. General Procedure states, “A department seeking to hire an individual or group of individuals to perform contracted personal services must obtain approval from the Office of Human Resources, Tax Compliance Office, and Purchasing Services before making a commitment to the individual or the works begins”.

In addition, in accordance with the Purchasing Card Summary Guidelines, purchases from independent contractors or individuals should be processed through uShop, the University’s e-procurement system. This process serves as an internal control to ensure appropriate reporting for tax compliance.

4. Debarment is a process by which a contractor, individual, or other entity is prohibited from submitting a bid, having a bid considered, or entering into a state contract during a period of time specified in a debarment order. North Carolina Department of Administration manages the State’s debarred vendor list, in which UNCW is subject to.

5. Merchant category codes (MCCs) are numbers that classify businesses by what they sell or the service they provide. Pcard program controls can include monitoring and analyzing MCC data to identify unusual or suspicious purchases. Further, Pcard programs can utilize these codes to block MCC for unallowable purchases.
Appendix A (Continued)
Business Affairs (Continued)

Purchasing Card (Pcard) (Concluded)

6. General funds are commonly most restrictive and therefore are less susceptible to fraud and abuse. Trust funds and grant funds can be used for a wider array of purchases making them more susceptible to fraud and abuse.

7. Per the Statewide Term Contract 946A – Procurement Card, “At least annually, the card program administrator at each location shall review account activity and determine whether inactive cards should be canceled”.

8. Best practices include providing consistent information in order to eliminate uncertainty. Any and all approved exceptions should be documented and stored in a central location.

9. Issuing and maintaining accurate records of infractions is necessary to promote program success and minimize issues. Tracking infractions also helps Purchasing identify problem areas that cardholder training could improve.

10. UNCW is subject to North Carolina General Statute (NCGS) 143B-920, Department heads to report possible violations of criminal statutes involving misuse of State property to State Bureau of Investigation. UNCW Policy 02.300, Reporting and Investigating Misuse or Theft of University Property, requires any employee who receives information on possible misuse or theft to report the information or evidence to their supervisor, the UNCW Police Department, the General Counsel, or Chief Audit Executive within 72 hours.

Parking Services

In Process Findings

1. Per UNCW Policy 05.141, Departmental Funds Receipting, monthly departmental reconciliations must be performed. Reconciliations involve comparing the deposit to the associated transaction posted in Banner. Additionally, all deposits should include sufficient supporting documentation to support the amount of funds being deposited.

2. Per ISO 27002, Information Technology Security Techniques:
   - Formal procedures should be in place to control the allocation of access rights to information systems and services. The procedures should cover all stages in the life-cycle of user access, from the initial registration of new users to the final de-registration of users who no longer require access to information systems and services.
   - Management should review user’s access rights at regular intervals using a formal process.

Open Findings

3. All active permits within T2 Flex should have an associated payment collected by Parking Services.

4. All departments issuing fines should have a process to ensure their timely collection. Both North Carolina General Statutes and the North Carolina Office of State Budget and Management guidelines provide requirements that the University must abide by regarding unpaid citation fines.
Appendix A (Concluded)
Business Affairs (Concluded)

Parking Services (Concluded)
5. Per North Carolina General Statute 147-86.23, Interest and penalties, A State agency shall charge interest on a past-due account receivable from the date the account receivable was due until it is paid. A State agency shall add to a past-due account receivable a late payment penalty of no more than ten percent (10%) of the account receivable.
6. Per ISO 27002, Information Technology Security Techniques, Data input to applications should be validated to ensure that the data is correct and appropriate. As T2 Flex is the system of record for all parking permit data, it should be maintained with current information at all times.
7. Per North Carolina General Statute 115C-457.2, Remittance of moneys to the Fund, The clear proceeds of all civil penalties, civil forfeitures, and civil fines that are collected by a State agency and that the General Assembly is authorized to place in a State fund pursuant to Article IX, Section 7(b) of the Constitution shall be remitted to the Office of State Budget and Management by the officer having custody of the funds within 10 days after the close of the calendar month in which the revenues were received or collected. (Finding issued to the Controller’s Office)