



**Winston-Salem State University / University of North Carolina School of the Arts
Office of Internal Audit & Institutional Compliance**

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TO: Donald R. Pearsall, Assistant Vice Chancellor for Business Services

FROM: Shannon B. Henry, Chief Audit Executive

DATE: May 1, 2015

SUBJECT: **Examination of Risk Management**

Internal Audit is conducting an audit of the University's Risk Management procedures. Selection of this audit is based upon a comprehensive plan to assess the internal control environment across all divisions of Winston Salem State University. The objectives of the audit are as follows:

To address the effectiveness of the University's management and mitigation of risks by:

- Assessing the administration and management of the risk management program to ensure it provides effective internal controls, clear lines of organizational authority, adequate loss prevention and control programs, and documented policies and procedures;
- Evaluating the University's insurance coverage to confirm that assets are appropriately safeguarded;
- Evaluating if the procedures for the identification, maintenance and review of the University's assets is appropriate to ensure that insurance coverage remains adequate;
- Assessing the efficiency and effectiveness of the processes for claims handling; and
- Assessing if the risk management program and asset coverage is in compliance with State requirements and University policies and procedures.

We expect the fieldwork to begin on May 26, 2015. A draft report will be issued at the conclusion of audit fieldwork. The purpose of the draft report is to obtain your agreement with the findings and recommendations. Once we are in agreement, we will issue a final copy of the report.

We will require assistance directly from you and your staff during the course of our work, including providing the necessary information to complete our procedures as well as answering relevant questions or providing explanations to issues encountered during our review. We appreciate your commitment to providing the necessary information so that we may adhere to an efficient timeline.

We will be contacting you shortly to schedule a meeting to discuss our objectives and begin coordinating the advance preparation and audit sampling activities. In advance of this meeting, we would appreciate obtaining the following items, in electronic format if possible, by May 18, 2015:

- List of insurance policies;
- List of insured University assets;
- List of regulations and University policies governing Risk Management;
- Internal policy and procedure manuals and guidelines;
- The latest risk assessment and/or risk management plan;
- Current organizational chart;
- List of reports used by Business Services;
- List of Banner funds, accounts, modules and screen names applicable to Risk Management transactions; and any
- Reports from external audits or reviews.

The following individuals will be involved in this audit:

- Rod Isom, Auditor-In-Charge
- Carla Reaves, Auditor

We will distribute the copies of our final report to Elwood L. Robinson, Ph.D., Chancellor; Dr. Randy Mills, Interim Vice Chancellor for Finance and Administration; and the Audit Committee of the WSSU Board of Trustees.

Please indicate your agreement with the terms set forth by signing as indicated below. If you have any particular areas of concern that you would like us to consider we will be happy to meet and discuss. Please direct all inquiries to Shannon Henry, Chief Auditor at 750-2020, or Stacy Sneed, Audit Manager at 750-2028.

*Donald R. Pearsall, Asst. Vice Chancellor for
Business Services / Date*

*Shannon B. Henry, Chief Audit Executive /
Date*

cc: Elwood L. Robinson, Ph.D., Chancellor
Dr. Randy Mills, Interim Vice Chancellor for Finance and Administration