



# **OFFICE OF INTERNAL AUDIT QUARTERLY REPORT**

Report for the Quarter Ending March 31, 2025

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, 2025. The following highlights provide an overview of the office's work.

### Audits/Assurance Services

#### *Completed Projects*

- Procurement Card Program Compliance Review
- Protection of Minors on Campus Compliance Review

#### *Pending Projects*

- Athletics Review

### Follow-Up Audits

- Follow-up work was conducted on the following engagements:
  - Campus Safety
  - Disability Resource Center
  - Enterprise Risk Management
  - Housing and Residence Life
- 3 findings were closed during the quarter
- 9 findings are in process and 8 findings are open as of March 31, 2025

### Investigations

#### *Completed Projects*

- Online Complaint (Project Management)
- UNCW Motor Pool Complaint
- Minor Investigation

### Consultations/Advisory Services

#### *Advisory Services*

- Routine consultations included 7 minor projects and requests for information serving 3 UNCW units and 4 UNC institutions.
- 12 individuals from 9 units representing 2 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 currently holds the Auditor position for the UNC Auditor's Association (UNCAA) Board.
- The Chief Audit Officer presented at various sessions, including Business Week for the Cameron School of Business, a Beta Alpha Psi meeting on behalf of the Institute of Internal Auditors (IIA), and the IIA's Mid Atlantic District Conference.

### Other

- Recruitment efforts were successful for the office's vacant auditor position.
- The IIA's Global Internal Audit Standards became effective January 9, 2025.
- Risk assessment planning began as a part of the office's annual risk assessment process.
- The office's Strategic Plan was reviewed and extended to cover fiscal years 2025-2030.
- Individuals from the office attended or participated in 5 University events/functions.
- Individuals from the office participated in various UNCW-offered training programs and external workshops/webinars and conferences, participating in approximately 57 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

### *Procurement Card Program Compliance Review*

Our office completed a compliance review of the university’s procurement card programs. Although not originally included in the office’s annual audit plan, the review was conducted in accordance with Section 1300.7.2[R] of the UNC Policy Manual, *Regulation on University Procurement and Purchasing Card Programs* (the Regulation), adopted November 7, 2024. The Regulation requires each institution’s Chief Audit Officer to evaluate compliance with the Regulation and applicable state law related to the use of procurement cards and report the results of the review annually.

Based on the work performed, the areas of the university’s procurement card programs subjected to review were determined to be compliant with the Regulation. There were no findings identified as a part of this review. **The final report was issued February 21, 2025.**

### *Protection of Minors on Campus Compliance Review*

Our office completed a review of Protection of Minors on Campus program compliance. The audit was completed to assess compliance with Protection of Minors on Campus program requirements, as outlined within UNCW Policy 02.250, *Protection of Minors*, and evaluate operational processes that support compliance. Specific areas reviewed included the following:

- Education/outreach of Covered Program requirements
- Process for registration, approval, and tracking of Covered Programs involving minors
- Training and background check processes
- Adherence to policy compliance for a sample of Covered Programs occurring between July 2023 and November 2024
- General controls, including backup and cross training and data security and storage
- Overall internal controls
- Effectiveness and efficiency of operations

In our opinion, based on the work performed, some improvement is needed with respect to the areas reviewed for Protection of Minors on Campus program compliance. There were five findings associated with this review, and we received positive responses from management to the findings. **The final report was issued March 14, 2025.**

## Audits/Assurance Services (Continued)

### Pending Projects

#### *Athletics Review*

A review of Athletics is in the planning phase. The overall objective of the review is to evaluate operations within Athletics, with a focus on business and financial operations. The specific scope areas included in the review will be determined by conducting a thorough risk assessment of Athletics operations.

### 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 year after the initial audit to update all parties involved of progress.*

### Completed Follow-Ups

#### *Housing and Residence Life*

During fiscal year 2024, our office completed a review of Housing and Residence Life (HRL), and seven findings were identified. Follow-up work was completed throughout fiscal years 2024 and 2025 to determine whether steps were taken to adequately and effectively address the findings identified. Based on the work completed, we determined that of the seven original findings, **five findings are closed, and two remain in process**. Although there are two findings not yet fully resolved, considerable 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 measures 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 HRL. **A final memo was issued March 28, 2025.**

### Audit Finding Status

In addition to the above, during the quarter ending March 31, 2025, follow-up work was also completed related to open and in process findings from the following engagements:

- Campus Safety
- Disability Resource Center
- Enterprise Risk Management

The table on the next page displays the status of audit findings for the quarter ending March 31, 2025. A *summary of in process and open audit findings is included in Appendix A.*

- **Closed** – Findings which were confirmed to be resolved during previous quarters and the quarter ending March 31, 2025. 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, 2025, 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
<b>Business Affairs</b>						
Enterprise Risk Management	5/22/2024	5	0	0	4	1
Protection of Minors on Campus	3/14/2025	5	0	0	0	5
<b>Multi-Divisional</b>						
Campus Safety	6/17/2024	6	2	1	3	0
<b>Student Affairs</b>						
Housing and Residence Life*	12/8/2023	7	5	2*	0	0
Disability Resource Center	12/16/2024	4	0	0	2	2
<b>Total for all Divisions</b>		<b>27</b>	<b>7</b>	<b>3</b>	<b>9</b>	<b>8</b>
<b>Findings % by Status</b>			<b>26%</b>	<b>11%</b>	<b>33%</b>	<b>30%</b>

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

## 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

#### Online Complaint (Project Management)

In February 2025, the Office of Internal Audit received an anonymous complaint via the office's reporting hotline. The complaint included allegations relating to a potential conflict of interest with a vendor utilized by Project Management, as well as concerns over the quality of work performed. Based on the work performed, we determined:

- There was merit to the allegation of potential conflict of interest concerns as a familial relationship exists with a vendor being used. While the relationship was verbally disclosed and appeared to be managed through supervisory oversight, there may be a perception of conflict based on the familial relationship. Based on the actions taken since the complaint, the perceived conflict has been appropriately addressed.
- The allegation of concerns around the contracted work did not have merit. Through discussion with management, the contracts awarded were within reasonable costs and the work provided was satisfactory.

No further work regarding this complaint is necessary by our office, and **we consider this investigation closed. A final memo was issued March 31, 2025.**

## Investigations (Continued)

### Completed Projects (Continued)

#### *UNCW Motor Pool Complaint*

In February 2025, a concern was reported within UNCW's Motor Pool operations, organizationally structured under Physical Plant, Office of Facilities. The concern included an incident of potential misuse of UNCW's Motor Pool vehicle inspection station, with an employee of that department performing an inspection of their personal vehicle. The Office of Internal Audit partnered with Physical Plant management to perform an investigative review. As Physical Plant had access to the vehicle inspection records and expertise with specific protocols regarding inspections, some of the investigative work was performed by Physical Plant. The Office of Internal Audit participated in an advisement role to ensure appropriate review and that all risks were considered.

Based on the work performed, the incident of personal use was confirmed, noting that personal use appeared to be isolated to the incident in question. The Office of Facilities management has taken or is in the process of implementing appropriate action in response to this incident. Understanding that pending actions will continue, no further work is necessary by our office, **and we consider this investigation closed. A final memo was issued March 31, 2025.**

#### *Minor Investigation*

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 one minor investigation for the quarter ending March 31, 2025.

## 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 **7 minor projects and requests for information** during the quarter ending March 31, 2025.

#### 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, 2025, is included to the right.

#### INT 101 Attendees:

**12 employees**  
representing  
**9 units**  
and  
**2 out of 5 UNCW divisions**

#### Other Advisory Services

Advisory services were also provided through committee work, service to the profession, and time spent educating others.

Committee Work	Service to the Profession	Educating Others
<ul style="list-style-type: none"> <li>Athletic Eligibility</li> <li>Data Governance</li> <li>Emergency Planning Group</li> <li>ERM Steering</li> <li>Systems Coordination</li> </ul>	<ul style="list-style-type: none"> <li>Chief Audit Officer participated in a panel presentation at the IIA Mid Atlantic District Conference</li> <li>Chief Audit Officer serving in Auditor position for UNC Auditor's Association (UNCAA) Board</li> </ul>	<ul style="list-style-type: none"> <li>Business Week, Cameron School of Business – <i>Understanding Internal Auditing and Auditing Governmental Agencies</i></li> <li>Beta Alpha Psi, Institute of Internal Auditors – <i>UNCW Student Engagement Night</i></li> </ul>

## 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, 2025, recruitment efforts were successful to fill the office's vacant auditor position. Nicholas Koller will be joining the office in April 2025 as a Senior Internal Auditor.

### Internal Audit Standards Implementation

The Institute of Internal Auditors (IIA) released new Global Internal Audit Standards, with an effective date of January 9, 2025. Updates to assist with the Office of Internal Audit's conformance with the new Standards and to review additional enhancements to office processes are ongoing.

### 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, 2025, risk assessment planning began, and the office has started to schedule risk discussions with management. The information gained will be assessed and used as consideration in the development of the fiscal year 2026 audit plan.

### Strategic Plan

The Office of Internal Audit's existing strategic plan was reviewed and extended to cover fiscal years 2025-2030. Overall strategic goal is to deliver high-quality assurance and advisory services to effect positive change in the university's governance, risk management, and control activities to ensure risks are being managed and university objectives should be met. Specific objectives include:

- Understanding and assisting with enhancing the university's governance, risk management, and control environment
- Maximizing the value of Internal Audit
- Continuously improving audit processes
- Developing a sustainable, highly skilled audit team

### 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, 2025, staff participated in the functions noted below.

- 2025 CAA Men's Basketball Champions
- Welcome Back Event
- Faculty Senate Meetings
- Tabletop Exercise – Lithium-Ion Battery Fire
- Staff Senate Meetings
- Retirement Celebration: Business Affairs Division employee

## Other (Continued)

### 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, 2025, staff members attended the UNCW-sponsored and external training listed in the table below, **participating in approximately 57 hours of continuing professional education (CPE).**

UNCW Training	External Training
Active Attacker Training	2025 Annual Higher Education Virtual Conference
Finance Certificate Program Courses	2025 Professional Ethics & Conduct
Human Resources Webinar: AETNA 101	Applying Agile Principles for Internal Audit
Human Resources Webinar: Employee Leave Programs	Encouraging Innovation and Experimentation with AI
Lunch and Learn: Technology Training	Enhancing Auditor-Client Relationships
Purchasing Card Refresher Training	Hot Topics in Athletics
	IIA Mid-Atlantic District II Conference
	Internal Controls & the 2025 AICFR
	Quality Assessment Challenges and Opportunities for 2025 and Beyond
	Risk Assessment and Identification Courses
	The New Era of Fraud in Higher Education

## Distribution List

Audit, Risk and Compliance Committee, UNCW Board of Trustees

Dr. Aswani K. Volety, Chancellor

Ms. Kristy Burnette, Risk Manager

Mr. Miles Lackey, Vice Chancellor for Business Affairs

Mr. Michael Oblinger, Director, Athletics

Ms. Lori Preiss, Associate Vice Chancellor for Human Resources

Dr. Christine Reed Davis, Vice Chancellor for Student Affairs

Mr. John P. Scherer II, General Counsel

Mr. Eddie Stuart, Vice Chancellor for University Advancement

Ms. Mary Sullivan, Special Assistant to the Chancellor

Ms. Tiffany Tramontozzi, Associate Chief of Staff & Assistant Secretary of the Board

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 March 31, 2025**

Engagement	Original Report Date	Number of In Process Findings	Number of Open Findings
<b>Business Affairs</b>			
Enterprise Risk Management	5/22/2024	4	1
Protection of Minors on Campus	3/14/2025	0	5
<b>Multi-Divisional</b>			
Campus Safety	6/17/2024	3	0
<b>Student Affairs</b>			
Disability Resource Center	12/16/2024	2	2
<b>Total for all Divisions</b>		<b>9</b>	<b>8</b>

### Business Affairs

#### *Enterprise Risk Management*

##### In Process Findings

1. Updates needed to UNCW Policy 01.240, *Risk Management Policy*
2. Opportunities to enhance integration of Enterprise Risk Management across the university
3. Opportunity to formally articulate risk appetite/tolerance
4. Opportunities for enhancement in risk identification and assessment practices and documentation

##### Open Findings

1. Opportunity to enhance and formalize risk response protocols

### *Protection of Minors on Campus*

##### Open Findings

1. Lack of resources available to promote compliance with UNCW Policy 02.250, *Protection of Minors*
2. Lack of standardized documentation and centralized inventory of Covered Programs
3. Lack of documented procedures for Protection of Minors on Campus program
4. Need for enhanced oversight of third-party programs
5. *Finding includes details of information technology security – redacted herein pursuant to North Carolina General Statute 132-6.1(c)*

## Appendix A (Continued)

### Multi-Divisional

#### *Campus Safety*

##### *In Process Findings*

1. Need to clarify requirements and develop a monitoring process for active attacker training for employees
2. Assess active attacker training provided to students enrolled at the university
3. Updates needed to the Emergency Operations Plan, including completion of building specific Emergency Action Plans

### Student Affairs

#### *Disability Resource Center*

##### *In Process Findings*

1. UNCW Policy 04.190, *Disability Accommodations for Students*, requires updates
2. Opportunity to enhance monitoring and feedback mechanisms within the Disability Resource Center

##### *Open Findings*

1. Need to further assess training needs across campus and establish a more formal training program related to disability services
2. User access roles and permissions should be reviewed regularly and be restricted based on business need