ANNUAL ACTIVITY REPORT

As Required by G.S. 143-747(c)(12)

July 1, 2020 – June 30, 2021

PREPARED FOR:

STATE OF NORTH CAROLINA
COUNCIL OF INTERNAL AUDITING

Prepared By:

Central Internal Audit Office
Office of State Budget and Management

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EXECUTIVE SUMMARY

The purpose of this report is to provide the North Carolina Council of Internal Auditing members (Council) information on activities performed by the Council staff and agencies[1] Internal Audit (IA) programs. This report describes activities performed from July 1, 2020, through June 30, 2021. The Council is staffed by the Office of State Budget and Management (OSBM). The Central Internal Audit Office (CIAO) has eight people, with an Internal Audit Director and a Program Officer/Internal Auditor serving as staff to the Council. The CIAO had an operating budget of $858,340 for FY20-21.

The first section of this report describes Council staff responsibilities and activities. The activities and efforts of the Council staff this fiscal year included:

- Supported Council meetings and kept minutes of the proceedings.
- Updated and promulgated guidelines, technical manuals and suggested best practices.
- Supported 7 requests for Peer Reviews. All 7 have been completed at this time.
- Sponsored training sessions on fraud, internal controls, and a Certified Internal Auditor review course and others as described on pages 6 and 7 of this report.
- Awarded the North Carolina Award of Excellence to UNC Healthcare.
- Provided audit services to the Department of Military and Veteran Affairs, Offices of State Budget and Management, State Human Resources, Governor, State Auditor and the Recovery and Resiliency Office.
- Maintained a central database of Agency Internal Audit plans. Collected agency reports and audit plans. One IA programs offices did not provide an audit plan and two did not provide any reports. Fifteen IA programs were late submitting reports. Contact and subsequent follow-up were made to agencies' Internal Audit staff to resolve these outstanding issues.
- Created the statewide Internal Audit Service Efforts and Accomplishments Report.
- Administered the Institute of Internal Auditors (IIA) government group membership program providing a 31% discount on IIA memberships.
- Established a statewide internship program.
- Worked frequently with individual agencies to suggest best internal audit practices. Numerous conversations take place during the year to provide audit tips and solutions. Consultations take place almost daily when the phone rings and agency internal auditors are seeking support and assistance.

The second section of the report describes the State Agency Internal Audit Program efforts. This section includes Audit Resources, Efforts and Accomplishments, and Compliance with the Internal Audit Act and Council's requirements. Charts and graphs, beginning on page 11, show details of this section.

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[1] Agency means department, office, university, commission, or board.

INTRODUCTION

The purpose of this report is to provide the North Carolina Council of Internal Auditing members (Council) information on activities performed by the Council staff and agencies'[2] internal audit programs. This report describes activities performed from July 1, 2020, through June 30, 2021.

The North Carolina Internal Audit Act[3] (the Act) established the Council and requires all Executive Branch agencies to establish a program of internal auditing. The Council is mandated to administer program and provides services to these internal audit programs. Issuing this report on service efforts and accomplishments of these programs; and propose legislation for consideration by the Governor and General Assembly is one of the mandates within the Act.

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[2] Agency means department, office, university, commission, board.
[3] Entire Internal Audit Act is in Appendix A.

COUNCIL OF INTERNAL AUDITING

Council Resources and Requirements

Membership and Programs

The Council membership is set by statute as shown in Table 1. The Council meets at least quarterly to provide guidance, set policies, and assess progress of internal auditing efforts within State government.

The Council has 12 mandated requirements within the North Carolina Internal Audit Act. The mandate includes holding meetings and hearings, and administering programs and activities. For details on the Council mandated requirements see page 5.

Table 1

Council of Internal Auditing Members	
Dr. Linda Combs, Chair	State Controller
Charles Perusse	State Budget Officer
Pamela Cashwell	Secretary of Administration
Josh Stein	Attorney General
Ronald Penny	Secretary of Revenue
Beth Wood	State Auditor (nonvoting)

Council Staff and Expenditures

The Office of State Budget and Management (OSBM) supports the Council and established the Central Internal Audit Office (CIAO) to house the Council staff. The organizational structure of the CIAO is shown in Exhibit 1. The eight internal auditors hold eleven professional credentials as follows:

- Four Certified Internal Auditors
- Two Certified Fraud Examiners
- One Certified Government Audit Professional
- Two Certified Public Accountants
- One Certified Internal Control Auditor
- One Certified Information System Auditor

Exhibit 1

Central Internal Audit Office as of June 30, 2021

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                    │                             │
                    │     State Budget Director   │
                    │                             │
                    └──────────────┬──────────────┘
                                   │
    ╭───────────────────────╮     ┌─────────────────────────────┐
   ╱                         ╲     │                             │
  │  Council of Internal      │────│     Internal Audit          │
   ╲     Auditing            ╱     │        Director             │
    ╰───────────────────────╯     └──────────────┬──────────────┘
                                   │
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Program Officer/ Internal Auditor	Senior Internal Auditor
Information System Auditor	Internal Auditor
Internal Auditor CDBG-DR	Internal Auditor CDBG-MIT
Internal Auditor	Internal Auditor (part-time)
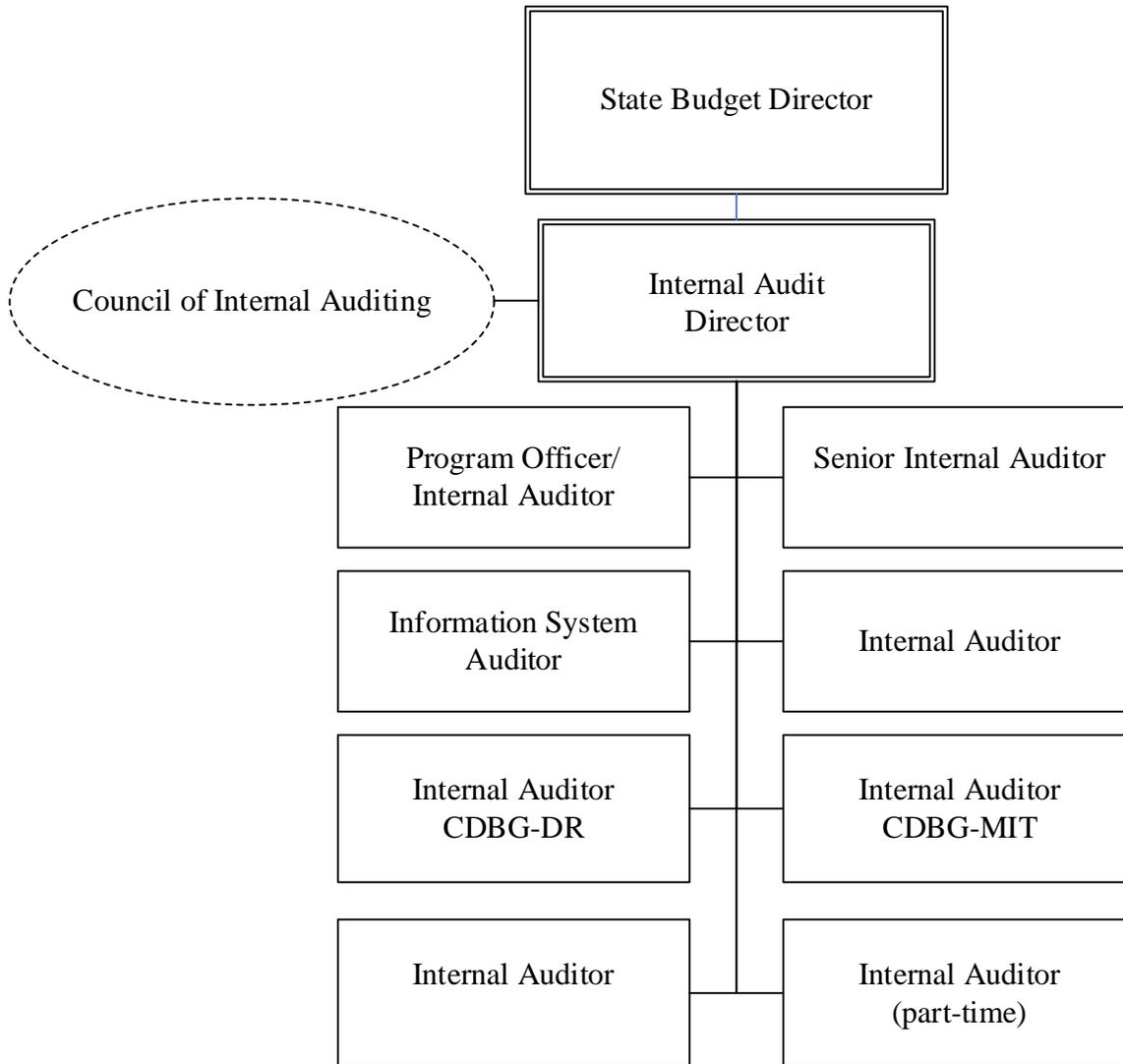
The expenditures for FY2016-17 through FY2020-21 are shown in Table 2. The Central Internal Audit Office had a forty-seven percent (47%) overall increase in expenditures compared to the prior year. The increase is attributed to increased staff levels and CBDG-DR funds.

Table 2

Office of Internal Audit Five Year Expenditures					
Expenditures	FY2020-21	FY2019-20	FY2018-19	FY2017-18	FY2016/17
Personnel					
Employee	*825,442*	*560,123*	*561,399*	*508,707*	*518,220*
Contractor			*-*	*-*	*15,020*
Total Personnel	**825,442**	**560,123**	**561,399**	**508,707**	**533,240**
Purchased Services					
Software	*4,831*	*5,360*	*32,096*	*2,559*	*5,411*
Training & Development	*3,464*	*1,852*	*16,440*	*15,351*	*2,244*
Information Technology Services	*16,839*	*8,946*	*11,792*	*10,261*	*6,368*
Travel	*-*	*1,710*	*1,728*	*2,941*	*7,820*
Total Purchased Services	**25,134**	**17,867**	**62,056**	**31,112**	**21,844**
Supplies	**-**	**-**	**-**	**-**	**-**
Property, Plant, & Equipment	**422**	**-**	**-**	**-**	**2,181**
Other	**7,342**	**1,394**	**1,414**	**1,279**	**1,385**
Total Expenditures	**858,340**	**579,383**	**624,869**	**541,098**	**558,650**
BREAKDOWN BY FUND SOURCE					
General Fund	**612,708**	**514,525**	**562,833**	**541,098**	**526,422**
CDBG-DR Funds	**245,632**	**64,858**			
State Disaster Funds			**51,324**		
Other State Agencies	**-**	**-**	**10,712**		**15,020**
Rhode Island QAR					**17,208**

Efforts and Accomplishments

The Internal Audit Act sets specific requirements for the Council. In addition to these mandated requirements, the Council has initiated other programs to support internal audit program with efficiency and effectiveness.

Council Mandated Requirements

There are twelve mandated requirements within the Act which the Council is responsible for implementing and administering throughout the year.

G.S. 143-747(c)(1and 2)Meetings and Minutes

G.S. 143-747(c)(1) This mandate requires the Council to hold meetings and G.S. 143-747(c)(2) requires keeping minutes of those proceedings.

Council staff kept minutes of all meetings held. Draft minutes were published in the meeting materials for the Council members to review and approve. Approved minutes were maintained by the Council staff.

G.S. 143-747(c)(3) Guidelines

This mandate requires the Council to promulgate guidelines for the uniformity and quality of internal audit activities. The guidelines for all North Carolina internal auditors are found in the Institute of Internal Auditors' International Professional Practices Framework (IPPF). That is the standard by which the Internal Audit community in North Carolina operates today.

G.S. 143-747(c)(4) Staffing Analysis

This mandate requires the Council to recommend the number of internal audit employees required by each State agency.

The Council staff refreshes the staffing analysis every three to four years. The staffing analysis is an abridged review to identify the <u>minimal number</u> of internal audit positions needed, not the optimal. A more extensive review must be conducted to determine the optimal number of positions needed in each internal audit program. The last review was completed in June 2017, which identified 24 agencies with internal audit staffing levels under the minimum needed to address risk within their agencies. Using current model for analysis, the number positions needed to get all agencies to the minimum number is 52.5 positions at a cost[4] of just under $5 million. Details of the specific staffing recommendations can be seen in Appendix B. Council staff are currently working to modify the staffing analysis to account for more organizational risk factors.

G.S. 143-747(c)(5) Guides, Technical Manuals, and Best Practices

This mandate requires the Council to develop the audit guides, technical manuals and suggested best practices

The Statewide Internal Audit Manual (manual) was published in May 2008 and communicated to all internal auditors. The Institute of Internal Auditor's Standards (IIA Standards) is used as its framework, and the manual is updated when necessary. The last update to the manual coincided with the last update to the IIA Standards in 2017. In addition, the Council developed a technical bulletin to provide additional guidance and best practices to internal auditors. Internal Audit staff to the Council works with individual agencies frequently to suggest best internal audit practices. Numerous conversations take place during the year to provide audit tips and solutions. Consultations take place almost daily as Agency internal auditors reach out seeking support and assistance.

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[4] Annual cost of a position includes Salary and Benefits – $91,200; and operating cost of $3,800.

G.S. 143-747(c)(6) Peer Review Program

This mandate requires the Council to administer an independent peer-review system for each State agency internal audit activity; specify the frequency of such reviews consistent with applicable national standards; and assist agencies with the selection of independent peer reviewers from other State Agencies.

Council staff established a Peer Review program, which is a cooperative amongst internal audit programs. All internal audit programs are required to have an external quality assurance review every five years, as set by the IIA Standards. The Peer Review program was modeled after and follows all the requirements included in the Institute of Internal Auditors Quality Assessment manual. Training is provided to internal auditors on how to conduct a review and how to use the tools and templates for completing the review. Council staff receives requests, selects review team members, assists team members during the process, and conducts a quality review of each Peer Review conducted. A manual has been established for this program to outline the process, roles and responsibilities of the review team, internal audit programs and the Council staff.

For FY2020-21, seven agencies requested services from the Peer Review program. All seven reviews were completed. See page 21 for more details related to the outcomes of the Peer Review program.

External Quality Assurance Reviews (QAR) are required every five years. Seven were completed this year. The Department of Justice is overdue for a QAR. The University of North Carolina at Pembroke and the Department of Natural and Cultural Resources received a Partial Conformance rating. The Wildlife Resource Commission received a Does Not Conform rating. The remaining IA programs received a Generally Conforms rating, which is the highest rating. See charts and graphs page 21-22 for additional details on QARs.

G.S. 143-747(c)(7) Training and Recognition Programs

This mandate requires the Council to provide central training sessions, professional development opportunities, and recognition programs for internal auditors.

To maintain proficiency, audit standards require internal auditor participation in professional development. During FY2020-21, the Council sponsored four trainings, which provided internal auditors the opportunity to earn up to 56 certified professional education (CPE) hours

- The 5th Annual Fraud Audit Conference was held August 5, 2020. This one-day training session provided 8 CPE hours at a cost of $15 per participant. Participants were invited from State Agencies, universities, community colleges, local education agencies, and local governments. There were 259 registered participants with a total cost of approximately $1,500. Based on participant surveys, 98% found value in the training contact.

- CIAO staff coordinated a four-day Certified Internal Auditor (CIA) review course in conjunction with the Local Chapter of the Institute of Internal Auditors (IIA). The review course corresponded to the three parts of the Certified Internal Auditor examination administered by the IIA. The training occurred between October and December 2020 and provided 32 CPE hours. There were 86 total registered participants, and the cost of sponsoring the training totaled approximately $7,500. Based on survey responses, 90% of participants found the training sessions valuable.

- CIAO staff coordinated a two-day training on internal controls in conjunction with the Office of the State Controller. The training was held on March 30 - 31, 2021. The course focused on internal controls and communicating audit recommendations. Participants received 8 CPE for the cost of $40. The cost of the training session was $4,000. There were 202 participants at the training, and 93% found value in the training content.

- CIAO coordinated with Cherry Bekaert to provide two training sessions. The first was Effective Risk Assessments held on January 26, 2021. The course focused on how to use a tool develop by Cherry Bekaert for conducting risk assessments. The second was Risk Analytics Using Tableau held on February 23, 2021. The course was a tutorial on using Tableau for data analytics. Participants received 4 CPEs for each training, free of charge.

In addition to the training sessions above, other free or low-cost training was identified and communicated to all internal auditors throughout the year. Communication takes place via email and postings on the OSBM website. Over the past year, 25 professional development opportunities were identified, providing 105 CPE hours. Over 28% of the training events provided 30 CPE free of charge.

The North Carolina Internal Auditor Award of Excellence is the Council of Internal Auditing's award for outstanding achievement in internal auditing. To express its appreciation for excellence in the field of internal auditing, this award is presented annually to honor a state internal auditor or a group of internal auditors who have made extraordinary contributions that promote excellence in internal auditing. The 2020 Internal Auditor Award of Excellence was presented to Kwoklin Lee and Cynthia Lu with UNC Healthcare Internal Audit.

G.S. 143-747(c)(8) Shared Internal Audit Program

This mandate requires the Council to administer a program for sharing internal auditors among State Agencies needing temporary assistance and an assembly of interagency teams of internal auditors to conduct internal audits beyond the capacity of a single agency. The shared internal audit program provides audit services to small State Agencies. To use the internal audit program, a State Agency must:

1. Have an annual operating budget exceeding ten million dollars but less than seventy million dollars; or
2. Employ less than 100 full-time equivalent employees; or
3. Receive and process more than ten million dollars but less than seventy million dollars in cash in a fiscal year; or
4. Be deemed an appropriate recipient of internal audit services by the Council of Internal Auditing.

In addition to servicing five agencies, the program is responsible for conducting audits of the community development block grant disaster recovery and mitigation funds. Finally, the program will assist internal audit programs upon request. Services are dependent upon resource availability of the program. For service efforts of the OSBM Central Internal Audit Office, see page 17.

G.S. 143-747(c)(9) Report and Audit Plan Repository

This mandate requires that the Council maintain a central database of all annual internal audit plans; topics for review proposed by internal audit plans; internal audit reports issued and individual findings and recommendations from those reports.

Internal audit programs submitted the audit plans and reports via a SharePoint. Agencies must submit their audit plans by September 30th of each year and audit reports should be submitted within ten days of the issued date. For more details on compliance with requirements, see Compliance on page 20.

G.S. 143-747(c)(10) Reports on Internal Audit Matters

This mandate allows the Council to require reports in writing from any State Agency relative to any internal audit matter.

G.S. 143-747(c) (11) Hearings, Inquiries, and Subpoenas

This mandate allows the Council, when determined necessary by a majority vote of the Council, to conduct hearings relative to any attempts to interfere with, compromise, or intimidate an internal auditor, and to inquire as

to the effectiveness of any internal audit unit and authorize the Chair to issue subpoenas for the appearance of any person or internal audit working papers, report drafts, and any other pertinent document or record regardless of physical form needed for the hearing.

During FY 2020-21 the Council did not hold any hearings related to interference, compromise or intimidation of internal auditors, and no subpoenas were issued.

G.S. 143-747(c)(12) Annual Report

This mandate requires the Council to issue an annual report including, but not limited to, service efforts and accomplishments of State Agency internal auditors and to propose legislation for consideration by the Governor and General Assembly. This report serves as the Council's Annual Report.

Council Initiatives

Institute of Internal Auditors (IIA) Government Group Membership

The purpose of the program is to broaden and support internal audit knowledge by providing a reduced membership rate. Some benefits of membership include free and discounted continuing education development and professional publications; enhanced networking; and exclusive on-line resource materials.   The Council staff has worked with the IIA to establish the State of North Carolina Government Group membership program that starts October 1 and ends September 30 of each year. Any government employee[5] can join this group and receive a discount on an IIA membership. On October 1, 2020, the program registered 193 individuals and, throughout the year added 20 individuals, resulting in a 31% reduction of the regular membership rate.

Self-Assessment Maturity Model (SAMM)

The SAMM's tool allows internal audit programs to evaluate themselves the IIA Standards. Once completed the Internal Audit director discusses the outcome with the agency head. The SAMM must be submitted to the Council and Council staff utilize results to target training areas.

From January to April a workgroup was established, and a tool was created to conduct self-assessments. Focus groups were held to provide feedback on the tool. Between May and June training was provided to Internal Audit directors on how to use the tool and complete attestation. Workshops were scheduled to be held throughout the summer allowing Internal Audit Directors to collaborate and complete the tool. September 30th was the scheduled deadline for completing the tool.

Internship Program

The program is a collaboration between UNC System Office and the Council of Internal Auditing. It is housed at the UNC System Office because of its relationship between the program, students, and professors. Students are recruited from any universities or community colleges to participate in the program. The student is assigned a data analytics or audit project from an agency's Internal Audit Plan. The program director works closely with professors to provide feedback on student's assignments to allow for a final grade to be given.

In June, a Memorandum of Understanding was established between UNC System Office and OSBM outlining the roles and responsibilities related to the program. An internship program director was hired on July 1, 2021.

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[5] Local Government, Local Education Agency, State Government internal auditors and any Government employees that holds a certification issued by the IIA can join this group.

Classification and Compensation Overhaul

This project created 6 new classifications assigned to internal audit. Classifications were created and vetted with the Office of State Human Resources (OSHR). The 6 new internal audit classifications were approved by the Human Resource Commission in May 2021. Tools and templates were created to assist state employees that perform internal audit duties to self-assess their skills and abilities for assigning themselves to one of the 6 new classifications. A subject matter expert was contracted with to review the self-assessments ensuring the proper placement.

Training was scheduled to be provided on July 15, 2021, to agency HR staff and Internal Audit Directors and Managers on how to use the tools and templates. Self-Assessments were scheduled to be completed by State employees and submitted to the agency HR staff for submission to the subject matter expert on, or before, August 23, 2021. All assessments were scheduled to be reviewed by subject matter expert by October 11, 2021. OSHR plans to issue final decisions by November 23, 2021.

Proposed Legislation Changes

The Council of Internal Auditing did not sponsor any changes related to the Internal Audit Act during the 2020-2021 Legislative Session.

STATE AGENCY INTERNAL AUDIT PROGRAM EFFORTS

Audit Resources

Positions and Contracting

There are 47 agencies subject to the Internal Audit Act. Different models are used to establish an internal audit program, from in-house staffing to outsourcing the entire program. Below is information on internal audit positions, contractor use and supplemental staffing via intern or temporary employees.

As shown in Table 3, there are 203.25 internal audit positions, which are spread across 38 State Agencies. As of June 30, 2020, 84% of these positions were filled. There was a net gain of 17 positions across the State. Significant changes within certain State Agencies included:

- Department of Public Instruction added 5 time-limited internal audit positions.
- Department of Public Safety added 4 internal audit positions.
- Departments of Cultural and Natural Resources, Transportation and Commerce, and Office of State Budget and Management (OSBM) each added 1 internal audit position.
- The new Office of Pandemic Recovery housed within OSBM has 4 internal audit positions.

Four agencies outsource their internal audit program to other agencies or private contractors as follows:

- North Carolina School of the Arts contracts with Winston-Salem State University for audit services.
- North Carolina School of Science and Mathematics contracts with the University of North Carolina System Office.
- North Carolina State Education Assistance Authority contracts with the University of North Carolina System Office.
- North Carolina Housing Finance Agency contracts with Cherry Bekaert.

Agencies under $70 million in operating funds may use OSBM as their internal audit program. During the period covered in this report, five agencies as well as the Office of Recovery and Resiliency used OSBM services instead of having an in-house internal audit program. Agencies serviced by OSBM during FY2020-21 are:

- Department of Military and Veterans Affairs
- Office of State Budget and Management
- Office of State Human Resources
- Office of the Governor
- Office of the State Auditor
- Office of Recovery and Resiliency

The Department of Military and Veterans Affairs is above the required $70 million threshold but uses OSBM due to a lack of resources. The Office of Recovery and Resiliency is required to have an independent internal auditor per the State's application to the Federal Granting Agency and decided to use the OSBM's internal auditors but was required to reimburses OSBM for the cost of the two positions.

Table 3

Statewide Internal Audit Positions[5] Five-Year History					
	2021	**2020**	**2019**	**2018**	**2017**
Community College System Office	2	2	2	2	2
Commissioner of Banks[1]	0	0	0	0	0
Department of Administration	2	2	1	1	1
Department of Agriculture & Consumer Services	3	3	4	4	4
Department of Commerce	4	3	4	4	4
Department of Environmental Quality	3	3	3	3	2
Department of Health & Human Services	36	36	38	39	41
Department of Information Technology	4	4	2	2	3
Department of Insurance	1	1	1	1	1
Department of Justice	0.5	0.5	0.5	1	1
Department of Labor	1	1	0	0	0
Department of Military and Veterans Affair[1]	0	0	0	0	0
Department of Natural and Cultural Resources	3	2	2	2	2
Department of Public Instruction	7	2	2	2	2
Department of Public Safety	23	19	18	18	18
Department of Revenue	3	3	2	3	3
Department of Secretary of State	1	1	1	1	2
Department of State Treasurer	5	5	5	6	3
Department of Transportation	16	15	25	25	25
Housing Finance Agency[2]	0	0	0	0	0
North Carolina Education Lottery	3	3	3	3	3
Office of State Controller	0.75	0.75	0.75	0.5	0.5
Office of State Human Resources[1]	0	0	0	0	0
Office of State Budget & Management (OSBM)[1]	8	7	6	5	5
OSBM Office of Pandemic Recovery	4				
Office of the Governor[1]	0	0	0	0	0
Office of the State Auditor[1]	0	0	0	0	0
Wildlife Resources Commission	1	1	1	1	1
Appalachian State University	5	5	5	5	5
East Carolina University	7	7	7	7	8
Elizabeth City State University	2	2	2	2	1
Fayetteville State University	1	1	0	0	0
North Carolina Agricultural & Technical State University	4	4	4	4	4
North Carolina Central University	4	4	4	4	4
North Carolina School of Science and Mathematics[4]	0	0	0	0	0
North Carolina School of the Arts[3]	0	0	0	0	0
North Carolina State Education Assistance Authority[4]	0	0	0	0	0
North Carolina State University	7	7	7	7	7
University of North Carolina - Asheville	1	1	1	1	1
University of North Carolina - Chapel Hill	8	8	6	7	7.75
University of North Carolina - Charlotte	6	6	5	5	5
University of North Carolina - System Office	3	3	2	2	2
University of North Carolina - Greensboro	2	2	2	2	2
University of North Carolina - Pembroke	2	2	2	2	2
University of North Carolina - Wilmington	5	5	4	4	4
Western Carolina University	2	2	2	2	1
Winston-Salem State University	6	6	6	6	5
University of North Carolina - Hospital	7	7	7	7	7
Total	**203.25**	**186.25**	**187.25**	**190.50**	**189.25**

1. Utilizes Office of State Budget and Management Internal Audit program
2. Uses contract auditors
3. Contracts with Winston-Salem State University
4. Contracts with University of North Carolina System Office
5. Information is self-reported by each internal audit program and not verified by Council staff.

Supplement Staffing Efforts

Agencies continue efforts to supplement staffing levels by using: the state term internal audit supplemental staffing convenience contract; and hiring interns and temporary employees. Over the past year, 13 agencies have utilized alternative methods to address resource limitations as shown in Table 4.

Table 4

Supplemental Staffing Efforts				
Agency	**State Term Contract**	**Interns**	**Temporary Employees**	**Other[1]**
Department of Health & Human Services		✓	✓	
Department of Information Technology	✓		✓	
Department of Justice	✓			
Department of Transportation	✓			
Office of State Budget and Management (OSBM)				✓
OSBM Pandemic Recovery Office		✓	✓	
East Carolina University		✓		
North Carolina Education Lottery				✓
North Carolina State University		✓	✓	
North Carolina School of Arts			✓	
University of North Carolina - Pembroke				✓
University of North Carolina - System Office		✓		
University of North Carolina Hospital			✓	
Winston-Salem State University			✓	
Total	**3**	**5**	**7**	**3**

1. Contractor (Did not use the State Term Contract) or National Guard for Security Assessments

Personnel Proficiency

Professional certifications and advanced degrees may lead to increase proficiency. Overall, internal auditors currently hold 221 professional certifications in 27 different areas. A breakdown of all designations held by agencies' internal auditors is shown in Chart 1, on the next page.

Chart 1: FY2020-21

Professional Certifications
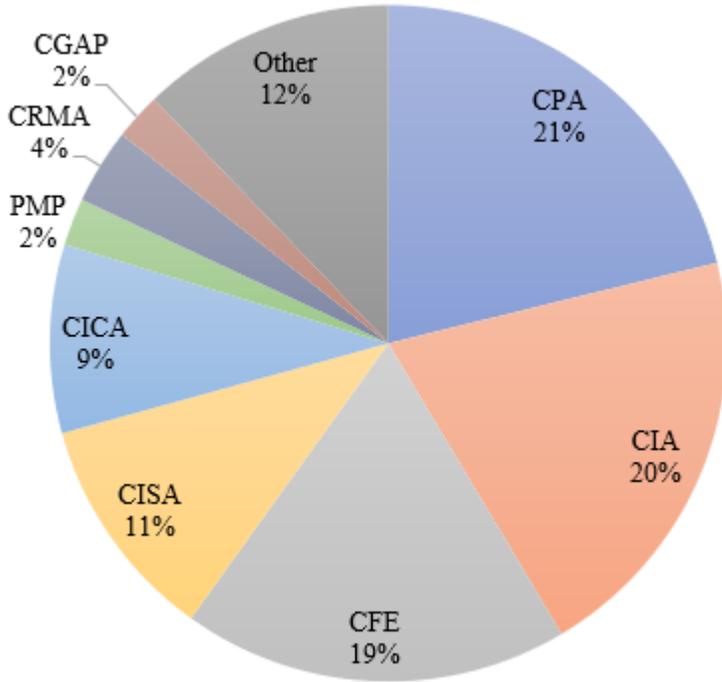
47 **CPA**/Certified Public Accountant
45 **CIA**/Certified Internal Auditor
41 **CFE**/Certified Fraud Examiner
24 **CISA**/Certified Information Systems Auditor
19 **CICA**/Certified Internal Controls Auditor
 8 **CRMA/**Certification in Risk Management Assurance
 5 **CGAP**/Certified Government Audit Professional
 5 **PMP**/Project Manager Professional
Other:
 4 Certified Information System Security Professional
 3 Certified Government Financial Manager
 2 Certified Public Manager
 2 Certified Risk and Information Systems Control
 2 Certified Data Privacy Solutions Engineer
 1 Certified Anti-Money Laundering Specialist
 1 Certified Compliance and Ethics Professional
 1 Certified Ethical Hacker
 1 Certified Fraud Specialist
 1 Certified Forensic Investigation Professional
 1 Certified Healthcare Compliance
 1 Certified Healthcare Audit Professional
 1 Certified Network Defense Architect
 1 Certified Information System Manager
 1 Certified Internal Audit Practitioner
 1 Certified Network+
 1 Computer Hacking Forensic Investigator
 1 Certified Security Analyst
 1 Lean Six Sigma - Greenbelt

Chart 2: Year Growth in Certifications Held by Internal Auditors
Historical view of the top four certifications held by internal auditors
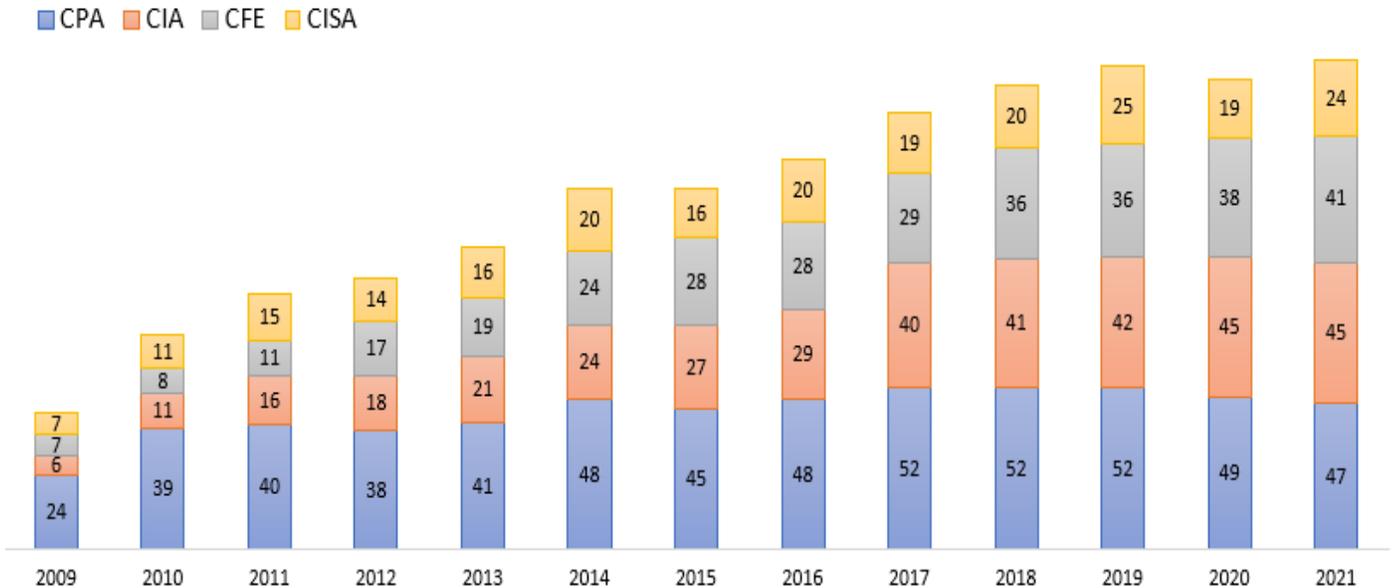
Information above is self-reported by each internal audit program and not verified by Council staff.

Chart 3 illustrates the type of advanced degrees held by the Agency's internal auditors during the fiscal year. Auditors held 88 advanced degrees, with 77% of these being master's degrees in business administration or accounting.

Chart 3: FY2020-21 Advanced Degrees
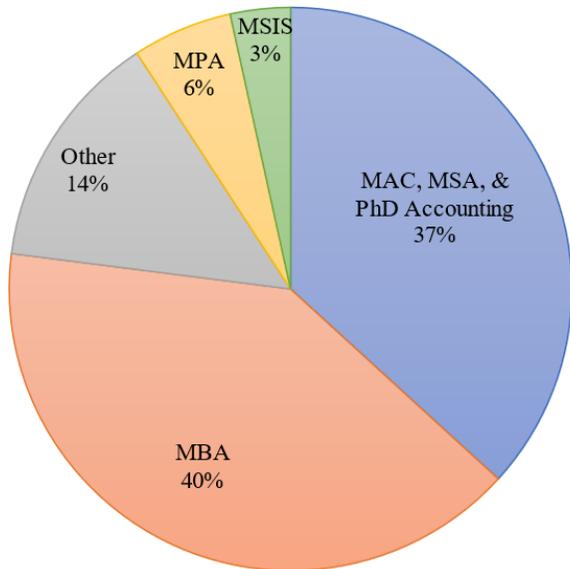
35 **MBA/**Master of Business Administration
32 **MAC & MAFM/**Master of Accounting/Financial Management
5 **MPA**/Master of Public Administration
3 **MSIS**/Master of Information Systems

Chart 4 is a historical view of all advanced degrees. The Chart emphasizes accounting and business administration degrees.

Chart 4: 14-Year Growth in Advanced Degrees with an Emphasis on Top Two Advanced Degrees
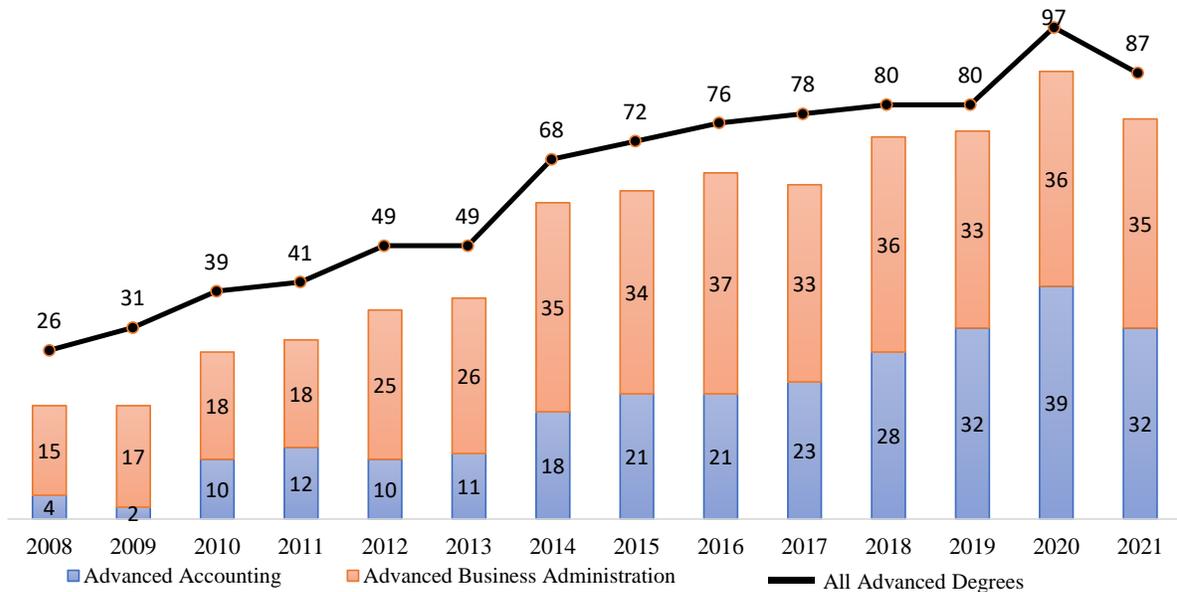
Computer Assisted Audit Tools

Internal audit programs can use computer-assisted audit tools (CAATs) to improve the efficiency and effectiveness of administrative and audit tasks. Automated tools range from basic office productivity software such as spreadsheets, word processors and text editing programs to more advanced software packages involving the use of statistical analysis and business intelligence tools.

The advanced software products are typically productivity tools or generalized audit software. Productivity tools, such as Teammate and SharePoint, aid with the administration and management of the audit processes. Generalized audit software tools, such as ACL and IDEA, assist with data extraction, analytics, and testing.

Table 5 identifies the types of CAAT products and the number of internal audit programs that had these products during the fiscal year 2021. Some internal audit programs use more than one generalized audit software or productivity tool which is depicted in Table 6 on the next page. Also shown in Table 6, all internal audit programs use Microsoft Office products to enhance productivity through automation. Currently, 29 IA programs have generalized audit software with 18 having multiple tools, and 24 agencies have productivity tools.

A 9-year historic view shows a significant growth in IA programs that have CAATs as illustrated in Chart 5.

Table 5

Computer Assisted Audit Tools Use by Internal Audit Functions[1]			
Generalized Audit Software		**Productivity Tool**	
Software	**Users**	**Software**	**Users**
Tableau	26	SharePoint	17
Active Data	9	Auto Audit	5
Power BI	10	TeamMate	2
IDEA	5	Note One	2
ACL	4	Auditor Assistant	1
Pentana	1	HighBond	1
TeamMate Analytics	1	ShareFile for Windows	4
Truven	1	One Drive	1
SAS	1		
EnCase	1		
Bank of American Works	1		

Chart 5: Number of Agencies Using CAATs
Nine Year History
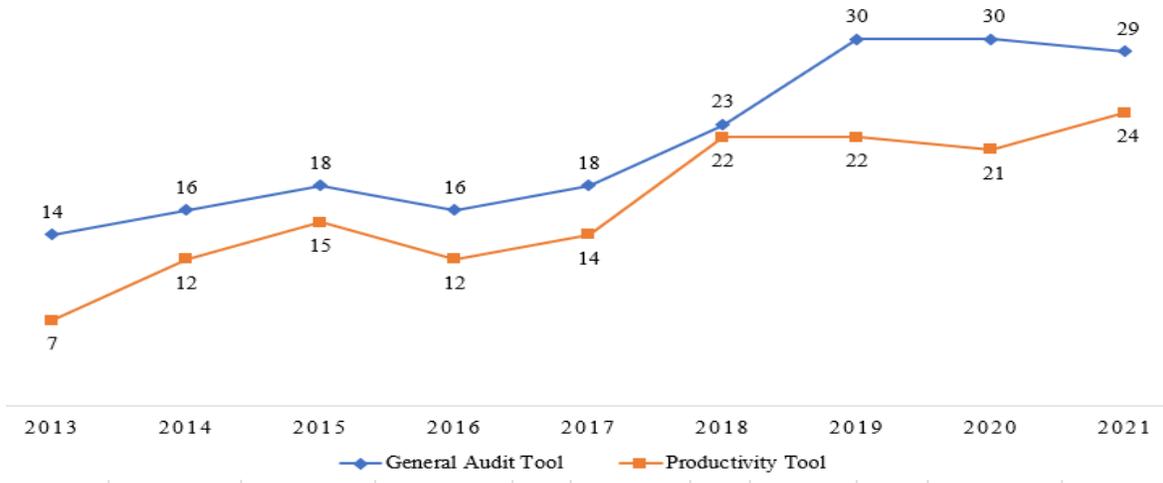
Information is self-reported by each internal audit program and not verified by Council staff.

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Table 6

Computer Assisted Audit Tool Usage[5]			
State Agency	**Microsoft Office Products**	**Generalized Audit Software[1]**	**Productivity Tool[2]**
Community College System Office	✓	✓	✓
Department of Administration	✓	✓	
Department of Agriculture & Consumer Services[3]	✓	✓	✓
Department of Commerce[3]	✓	✓	✓
Department of Environmental Quality[3]	✓	✓	✓
Department of Health and Human Services[3,4]	✓	✓	✓
Department of Information Technology[4]	✓	✓	✓
Department of Insurance	✓		✓
Department of Justice	✓		
Department of Labor	✓	✓	
Department of Natural and Cultural Resources	✓		
Department of Public Instruction	✓	✓	✓
Department of Public Safety	✓	✓	✓
Department of Revenue	✓		
Department of Secretary of State	✓		
Department of State Treasurer	✓	✓	✓
Department of Transportation	✓	✓	✓
North Carolina Education Lottery[3]	✓	✓	
Office of State Budget & Management[3,4]	✓	✓	✓
Office of the State Controller	✓		✓
Wildlife Resource Commission	✓		
Appalachian State University[4]	✓	✓	✓
East Carolina University[3]	✓	✓	✓
Elizabeth City State University[3]	✓	✓	✓
Fayetteville State University	✓		
North Carolina Agricultural & Technical State University[3]	✓	✓	
North Carolina Central University[3]	✓	✓	
North Carolina State University	✓	✓	
University of North Carolina - Asheville[3]	✓	✓	✓
University of North Carolina - Chapel Hill[3]	✓	✓	✓
University of North Carolina - Charlotte[3,4]	✓	✓	✓
University of North Carolina - System Office[3]	✓	✓	✓
University of North Carolina - Greensboro	✓	✓	
University of North Carolina - Hospital[3]	✓	✓	✓
University of North Carolina - Pembroke	✓		
University of North Carolina - Wilmington[3]	✓	✓	✓
Western Carolina University[3]	✓	✓	✓
Winston-Salem State University[3]	✓	✓	✓

1. Perform routine audit tasks including data extract, analytics, and testing.
2. Streamline processes to manage audits through electronic work papers and work flows.
3. Uses multiple generalized audit tools.
4. Uses multiple productivity tools.
5. Information is self-reported by each internal audit program and not verified by Council staff.

Efforts and Accomplishments

Internal Audit Engagements

From July 1, 2020, through June 30, 2021, Chart 6 shows the number and percentage of internal audit engagements completed by type. More consulting engagements were completed when compared to other internal audit engagements. In addition to the engagement work shown here, most internal audit programs provided technical assistance[6] throughout the year. During the same time, internal auditors provided just 30,801 hours of assistance to their Agency's management which did not result in the issuance of a report.

Chart 6: 2021 Engagements Statewide

Information is self-reported by each internal audit program and not verified by Council staff.
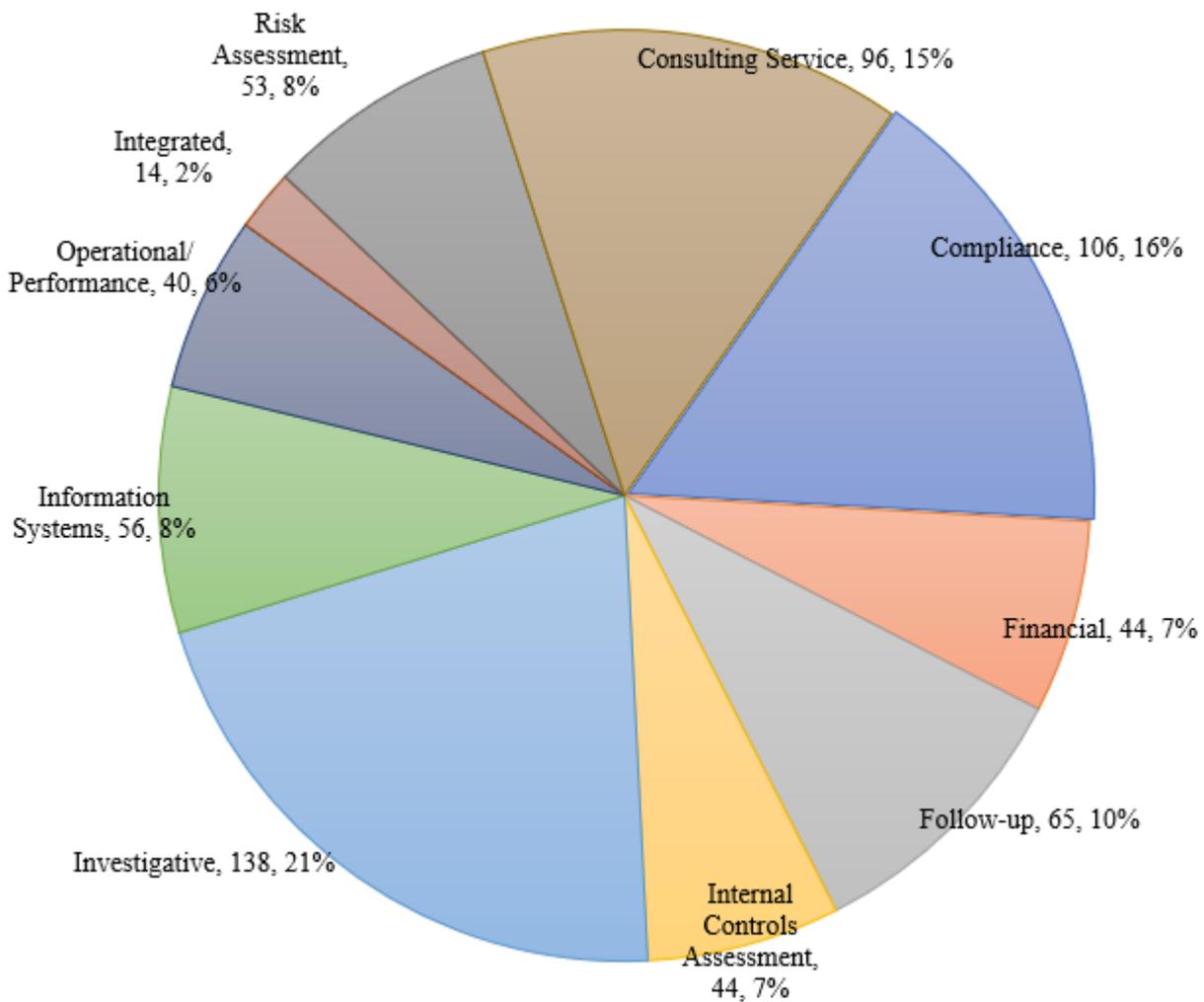
Engagements by agencies are shown in Table 7 on the next two pages.

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[6] Technical assistance is advice provided to agency employees which can take the form of a phone call, in-person, or virtual meetings, and/or email. The amount of time to provide the advice is significantly less than the time to complete an engagement.

Table 7 (Continued on next page)

Information is self-reported by each internal audit program and not verified by Council staff.

Agency	Compliance	Financial	Follow-up	Information Systems	Internal Controls Assessment	Investigative	Operational/ Performance	Integrated	Risk Assessment	Consulting Service	Special Project	Total Engagements	Technical Assistance Hours
Community College System Office			1		1				1		3	6	300
Department of Administration	2					3				2		7	500
Department of Agriculture and Consumer Services	1		1	1		1	1	2	1	1	2	11	134
Department of Commerce	2	15		2		2	6		13	14	61	115	1,600
Department of Environmental Quality			1		1	1	3		2	1	2	11	347
Department of Health and Human Services	23	7	13	27		40				31		141	6,115
Department of Information Technology		1			1	1			1		3	7	250
Department of Insurance			1									1	
Department of Justice										2		2	600
Department of Labor						5				1	8	14	433
Department of Natural and Cultural Resources					4	1						5	25
Department of Public Instruction			2		1	7	1		1	1		13	825
Department of Public Safety	22	8				3						33	12
Department of Revenue	2			1		4		4				11	160
Department of Secretary of State					1		1		1	1		4	-
Department of State Treasurer					1							1	120
Department of Transportation					1		6		1			8	9,190
North Carolina Education Lottery	7			2			1		1		1	12	1,800
North Carolina Housing Finance Agency	1	1					1		1			4	
Office of State Budget and Management	16		5	1	1	15	4		7	3		52	359
Office of the State Controller							1					1	30
Wildlife Resources Commission					1					4	1	6	683

Table 7 (Continued from previous page)

Agency	Compliance	Financial	Follow-up	Information Systems	Internal Controls Assessment	Investigative	Operational/ Performance	Integrated	Risk Assessment	Consulting Service	Special Projects	Total Engagements	Technical Assistance Hours
Appalachian State University	2	5	2	4	21	2	1					37	445
East Carolina University	2		3	4		13		8	1	1	2	34	314
Elizabeth City State University	1	1	3			3	2		1	1	2	14	-
Fayetteville State University			1		1	1						3	300
North Carolina Agricultural & Technical State University	1		2		1	6			1		1	12	66
North Carolina Central University			10						1			11	
North Carolina School of the Arts					2	2			2			6	31
North Carolina School of Science and Math	2					1			1	1		5	251
North Carolina State University			1			6	4			11		22	824
North Carolina State Education & Assistance Authority	1		1						1	1		4	107
University of North Carolina - Asheville				1							6	7	1,088
University of North Carolina - Chapel Hill	6	2		2			5		1	4	18	38	606
University of North Carolina - Charlotte	4	3		3	1	3	2		1		1	18	1,556
University of North Carolina - System Office	1		3			2	2		6	4	4	22	100
University of North Carolina - Greensboro	4				1				1		1	7	40
University of North Carolina - Pembroke	1		1	2		4			1	2	2	13	82
University of North Carolina - Wilmington	1	1	7			1	1		1	2	1	15	529
University of North Carolina - Hospital	3		1	5	3	3				2	5	22	
Western Carolina University	1		5	1		1	1		1	7		17	873
Winston-Salem State University			1		1	4				2	2	10	108

Compliance

Internal Audit Act and Council Requirements

The Internal Audit Act requires internal audit programs to submit their annual audit plans and final reports to the Council, and the North Carolina Internal Audit Manual requires submission of audit plans by September 30 of each year. The Department of Justice did not submit an audit plan for FY 2021.

Engagement reports should be submitted 10 days after the issuance of the final report. Table 8 identifies fifteen agencies that submitted their reports late and two did not submit any reports.
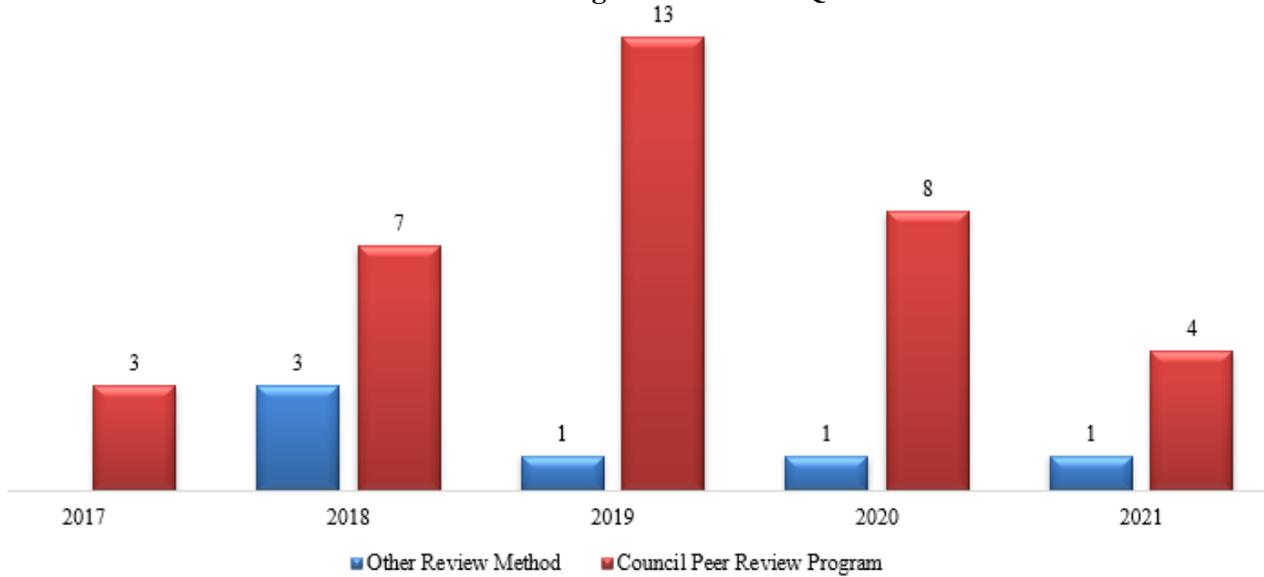
Table 8

Submission of Plans and Reports					
Agency	**Audit Plan**	**Reports**	**Agency**	**Audit Plan**	**Reports**
Community College System Office	✓	✗	Appalachian State University	✓	✓
Department of Administration	✓	⊘	East Carolina University	✓	✓
Department of Agriculture & Consumer Services	✓	✓	Elizabeth City State University	✓	✓
Department of Commerce	✓	✓	Fayetteville State University	✓	✓
Department of Environmental Quality	✓	✗	North Carolina Agricultural & Technical State University	✓	✓
Department of Health & Human Services	✓	✗	North Carolina Central University	✓	✓
Department of Information Technology	✓	✓	North Carolina School of the Arts	✓	✓
Department of Insurance	✓	✓	North Carolina School of Science and Mathematics	✓	✓
Department of Justice	⊘	⊘	North Carolina State Education Assistance Authority	✓	✓
Department of Labor	✓	✗	North Carolina State University	✓	✓
Department of Natural and Cultural Resources	✓	✓	University of North Carolina - Asheville	✓	✓
Department of Public Instruction	✓	✓	University of North Carolina - Chapel Hill	✓	✗
Department of Public Safety	✓	✓	University of North Carolina - Charlotte	✓	✓
Department of Revenue	✓	✗	University of North Carolina General Administration	✓	✓
Department of Secretary of State	✓	✗	University of North Carolina - Greensboro	✓	✗
Department of State Treasurer	✓	✓	University of North Carolina Healthcare	✓	✗
Department of Transportation	✓	✗	University of North Carolina - Pembroke	✓	✗
Housing Finance Agency	✓	✗	University of North Carolina - Wilmington	✓	✓
North Carolina Education Lottery	✗	✗	Western Carolina University	✓	✗
Office of State Budget & Management	✓	✓	Winston-Salem State University	✓	✗
Office of the State Controller	✓	✓	✓ Timely	40	25
Wildlife Resource Commission	✓	✓	✗ Late	1	15
			⊘ No Submission	1	2

External Quality Assurance Review

To comply with internal audit standards, external Quality Assurance Reviews (QAR) are required every five years. Agencies can use the Council's Peer Review program or use other methods to obtain the external quality assurance review. Chart 7 illustrates the timing and method used by internal audit programs to obtain a QAR. The use of outside sources to obtain a QAR includes professional associations[7] or contractors.

Chart 7: Timing and Method of QAR

Information on each internal audit program's QAR progress and conformance over the prior and current cycle is listed in Table 9 on the next page. The Department of Justice QAR was required in 2019 and is reported as overdue for a QAR. There are two internal audit functions that do not conform to the Standards, and five internal audit functions that partially conform to the Standards.

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[7] Institute of Internal Auditors, American Association of State Highway Transportation Officials, and Association of College and University Auditors.

Table 9

External Quality Assurance Review Calendar Year 2017-2021				
		Due Date		
Agency	**Rating***	**Month**	**Year**	**Progress**
Community College System Office	Generally Conforms	April	2017	Complete
Department of Agriculture & Consumer Services	Generally Conforms	August	2017	Complete
North Carolina State University	Generally Conforms	July	2017	Complete
Department of Transportation	Generally Conforms	January	2018	Complete
Office of State Budget and Management	Generally Conforms	June	2018	Complete
University of North Carolina - Charlotte	Generally Conforms	May	2018	Complete
Appalachian State University	Generally Conforms	September	2018	Complete
Western Carolina University	Generally Conforms	October	2018	Complete
North Carolina Central University	Generally Conforms	October	2018	Complete
University of North Carolina - Asheville	Generally Conforms	October	2018	Complete
Department of Secretary of State	Generally Conforms	December	2018	Complete
Office of the State Controller	Generally Conforms	December	2018	Complete
University of North Carolina - Chapel Hill	Generally Conforms	December	2018	Complete
Housing Finance Agency	Generally Conforms	March	2019	Complete
Department of Public Safety	Partially Conforms	March	2019	Complete
Fayetteville State University	Generally Conforms	May	2019	Complete
North Carolina School of Science and Math	Generally Conforms	May	2019	Complete
State Education Assistance Authority	Generally Conforms	May	2019	Complete
University of North Carolina - System Office	Generally Conforms	May	2019	Complete
Department of Health and Human Services	Generally Conforms	December	2019	Complete
Department of Insurance	Generally Conforms	May	2019	Complete
North Carolina A&T State University	Generally Conforms	June	2019	Complete
Department of Administration	Partially Conforms	July	2019	Complete
Department of Revenue	Generally Conforms	August	2019	Complete
Department of Information Technology	Does Not Conforms	September	2019	Complete
Department of Environmental Quality	Generally Conforms	December	2019	Complete
Department of Justice	Generally Conforms	November	2019	Over Due
University of North Carolina Healthcare	Generally Conforms	August	2020	Complete
North Carolina School of the Arts	Generally Conforms	February	2020	Complete
Winston-Salem State University	Generally Conforms	February	2020	Complete
Department of Public Instruction	Generally Conforms	February	2020	Progress
University of North Carolina - Pembroke	Partially Conforms	February	2020	Complete
NC Education Lottery	Generally Conforms	February	2020	Complete
University of North Carolina - Greensboro	Partially Conforms	March	2020	Complete
Wildlife Resources Commission	Does Not Conforms	May	2020	Complete
Department of Cultural and Natural Resources	Partially Conforms	July	2020	Complete
Department of Commerce	Generally Conforms	December	2021	In Progress
Elizabeth City State University	Generally Conforms	November	2021	In Progress
East Carolina University	Generally Conforms	April	2021	Complete
Department of State Treasurer	Generally Conforms	March	2021	In Progress
University of North Carolina - Wilmington	Generally Conforms	May	2021	Complete
Department of Labor	New	April	2024	Not Due

* Generally Conforms with the *International Professional Practices Framework* is the highest rating that can be received for an external quality assurance review.

APPENDIX A: *NORTH CAROLINA INTERNAL AUDIT ACT*

Article 79.
Internal Auditing.

§ 143-745. Definitions; intent; applicability.
    (a)   For the purposes of this section:
          (1)   "Agency Head" means the Governor, a Council of State member, a cabinet secretary, the President of The University of North Carolina, the President of the Community College System, the State Controller, and other independent appointed officers with authority over a State Agency.
          (2)   "State Agency" means each department created pursuant to Chapter 143A or 143B of the General Statutes, and includes all institutions, boards, commissions, authorities, by whatever name, that is a unit of the executive branch of State government, including The University of North Carolina, and the Community Colleges System Office. The term does not include a unit of local government.
    (b)   This Article applies only to a State Agency that:
          (1)   Has an annual operating budget that exceeds ten million dollars ($10,000,000);
          (2)   Has more than 100 full-time equivalent employees; or
          (3)   Receives and processes more than ten million dollars ($10,000,000) in cash in a fiscal year. (2007-424, s. 1; 2009-516, s. 2; 2013-406, s. 1; 2016-126, 4th Ex. Sess., s. 9.)

§ 143-746. Internal auditing required.
    (a)   Requirements. - A State Agency shall establish a program of internal auditing that:
          (1)   Promotes an effective system of internal controls that safeguards public funds and assets and minimizes incidences of fraud, waste, and abuse.
          (2)   Determines if programs and business operations are administered in compliance with federal and state laws, regulations, and other requirements.
          (3)   Reviews the effectiveness and efficiency of Agency and program operations and service delivery.
          (4)   Periodically audits the Agency's major systems and controls, including:
                a.   Accounting systems and controls.
                b.   Administrative systems and controls.
                c.   Information technology systems and controls.
    (b)   Internal Audit Standards. - Internal audits shall comply with current Standards for the Professional Practice of Internal Auditing issued by the Institute for Internal Auditors or, if appropriate, Government Auditing Standards issued by the Comptroller General of the United States.

(c)   Appointment and Qualifications of Internal Auditors. - Any State employee who performs the internal audit function shall meet the minimum qualifications for internal auditors established by the Office of State Human Resources, in consultation with the Council of Internal Auditing.

(d)   Director of Internal Auditing. - The Agency Head shall appoint a Director of Internal Auditing who shall report to, as designated by the Agency Head, (i) the Agency Head, (ii) the Chief Deputy or Chief Administrative Assistant, or (iii) the Agency Governing Board, or subcommittee thereof, if such a governing board exists. The Director of Internal Auditing shall be organizationally situated to avoid impairments to independence as defined in the auditing standards referenced in subsection (b) of this section.

(e)   Insufficient Personnel. - If a State Agency has insufficient personnel to comply with this section, the Office of State Budget and Management shall provide technical assistance.

(f)   Reporting Fraudulent Activity. - If an internal audit conducted pursuant to this section results in a finding that a private person or entity has received public funds as a result of fraud, misrepresentation, or other deceptive acts or practices while doing business with the State Agency, the internal auditor shall submit a detailed written report of the finding, and any additional necessary supporting documentation, to the State Purchasing Officer. A report submitted under this subsection may include a recommendation that the private person or entity be debarred from doing business with the State or a political subdivision thereof. (2007-424, s. 1; 2013-382, s. 9.1(c); 2013-406, s. 1; 2015-241, s. 25.1(a); 2015-268, s. 7.4.)

§ 143-747. Council of Internal Auditing.
   (a)   The Council of Internal Auditing is created, consisting of the following members:
       (1)   The State Controller who shall serve as Chair.
       (2)   The State Budget Officer.
       (3)   The Secretary of Administration.
       (4)   The Attorney General.
       (5)   The Secretary of Revenue.
       (6)   The State Auditor who shall serve as a nonvoting member. The State Auditor may appoint a designee.
   (b)   The Council shall be supported by the Office of State Budget and Management.
   (c)   The Council shall:
       (1)   Hold meetings at the call of the Chair or upon written request to the Chair by two members of the Council.
       (2)   Keep minutes of all proceedings.
       (3)   Promulgate guidelines for the uniformity and quality of State Agency internal audit activities.
       (4)   Recommend the number of internal audit employees required by each State Agency.
       (5)   Develop internal audit guides, technical manuals, and suggested best internal audit practices.
       (6)   Administer an independent Peer Review system for each State Agency internal audit activity; specify the frequency of such reviews consistent with applicable

national standards; and assist agencies with selection of independent peer reviewers from other State Agencies.

(7)   Provide central training sessions, professional development opportunities, and recognition programs for internal auditors.

(8)   Administer a program for sharing internal auditors among State Agencies needing temporary assistance and assembly of interagency teams of internal auditors to conduct internal audits beyond the capacity of a single Agency.

(9)   Maintain a central database of all annual internal audit plans; topics for review proposed by internal audit plans; internal audit reports issued and individual findings and recommendations from those reports.

(10)   Require reports in writing from any State Agency relative to any internal audit matter.

(11)   If determined necessary by a majority vote of the council:

a.   Conduct hearings relative to any attempts to interfere with, compromise, or intimidate an internal auditor.

b.   Inquire as to the effectiveness of any internal audit unit.

c.   Authorize the Chair to issue subpoenas for the appearance of any person or internal audit working papers, report drafts, and any other pertinent document or record regardless of physical form needed for the hearing.

(12)   Issue an annual report including, but not limited to, service efforts and accomplishments of State Agency internal auditors and to propose legislation for consideration by the Governor and General Assembly. (2007-424, s. 1; 2013-406, s. 1.)

§ 143-748. Confidentiality of internal audit work papers.

Internal audit work papers are confidential except as otherwise provided in this section or upon subpoena issued by a duly authorized court. A published internal audit report is a public record as defined in G.S. 132-1 to the extent it does not include information which is confidential under State or federal law or would compromise the security of a State Agency. An internal auditor shall maintain for 10 years a complete file of all audit reports and reports of other examinations, investigations, surveys, and reviews conducted under the internal auditor's authority. Audit work papers and other evidence and related supportive material directly pertaining to the work of the internal auditor's office shall be retained in accordance with Chapter 132 of the General Statutes. Unless otherwise prohibited by law and to promote intergovernmental cooperation and avoid unnecessary duplication of audit effort, audit work papers related to released audit reports shall be made available for inspection by duly authorized representatives of the State and federal government in connection with some matter officially before them. (2013-406, s. 1.)

§ 143-749. Obstruction of audit.

It shall be a Class 2 misdemeanor for any officer, employee, or agent of a State Agency subject to the provisions of this Article to willfully make or cause to be made to a State Agency

internal auditor or the internal auditor's designated representatives any false, misleading, or unfounded report for the purpose of interfering with the performance of any audit, special review, or investigation or to hinder or obstruct the State Agency internal auditor or the internal auditor's designated representatives in the performance of their duties. (2013-406, s. 1.)

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APPENDIX B: STAFFING RECOMMENDATION

Internal Audit Staffing Analysis and Recommendation for Minimal Staff Level As of June 30, 2017				
Agency	Current Positions	Minimal Positions Needed	Recommended New Positions	Estimated Cost of New Positions
Administrative Office of the Courts	4.00	6.00	2.00	190,000
Department of Administration	1.00	3.00	2.00	190,000
Department of Commerce	4.00	11.00	7.00	665,000
Department of Natural and Cultural Resources	2.00	3.00	1.00	95,000
Department of Environment Quality	2.00	3.00	1.00	95,000
Department of Insurance	1.00	2.00	1.00	95,000
Department of Justice	1.00	2.00	1.00	95,000
Department of Military and Veterans Affairs [1]	-	2.00	2.00	190,000
Department of Public Instruction	2.00	8.00	6.00	570,000
Department of State Treasurer	3.00	13.00	10.00	950,000
North Carolina Education Lottery	3.00	6.00	3.00	285,000
North Carolina Housing Finance Agency [3,5]	-	2.00	2.00	190,000
Office of State Budget and Management [1]	5.00	6.00	1.00	95,000
Office of State Controller [5]	0.50	2.00	1.50	142,500
Wildlife Resources Commission	1.00	2.00	1.00	95,000
Elizabeth City State University [5]	1.00	2.00	1.00	95,000
Fayetteville State University [3]	-	2.00	2.00	190,000
North Carolina State University	7.00	8.00	1.00	95,000
University of North Health Care System	7.00	14.00	7.00	665,000
University of North Carolina-Asheville	1.00	2.00	1.00	95,000
University of North Carolina-Chapel Hill	7.75	9.00	1.00	95,000
University of North Carolina-Greensboro	2.00	3.00	1.00	95,000
University of North Carolina-General Administration [2]	2.00	3.00	1.00	95,000
Western Carolina University	1.00	2.00	1.00	95,000
Grand Total			**57.50**	**5,462,500**
Agencies at or above Minimum, Using Contractors or Using Shared Pool				
Department of Agriculture and Consumer Services	4.00			
Department of Health and Human Services	41.00			
Department of Information Technology	3.00			
Department of Public Safety	20.00			
Department of Revenue	3.00			
Department of Secretary of State [5]	2.00			
Department of Transportation	25.00			
North Carolina Community College Central Office	2.00			
Appalachian State University	5.00			
East Carolina University	8.00			
North Carolina A&T State University	4.00			
North Carolina Central University	4.00			
University of North Carolina-Charlotte	5.00			
University of North Carolina-Pembroke	2.00			
University of North Carolina-Wilmington	4.00			
Winston-Salem State University [4]	5.00			
North Carolina School of Science & Math	Contracting			
North Carolina School of the Arts	Contracting			
North Carolina State Education Assistance Authority	Contracting			
Commissioner of Banks	Shared Pool			
Department of Labor	Shared Pool			
Office of State Auditor	Shared Pool			
Office of State Human Resources	Shared Pool			
Office of the Governor	Shared Pool			
State Board of Elections	Shared Pool			

1. Provides internal audit services to agencies under $70 million expenditures; Shared Pool agencies listed above. Department of Military and Veteran's Affairs receives service; however, they are not included in OSBM calculation.
2. Provides internal audit services to North Carolina School for Science and Mathematics and NC State Education Assistance Authority which was considered in the calculation.
3. Outsourced internal audit services.
4. Provides internal audit services to North Carolina School for the Arts which was considered in the calculation.
5. Agencies under $70 million operating may use OSBM internal audit services instead established an in-house internal audit function.