



## NCCU BOARD OF TRUSTEES MEETING

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# Internal Audit

Robert Gaines, Director  
June 24, 2025

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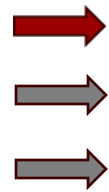
# Internal Audit Agenda

- Audit Plan/Audit Progress Update
- IAH25001 – Integrated Biosciences Ph.D. Program
- FOL25013 – FY24 State Financial Audit Follow-up
- Audit Committee Charter
- Internal Audit Charter
- Risk Assessment/Three Lines of Defense
- FY26 Audit Plan
- FY25 Revised Audit Plan
- Action Items







# FY25 Audit Plan Progress



Audit Engagement	Risk Category	Functional Area
<b>AUD25001 Travel Card</b>	Operational/Financial	Admin & Finance
<b>AUD25003 Sponsored Research</b>	Operational/Financial	Academic Affairs
<b>FOL25001 Band Review</b>	Compliance	Admin & Finance
<b>IAH25001 – Ph. D Program</b>	Operational/Compliance	Academic Affairs
<b>FOL25010 – Cash Audit</b>	Operational/Financial	Admin & Finance
AUD25002 Eagle Card	Operational/Financial	Administration & Finance
FOL25007 State-Owned Vehicles	Operational/Compliance	Administration & Finance
FOL25009 Student Affairs Transportation	Operational/Compliance	Student Affairs
FOL25011 Accounts Payable	Operational/Compliance	Administration & Finance
Self-Assessment Maturity Model (SAMM)	Compliance	Internal Audit Office
FOL25005 P-Card	Operational/Compliance	Administration & Finance
AUD25004 Residence Life	Operational/Financial	Student Affairs
FOL25002 Alleged Misuse of University Equipment (MGT19003)	Compliance	Administration & Finance

 Previously Reported

 Progress achieved during this reporting period



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# FY25 Audit Progress

	Current Audit Stage			
	Planning	Fieldwork	Reporting	Completed
FOL25001- Band Review				
IAH25001- Ph. D Program				
FOL25010- Cash Audit				
FOL25013- State Financial Audit				
IAH25002 - Hazardous Waste				
*FOL25007 - Vehicles				
AUD25003 - Sponsored Research				
AUD25001 - Travel				

\*FOL25007 - Vehicles is MGT23001 - NCCU Vehicles & MGT23002 - Student Affairs Transportation combined

- Previously Reported
- Progress achieved during this reporting period



# IAH25001 – Ph. D. Program

## A. Finding

Lack of Identifiable and Designated Source of Revenue to Support the INBS Program

Overpayments

Insufficient Standard Operating Procedures (SOPs)

## B. Recommendations

Establish and document a definitive source of revenue

Establish process of monitoring accounts after the scholarships are applied

Management and staff should develop and test written procedures for all recurring processes

## C. NCCU Response

Management accepts recommendation and will delegate the financial management of the INBS program to ARMO

Management accepts recommendation and will initiate financial stewardship seminar for each cohort in the INBS program

Management accepts recommendation. ARMO will develop SOPs

## D. IAO Review

IAO will perform follow-up reviews

IAO will perform follow-up reviews

IAO will perform follow-up reviews





# FOL25013 - State Financial Audit

## A. Finding

Inadequate  
Internal Controls

Misstatements

Lack of Staff  
Knowledge &  
Experience

## B. Recommendations

Evaluate personnels  
based on knowledge  
and experience

Contingency plans  
and training

Monitoring by  
management

## C. NCCU Response

Establish systematic  
evaluation process &  
new recruits

Develop  
comprehensive  
contingency plans

Cross Training

## D. IAO Review

Reviewed resumes  
for new and  
continous staff

A review has been  
conducted on FY25  
financial entries to  
minimize the risk of  
misstatements

Reviewed  
contingency plans  
and training records





# Audit Committee Charter

- Receive quarterly reports from the university's chief audit officer
- Recognize a clear functional reporting relationship of the chief audit officer to the chair of the Audit Committee or his/her designee.
- Review and determine that the University's internal audit department has a charter that clearly outlines its roles and responsibilities.
- Receive, review and approve, at the beginning of the audit cycle, the annual audit plan for the internal audit department.
- On a regular basis, meet separately with the chief audit officer to discuss any matters that the committee or internal audit believes should be discussed privately.
- Review with the chief audit officer the internal audit budget, resource plan, activities and organizational structure of the internal audit function.

a.







# Internal Audit Charter

- The purpose of the IAO is to provide independent, objective, assurance and consulting services designed to add value and improve the university's operations.
- The internal audit activity should be free from interference in determining the scope of internal auditing, performing work, and communicating results. To provide for the independence of the IAO, its personnel report to the chief audit officer. The chief audit officer reports administratively to the Chancellor of North Carolina Central University and functionally to the Audit Committee of the Board of Trustees.

The chief audit officer and staff of the IAO have responsibility to:

- Develop a flexible annual audit plan based on an appropriate risk-based methodology and submit that plan to the chancellor and audit committee for review and approval as well as periodic updates;

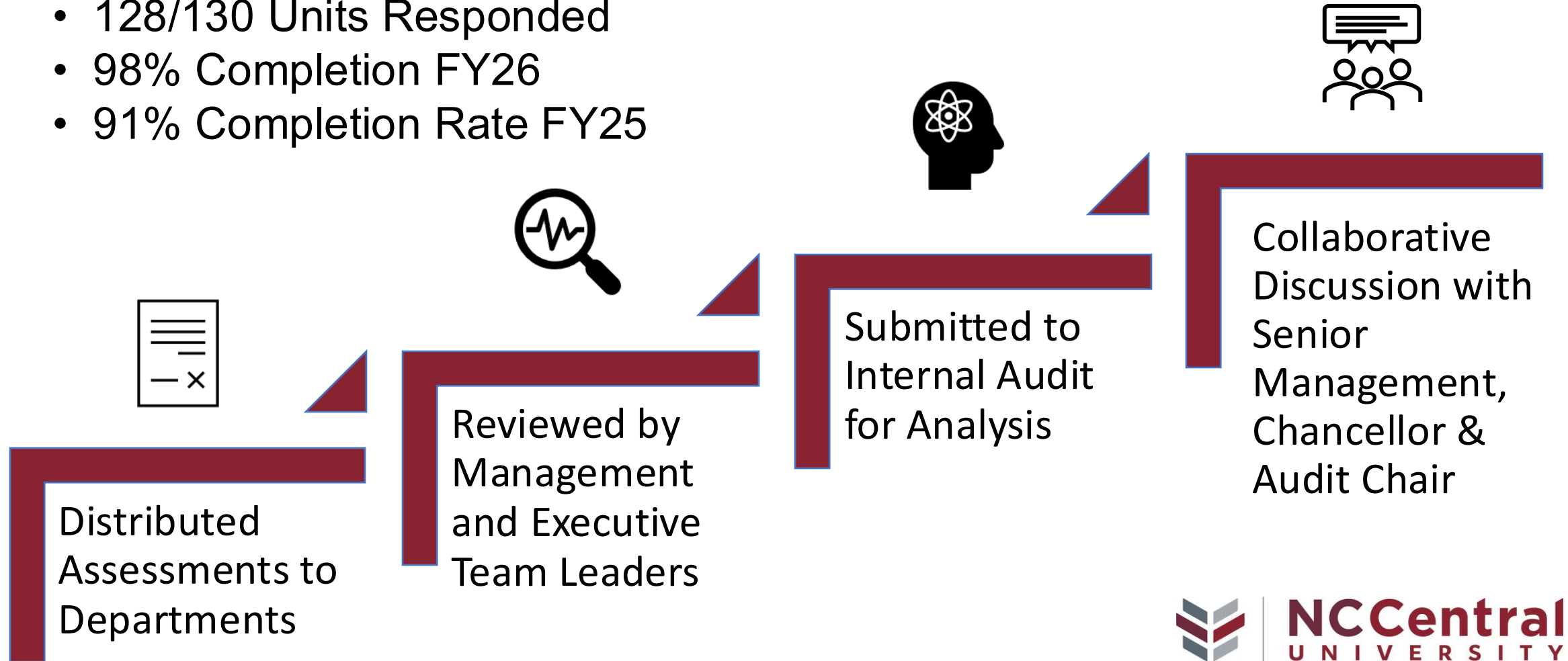




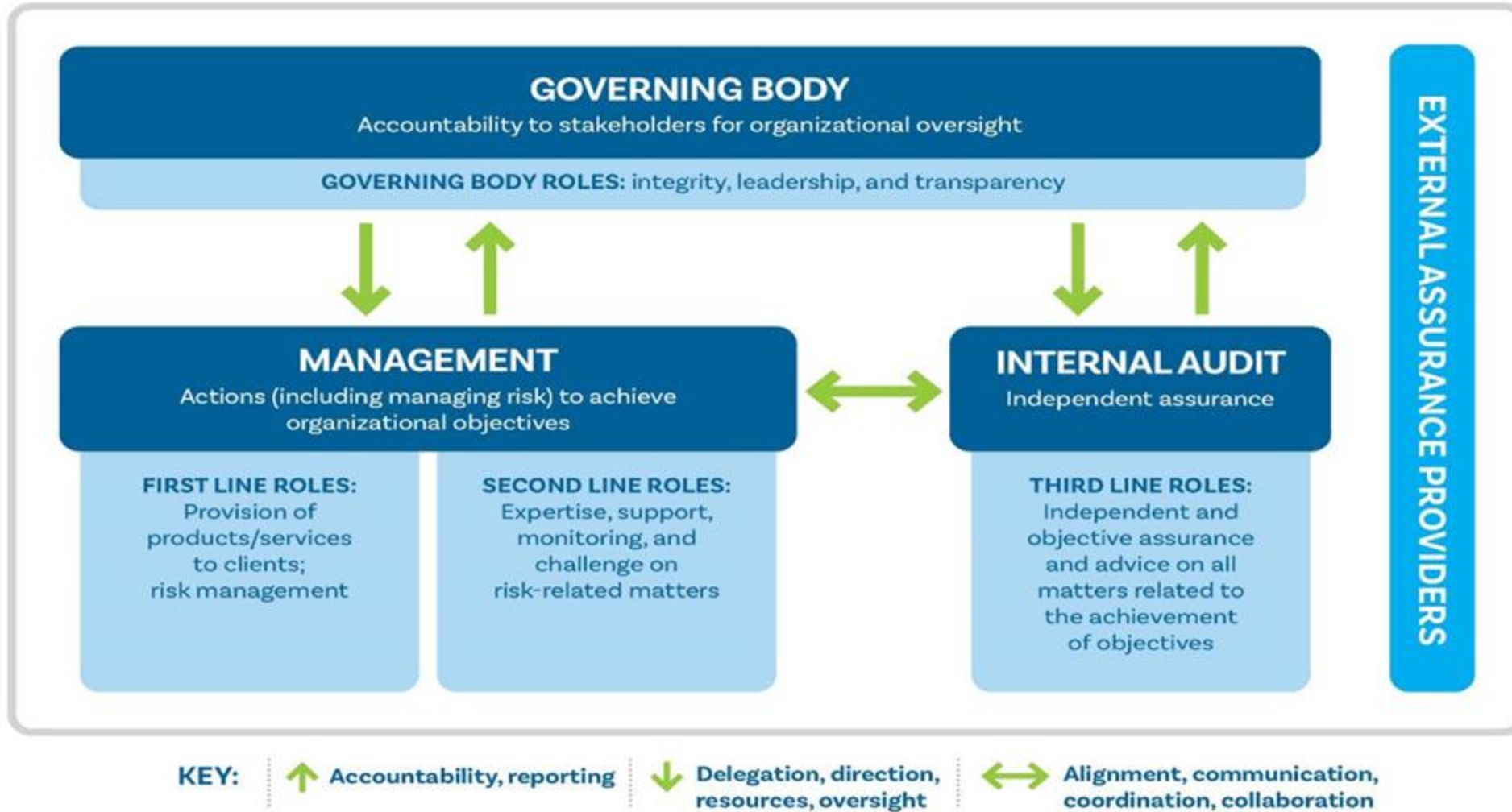


# Risk Assessment

- 8 Divisions
- 128/130 Units Responded
- 98% Completion FY26
- 91% Completion Rate FY25



# The IIA's Three Lines Model



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# Audit Plan FY26

<i>Audit Engagement</i>	<i>Risk Category</i>	<i>Audit Functional Area</i>
AUD - Budget & Financial Planning	Operational/Compliance	Administration & Finance
AUD – Eagle Card	Operational/Compliance	Administration & Finance
AUD - Sponsored Research	Operational/Compliance	Academic Affairs
AUD - Procurement Regulation	Operational/Compliance	Administration & Finance
AUD - Emergency Communication and Alert Systems	Operational/Compliance	Police
AUD - Business System Analyst	Operational/Compliance	Administration & Finance
FOL - Procurement Card (AUD23001)	Operational/Compliance	Administration & Finance





# Audit Plan FY26 – (Continued)

Audit Engagement	Risk Category	Audit Functional Area
FOL - State-Owned Vehicles & Transportation (MGT23001 & MGT23002)	Operational/Compliance	Facilities
FOL - Accounts Payable (AUD24001)	Operational/Compliance	Administration & Finance
FOL - Integrated Biosciences Ph. D. Program	Operational/Compliance	Academic Affairs
Self-Assessment Maturity Model (SAMM)	Compliance	Internal Audit Office
Risk Assessment	Operational	Internal Audit Office





# Audit Plan FY26 – Budgeted Hours (Continued)

## Engagement Projects (Budgeted Hours)

AUD - Budget & Financial Planning	500	FOL - Accounts Payable (AUD24001)	100
AUD – Eagle Card	700	FOL - Integrated Biosciences Ph. D. Program	100
AUD – Sponsored Research	1000	Self-Assessment Maturity Model (SAMM)	250
AUD – Procurement Regulation	300	Risk Assessment	700
AUD - Emergency Communication and Alert Systems	300	FOL- Single Audit	200
AUD - Business System Analyst	200	Investigations/Advisory	1200
FOL - Procurement Card (AUD23001)	100	<b>TOTAL</b>	<b>5,800*</b>
FOL - State-Owned Vehicles & Transportation (MGT23001 & MGT23002)	150		





# Audit Plan FY26 – Budgeted Hours

## Work Plan Hourly Detail

Total Available Audit Hours (3 auditors @ 2,080 hours)	6,240
Less Employee Leave (Annual Sick/Holiday)	-864
Less Work Plan hours	-5,800*
Less Non-Work Plan hours	-1,056**
<b>Project Hours - Short</b>	<b>-1,480</b>

## Non-Work Plan Hours

Professional Development	-120
Administrative Hours	<u>-936</u>
<b>Total Hours</b>	<b>-1,056**</b>



# Audit Plan FY25 - Revised

<i>Audit Engagement</i>	<i>Risk Category</i>	<i>Audit Functional Area</i>
AUD25001 Travel Card	Operational/Compliance	Administration & Finance
AUD25003 Sponsored Research	Operational/Compliance	Academic Affairs
IAH25001 – Integrated Biosciences Ph. D. Program	Operational	Academic Affairs
IAH25002 – Hazardous Waste & High Temperature	Operational	Facilities Management/EHS
ADV25001 – Standard Operating Procedures and Position Responsibilities Summary	Operational	University
ADV25002 - Regulation on University Procurement and Purchasing Cards	Compliance	Administration & Finance
FOL25001 Band Review (FOL18003)	Operational/Compliance	Academic Affairs
FOL25002 Alleged Misuse of Equipment (FOL19003)	Operational/Compliance	Administration & Finance
FOL25003 Human Resources (FOL23001)	Operational/Compliance	Human Resources







# Audit Plan FY25 – Revised (Continued)

<i>Audit Engagement</i>	<i>Risk Category</i>	<i>Audit Functional Area</i>
FOL25004 Secondary Employment (IAH23003)	Operational/Compliance	Human Resources/Academic Affairs
FOL25005 Procurement Card (AUD23001)	Operational/Compliance	Administration & Finance
FOL 23006 UNIV 1100 (IAH23001)	Operational/Compliance	Academic Affairs
FOL23007 - Vehicles (MGT23001 & MGT23002)	Operational/Compliance	Facilities
FOL25008 State Financial Reporting	Operational/Compliance	Administration & Finance
FOL25010 Cash Audit (AUD23003)	Operational/Compliance	Administration & Finance
FOL25011 Accounts Payable (AUD24001)	Operational/Compliance	Administration & Finance
FOL25012 Second Follow-up to the FY23 Financial Audit	Operational/Compliance	Administration & Finance
FOL25013 FY24 State Financial Follow-up	Operational/Compliance	Administration & Finance
FOL25014 Single Audit Follow-up	Operational/Compliance	Administration & Finance
Self-Assessment Maturity Model (SAMM)	Compliance	Internal Audit Office





# Action Items

- FY26 Audit Committee Charter
- FY26 Internal Audit Charter
- FY25 Revised Audit Plan
- FY26 Audit Plan

