UNC GREENSBORO
Board *of* Trustees

Compliance, Audit, Risk Management and Legal Affairs (CARL) Committee
September 22, 2026
10:15 a.m.

Discussion Item

CARL – 2 Internal Audit Report

Background Information

Katherine Skinner, Director of Internal Audit, will provide a summary of recent audits performed.

Attachments

2.1 Internal Audit Report Presentation
2.2 P-card Internal Audit Report
2.3 WAM FY2026 Inventory Internal Audit Report
2.4 Follow-up to NC OSA Single Audit Findings

CARL 2.1

UNC GREENSBORO

Office *of* Institutional Integrity *and* General Counsel

Internal Audit

UNC Greensboro Board of Trustees

Compliance, Audit, Risk Management, and Legal Affairs (CARL) Committee

September 22, 2026

Katherine Skinner, Director of Internal Audit

UNC GREENSBORO
Office *of the* Internal Auditor

Internal Audit Reporting Requirements – What and Why

Global Internal Audit Standards required reporting:

- Results of audit services
- Results of Internal Quality Assessments
- Independence, objectivity, integrity of IA team
- Current initiatives
- Other: Charter, Audit Work Plan, Resources, etc. – previously reported or submitted for approval.

System Office required reporting:

- External Audit Reports (as well as other IIA reporting)

The NC Internal Audit Act
(NC General Statute 147 Article 79)
requires us to comply with
Global Internal Audit Standards (Standards)
issued by the
Institute of Internal Auditors (IIA).

Internal Audit Reporting Requirements –What and Why

Internal Audit - a proactive strategic partner to University leaders.

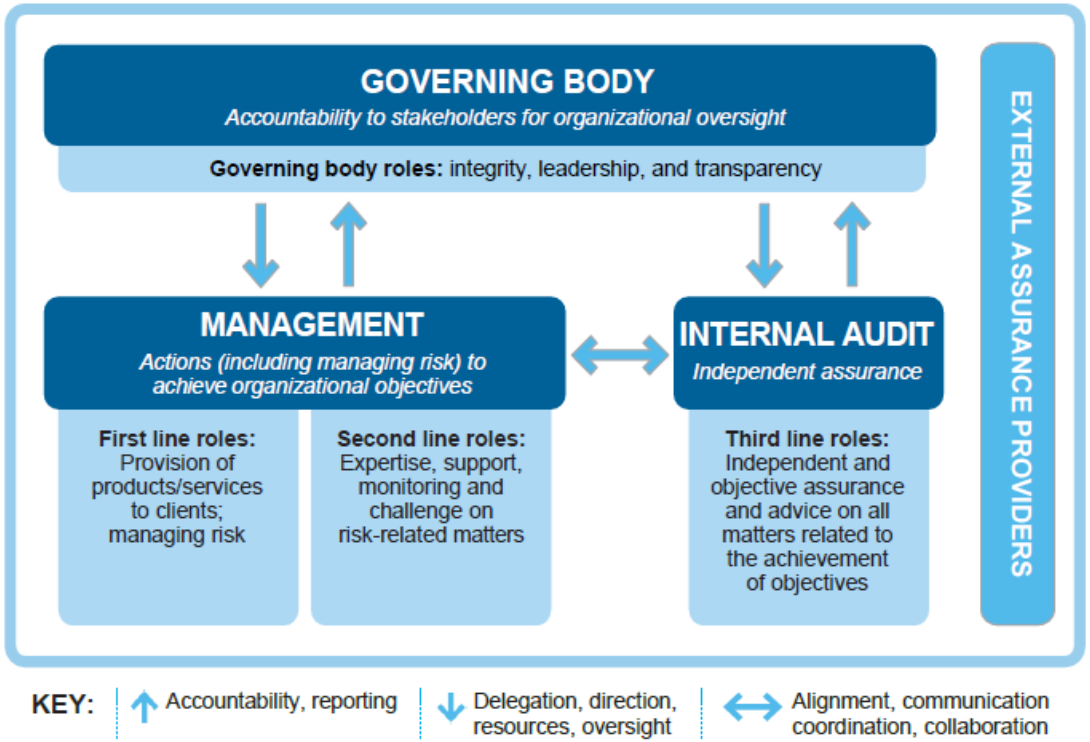
As the third line of defense, Internal Audit:

- Ensures that the Board has the information needed to provide oversight of the Internal Audit function as Internal Audit works toward achieving its mission.
- Provides risk-based, independent, and objective assurance, advice, insight, and foresight regarding the governance, risk management, and control processes of the University.

Internal Audit Mission:

With a commitment to adhering to the Global Internal Audit Standards and utilizing best practices, Internal Audit will strive to enhance the University's: (a) successful achievement of its objectives; (b) governance, risk management, and control processes; (c) decision-making and oversight; (d) reputation and credibility with its stakeholders; and (e) ability to serve the public interest.

The IIA's Three Lines Model



UNC GREENSBORO
Office of the Internal Auditor

Internal Audit Initiatives

Issued since last CARL Committee Meeting

- 3 assurance audits (to be presented next)
  - P-card Audit
  - Emergency Communication and Alert System Audit – confidential report
  - Weatherspoon Annual Inventory Audit
- 1 EQAR – of the UNC Healthcare System – results are confidential to that entity
- 1 follow-up to NC State Auditor Single Audit Findings

Currently In progress:

- 2 advisory engagements
- 1 Investigation
- Internal Projects - QAIP

UNC GREENSBORO
Office of the Internal Auditor

Internal Audit Issued:

Procurement Card (P-Card) Audit

- Background
  - UNC System Policies require an annual P-Card Audit.
  - For the period July 1, 2025, through December 31, 2025, the University had 648 active P-Cards and spent $7,670,708 using the P-Cards.
- Findings
  - UNC Greensboro policies and procedures comply with the UNC System Regulation 1300.7.2[R].
  - P-Card program transactions were made in compliance with UNCG Policies and Procedures.
- Recommendations
  - Procurement Services should continue to monitor faculty and staff compliance with UNCG policies and procedures.
  - Procurement Services should continue to evaluate and enhance policies and procedures as appropriate.

Internal Audit Issued:

Emergency Communication and Alert System Audit

- Background
  - UNC System Policies require an annual Emergency Communication and Alert System Audit.
- Key Observations
  - UNC Greensboro's Emergency Management policies and procedures substantially comply with UNC System Regulation 1300.7.3[R] - Campus Emergency Communication and Alert Systems.
  - Details are confidential to UNCG

Internal Audit Issued:

Weatherspoon Art Museum Annual Inventory Audit

- Background
  - The Weatherspoon Art Museum Council (WAM Council) owns the art collection of 6,724 items valued at $28.6 million; the WAM Council has no other assets. The audit was conducted pursuant to the UNC System Policies which require the WAM Council to have an annual audit.
- Findings
  - The Weatherspoon Art Museum's inventory management system is sufficiently reliable to support the accuracy of the $28.6 million in reported book value of the art collection inventory.
- Recommendations
  - No recommendations for improvement.
- MFC
  - The Weatherspoon Art Museum's aging HVAC system has environmental control deficiencies that may jeopardize long-term preservation of its collection and will require significant capital investment to mitigate this risk.

Internal Audit Issued:

Follow-up to OSA Single Audit Findings

- Background
  - The NC Office of the State Auditor identified two deficiencies during the Statewide Single Audit.
    - Finding 1: Student Enrollment Status Reporting Errors
    - Finding 2: Financial Assistance Disbursed in Excess of Student Eligibility
- NC OSA Recommendation:
  - University management should develop and implement formal internal controls to ensure accurate and timely reporting of enrollment status changes to the NSLDS.
  - University management should strengthen internal control procedures to ensure staff verify student dependency statuses before disbursing Direct Loan funds.
- Follow-up Status by Internal Audit
  - IA verified that sufficient progress has been made to remediate the deficiencies.
  - IA is working on a consultation engagement with Financial Aid to identify additional improvement opportunities.
  - IA will conduct a follow-up review of enrollment status reporting and dependency status updates (aid eligibility).

Internal Audit Performance

1. Performance of Internal Audit Activities vs. the Internal Audit Plan
2. Self-Assessment Maturity Model (SAMM) ratings and spider chart

Performance of the FY2026 Internal Audit Work Plan

No.	Specific Audits	Audit Plan	Status	Reported Observations	Status of Finding Resolution
Operational and Internal Controls Audits/Reviews					
1	Weatherspoon FY25 Inventory Audit	FY2026	Completed	No findings	N/A
Compliance Audits					
6	Emergency Communication and Alert Systems Audit FY2026	FY2026	Completed	No significant findings	N/A
7	P-Card Audit FY2026		Completed	No significant findings	N/A
8	Financial Aid Audit	FY2026	FY2027 Audit Plan	N/A	N/A
Information Technology Audits					
11	ITS Inventory	FY2026	FY2027 Audit Plan	N/A	N/A
Follow-up Audits/Reviews					
12	Travel Expense Follow-up	FY2026	Completed	N/A	N/A
Consultation, Advisory, and Investigations					
10	Ad hoc – as requested	Added to Plan	In progress	N/A	N/A
Special Assignments					
A	Self-Assessment of Internal Controls Over Financial Reporting (AICFR - State Controller Report)	FY2026	Completed	No deficiencies	N/A
B	Risk Assessment	FY2026	Completed	N/A	N/A
C	Annual Audit Plan	FY2026			
D	Quality Assurance and Improvement Prog.	FY2026	Ongoing	N/A	N/A
E	Key Performance Indicators Reporting	FY2026	Completed	N/A	N/A
F	Other Special Projects	FY2026	Completed	N/A	N/A
G	External QAR – UNC Healthcare Systems (Peer Review)	FY2026	Completed	N/A	N/A
H	SAMM Tool (NC Council of IA Report)	FY2026	Completed	3.6 of 5.0 Rating	N/A
I	Productivity Tool (NC Council of IA Report)	FY2026	Completed	N/A	N/A

Color	Status	Description
Green	Achieved	Goal has been met or exceeded.
Orange	In Progress	Meaningful progress is underway and actions are advancing toward the goal.
Red	Getting Started	Early-stage progress, foundational work underway, or additional focus needed to advance the goal.

UNC GREENSBORO
Office *of the* Internal Auditor

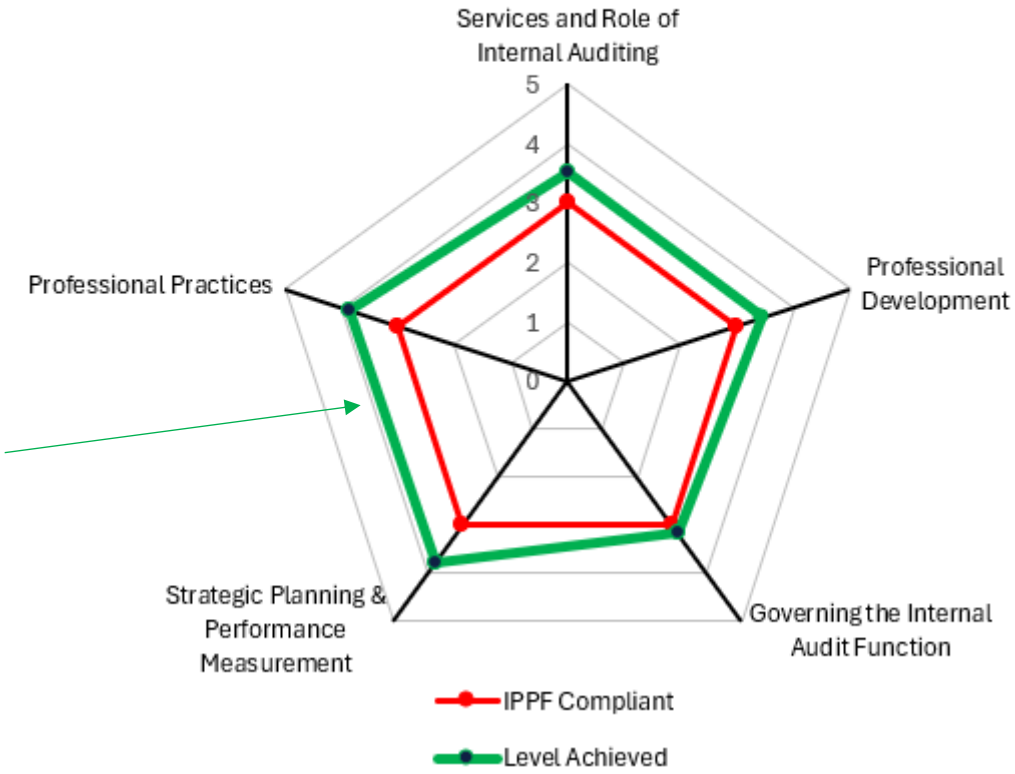
Self-Assessment Maturity Model

Assessment of Internal Audit's governance and operational maturity in relation to Global Internal Audit Standards.

Theme	IPPF Compliant	Level Achieved
Services and Role of Internal Auditing	3	3.5
Professional Development	3	3.5
Governing the Internal Audit Function	3	3.2
Strategic Planning and Performance Measurement	3	3.8
Professional Practices	3	3.9

- IPPF Compliant is 3.0 or higher – red line
- Lower than 3.0 is not compliant with Standards
- **Level Achieved is 3.6 overall**
- Achieving 5.0 would be optimum governance and operational performance; i.e. leading in best practices in every requirement of the *Standards*.

3.6 Overall



UNC GREENSBORO

Questions?

Contact an audit team member:

Katherine Skinner: kaskinner@uncg.edu

Or

Ronald Fulton: rsfulton@uncg.edu

GREENSBORO
Office *of the*
Internal Auditor

CARL 2.2

UNC GREENSBORO
Office of the Internal Auditor

PURCHASE CARD - INTERNAL AUDIT

PROCUREMENT SERVICES

MAY 2026

UNC GREENSBORO
Office of the Internal Auditor

MEMORANDUM

To: Dr. Franklin D. Gilliam, Jr., Chancellor
Anita Bachmann, CARL Committee Chair
From: Katherine Skinner, Director of Internal Audit
Date: May 18, 2026
RE: Procurement Services Purchase Card - Internal Audit Report

---

The Procurement Services Purchase Card Internal Audit was completed by the Office of the Internal Auditor in accordance with the Internal Audit Work Plan for fiscal year 2026. Provided within this communication is an Executive Summary and the Final Report of the Internal Audit activity.

Michael Logan, Director of Procurement Services, reviewed a draft copy of this report. His written comments are included starting on page 11.

We appreciate the courtesy and cooperation received from management and the employees of Procurement Services during our audit.

Table of Contents

EXECUTIVE SUMMARY

PURPOSE

The objectives of the audit are to determine whether purchase card (P-Card) transactions were made in compliance with UNCG policies and procedures and to determine whether UNCG's procurement policies and procedures comply with UNC System Regulation 1300.7.2[R], as of December 31, 2025.

The scope of the internal audit is P-Card transactions made between July 1, 2025, and December 31, 2025, and active P-Cards as of December 31, 2025.

Internal audit is required by UNC Regulation 1300.7.2[R] to complete an annual audit of the University's P-Card program. The regulation requires that internal audit evaluate compliance with the regulation and state law as it relates to use of purchase cards and report the findings to the Board of Trustees' Audit Committee on at least an annual basis.

BACKGROUND

A purchase card (P-Card) program is authorized by state laws[1] and UNC System policies and regulations to provide a flexible and convenient tool for University employees serving University needs. For the period July 1, 2025, through December 31, 2025, the University had 648 active P-Cards and spent $7,670,708 using the P-Cards.

The Procurement Services Department is a unit of the Finance and Administration Division reporting to the Associate Vice Chancellor for Finance and it is the central procurement authority for UNCG. The Department is responsible for managing the procurement process on a university-wide level, including the procurement of goods and services, contracting, and administering the purchase card (P-Card) program.

KEY FINDINGS

- UNC Greensboro policies and procedures comply with the UNC System Regulation 1300.7.2[R].
- P-Card program transactions were made in compliance with UNCG Policies and Procedures.

KEY RECOMMENDATIONS

- Procurement Services should continue to monitor faculty and staff compliance with UNCG policies and procedures.
- Procurement Services should continue to evaluate and enhance policies and procedures as appropriate.

[1] North Carolina General Statute 143-49 and 01 NCAC 05B.1523.

BACKGROUND

PURCHASE CARD (P-CARD) PURPOSE AND BACKGROUND

A purchase card (P-Card) program is authorized by state laws[2] and the University of North Carolina System (UNC System) policies and regulations to provide a convenient tool for University employees serving the business needs of the University of North Carolina at Greensboro (University). P-Cards offer flexibility and convenience that improve the efficiency of operations. All cardholders and P-Card program administrators, officers, and staff are expected to uphold regulations and applicable laws to the highest degree.[3]

University-issued purchase cards (P-Cards) present an inherent risk to the University as cardholders must be trusted to use their P-Cards in compliance with University policies and in the best interest of the University. Because of the inherent risks, cardholders must obtain, record, and retain documentary evidence to support strict business use of P-Cards and compliance with applicable laws and policies.

Although internal controls are designed and implemented to prevent, deter, and detect misuse of a P-Card, intentional and unintentional misuse of a P-Card is still possible. This audit was performed to evaluate the University's compliance with UNC System Regulation 1300.7.2[R] and cardholder compliance with University policies, procedures, and best practices.

P-CARD ACTIVITY

The University of North Carolina at Greensboro (Univesity) had 648 active P-Cards as of December 31, 2025 and spent approximately $7.7 million on the P-Cards between July 1, 2025 and December 31, 2025.

PROCUREMENT SERVICES

The Procurement Services Department is a unit of the University's Finance and Administration Division reporting to the Associate Vice Chancellor for Finance. Procurement Services supports the central mission of the University by providing efficient and effective policies and procedures for the procurement of goods and services, contracting, and administering the purchase card (P-Card) program in accordance with applicable state laws and UNC System regulations. Additionally, Procurement Services sets the standards of quality and service while utilizing professional ethics and best business practices throughout the entire procurement cycle.

Administration of the P-Card program includes issuing P-Cards to individuals who meet eligibility criteria, monitoring P-Card spending, identifying and remediating P-Card spending issues, and terminating P-Cards that are no longer approved or in use.[4]

---

[2] North Carolina General Statute 143-49 and 01 NCAC 05B.1523.

[3] UNC System Regulation 1300.7.2[R], adopted 11/07/2024.

[4] P-Cards may be revoked due to noncompliance with procurement requirements or for extended periods of inactivity.

OBJECTIVE, SCOPE, AND METHODOLOGY

OBJECTIVE:

The objectives of the audit are to determine whether purchase card (P-Card) transactions were made in compliance with UNCG policies and procedures and to determine whether UNCG's Procurement Policies and Procedures comply with UNC System Regulation 1300.7.2[R], as of December 31, 2025.

SCOPE:

The scope of the internal audit is P-Card transactions made between July 1, 2025, and December 31, 2025, and active P-Cards as of December 31, 2025.

METHODOLOGY:

P-Card Policies and Procedures – Compliance with UNC System Regulation 1300.7.2[R]

To determine whether UNC Greensboro's policies and procedures comply with UNC System Regulation 1300.7.2[R] as of January 31, 2026, auditors reviewed the UNC System Regulation and identified UNC Greensboro procurement policies and procedures that satisfy each requirement.

Auditors identified Procurement Services' internal controls related to P-Card issuance and verified that the controls are in place and operating as intended. Auditors also reviewed the list of active cardholders as of December 31, 2025 and compared it to the list of active employees in Banner. The Director of Internal Audit and the Chief Procurement Officer reviewed the lists to confirm that only eligible University employees have P-Cards.

Cardholder Compliance with Procurement Policies and Procedures:

To ensure the efficiency and effectiveness of audit test procedures, auditors used a risk-based approach and authoritative guidance[5] to determine the sample size and sampling methodology. There were 21,830 P-Card transactions totaling $7,670,708 between July 1, 2025 and December 31, 2025. Auditors analyzed the population to exclude low-risk[6] transactions from potential testing. Auditors tested a random sample of 45 P-Card transactions from the population of 15,022 transactions with values over $50 to determine whether P-Card transactions were made in compliance with UNC Greensboro's policies and procedures.

Auditors reviewed purchase transaction data in Emburse, purchase receipts, and supplementary documentation and determined whether cardholders complied with procurement policies and procedures. Auditors also determined the root causes of P-Card documentation errors and discussed potential corrective action with Procurement Services.

---

[5] Sample size was determined by the "Audit Guide: Audit Sampling" March 1, 2014 edition published by the AICPA.

[6] Auditors used professional judgment to identify low risk transactions as those with values lower than $50 because policy violations or P-Card misuse are less likely with lower values as well as negative values (refunds and credits).

Because of the test nature and other inherent limitations of an audit, together with limitations of any system of internal and management controls, this audit would not necessarily disclose all performance weaknesses, lack of compliance, or fraud.

As a basis for evaluating internal control, auditors applied the internal control guidance contained in professional auditing standards. However, our audit does not provide a basis for rendering an opinion on internal control, and consequently, we have not issued such an opinion.

FINDINGS AND RECOMMENDATIONS

FINDING 1. UNC GREENSBORO P-CARD POLICIES AND PROCEDURES COMPLY WITH UNC SYSTEM REGULATION

UNC Greensboro purchase card (P-Card) policies and procedures support compliance with UNC System Regulation 1300.7.2[R]. Procurement Services, as the department responsible for managing the P-Card program, reinforces compliance and operational excellence through periodic policy review and revision to ensure alignment with regulations and best practices.

Procurement Services Periodically Reviews and Updates Policies and Procedures

Procurement Services designed and implemented P-Card policies and procedures in compliance with UNC System Regulation 1300.7.2[R]. These policies address key program requirements, including cardholder eligibility and responsibilities; P-Card issuance and deactivation; P-Card training; transaction limits and exceptions; enforcement and disciplinary actions for misuse; and the roles and responsibilities of the P-Card Administrator.

To ensure ongoing compliance and the implementation of best practices, Procurement Services periodically reviews and updates P-Card policies, procedures, and supporting resources. Recent updates include an updated P-Card design (see image at right), revisions to training modules, P-Card manual enhancements to provide additional clarification, enhanced reporting and analytics in Emburse, and website updates to improve cardholder understanding and compliance.

Auditors reviewed P-Card policies and procedures and verified compliance with UNC System regulations. In addition, the Director of Internal Audit and the Chief Procurement Officer (CPO) reviewed the active cardholder listing and confirmed that P-Cards are issued to and retained by permanent employees only.

UNC System Regulation 1300.7.2[R] Requires P-Card Accountability

UNC System Regulation 1300.7.2[R] includes the following key compliance requirements: P-Cards may be issued only to eligible employees; P-Card training is required at least once every two years; enforcement of P-Card policies; and an annual audit of P-Card policy compliance.

Recommendations

Procurement Services should continue to evaluate and enhance policies and procedures as appropriate.

FINDING 2. COMPLIANCE WITH P-CARD POLICIES AND PROCEDURES MITIGATES RISK

Faculty and staff complied with UNC Greensboro policies and procedures for purchase card (P-Card) transactions. Compliance with P-Card policies is essential to safeguard University resources, ensure legal and regulatory compliance, and to protect UNC Greensboro from financial, operational, and reputational

risk. Procurement Services' implementation of strong controls mitigates those risks and reinforces the importance of compliance with policies and procedures.

Faculty and Staff Comply with UNC Greensboro P-Card Policies and Procedures

Faculty and staff complied with P-Card policies and procedures for the 45 transactions reviewed. Specifically, auditors observed only minor errors with the supporting documentation for P-Card transactions and no intentional violations of policies and procedures. The minor errors were caused by human error such as uploading the wrong receipt to support a P-Card transaction. The P-Card transaction review did not result in the identification of any instances of fraud[7] or intentional noncompliance.

Between July 1, 2025 and December 31, 2025, 630 cardholders charged approximately $7.7 million to P-Cards over 21,830 transactions. After excluding 6,808 very low risk transactions from the population of 21,830 transactions, auditors selected a random sample of 45 for review. See Table 1, below.

Table 1. P-Card Transactions between July 1, 2025 and December 31, 2025.

	Number of Transactions	Number as a Percent of Testable Pop	Dollar Value	$ Percent of Testable Pop
P-Card Transaction Population	21,830		$ 7,670,708.00	
P-Card Transactions <$50 (Excluded)*	6,808	31.19%	$ 9,532.80	0.12%
Testable Population	15,022	68.81%	$ 7,661,175.49	99.88%
Sample from Testable Population	**45**	0.30%	**$ 27,812.13**	0.36%

*The 6,808 transactions 'less than $50' includes 6,085 transactions totaling $149,874.94 in actual charges and 723 credit and refund transactions totaling -$140,342.14.

Strong Governance and Oversight Promote Compliance

P-Card compliance is strong at UNC Greensboro because compliance is closely monitored by the P-Card Administrator on an on-going basis. For example, the P-Card Administrator reviews P-Card transactions, identifies potential infractions,[8] and requires submission of additional supporting documentation or details when necessary to ensure that transactions are compliant with policies and procedures.

When the P-Card Administrator identifies unauthorized charges on a P-Card, she requires the cardholder to repay the amount charged and initiates additional enforcement action in accordance with P-Card policies. However, most flagged transactions are documentation errors that are corrected by cardholders after notification of the error. The P-Card Administrator explained that while disciplinary action is strictly enforced for repeat infractions, it is rarely necessary because most cardholders do not repeat P-Card

[7] Intentional misuse of a P-Card for one's personal benefit is considered fraud.

[8] The P-Card Administrator refers to P-Card policy violations as infractions. Cardholders with repeat infractions may have their P-Cards suspended or revoked, may be required to repay the University for unauthorized charges, and may face additional disciplinary action such as employment termination, civil, and/or criminal charges.

infractions. Auditors also verified that the P-Card Administrator points cardholders to applicable training and tools on the Procurement Services webpage to help cardholders understand policies and procedures.

The P-Card Administrator also monitors monthly P-Card spend activity and contacts the supervisors for cardholders with no activity to determine whether the P-Cards are still needed or should be terminated.

P-Card Compliance Supports a Strong Ethical Culture

Employee compliance with spending policies is essential to ensure responsible stewardship of University resources, adherence to applicable laws and UNC System regulations, and the effectiveness of internal controls. Compliance helps prevent misuse of funds, supports accurate financial reporting and transparent audit trails, and reduces the risk of disallowed costs, audit findings, and reputational harm. Consistent adherence to spending requirements reinforces accountability, promotes equitable treatment across departments, and demonstrates the University's commitment to ethical and compliant financial practices.

P-Card Policies and Procedures Require Accountability

UNCG's P-Card policies and procedures require strict accountability for P-Card use. Specifically, P-Card policies authorize approved employees to make low-dollar, business-related purchases in support of University operations, subject to cardholder training, spending limits, and approved merchant categories. P-Card policies and procedures also include requirements for timely reconciliation, submission of itemized receipts and other supporting documentation as applicable, supervisory review, and documentation of a valid business purpose. The P-Card policy prohibits personal use, cash advances, split transactions, and purchases of restricted goods or services. Procurement Services oversight, monitoring, and enforcement ensure compliance with these policies and procedures.

Recommendations

Procurement Services should continue to monitor faculty and staff compliance with UNCG policies and procedures.

AUDITEE RESPONSE

Procurement Services appreciates the collaboration and partnership with the Office of Internal Audit throughout this review. We value the thorough and objective assessment of the University's P-Card program.

We agree with the information presented and recommendations, which reflect the strength of our current policies, procedures, and controls. Procurement Services remains committed to maintaining a strong compliance environment and will continue to monitor activity, enhance processes, and support cardholders through ongoing training and communication.

We appreciate the recognition of our team's efforts and look forward to continued collaboration in support of the University's financial stewardship and compliance objectives.

Thank You,

Michael Logan

Director of Procurement Services

CARL 2.3

UNC GREENSBORO
Office of the Internal Auditor

INTERNAL AUDIT REPORT

WEATHERSPOON ART MUSEUM INVENTORY

FOR THE YEAR ENDED JUNE 30, 2026

AUGUST 2026

UNC GREENSBORO
Office *of the* Internal Auditor

MEMORANDUM

To: Dr. Franklin D. Gilliam, Jr., Chancellor
Anita Bachmann, CARL Committee Chair
From: Katherine Skinner, Director of Internal Audit
Date: August 3, 2026
RE: Weatherspoon Art Museum FY2026 Inventory Internal Audit Report

---

The Weatherspoon Art Museum Fiscal Year 2026 Inventory Internal Audit was completed by the Office of the Internal Auditor in accordance with the Internal Audit Work Plan for fiscal year 2027. Provided within this communication is an Executive Summary and the Final Report of the Internal Audit activity.

Juliette Bianco, Weatherspoon Art Museum Anne and Ben Cone Memorial Endowed Director and Associate Vice Chancellor for Museums and Creative Practice, reviewed a draft copy of this report and provided written comments; see page 11.

We appreciate the courtesy and cooperation received from management and the employees of Weatherspoon Art Museum and Foundation Finance during the audit.

TABLE OF CONTENTS

EXECUTIVE SUMMARY

PURPOSE

The objective of this internal audit is to determine whether the Weatherspoon Art Museum's (Museum) Inventory Management System is sufficiently reliable to support the accuracy of reported art collection inventory that is owned by the Weatherspoon Art Museum Council (WAM Council).

The scope of the internal audit is inventory accessions for July 1, 2025, through June 30, 2026, and the art collection items in the inventory record through June 30, 2026.[1] This audit has been conducted pursuant to the University of North Carolina System Office Policy 600.2.5.2[R][2] which requires the WAM Council to have an annual audit.

BACKGROUND

The WAM Council was established as a private non-profit organization, formerly known as the Weatherspoon Arts Foundation, to hold title to the permanent collection of the Museum. The WAM Council's only asset is the art collection. The collection is maintained for teaching, research, and public service purposes exclusively for the use and benefit of the University of North Carolina at Greensboro (University) and its broader community.

By an operating agreement, the WAM Council delegates full management responsibility for the collection to the Museum, which is owned and operated by the University. The art collection inventory included 6,785 items with a collective book value of approximately $28.8 million as of June 30, 2026.

KEY FINDINGS

The Weatherspoon Art Museum's inventory management system is sufficiently reliable to support the accuracy of the $28.8 million in reported book value of the art collection inventory.

KEY RECOMMENDATIONS

The audit team has no recommendations for improvement.

MATTER FOR FURTHER CONSIDERATION

The Weatherspoon Art Museum's aging HVAC system has environmental control deficiencies that may jeopardize long-term preservation of its collection and will require significant capital investment to mitigate this risk.

---

[1] Inventory on record as of June 30, 2026, includes all items with a recorded "legal date" of June 30, 2026, or earlier.

[2] The UNC Policy Manual, 600.2.5.2[R], Regulation on Required Elements of University-Associated Entity Relationship, Section V, Financial and Accounting Controls, Part B states, "Associated Entities and their single-member subsidiaries (LLCs or corporations) must be audited on an annual basis … An Associated Entity with annual expenditures of less than $250,000 may elect to have its annual audit conducted by the Approving Institution's internal auditor…"

BACKGROUND

The Weatherspoon Art Museum (Museum), which is owned and operated by the University of North Carolina at Greensboro (University), maintains and manages the art collection that is owned by the Weatherspoon Art Museum Council (WAM Council). During FY2026, the Museum managed 6,785 items with a collective book value of approximately $28.8 million, including 61 new accessions valued at $233,908.

WEATHERSPOON ART MUSEUM

The Museum serves the University, community, and state, as well as national and international audiences by collecting, preserving, presenting, and interpreting the work of nationally recognized American artists from the turn of the twentieth century onward. To encourage aesthetic and critical awareness within its audiences, the Museum engages in research, scholarship, and community outreach, and develops publications, exhibitions, and education programs.

WEATHERSPOON ART MUSEUM COUNCIL BACKGROUND AND PURPOSE

The Weatherspoon Art Museum Council (WAM Council) was initially established in 1990 as the Weatherspoon Arts Foundation, a private, non-profit organization to hold title to the permanent collection of the Museum. The Weatherspoon Art Museum Advisory (WAMA) Board was part of the UNCG Excellence Foundation, a certified non-profit organization. The WAMA Board provided guidance, funding, and volunteer time to the Museum. In the Fall of 2022, the WAMA Board and the Weatherspoon Arts Foundation merged into the WAM Council**.** The WAM Council retains private, non-profit status and title to the permanent collection of the Museum and continues to delegate full management responsibility for the collection to the University.

The collection is maintained for teaching, research, and public service purposes exclusively for the use and benefit of the University and its broader community. The WAM Council supports the Museum's mission and advances the Museum's capacity to:

- Build, manage, and preserve an increasingly diverse and significant art collection.
- Promote access to the Museum and its resources.
- Amplify the visibility, reputation, and accessibility of the Museum.
- Secure resources to support all areas of the museum's operations and collections.

OBJECTIVE, SCOPE, AND METHODOLOGY

OBJECTIVE:

The audit objective was to determine whether the Weatherspoon Art Museum's (Museum) Inventory Management System is sufficiently reliable to support the accuracy of reported art collection inventory that is owned by the Weatherspoon Art Museum Council (WAM Council).

SCOPE:

The scope of the internal audit is inventory accessions July 1, 2025, through June 30, 2026, and the art collection items in the inventory record through June 30, 2026.

METHODOLOGY:

To determine whether the reported inventory is reasonably accurate, auditors performed the following procedures:

- Interviewed Museum staff, reviewed policies and procedures, and physically observed Museum grounds and security procedures.
- Compared prior year inventory reports to current year inventory reports and reconciled differences.
- Compared inventory reports from the University's financial records to the Museum's inventory records.
- Physically observed a sample, using stratification to test significant items and a random sample of less significant items. A judgmental sample, using stratification and selecting high risk items, and selecting a random sample of lower risk items was determined by auditors to be the most efficient and effective method to achieve the audit objective. Auditors considered the results of prior year testing and the potential risks to the art collection. Auditors referred to authoritative sampling guidance published in 2014 by the American Institute of Certified Public Accountants (AICPA) in Audit Sampling, Audit Guide.
- Reviewed supporting documentation for fiscal year 2026 accessions and compared relevant details to inventory records (e.g., item number, artist, title, method (gift/purchase), value, legal date, description, and type).
- Reviewed an independent consultant's report on the aging HVAC system and estimated cost of repairs for inclusion in Matters for Further Consideration.

  Note that auditors are not art experts or qualified appraisers and thus cannot opine on item values or whether items are legitimate or forgeries. Accordingly, tests were limited to verifying that items appear to exist as indicated in the inventory records and in accordance with supporting documentation for new items.

Because of the test nature and other inherent limitations of an audit, together with limitations of any system of internal and management controls, this audit would not necessarily disclose all performance weaknesses or lack of compliance.

As a basis for evaluating internal control, auditors applied the internal control guidance contained in professional auditing standards. However, our audit does not provide a basis for rendering an opinion on internal control, and consequently, we have not issued such an opinion.

This audit was conducted in conformance with Global Internal Audit Standards issued by the Institute of Internal Auditors, January 2024 edition.

FINDINGS AND RECOMMENDATIONS

INVENTORY MANAGEMENT SYSTEM IS SUFFICIENTLY RELIABLE

The Weatherspoon Art Museum's (Museum) Inventory Management System is sufficiently reliable to support the accuracy of reported art collection inventory that is owned by the Weatherspoon Art Museum Council (WAM Council).

The Museum was responsible for managing 6,785 art collection items with a book value of approximately $28.8 million during fiscal year 2026[3] (FY2026). During FY2026, the Museum added 61 items to the art collection through 45 gifts and 16 purchases collectively valued at $233,908. See Table 1, below.

Table 1. Art Collection Value, FY2026

	Price	Quantity
Book value of art collection as of June 30, 2025	$ 28,600,858	6,724
Acquisitions of art (Purchases)	58,775	16
Bequests	0	0
Transfers	0	0
Gifts of art	175,133	45
Less Deaccessions	0	0
Book value of art collection as of June 30, 2026	**$28,834,766**	**6,785**

Auditors physically observed a sample of art collection inventory items and did not identify any discrepancies between the recorded inventory items and the inventory stored on the premises as described. Specifically, auditors confirmed that:

- All inventory items selected for observation exist as described in the inventory records.
- Inventory records include items acquired during the fiscal year.
- Book values for new acquisitions are accurately recorded.
- Legal dates for new acquisitions are accurately recorded.

In addition, Auditors reviewed documentation for new items to verify that policies and procedures are consistently followed and that new items are correctly reflected in the inventory records. Auditors did not identify any discrepancies or inconsistencies with legal dates or reported book values for new items.

During the audit, Museum leadership also shared information about security enhancements that were implemented during the year. Specifically, a camera was installed inside the vault, complementing two cameras outside the main vault doors. The new camera provides a 360-degree view of the vault interior. The additional security measures will serve to deter unauthorized access or removal of valuable items. Additionally, keycard access at the vault entrance enhances security by restricting access and maintaining a record of vault access.

[3] July 1, 2025, through June 30, 2026.

OPERATING AGREEMENT REQUIRES ACCURATE RECORDS

Museum management designed and implemented policies and procedures to ensure inventory is protected and related records are accurate and consistent because an operating agreement requires it. Specifically, an operating agreement between the University and the WAM Council states that the Museum staff are responsible for managing all art collection inventory and related records. Therefore, Museum leadership and management implemented and continuously improve the policies and procedures to ensure that the collection is protected from damage or unauthorized removal.

RECOMMENDATIONS

Finding no reportable errors in the inventory management process or records, the audit team has no recommendations for improvement.

MATTER FOR FURTHER CONSIDERATION

A Matter for Further Consideration may be included in an audit report to highlight issues, risks, or opportunities for improvement that warrant management's attention but do not meet the criteria for a formal audit finding. Including these matters helps provide additional insight that may support continuous improvement and effective governance. The information provided below is intended for informational purposes because auditors identified the deferred building maintenance as a potential risk to ongoing preservation of the art collection inventory.

AGING HVAC SYSTEM AND COLLECTION PRESERVATION CONSIDERATIONS

The Weatherspoon Art Museum (Weatherspoon) is housed in UNCG's Anne and Benjamin Cone Building, completed in 1989. The Weatherspoon's collection of nearly 7,000 works of art, approximately two-thirds of which are works on paper are particularly sensitive to environmental conditions. The building's Heating, Ventilation, and Air Conditioning (HVAC) system is largely original to the facility and has undergone minimal changes during its 37-year service life. A 2024 consultant assessment found longstanding temperature and humidity control deficiencies affecting galleries and art storage areas, resulting in unstable environmental conditions that may adversely impact collection preservation. The report identified needed HVAC repairs and upgrades to improve environmental stability and support appropriate preservation standards for the museum's holdings.

The consultant identified a phased approach to addressing the museum's HVAC deficiencies. Regardless of the option selected, approximately **$1.44 million** in enabling repairs would first be required to address related HVAC components and supporting systems. From there, the choices are to either replace the existing air handling unit in kind at an additional cost of approximately **$1.22 million**, resulting in a total estimated project cost of **$2.66 million**, or pursue a more comprehensive custom air handling unit solution with a new outdoor air preconditioning system at an additional cost of approximately **$2.61 million**, resulting in a total estimated project cost of **$4.06 million**. These estimates illustrate that the identified HVAC deficiencies may require a significant capital investment to achieve reliable environmental control in the museum's critical collection spaces.

Failure to implement at least the minimum recommended improvements could lead to continued environmental instability, accelerated damage to artwork, higher maintenance and repair costs, water intrusion risks, and challenges meeting American Alliance of Museums (AAM) facility and risk management standards necessary for accreditation. Although the museum was reaccredited in 2025, reaccreditation will become less likely without improvements as the HVAC system only gets older.

RESPONSE FROM THE WEATHERSPOON ART MUSEUM

August 5, 2026

Katherine Skinner, Director of Internal Audit
Ronald Fulton, Internal Auditor
123 Mossman | P.O. Box 26170
UNC Greensboro
Greensboro, NC 27402

Dear Katherine and Ron,

Thank you for your thorough attention and diligence in conducting the FY 2025–26 audit of the Weatherspoon Art Museum's collection. I am pleased to hear that the museum's inventory management system supports the accuracy of the art collection inventory and that no improvements are needed. I agree with your findings.

Along with my Weatherspoon colleagues, I take the art collection management (valued at approximately $28.8 million) seriously. I am pleased to hear that the collection's care and the accuracy of all related records continue to support the museum's teaching, research, and public service objectives. The Anne and Benjamin Cone building, which houses the Weatherspoon Art Museum's public galleries and auditorium, collection storage, and offices for Weatherspoon staff and College of Arts and Sciences (CVPA) art history faculty members, is a treasure of UNCG and Greensboro. I appreciate that you recommend consideration of the aging HVAC system.

Thank you, as ever, for the support and courtesy that you always exhibit to the Weatherspoon staff during this process. I look forward working together as we move forward.

Sincerely,

Juliette Bianco
Associate Vice Chancellor for Museums and Creative Practice/Anne and Ben Cone Memorial Endowed Director, Weatherspoon Art Museum, UNC Greensboro
1005 Spring Garden Street
Greensboro, NC 27412

CARL 2.4

THE UNIVERSITY OF NORTH CAROLINA SYSTEM

UNC SYSTEM OFFICE OF INTERNAL AUDIT
223 S. West Street, Suite 1800, Raleigh, NC 27603
(919) 843-9100 | internalaudit@northcarolina.edu

July 7, 2026

Chancellor Gilliam
University of North Carolina Greensboro
Via Email

Dear Chancellor Giliam:

I am writing to inform you that the University of North Carolina Greensboro (UNCG) has made overall satisfactory progress in meeting the audit findings resolution requirements of General Statute 116-30.1 concerning matters reported in the Statewide Single Audit Report released by the Office of the State Auditor (OSA) on April 6, 2026. On July 2, 2026, your Chief Audit Officer (CAO) reported that management has made satisfactory progress towards addressing the recommendations made by OSA. Since satisfactory progress has been made and your CAO will continue to provide oversight, no further action is required, and the findings from the OSA Statewide Single Audit Report are considered resolved.

I appreciate your commitment, as well as that of your team, to making satisfactory progress towards resolving the issues reported. If you have any questions or concerns, please feel free to contact me.

Sincerely,

Jennifer K. Myers, CPA, CFE
Chief Audit Officer

cc: President Peter Hans
Dave Boliek, State Auditor
Andrea Poole, Chief of Staff
Jennifer Haygood, Senior Vice President for Finance and Administration & CFO
Andrew Tripp, Senior Vice President for Legal Affairs and General Counsel
Michael Vollmer, Chief Operating Officer
John Loonan, Vice Chancellor for Finance and Administration & CFO, University of North Carolina Greensboro
Jerry Blakemore, General Counsel, University of North Carolina Greensboro
Katherine Skinner, Director of Internal Audit, University of North Carolina Greensboro