

April 28, 2017

Tracy Dixon, Director - University Sustainability Office

The spring 2017 Advanced Auditing classes in the Masters of Accounting Program (MAC) at Poole College of Management performed limited procedures to assess specific elements of the North Carolina State University 2015-2016 Annual Sustainability Report and related sustainability measures. This letter provides our assessment of those specific elements contained in the Annual Sustainability Report and recommendations for enhancing the report.

Purpose and Scope

The purpose of this effort is to provide students with the opportunity to apply auditing skills learned in class to a real world scenario and to expand their knowledge about sustainability. The end result is the University obtains an independent assessment of the University's process and procedures in developing specified information presented in the Annual Sustainability Report. The services provided to the University under this arrangement do not constitute an audit, attest, or assurance engagement performed in accordance with the American Institute of Certified Public Accountants Professional Standards or similar standard setting entity. As this service is provided as part of the Advanced Auditing class and is therefore a learning experience for the students, there is no assurance that all areas for improvement in the Annual Sustainability Report will be identified under this arrangement. The procedures described in the next section of this report were applied to the following specific elements of the 2015-2016 Annual Sustainability Report and related sustainability measures:

1. Waste Reduction – Landfill Diversion, FleetMind
2. Transportation – Wolfline, GoPass, Fuel Usage
3. Purchasing – Agroecology, Waste Data
4. Procurement – Chemicals
5. Energy and Water – Winter Break Savings
6. Annual Report Narrative

Procedures

Accordingly, the following limited procedures were performed on the above-specified elements of the 2015-2016 Annual Sustainability Report and related sustainability measures:

1. Gained an understanding of each above-specified element.
2. Gained an understanding and documented the processes and controls used in the preparation of information contained in the Annual Sustainability Report and related sustainability measures. In some instances, the students observed the specific processes.
3. On a select basis, compared information contained in the Annual Sustainability Report and related sustainability measures with available supporting documentation (occurrence and accuracy assertions).
4. On a test basis, performed calculations to determine accuracy of the numbers contained in the Annual Sustainability Report and related sustainability measures (accuracy assertion).

Observations

As a result of the above limited procedures, the following opportunities for improving the Annual Sustainability Report and related sustainability measures were identified. Accordingly, there is a need to...

1. amplify controls over development of sustainability data;
2. formalize internal processes;
3. enhance documentation supporting sustainability data;
4. implement review function over sustainability data; and
5. increase utilization of existing system capabilities.

Recommendations

Based on the above observations, the following recommendations are provided to improve the accuracy of information presented in the Annual Sustainability Report.

1. For many of the submissions to the University Sustainability Office, verification or review of the information submitted to the University Sustainability Office was either nonexistent, inconsistent, or undocumented. Policies and procedures should be developed and distributed throughout the university outlining the nature and extent of minimum review procedures and documentation (aka controls) to be performed over sustainability data prior to submission of such information to the University Sustainability Office.
2. The broad scope of information provided in the Annual Sustainability Report makes it difficult to accurately and completely report all metrics. Accuracy and completeness of sustainability data could be enhanced by implementing self-reporting processes such as use of questionnaires.
3. The full capabilities of several systems purchased by the university to monitor, measure and report information are not being fully utilized by the respective areas responsible for the systems. Accuracy and completeness of sustainability data could be enhanced by fully utilizing the existing capabilities and controls contained in the purchased systems.
4. There is a pervasive use of spreadsheets to prepare and store data supporting information presented in the Annual Sustainability Report and related sustainability measures. The accuracy and security of this information could be enhanced by implementing standard spreadsheet controls over the input, processing, reporting, and storage of information, including:
 - A naming convention that uses the date instead of the version number for updated files
 - Password authentication for specific files
 - Locking of key cells containing computations
 - Implementing standard file backup procedures

In addition to the preparation of this summary report, detailed observations and recommendations, organized by the above indicated elements, were provided to the Director of University Sustainability Office to aid in future enhancements of the Annual Sustainability Report and related measures.

The students acknowledge the significant efforts put forth by the University and staff in developing and publishing the Annual Sustainability Report and thank the University for this opportunity to assess the Annual Sustainability Report and related measures and provide identified recommendations for consideration by the university.

*ACC 550, Advanced Auditing Students
Spring 2017*