TO: Deans, Directors, and Department Heads

FROM: Phyllis C. Petree
      Director of Internal Audit

DATE: June 30, 2006

SUBJECT: Credit Card Payments Audit

In Summer 2006, the Internal Audit Department will be reviewing controls over the receipt of credit card payments. During this review, the audit team will evaluate processes related to credit card payments in a sample of university departments as well as in central accounting offices.

Over 130 units in the University are registered merchants able to accept payments by credit card either at the point of sale, through the mail or electronically (i.e., on-line payments). In 2005, the Payment Card Industry and the North Carolina Office of the State Controller established strict regulations designed to ensure adequate personal identity and financial protection for individuals who use credit cards to pay amounts owed to the University. There are substantial fines and penalties for failure to comply with these security requirements.

Audit work in departments selected for this review will consist primarily of interviews with individuals involved in the receipt and accounting for credit card payments. These interviews will provide a way to identify and evaluate the flow of and security for information and documents through the department and determine if the department is in compliance with these new standards. The auditors may also review departmental records such as daily deposit records, file and electronic storage and any other information relevant to controls and accounting for these payments.

In the next few weeks, the Internal Audit Department will contact areas that will be included in the credit card payments audit. If you have questions about the audit, please call Phyllis Petree or Robert Dermody at 962-5524 or Stan Koziol at 962-1363. We thank you in advance for your cooperation.