A YEAR OF CHANGE

Fiscal year 2017 brought many changes to our Internal Audit Department as the Chief Audit Officer retired early in the year, and a new Chief Audit Officer joined us at the end of the year. We also experienced staff attrition which, combined with the lack of a Chief Audit Officer for nine months, created a significant challenge to completing the audit plan with approximately half of our team. The FY 2017 annual audit plan consisted of 16 in-house projects. Due to the staffing shortage, we had to delay four of these projects to FY 2018 and one project to FY 2019.

Improvements were implemented internally as part of our Quality Assurance and Improvement Program, including regular review of internal procedures and internal peer reviews of past engagements. We began preparing for our next external Quality Assurance Review in 2018. Our outreach program continued its strong presence on campus with the usual training classes.

Training highlights for audit staff included attendance at the Association of College and University Auditors (ACUA) Annual Conference, the University of North Carolina Auditors Association Annual Conference, the ACUA Midyear Conference, and several local training seminars hosted by the Charlotte chapter of the Institute of Internal Auditors (IIA).

We would like to hear from you on your perceptions and observations of our work. Please write to us at Internal_Audit@uncc.edu.

NEW FACES

Jennifer Walker is our new Chief Audit Officer. She is a Certified Public Accountant, a Certified Internal Auditor, and a Certified Fraud Examiner. Jennifer has over thirty years of experience in various industries. She has spent most of her career working in Fortune 500 Companies, including serving for nine years as the Chief Audit Executive for Health Management Associates.

Rachel Kaplan is our new staff auditor. Rachel is new to Internal Audit, but not to campus. She has been on UNC Charlotte campus for three years, and she brings valuable experience with her from prior positions. Her in-depth knowledge of various systems and processes in place at the University has already proven to be an asset.

Khabiyrul Gainey is our intern for academic year 2017-2018. Khabiyrul is a junior majoring in accounting. He is helping out on a variety of projects to get as much exposure to the audit process in higher education as possible.
FY2017 AUDIT PLAN RESULTS

Our FY2017 audit plan included some first-time audit topics as well as some repeat engagements of areas that had not been visited recently.

First-time audits included the NinerTech Store, the Office of Undergraduate Education, NCAA Compliance—Investigating Rules Violations, and specific functions performed by the Environmental Health & Safety Office.

Repeat audits included the College of Health & Human Services, the Business Continuity Planning Program, Biosafety, Effort Reporting, Academic Integrity, Clery Reporting and the annual NCAA Football Attendance verification. Three of these projects were partially complete at year-end; however, the audit reports were not issued until FY2018.

The following engagements were postponed (most due to reduced staffing): Emergency Response/Crisis Communications, IT Disaster Recovery Plan, Travel & Complex Payments, the Scholarship Office, and Minors on Campus.

In addition to the planned engagements, we completed two confidential investigations.

Our Customer Satisfaction Survey results continue to be very positive. Some of the comments are shown below.

“The audit staff offered practical suggestions to improve our work functions. This was very helpful.”

“This was my first audit on campus. The audit staff were great! They listed to my concerns and made wonderful suggestions. Great teamwork.”

“The auditors were both extremely professional and knowledgeable, but they are also willing to stop and explain any terms or definitions we did not understand at the time. I wish all auditors had their great people skills to add to their financial skills!”

“The team was very knowledgeable and provided keen insight in evaluations.”

“The openness and understanding of the audit was exceptional. They asked good questions and sought correct explanations in regard to one of the most important federally mandated reports in higher education.”

“This was a good experience. Not often what one might think of when they face an audit.”

“The audit team was professional and courteous.”
FY2017 BUDGET PERFORMANCE

Our annual budget continued to reflect our interest and commitment in professional development. Our FY2017 General Fund (GF) Other than Personnel (OTP) budget went heavily (60%) towards staff training, with staff attending the annual and mid-year conferences for our national professional association (ACUA), the annual conference for the University of North Carolina Auditors Association, and training sponsored locally by the Charlotte chapter of the Institute of Internal Auditors.

We incurred one-time charges to upgrade laptops and printers, and for a consulting engagement for an IT audit. Laptops are replaced every three to four years, and the printers had not been replaced in approximately eight years.

The actual amount of salaries spent is significantly less than the budgeted amount because the Chief Audit Officer and a staff auditor positions were vacant for several months.
TIME TRACKING — A KEY PERFORMANCE INDICATOR

One of the key metrics established by UNC General Administration for all internal audit offices requires tracking where auditors are spending their time, both direct audit related work (audits, investigations, advisories, and consultations) and indirect work (professional development, administration, leave, and holidays).

For FY2017, we estimated the direct to indirect hours budget at 70% to 30%. We also included our interns’ workload in the metric to capture all possible hours spent working on audit engagements.
This year turned out to be a difficult year due to a significant decrease in staff, with one staff member acting as Interim Director, reducing the amount of direct audit hours. We ended the year with a direct-to-indirect hours ratio of 68% to 32%.

Because the Interim Director spent his time on Chief Audit Officer duties, the audit and assurance work was less than expected, and “other direct hours” were almost double the expectation. Due to the lack of staff, we were unable to devote time to advising and consulting services, and as always, the time spent on investigations depends on how many tips are received.