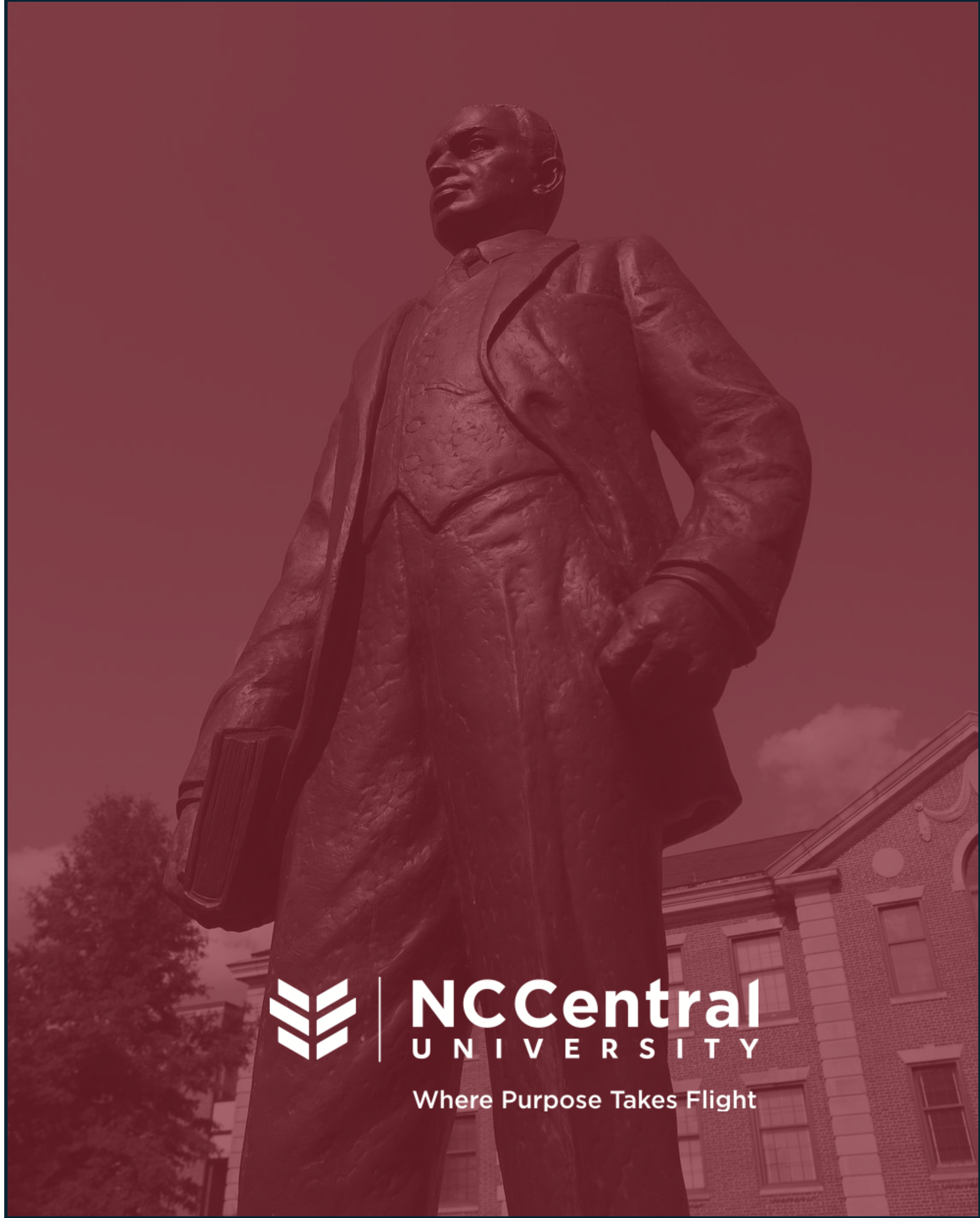
NORTH CAROLINA CENTRAL UNIVERSITY

NCCU BOARD OF TRUSTEES MEETING

Internal Audit

Jennifer Williams, Interim Chief Audit Officer

September 23, 2026

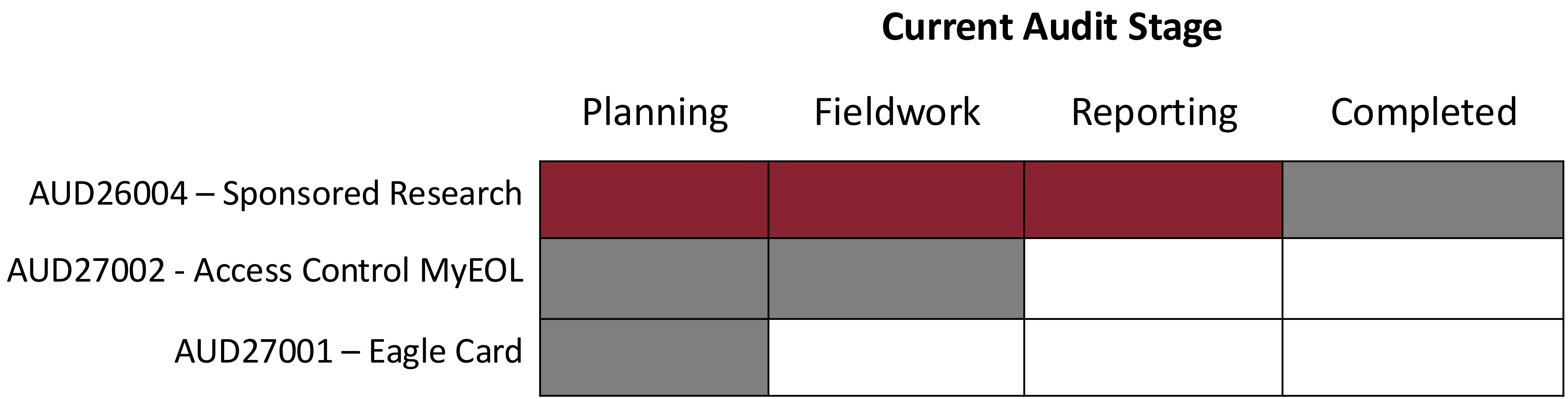


Internal Audit Agenda

- Audit Progress Update
- AUD26004 – Sponsored Research Audit Results
- Self-Assessment Maturity Model (SAMM)

FY27 Audit Progress

July 1, 2026 – June 30, 2027



Previously Reported

Progress achieved during this reporting period

Sponsored Research

Research Overview

Sponsored research activity continued to grow, increasing the importance of consistent post-award support, financial oversight, and compliance monitoring.

$41.9M
FY2025 sponsored research revenue

12.0%
year-over-year revenue growth

351
grants with FY2025 activity

Audit Scope

FY2025 (July 1, 2024 - June 30, 2025) | Sponsored research activity, excluding Department of Education and Title III grant funds previously covered.

Review Focus

Governance, financial administration, payroll and effort certification, compliance monitoring, sponsor reporting, reimbursement, and award closeout.

AUD26004 – Sponsored Research

Executive Takeaway

Overall Auditor Conclusion

Foundational processes exist; however, the control environment requires strengthening to support compliance with applicable requirements.

- Review identified opportunities to improve consistency, accountability, and coordination across sponsored research administration.
- No evidence of fraud, widespread misuse of funds, or material financial misstatement was identified through procedures performed within the audit's scope.

NEXT STEPS

Management has reviewed the recommendations and has committed to developing a coordinated improvement plan. Internal Audit will monitor progress and provide updates to the Board.

Recommendations at a Glance

Recommendations focus on four areas of sponsored research administration

Governance and Accountability

Clarify roles and strengthen guidance

Financial Administration

Improve consistency in financial processes

Monitoring and Compliance

Strengthen oversight and documentation

Reporting and Closeout

Improve reporting and timely closeout

Overall Direction

The recommendations support clearer accountability, consistent processes, and stronger coordination across the units that support sponsored research.

Financial Administration Recommendations

Recommendations support greater consistency across key sponsored research processes

Indirect Costs
Improve consistency in applying and reviewing indirect costs

Reimbursements
Support timely reimbursement processes

Sponsor Reporting
Strengthen reporting practices and documentation

Award Closeout
Promote timely and consistent closeout

Implementation Priorities

Systems
Use available technology to support efficient processes

Governance
Clarify responsibilities and coordination

Monitoring
Establish consistent review practices

Documentation
Maintain complete and accessible records

Payroll and Effort Certification

Recommendations support timely certification and accurate payroll allocation

Effort Certification

Strengthen notification, monitoring, and follow-up practices

Payroll Funding

Improve the timeliness and consistency of funding changes

Recommended Actions

System Support

Review notification and workflow capabilities

Process Oversight

Establish regular review and follow-up

Clear Expectations

Reinforce timelines and responsibilities

Training

Provide ongoing guidance for responsible parties

Governance and Principal Investigator Accountability

Management is advancing actions to strengthen governance and principal investigator accountability

Policies and Procedures
Establish consistent review and update practices

Principal Investigator Eligibility
Formalize eligibility review and documentation

Training and Accountability
Strengthen training and accountability expectations

Management Direction

Updated Guidance
Maintain current policies and procedures

Consistent Processes
Use standardized review and documentation practices

Centralized Records
Maintain accessible supporting documentation

Ongoing Training
Provide regular guidance and reinforce expectations

Self-Assessment Maturity Model (SAMM)

The SAMM assesses the Internal Audit function's maturity across five themes aligned with the professional standards and leading practices

ABOUT THE ASSESSMENT

Required statewide assessment
Evaluates North Carolina state internal audit functions.

Standards alignment
Assesses capabilities against applicable professional standards.

Maturity-based approach
Measures capability across defined levels and themes.

Required level
Level 3 represents the expected level of conformance.

OVERALL CONCLUSION

The self-assessment resulted in Level 3 or higher across all five themes.

Theme	IPPF Compliant	Level Achieved
Services and Role of Internal Auditing	3	3.0
Professional Development	3	3.0
Governing the Internal Audit Function	3	3.1
Strategic Planning and Performance Measurement	3	3.0
Professional Practices	3	3.2

Level 3 represents the model's conformance benchmark, where applicable. These results represent management's annual self-assessment and should be considered together with the Internal Audit function's ongoing QAIP and most recent external quality assessment.

NCCU SAMM Assessment Results

Theme	Subtheme	Level achieved
Services and Role of Internal Auditing	Emerging Topics	3.0
	Advisory services	3.0
Professional Development	Manage Resources	3.0
	HR Planning	3.0
Governing the Internal Audit Function	Role and authority of internal audit	3.0
	Management and Oversight of IAF	3.3
	Access and Awareness	3.0
Strategic Planning and Performance Measurement	Plans Strategically	3.0
	Performance Measurement	3.0
	Communicates Effectively	3.0
Professional Practices	QAIP	3.0
	Planning Internal Audit	3.3
	Performing internal audit services	3.2