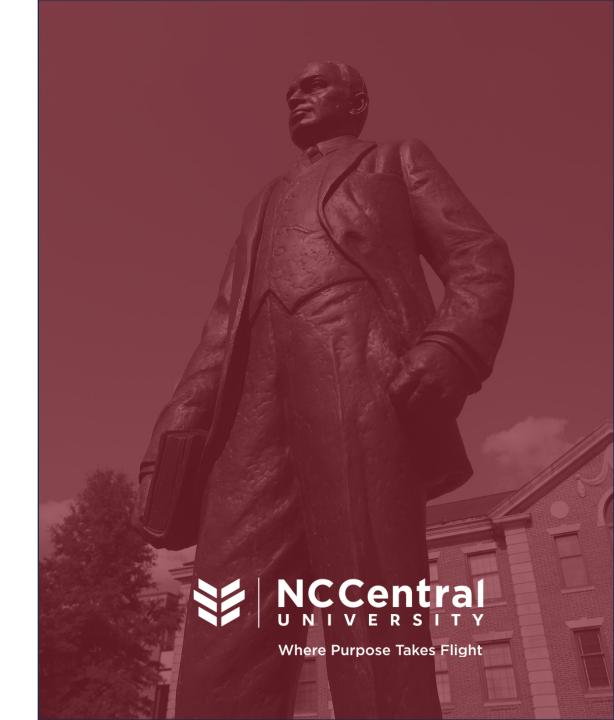


NCCU BOARD OF TRUSTEES MEETING

Internal Audit

Robert Gaines, Director September 24, 2025





Internal Audit Agenda

- Audit Progress Update
- FOL25014 FY24 State Single Audit Follow-Up
- Risk Assessment/Three Lines of Defense
- IAH25002 Hazardous Waste & High Temperature
- Self Assessment Maturity Model (SAMM)
- Professional Development Opportunity for NCCU Student





FY26 Audit Progress

Current Audit Stage

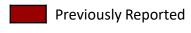
FOL25014 – FY24 State Single Audit Follow-Up
IAH25002 – Hazardous Waste & High Temperature

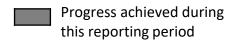
*FOL25007 – Vehicles

AUD&FOL26001 – P-Card

	Planning	Fieldwork	Reporting	Completed
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*FOL25007 - Vehicles is MGT23001 - NCCU Vehicles & MGT23002 - Student Affairs Transportation combined









FOL25014 – FY24 State Single Audit Follow-Up

Chart 1 - Inadequate Internal Controls Over Higher Education Program Expenditures

A. Findings

Inadequate internal controls over higher education program expenditures

B. Recommendations

Ensure electronic approval processes are periodically reviewed and verified

C. NCCU Response

Review and update existing procedures related to program expenditures electronic approval processes

D. IAO Review

IAO verified
Emburse Enterprise
workflow fix,
confirmed
successful routing
and system testing





FOL25014 – FY24 State Single Audit Follow-Up

Chart 2 - Higher Education Program Equipment Not Maintained

A. Findings

Higher education equipment not maintained

B. Recommendations

Strengthen internal controls over the physical inventory process

Identify personnel responsible for reconciling inventory results to equipment records

C. NCCU Response

Complete secondary departmental physical check and update records as necessary

Evaluate inventory management system

Schedule regular observations to assess the effectiveness of inventory practices

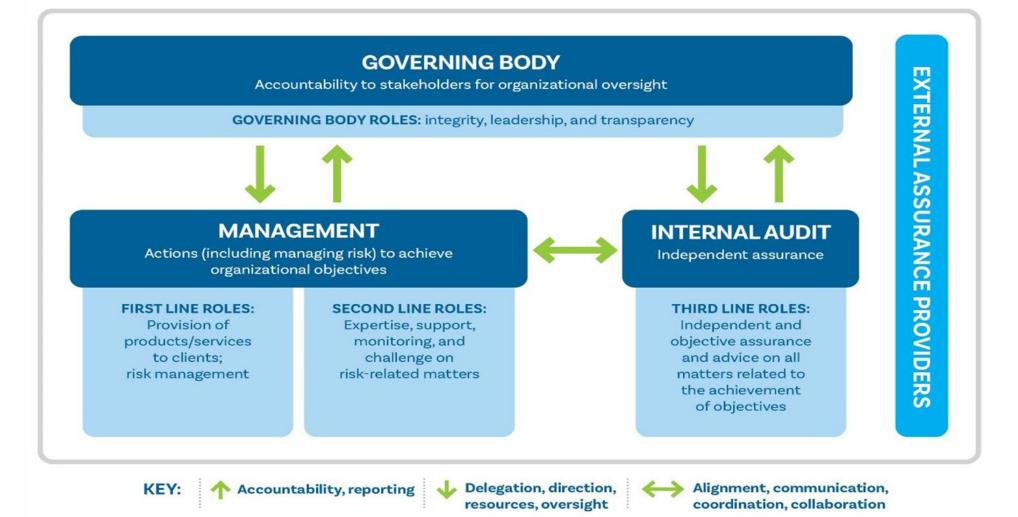
D. IAO Review

IAO reviewed secondary inventory inspection results and reconciliation of located and surplused assets

IAO examined revised inventory procedures outlining roles, reconciliation, and reporting with period inspections by the Finance Office



The IIA's Three Lines Model



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An Illustration of the IIA's Three Lines Model



GOVERNING BODY

Accountability to stakeholders for organizational oversight

GOVERNING BODY RULES: integrity, leadership, and transparency







MANAGEMENT

Actions (including managing risk) to achieve organizational objectives



INTERNAL AUDIT

Independent assurance

FIRST LINE ROLES:

Control process was that inventory tags were placed on items less than \$5,000

SECOND LINE ROLES:

Management failed to record the tag numbers and subjected the inventoriable items to potential theft or loss

THIRD LINE ROLES:

IA reviewed the asset standard and recommended change to management to develop inventory controls for items under \$5,000 EXTERNAL ASSURANCE PROVIDERS

Key:











Alignment, communication, coordination, collaboration



IAH25002 – Hazardous Waste & High Temperature

Chart 1 - Lack of Staff and Funding for Timely Hazardous Materials Removal

A. Allegation

Complainant alleges the University lacks qualified personnel and oversight to manage hazardous waste, causing unsafe accumulation in labs and research facilities.

B1. NCCU Response

The University employed a
Certified Safety and Health
Manager (CSHM),
credentialed by the Institute
of Hazardous Materials
Management, with extensive
experience in hazardous
waste management, to serve
as the EHS Director in August
2024.

B2. NCCU Response

EHS reported hiring a fulltime professional on May 1, 2025 to assume primary responsibility for the University's hazardous and biological waste programs.

C. Recommendation

It is recommended NCCU sustain EHS funding, define responsibilities, and strengthen oversight to ensure timely hazardouswaste removal for compliance and health and safety of campus and community.





IAH25002 – Hazardous Waste & High Temperature

Chart 2 - Prolonged High Temperatures in Campus Buildings

A. Allegation

HVAC deficiencies caused prolonged >90°F and minimal airflow in BRITE, Mary Townes, and other buildings, creating unsafe and disruptive conditions for occupants.

B1. NCCU Response

Facilities staff conducted temperature readings using portable devices in Mary Townes and BRITE on May 29, 2025, at 8:30 a.m. Facilities recorded 72.0–73.8°F (Mary Townes) and 74.2–75.8°F (BRITE).The IAO also conducted midday walkthroughs on May 20 & June 2 and found temperatures within comfortable ranges.

B2. NCCU Response

Facilities Management reported that consistent temperatures and relative humidity have been achieved in Mary Townes and BRITE as of the second week of July 2025, following a series of coordinated planning and repair activities.

C. Recommendation

During HVAC upgrades, NCCU should deploy monitoring measures with clear escalation protocols, provide regular updates and reinforce reporting channels like Asset Essentials, and coordinate with EHS and IT Security to ensure compliance with indoor air quality and cybersecurity standards. After the completion of phased project improvements, management should run datadriven analyses to evaluate effectiveness.





Self Assessment Maturity Model (SAMM)

