

North Carolina Central University

Procurement Card Programs

Durham, NC



Performance Audit Report

October 2026

State Auditor
Dave Boliek

A Constitutional Office of the
State of North Carolina





North Carolina Office of the State Auditor

Dave Boliek, State Auditor

Auditor's Transmittal

The Honorable Josh Stein, Governor
The Honorable Phil Berger, President Pro Tempore
The Honorable Destin Hall, Speaker of the House
Honorable Members of the North Carolina General Assembly
Board of Trustees, North Carolina Central University
Dr. Karrie G. Dixon, Chancellor

To all:

Through performance audits of university procurement card and travel card programs, the North Carolina Office of the State Auditor (OSA) can determine whether the programs are administered and monitored in compliance with established policies and procedures. This includes analysis of transactions, cardholder activity, and supporting documentation.

OSA's audit of North Carolina Central University's (NCCU) procurement card and travel card programs found the University did not consistently administer its procurement card program in accordance with the University's requirements. Auditors identified weaknesses in the procurement card process, including transactions that were not reviewed timely, transactions that lacked required supporting documentation, and system configurations that allowed transactions to be approved without supervisory review. Auditors also identified prohibited purchases, transactions split to avoid established transaction limits, and card spending limits that were not supported by documented management approval.

By not consistently managing procurement card and travel card programs, inappropriate, unauthorized, or prohibited purchases may occur and go undetected, increasing the risk of fraud, waste, abuse, and misuse of school resources. OSA made several recommendations for NCCU to take to improve oversight and compliance with program requirements.

This audit was initiated due to identified risks from internal audit reports, previous financial and investigative work by OSA, and in response to regulation adopted by the UNC System President on university procurement and purchasing card programs.

Respectfully submitted,

Dave Boliek
State Auditor

Executive Summary

The Office of the State Auditor conducted a performance audit of the North Carolina Central University (University) procurement card and travel card programs. These programs are used to purchase goods, services, and travel-related expenses in support of University operations. Because the cards provide direct access to University funds, effective policies, controls, and oversight are necessary to ensure transactions are appropriate, adequately supported, and consistent with applicable requirements.

The objective of this audit was to determine whether the University administered and monitored its procurement card and travel card programs to ensure compliance with established policies and procedures. The audit scope included transactions for the period July 1, 2025, through February 28, 2026. Audit procedures included review of applicable policies and procedures, analysis of transaction-level data, cardholder activity, and review of supporting documentation for selected transactions.

Background

The University's procurement and travel card programs are designed to streamline the purchase of goods, services, and travel-related expenses for official business. For purposes of this report, both procurement and travel cards will be referred to as "procurement cards" unless otherwise noted. The programs are authorized by State law and administered through a statewide contract managed by the North Carolina Department of Administration's Division of Purchase and Contract.

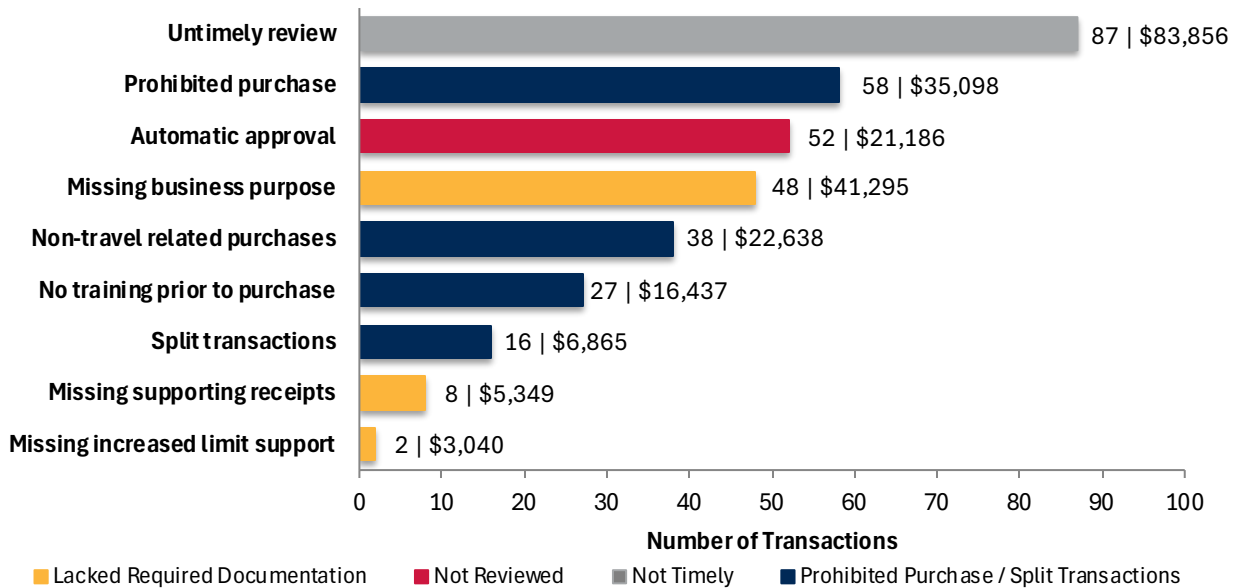
To provide consistent governance across constituent institutions, the University of North Carolina (UNC) System Office established Regulation 1300.7.2, which requires card transactions to support official university business and comply with applicable laws and policies. The University manages the programs through centralized card management and expense reporting systems and relies on established oversight responsibilities and internal controls to maintain accountability, compliance, and appropriate use of University resources.

The University receives support from affiliated foundations and other supporting organizations funded primarily through private donor contributions. While procurement card transactions may be charged to foundation funds rather than state or federal funding sources, the audit results and findings are based on compliance with established policies and procedures regardless of funding source.

Audit Findings

The University did not consistently administer its procurement card program in accordance with University requirements. Auditors identified weaknesses in the procurement card process, including transactions that were not reviewed timely, transactions that lacked required supporting documentation, and system configurations that allowed transactions to be approved without supervisory review. Auditors also identified purchases that did not comply with University procurement card usage requirements, including prohibited purchases, transactions split to avoid established transaction limits, and card spending limits that were not supported by documented management approval. As a result, inappropriate, unauthorized, or prohibited purchases may occur and go undetected, increasing the risk of fraud, waste, abuse, and misuse of University resources.

Procurement Card Issues Identified



Recommendations

To strengthen procurement card oversight and improve compliance with University requirements, OSA recommends that University management:

- Strengthen oversight of the card review process by monitoring compliance with review requirements, ensuring supervisory reviews are completed within established timeframes, and promptly addressing instances in which reviews are significantly delayed.
- Strengthen monitoring controls over procurement card transactions to ensure required documentation is obtained, reviewed, and retained in accordance with University policies and procedures.
- Provide recurring training to cardholders, reviewers, and approvers regarding documentation requirements, allowable purchasing requirements, prohibited purchases, review responsibilities, and approval requirements.
- Review and update the procurement card system configurations to require documented supervisory review before transactions can be approved.
- Periodically review all system configurations to ensure workflow settings remain consistent with University policies and procedures and approval requirements.
- Strengthen enforcement of card usage requirements by ensuring reviewers and approvers verify compliance with University policies and procedures before approving transactions.
- Establish procedures to identify, investigate, and address noncompliant transactions and take appropriate corrective action when violations are identified.
- Periodically review spending limits established within the procurement card system and verify they agree with documented approvals.



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Chapter 147, Article 5A of the North Carolina General Statutes gives the Auditor broad powers to examine all books, records, files, papers, documents, and financial affairs of every state agency and any organization that receives public funding. The Auditor also has the power to summon people to produce records and to answer questions under oath.



Background

Procurement and Travel Card Program Overview

Procurement cards (P-Cards) and travel cards (T-Cards) are financial tools used by universities to purchase goods, services, and travel-related expenses for official business. These card programs help streamline purchasing, reduce administrative effort, and limit the need for employee reimbursements.

The card programs are authorized under North Carolina General Statutes § 143-49 and Section 01 NCAC 05B .1523 of the North Carolina Administrative Code and are administered through Statewide Term Contract 946A, managed by the North Carolina Department of Administration, Division of Purchase and Contract.

The University of North Carolina System Office (UNC System Office) established Regulation 1300.7.2 to govern card programs across all constituent universities. This regulation requires that all card transactions be for official university purposes and comply with applicable State laws and university policies. Each university is responsible for implementing policies and procedures consistent with the UNC System Office regulation and maintaining effective internal controls over card usage.

North Carolina Central University (University) uses two types of card programs: T-Cards for employee travel expenses and P-Cards for all other eligible purchases. For purposes of this report, both card types will be referred to as “procurement cards” unless otherwise noted.

Program Responsibilities and Oversight

Effective oversight relies on clearly defined roles and responsibilities across the card programs:

- **Cardholders** use cards for official business, safeguard the card, retain required documentation, and follow applicable policies and procedures.
- **Reconcilers and approvers** review transactions, verify supporting documentation, confirm compliance with policies and procedures, and ensure transactions are properly coded and approved in a timely manner.
- **Program administrators** manage card issuance, establish spending limits, enforce policies and procedures, and monitor overall card activity.

University leadership is responsible for maintaining adequate staffing and oversight of card programs. In addition, internal audit functions are required to periodically evaluate compliance and report results to governing bodies.

Procurement Card (P-Card) System

The University uses Bank of America as its procurement card issuer, transaction processor, and card management system. Bank of America provides the procurement card infrastructure, including issuing cards, authorizing transactions, and maintaining detailed transaction data. Each transaction initiated by cardholders includes key information such as the transaction date, merchant, amount, and merchant category code (MCC).

The system also supports control features intended to prevent unauthorized or inappropriate purchases, including spending limits and merchant category restrictions. In addition to processing transactions, Bank of America serves as the University's primary system for monitoring and managing procurement card activity. University personnel use the system to review transactions, maintain supporting documentation, and perform supervisory reviews in accordance with University policies and procedures.

Once approved, transaction data is used to support financial reporting and payment processing.

Travel Card (T-Card) System

The University uses Bank of America and Emburse Enterprise to process, track, and monitor travel card transactions.

Bank of America serves as the travel card issuer and transaction processor. Each transaction initiated by cardholders includes key information such as the transaction date, merchant, amount, and merchant category code (MCC). The system also supports control features, such as spending limits and merchant category restrictions, to help prevent unauthorized or inappropriate purchases.

Transaction data from Bank of America is transmitted to Emburse Enterprise, the University's expense management and reconciliation system for travel expenses. Emburse Enterprise allows University personnel to review and approve transactions and maintain supporting documentation. Cardholders, reconcilers, and approvers use the system to:

- Upload itemized receipts and other supporting documentation
- Document the business purpose of transactions
- Assign appropriate accounting information
- Review and approve transactions within established timeframes

Once approved, transaction data is used to support financial reporting and payment processing.

Procurement Card Rebate Incentive Program ¹

The University participates in North Carolina's procurement card Rebate Incentive Program. Under the program, participating entities may receive rebate revenue from the card issuer based on purchasing card activity and program performance criteria. The rebate program is intended to encourage the use of procurement cards for authorized business purchases while providing participating entities an opportunity to generate additional revenue.

Rebate payments are issued annually and are based on procurement card activity during the program year, which runs from September 1 through August 31. The University received \$140,624 in rebate revenue for the period September 1, 2024, through August 31, 2025.

¹ North Carolina Statewide Term Contract 946A – State Procurement Card

University Foundation and Supporting Organization Funding

In addition to state and federal funding sources, the University receives support from affiliated foundations and other supporting organizations that are funded primarily through private donor contributions. As a result, procurement card transactions may be charged to foundation funds rather than state or federal funding sources. However, the audit results and findings are based on compliance with established policies and procedures and are not dependent on the funding source associated with a transaction.



Findings and Recommendations

1. Required Reviews Were Untimely

The University did not ensure required supervisory reviews of procurement card transactions were performed and documented within the timeframe required by University policies and procedures. During the audit period, the University processed 6,027 procurement card transactions totaling approximately \$2.8 million.

Auditors reviewed 477 P-Card transactions totaling \$371,645 and identified 87 transactions (18%) in which required reviews were not completed within the timeframe required by University policies and procedures. Specifically, the 87 transactions, totaling \$83,856, were reviewed between seven and 267 days after the required review date.

When required reviews are significantly delayed, unauthorized, unsupported, or otherwise noncompliant, transactions may not be identified and addressed in a timely manner. As a result, the risk of fraud, waste, abuse, and misuse of University resources increases, while reducing management's ability to take timely corrective action and recover funds.

According to University management, the exceptions occurred because management did not effectively monitor compliance with established procurement card review requirements.

University policies and procedures require procurement transactions to be reviewed, reconciled, and approved weekly.² The review process must include verification of supporting documentation and compliance with applicable University requirements.

Recommendation: University management should strengthen oversight of the card review process by monitoring compliance with review requirements, ensuring reviews are completed within established timeframes, and promptly addressing instances in which reviews are not performed or are significantly delayed.

2. Procurement Card Transactions Lacked Required Documentation

The University did not ensure required supporting documentation was maintained for procurement card transactions in accordance with University policies and procedures. During the audit period, the University processed 6,027 P-Card transactions totaling approximately \$2.8 million.

Auditors reviewed 477 P-Card transactions totaling \$371,645 and identified 56 transactions (12%) totaling \$46,644 in which required supporting documentation was missing or incomplete. Specifically,

- Eight transactions totaling \$5,349 lacked required supporting receipts.
- 48 transactions totaling \$41,295 lacked a documented business purpose.

Without documentation to support procurement card transactions, the University cannot determine whether University funds were spent appropriately and for valid University purposes.

² North Carolina Central University, Procurement Card (P-Card) Manual (revised October 2025).

As a result, inappropriate, unauthorized, or prohibited purchases may occur and go undetected, increasing the risk of fraud, waste, abuse, and misuse of University resources.

According to University management, the exceptions occurred because management did not adequately monitor compliance with procurement card documentation requirements. Furthermore, cardholders, reviewers, and approvers were not adequately trained on documentation and approval requirements.

University policies and procedures require cardholders to maintain adequate supporting documentation for procurement card transactions, including itemized receipts and documented business purpose.³ Reviewers and approving officials are responsible for ensuring transactions are adequately supported and comply with University requirements.

Recommendation: University management should strengthen monitoring controls over procurement card transactions to ensure required documentation is obtained, reviewed, and retained in accordance with University policies and procedures.

In addition, University management should provide recurring training to cardholders, reviewers, and approvers regarding documentation requirements, review responsibilities, and approval requirements.

3. Procurement Card Transactions Were Automatically Approved Without Supervisory Review

The University's procurement card system automatically approved transactions totaling \$21,186 without requiring supervisory review. During the audit period, the University processed 6,027 procurement card transactions totaling approximately \$2.8 million.

The procurement card system includes an optional configuration that can automatically approve transactions once supporting documentation is uploaded, bypassing the required supervisory review process.

Auditors reviewed 477 procurement card transactions totaling \$371,645 and identified 52 procurement card transactions (11%) totaling \$21,186 that were approved automatically without supervisory review.

Automatic system approval allows transactions to bypass required supervisory review. As a result, unsupported, unauthorized, inappropriate, or noncompliant transactions may go undetected, increasing the risk of fraud, waste, abuse, misuse of University resources, and financial loss.

According to University management, the system configurations related to approval hierarchies and workflow settings were not periodically reviewed to ensure consistency with University approval requirements.

³ North Carolina Central University, Procurement Card (P-Card) Manual 10 (revised October 2025).

University policies and procedures require procurement card transactions to be reviewed, reconciled, and approved, including verification of supporting documentation and compliance with applicable requirements.⁴

Recommendation: University management should review and update the procurement card system configurations to require documented supervisory review before transactions can be approved.

In addition, University management should periodically review all system configurations to ensure workflow settings remain consistent with University policies and procedures and approval requirements.

4. Procurement Card Activity Included Prohibited Purchases and Split Transactions

The University did not ensure procurement card transactions complied with University restrictions on allowable purchases and transaction limits. During the audit period, the University processed 6,027 procurement card transactions totaling approximately \$2.8 million.

Auditors reviewed 477 procurement card transactions totaling \$371,645 and identified 139 transactions (29%) totaling \$81,038 that did not comply with University policies and procedures. Specifically:

- 27 transactions totaling \$16,437 occurred for cardholders who had not completed required P-Card training prior to using the P-Card.
- 38 transactions totaling \$22,638 were processed using T-Cards for purchases that did not qualify as allowable travel-related expenses under University policies and procedures.
- 58 transactions totaling \$35,098 were processed using P-Cards for purchases that were expressly prohibited in the University's procurement card policies and procedures. These transactions included purchases for invoice items, vendors who use third party billing, travel, and subscription services.
- 16 transactions totaling \$6,865 were used to split five purchases into smaller transaction amounts. These splits allowed the five purchases to fall below established transaction limits that would otherwise have been exceeded, a practice expressly prohibited by University policies and procedures.

Noncompliant transactions bypass established purchasing policies designed to ensure procurement cards are used only for authorized purposes and funds are spent in accordance with University requirements. As a result, inappropriate, unauthorized, or prohibited purchases may occur and go undetected, increasing the risk of fraud, waste, abuse, and misuse of University resources.

According to University management, the exceptions occurred because card usage requirements were not consistently enforced, resulting in noncompliant transactions being approved and

⁴ North Carolina Central University, Procurement Card (P-Card) Manual 10-12 (revised October 2025).

processed. Furthermore, cardholders, reviewers, and approvers were not adequately trained on allowable purchasing requirements.

University policies and procedures require procurement cards to be used only for authorized purchases and prohibit transactions that circumvent established purchasing controls.⁵ Cardholders, reviewers, and approvers are responsible for ensuring transactions comply with applicable card usage requirements and University policies and procedures.

Recommendation: University management should strengthen enforcement of card usage requirements by ensuring reviewers and approvers verify compliance with University policies and procedures before approving transactions.

In addition, University management should establish procedures to identify, investigate, and address noncompliant transactions and take appropriate corrective action when violations are identified.

Furthermore, University management should provide recurring training to cardholders, reviewers, and approvers regarding allowable purchasing requirements, prohibited purchases, review responsibilities, and approval requirements.

5. Procurement Card Spending Limits Exceeded Approved Authorizations

The University did not ensure procurement card spending limits were supported by documented management approval. During the audit period, the University had 140 issued cardholders.

Auditors reviewed the spending limits assigned to all cardholders during the audit period and found 7 cardholders (5%) were assigned one or more spending limits that exceeded the limits documented on approved cardholder applications. Specifically,

- Five cardholders were assigned single transaction limits of \$4,999.99 despite approved limits ranging from \$1,000 to \$2,500.
- Five cardholders were assigned daily spending limits ranging from \$7,500 to \$10,000 despite approved spending limits ranging from \$2,500 to \$5,000.
- Six cardholders were assigned monthly spending limits ranging from \$9,000 to \$50,000 despite approved spending limits ranging from \$5,000 to \$25,000. This included two cardholders whose approved monthly spending limit was \$5,000; however, they were assigned a system limit of \$50,000, or ten times their approved limit.

In addition, auditors identified two cardholders whose approved single transaction spending limits of \$1,000 were temporarily increased to accommodate purchases of \$1,790 and \$1,250, respectively. However, University management could not provide documentation that the temporary limit increases were approved.

⁵ North Carolina Central University, Procurement Card (P-Card) Manual 12 (revised October 2025).

Findings and Recommendations (continued)

Spending limits that exceed approved authorizations weaken internal controls designed to restrict purchasing authority and safeguard University resources. Without documented review and approval of spending limit changes, cardholders may make purchases beyond their authorized spending authority, increasing the risk of unauthorized purchases, inappropriate spending, fraud, waste, abuse, and misuse of University resources.

According to University management, the exceptions occurred because management did not adequately monitor procurement card system settings to ensure spending limits remained consistent with documented approvals and that changes to established limits were properly authorized and documented.

University policies and procedures require cardholder spending limits, including single transaction, daily, and monthly limits, to be established based on documented management approval.⁶ Any changes to approved spending limits, including temporary increases, must be properly authorized and supported by documentation.

Recommendation: University management should implement procedures to periodically review spending limits established within the procurement card system and verify they agree with documented approvals.

⁶ North Carolina Central University, Procurement Card (P-Card) Manual 6 (revised October 2025).



Objective, Scope, and Methodology

Objective

The objective of this performance audit was to determine whether North Carolina Central University (University) administered and monitored its procurement card and travel card programs to ensure compliance with established policies and procedures.

Scope

The audit scope⁷ included procurement card (P-Card) and travel card (T-Card) transactions at the University for the period July 1, 2025, through February 28, 2026. For purposes of this report, both card types will be referred to as “procurement cards” unless otherwise noted.

Methodology

To determine if the objective was met, auditors:

- Reviewed State laws and regulations relevant to procurement card programs.
- Reviewed University policies and procedures governing procurement card programs.
- Interviewed University personnel to gain an understanding of procurement card program oversight and administration.
- Obtained procurement card transaction data for the audit period from Bank of America and Emburse Enterprise.
- Analyzed procurement card transaction data and evaluated cardholder purchase activity.
- Reviewed available supporting documentation for selected transactions to determine if they were consistent with applicable policies and program requirements.

Auditors analyzed procurement card data to identify spending patterns and indicators of potential risk. Procedures included evaluating cardholder activity, transaction characteristics, spending categories, and merchant information to identify transactions for further review. See Appendices for information on card usage and activity.

Specifically, auditors performed analyses to identify:

- Transactions associated with employees who had separated from the University
- Transactions near established card limits or potential circumvention of spending limits
- Duplicate or overlapping cardholder accounts
- Recurring transactions and subscription-based payments
- Duplicate or split payment transactions
- Transactions involving higher-risk merchant category codes and merchants

⁷ The scope **did not include** a comprehensive review of compliance with all applicable policies **for every transaction**. Audit procedures were designed to identify areas of potential risk and significant activity that were selected for further review.

Additional Methodology Considerations

Whenever sampling was used, auditors applied a nonstatistical approach. Therefore, results could not be projected to the population. This approach was determined to support audit conclusions adequately.

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.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in internal controls significant to our audit objectives. 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.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



Response from North Carolina Central University



OFFICE OF THE CHANCELLOR

Office of the State Auditor
Attn: State Auditor
20601 Mail Service Center
Raleigh, NC 27699

September 22, 2026

Dear State Auditor,

North Carolina Central University appreciates the opportunity to respond to the Office of the State Auditor's performance audit report. The University agrees with the recommendations and remains committed to safeguarding public resources and strengthening the oversight, monitoring, documentation, training, and system controls supporting its procurement card and travel card programs.

Beginning in April 2025, the University initiated several improvements to its card programs, including updating its card-program manuals, implementing electronic card application and maintenance forms, developing required P-Card and T-Card e-learning courses, establishing purchasing and travel onboarding training for new employees, and implementing a standardized process for documenting card violations. The responses below describe these improvements and the additional corrective actions the University has completed or will implement to address the audit findings.

1. Required Reviews Were Untimely

Recommendations

University management should strengthen oversight of the card review process by monitoring compliance with review requirements, ensuring reviews are completed within established timeframes, and promptly addressing instances in which reviews are not performed or are significantly delayed.

University Response

The University agrees with the findings and recommendations. The University will take the following corrective actions:

- Implement centralized weekly exception reporting to identify transactions that have not been reviewed, reconciled, and approved within the required timeframe.
- Send escalating notifications to cardholders, reconcilers, approvers, and department leadership when reviews are overdue.
- Document follow-up and corrective actions for significantly delayed reviews, including card suspension or other sanctions when repeated noncompliance occurs.
- Provide management with periodic compliance reports so that trends and recurring exceptions can be addressed promptly.

Implementation is underway and will be completed by December 31, 2026. The Director of Procurement, in coordination with the designated P-Card and T-Card Program Administrators, is responsible for these corrective actions.

2. Procurement Card Transactions Lacked Required Documentation Recommendations

Recommendations



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University management should strengthen monitoring controls over procurement card transactions to ensure required documentation is obtained, reviewed, and retained in accordance with University policies and procedures.

In addition, University management should provide recurring training to cardholders, reviewers, and approvers regarding documentation requirements, review responsibilities, and approval requirements.

University Response

The University agrees with the findings and recommendations. The University will take the following corrective actions:

- Revise reconciliation and approval procedures to require an itemized receipt and a clear, transaction-specific business purpose before approval, with a documented missing-receipt procedure when an original receipt is unavailable.
- Use periodic compliance reviews and exception reports to identify missing or incomplete documentation and require timely correction.
- Develop recurring role-based training for cardholders, reconcilers, and approvers covering documentation standards, review responsibilities, approval requirements, and records retention.
- Track training completion and apply appropriate restrictions when required training or documentation remains outstanding.

The University has implemented required e-learning courses for new card-program participants covering documentation requirements, itemized receipts, transaction-specific business-purpose descriptions, reconciliation, review, and approval responsibilities. Existing card-program participants were required to retake the applicable training in March 2026. Recurring training will continue, and enhanced compliance reviews and exception reporting will be fully implemented by December 31, 2026, to identify and correct missing or incomplete documentation. The Director of Procurement, in coordination with department approvers and the designated P-Card and T-Card Program Administrators, is responsible for these corrective actions.

3. Procurement Card Transactions Were Automatically Approved Without Supervisory Review Recommendations

Recommendations

University management should review and update the procurement card system configurations to require documented supervisory review before transactions can be approved.

In addition, University management should periodically review all system configurations to ensure workflow settings remain consistent with University policies and procedures and approval requirements.

University Response

The University agrees with the findings and recommendations. The automatic approvals resulted from an automatic-approval feature that had previously been enabled in the procurement card system. The University corrected the system configuration in October 2025, during the audit period. Transactions are no longer automatically approved solely because supporting documentation has been uploaded.

To sustain the corrective action, the University will:

- Periodically validate approval hierarchies and workflow rules to confirm that each transaction receives documented supervisory review before final approval.
- Perform and document end-to-end testing following future configuration changes.
- Conduct and document a review of system access, approval hierarchies, and workflow configurations at least annually and after material system or organizational changes.



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The configuration correction was completed in October 2025. Ongoing validation and periodic configuration reviews will continue thereafter. The Director of Procurement, in coordination with Enterprise Applications/Information Technology and the designated P-Card and T-Card Program Administrators, is the responsible official.

4. Procurement Card Activity Included Prohibited Purchases and Split Transactions Recommendations

Recommendations

University management should strengthen enforcement of card usage requirements by ensuring reviewers and approvers verify compliance with University policies and procedures before approving transactions. In addition, University management should establish procedures to identify, investigate, and address noncompliant transactions and take appropriate corrective action when violations are identified. Furthermore, University management should provide recurring training to cardholders, reviewers, and approvers regarding allowable purchasing requirements, prohibited purchases, review responsibilities, and approval requirements.

University Response

The University agrees with the findings and recommendations. The University will take the following corrective actions:

- Update the card-program manual to further define split transactions and clarify reviewer and approver responsibilities.
- Use transaction analytics and targeted monitoring to identify prohibited purchases, non-travel purchases made using T-Cards, third-party billing, subscriptions, invoices, and potential split transactions.
- Create a documented case-management and escalation process for violations.
- Require training before card activation or use and provide recurring, role-based refresher training to cardholders, reviewers, and approvers.

The University's required e-learning courses address allowable and prohibited purchases, split transactions, appropriate card use, and the responsibilities of cardholders, reconcilers, and approvers. New card-program participants must complete the applicable training, and existing participants were required to retake it in March 2026. The University also implemented a standardized Bank of America (BOA) Card Violation Form in August 2026. The remaining corrective actions, including enhanced transaction monitoring and a documented violation escalation process, will be completed by December 31, 2026. The Director of Procurement, in coordination with the designated P-Card and T-Card Program Administrators, department approvers, and appropriate University compliance offices, is responsible for these corrective actions.

5. Procurement Card Spending Limits Exceeded Approved Authorizations Recommendations

Recommendations

University management should implement procedures to periodically review spending limits established within the procurement card system and verify they agree with documented approvals.

University Response

The University agrees with the findings and recommendations. The University will take the following corrective actions:

- Reconcile all active cardholders' single transaction, daily, and monthly system limits with approved applications and correct any discrepancies.



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- Verify that all permanent and temporary limit changes are supported by an approved electronic request.
- Ensure temporary increases include an effective date and expiration date and are removed promptly after the approved period.
- Conduct and document spending-limit reviews at least annually.

In May 2025, the University implemented an electronic form requiring documented approval for permanent and temporary spending-limit changes. By November 30, 2026, the University will compare the single transaction, daily, and monthly limits for all active cardholders with the approved documentation and correct any discrepancies. The University will complete its first annual review by June 30, 2027, and will complete subsequent reviews by June 30 each year. The Director of Procurement, in coordination with the designated P-Card and T-Card Program Administrators, is responsible for these corrective actions.

Conclusion

The University has implemented electronic card forms, updated manuals, e-learning, March 2026 BOA Card retraining, and an August 2026 BOA Card Violation Form. It will complete the remaining reporting, monitoring, configuration-review, spending-limit reconciliation, and recurring-training actions according to the timelines above and will monitor them to sustain compliance with University and State requirements.

Sincerely,

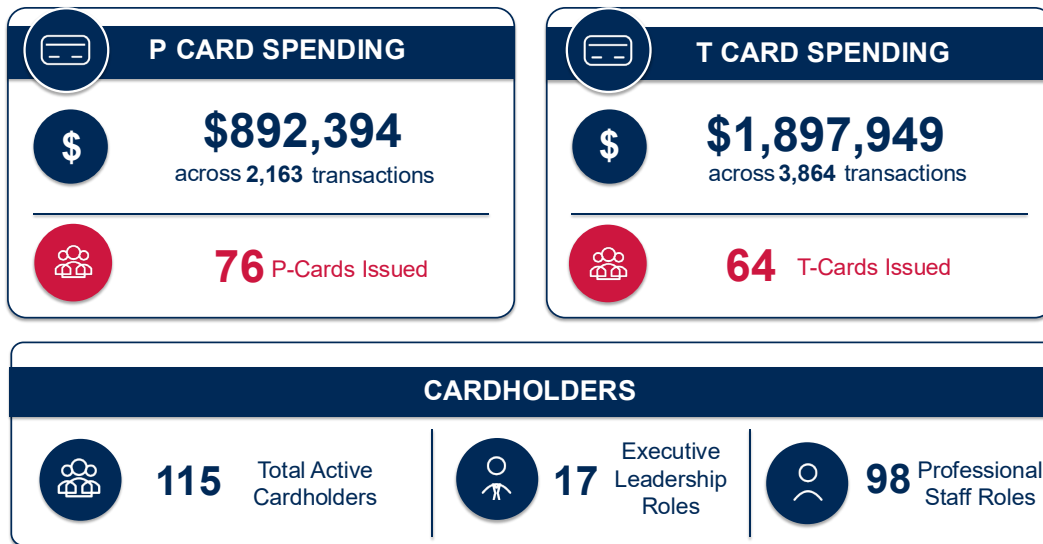
Karrie G. Dixon, Ed.D.
Chancellor



Appendices

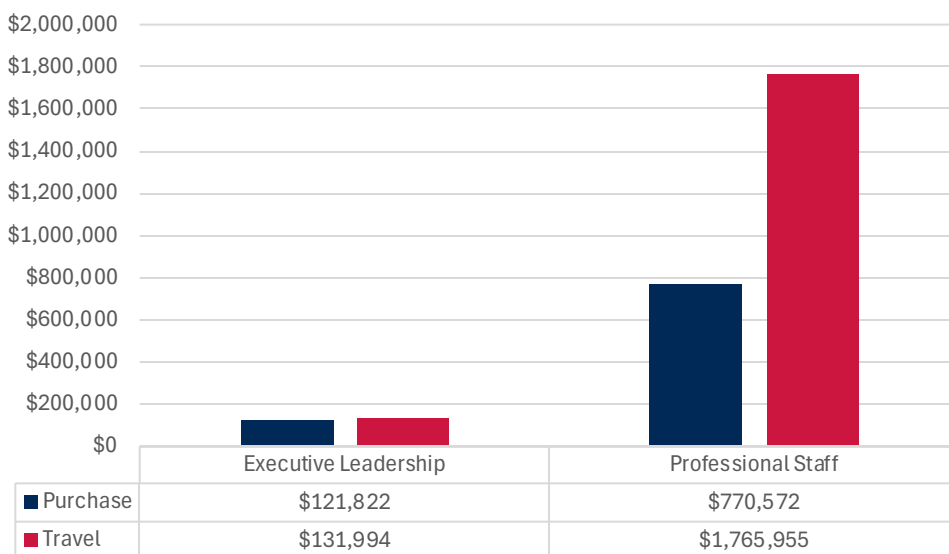
Card Usage and Activity

Auditors analyzed purchase card transaction data to identify key spending characteristics and activity⁸ for all cardholders at the University during the audit period of July 1, 2025, through February 28, 2026. Total card activity included:



During the audit period, 115 individuals held a procurement or travel card, representing 5% of the University's average of 2,517 full-time employees during fiscal year 2025.

Spending Distribution Cardholder Roles⁹

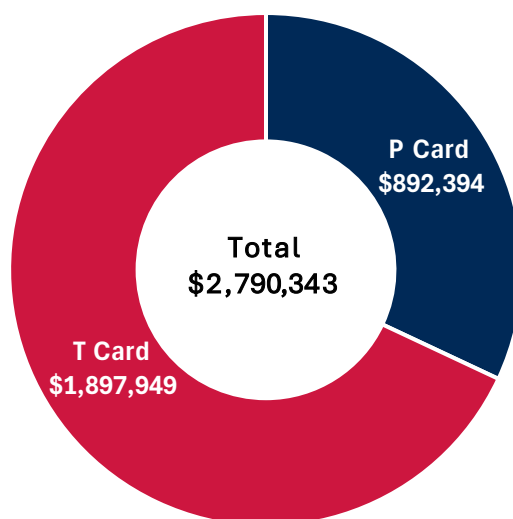


⁸ According to University Procurement and Travel card activity obtained from Bank of America and Emburse Enterprise.

⁹ Executive Leadership includes senior administrators, leadership support staff, and athletic head coaches.

Spending by Card Type

P-Cards accounted for approximately 32% of total spending, while T-Cards accounted for approximately 68%.



Spending Limits and Card Profiles

The University's procurement card programs established spending profiles that included single transaction, daily, and monthly spending limits for each cardholder. Cardholders were assigned the same spending limits based on the type of card assigned.

P-Card Limits

Single Transaction Limit	Daily Limit	Monthly Limit	Professional Staff Cardholders	Executive Leadership
\$1,000	\$2,500	\$5,000	45	-
\$5,000	\$7,500	\$9,000	19	3
\$5,000	\$7,500	\$15,000	1 ¹⁰	-
\$5,000	\$7,500	\$20,000	-	1
\$5,000	\$7,500	\$50,000	2 ¹¹	-
\$5,000	\$10,000	\$50,000	2 ¹²	-

¹⁰ Cardholder is a part of the Law School staff.

¹¹ Cardholders are a part of Campus Enterprises.

¹² Cardholders are a part of Facility Operations.

T-Card Limits

Single Transaction Limit	Daily Limit	Monthly Limit	Professional Staff Cardholders	Executive Leadership
N/A	N/A	\$7,000	29	14
N/A	N/A	\$15,500	4	2
N/A	N/A	\$22,500	1	-
N/A	N/A	\$100,000	1 ¹³	-
N/A	N/A	\$500,000	1 ¹⁴	-

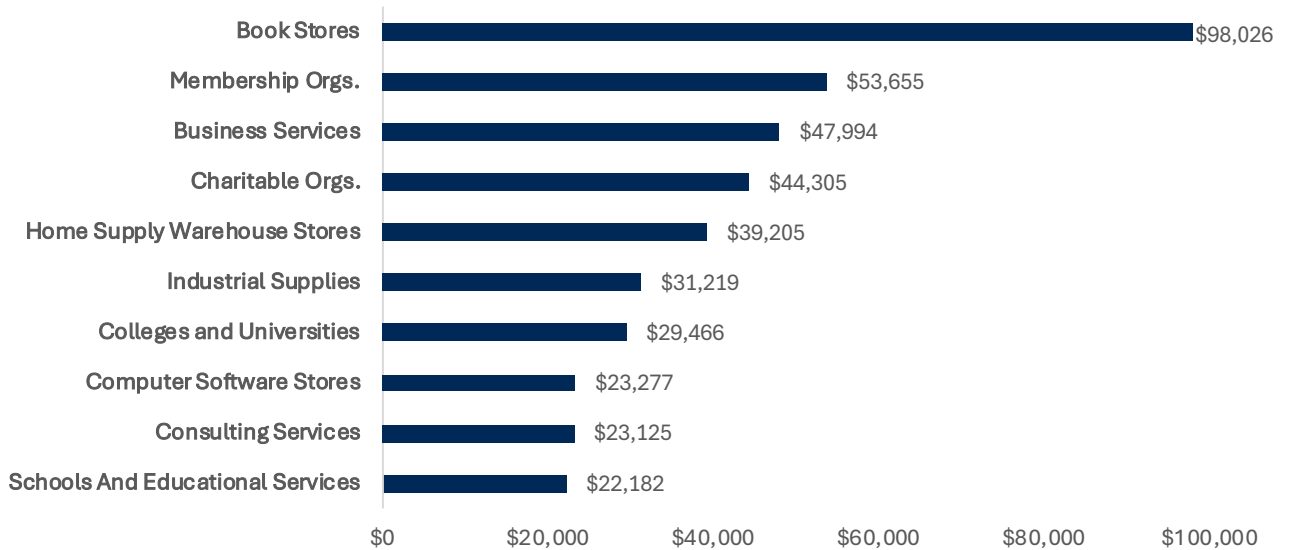
¹³ Cardholder is a part of Campus Enterprises.

¹⁴ Cardholder is a part of the Travel Office.

P-Card Spending Profile

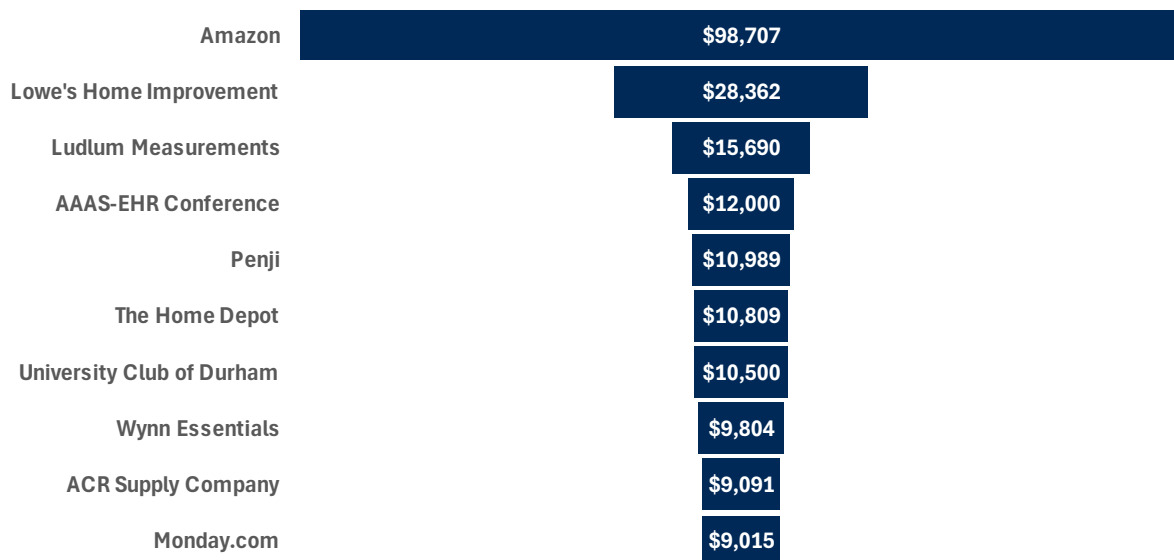
University spending across the Top 10 categories was \$412,454 and accounted for 46% of total P-Card spending.

P-Card Spending: Top 10 Categories



University spending across the top 10 merchants was \$214,967 and accounted for 24% of total P-Card spending.

P-Card Spending: Top 10 Merchants



Administrative and Departmental Purchases

Spending within book stores, business services, industrial supplies, computer software stores, and consulting services were associated with a broad range of departmental purchases, including office supplies, technology accessories, instructional materials, memberships, registrations, and other administrative expenditures. Related spending was concentrated among vendors such as Amazon, Ludlum Measurements, ACR Supply Company, Penji, Wynn Essentials, and Monday.com.

Facilities and Operational Purchases

Spending within home supply warehouse stores was driven primarily by purchases from Lowe's and The Home Depot for facilities, maintenance, and operational materials.

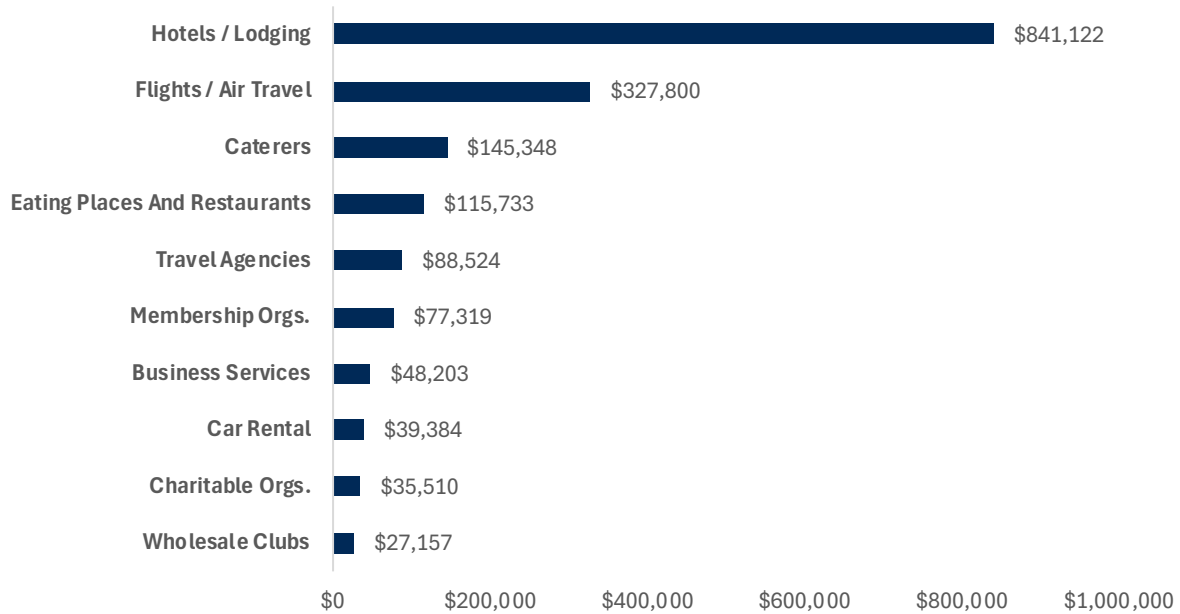
Professional Development, Registrations, and Memberships

Spending within membership organizations, charitable organizations, educational services, and colleges and university categories primarily supported conference registrations, accreditation-related activities, training, professional memberships, certifications, sponsorships, event participation fees, and other professional development opportunities.

T-Card Spending Profile

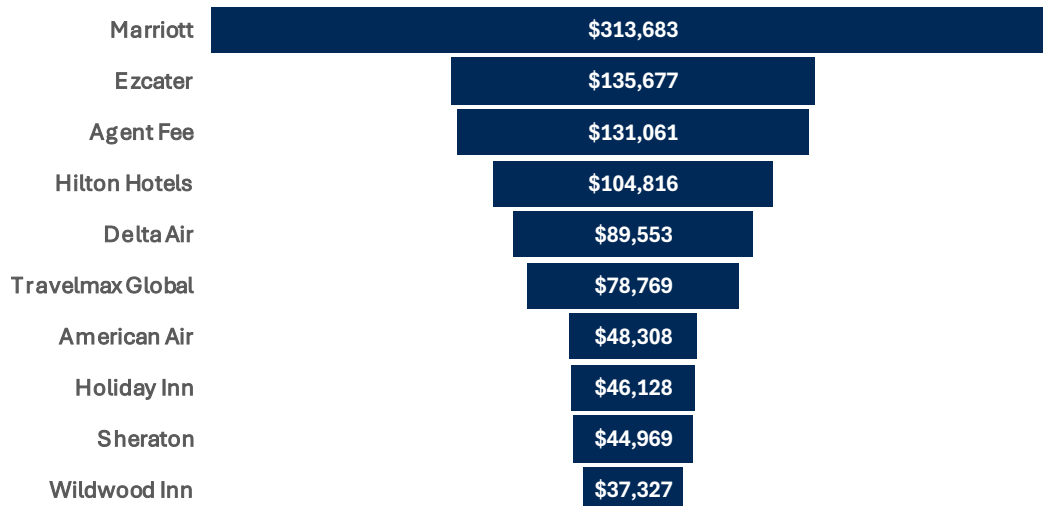
University spending across the Top 10 categories was \$1,746,100 and accounted for 92% of total T-Card spending.

T-Card Spending: Top 10 Categories



T-Card Spending: Top 10 Merchants

University spending across the Top 10 merchants was \$1,030,291 and accounted for 54% of total T-Card spending.



Conferences, Events, and External Engagement Activities

Spending within travel-related categories primarily supported conference attendance, recruitment efforts, professional development, athletics-related travel, fundraising events, and other University business activities. As a result, expenditures were concentrated in airfare, lodging, transportation, and travel agency categories.

Food and Event-Related Purchases

Spending within catering, restaurant, and wholesale club categories primarily supported athletic team meals, conference attendance, employee travel, meetings, events, and other food-related University activities.

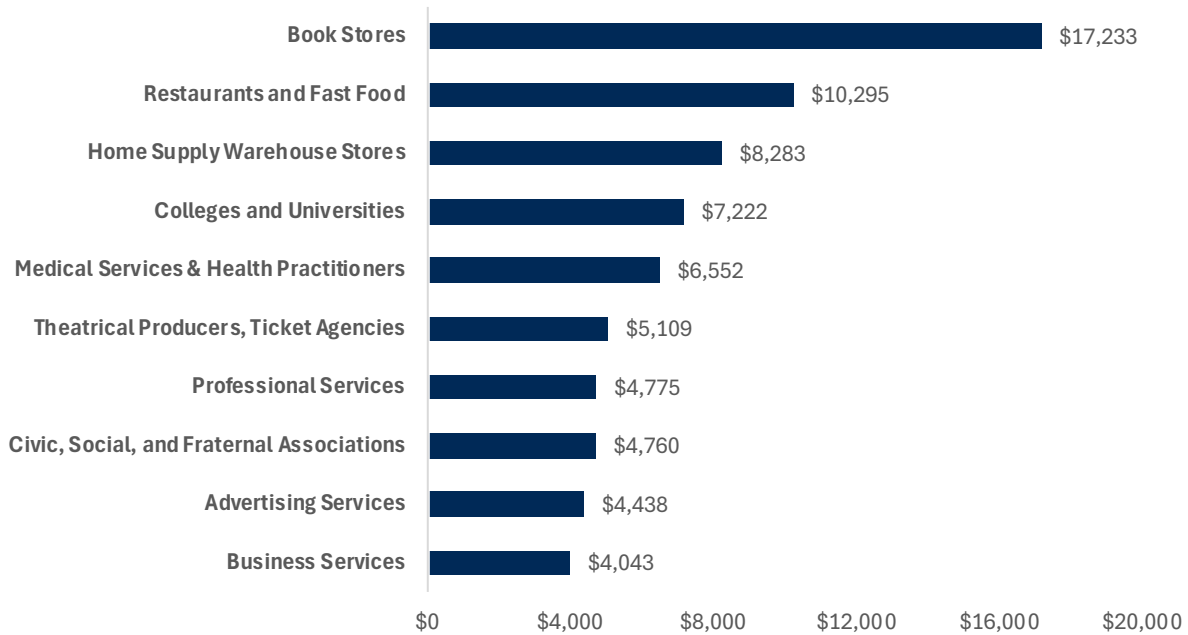
Professional Development, Registrations, and Memberships

Spending within membership organizations, charitable organizations, and business services categories primarily supported conference registrations, accreditation-related activities, training, professional memberships, certifications, sponsorships, event participation fees, and other professional development opportunities.

Executive Leadership P-Card Spending Profile

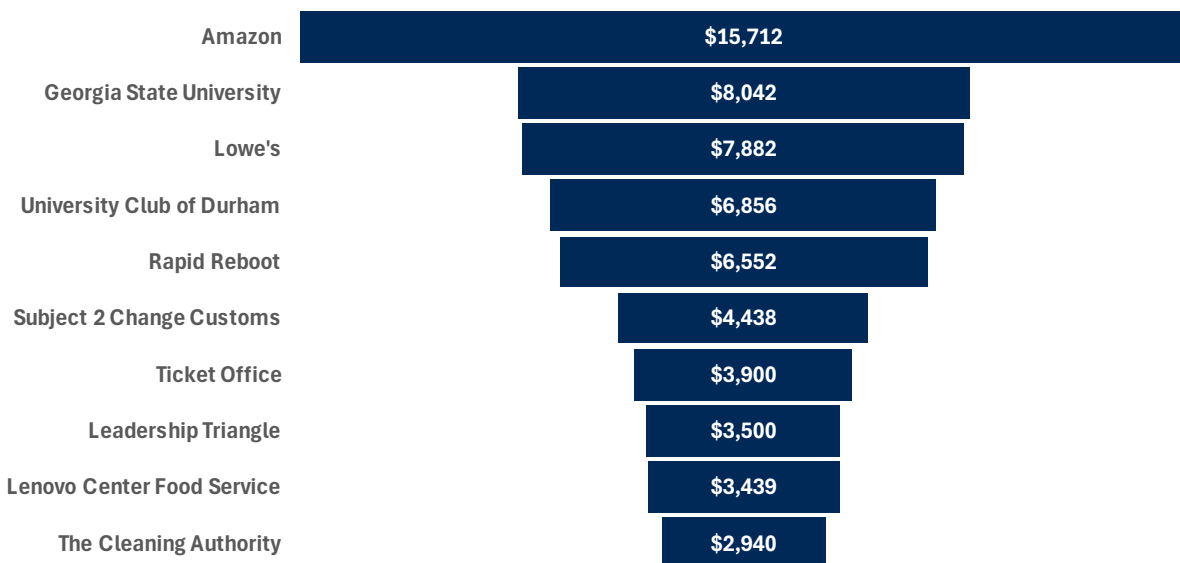
Executive Leadership spending across the Top 10 categories was \$72,710 and accounted for 60% of total Executive Leadership P-Card spending.

Executive Leadership: P-Card Top 10 Categories



Executive Leadership spending across the Top 10 Merchants was \$63,261 and accounted for 52% of total Executive Leadership P-Card spending.

Executive Leadership: P-Card Top 10 Merchants



Administrative and Departmental Purchases

Spending within book stores, business services, medical services, professional services, and advertising services categories were expenditures associated with a broad range of departmental purchases, including office supplies, technology accessories, instructional materials, athletic program support, promotional materials, and other administrative expenditures. Related spending was concentrated among vendors such as Amazon, Rapid Reboot, and Subject 2 Change Customs.

Food and Event-Related Purchases

Spending within the restaurant category primarily supported University-sponsored events, including the Executive Leadership's Holiday Event held at the University Club of Durham.

Facilities and Operational Purchases

Spending within home supply warehouse stores was driven primarily by purchases from Lowe's for facilities maintenance, repairs, and operational materials.

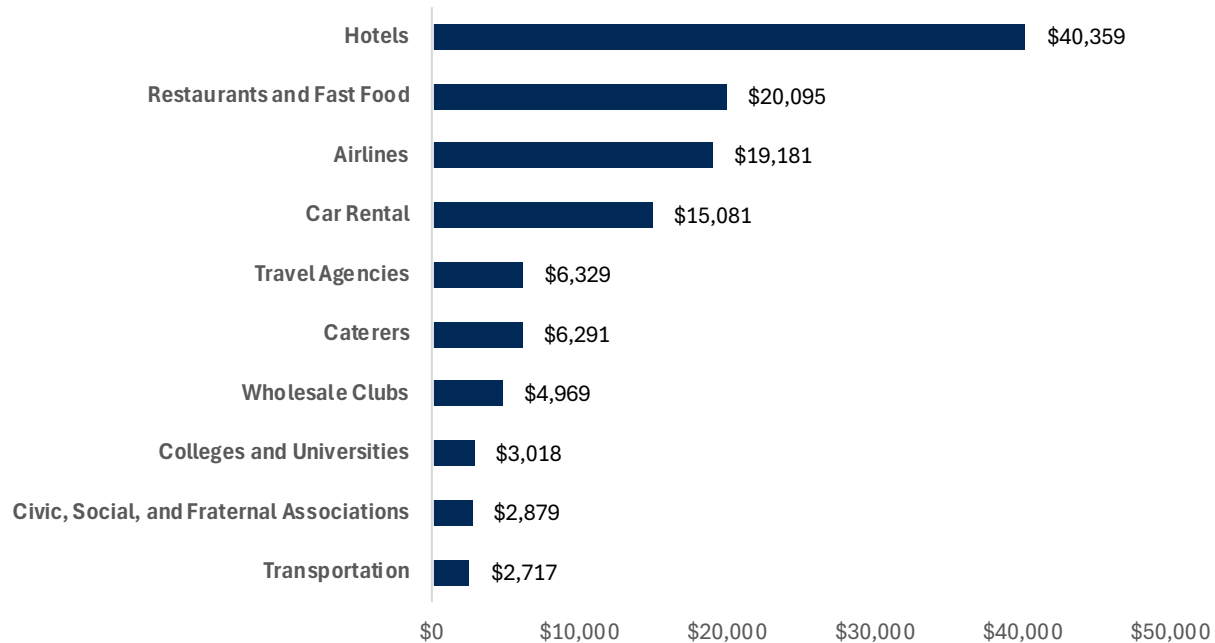
Professional Development, Registrations, and Memberships

Spending within membership organizations, charitable organizations, educational services, theatrical producers, and colleges and universities categories primarily supported conference registrations, training, professional memberships, certifications, sponsorships, event participation fees, leadership development, and other professional and institutional engagement activities.

Executive Leadership T-Card Spending Profile

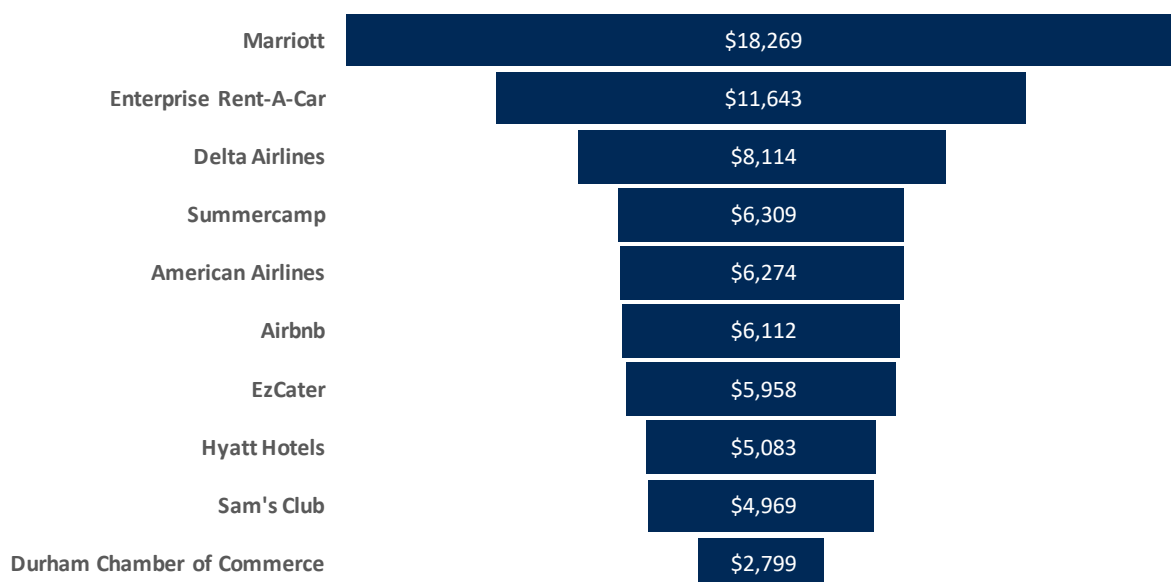
Executive Leadership spending across the Top 10 categories was \$120,919 and accounted for 92% of total Executive Leadership T-Card spending.

Executive Leadership: T-Card Top 10 Categories



Executive leadership spending across the Top 10 Merchants was \$75,530 and accounted for 57% of total executive leadership T-Card spending.

Executive Leadership: T-Card Top 10 Merchants



Conferences, Events, and External Engagement Activities

Spending within travel-related categories primarily supported conference attendance, professional development, athletics-related travel, and other University business activities. As a result, expenditures were concentrated in airfare, lodging, transportation, and travel agency categories.

Food and Event-Related Purchases

Spending within catering, restaurant, and wholesale club categories primarily supported athletic team meals, conference attendance, employee travel, meetings, events, and other food-related University business activities.

Professional Development, Registrations, and Memberships

Spending within college and university and civil and social association categories primarily supported conference registrations, professional memberships, certifications, sponsorships, leadership development, accreditation-related activities, and participation in higher education, athletics, and professional organizations.

Ordering Information

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