

AGENDA
ECU Board of Trustees
Audit Committee Meeting
September 20, 2012

- | | Action |
|---|---------------|
| I. Approval of July 19, 2012 Minutes | |
| II. Research Compliance Report – Mr. John Chinn | Information |
| III. BSOM Compliance Office Report – Ms. Micki Jernigan | Information |
| IV. Enterprise Risk Management Report – Mr. Tim Wiseman | Information |
| V. Internal Audit Report – Ms. Stacie Tronto | |
| A. Shared Services Initiative | Information |
| B. UNC Audit Findings | Information |
| C. Dashboard | Information |
| VI. Other Business | |

**Minutes from ECU BOT Audit Committee
July 19, 2012
East Carolina Heart Institute**

Committee members present: Ken Chalk (Chair), Carol Mabe, Joel Butler, Deborah Davis (arrival at 10:00), Steve Jones (arrival at 10:35)

Others present: Phyllis Horns, Rick Niswander, Ron Mitchelson, Donna Payne, John Chinn, John McGough, Margaret Umphrey, Don Sweet, Alton Daniels, Nick Benson, Steve Duncan, Micki Jernigan, Tim Wiseman, Stacie Tronto, and Wayne Poole

Ken Chalk, Chair of the Audit Committee, convened the meeting at 9:31AM and noted that at this time 3 of 5 committee members were present, constituting a quorum. Mr. Chalk read the conflict of interest provisions as required by the State Government Ethics Act. Mr. Chalk asked if anyone would like to declare a conflict of interest. Hearing none, he asked for the approval of the minutes for the April 19, 2012 committee meeting. The minutes of the April 19, 2012 meeting were approved with no changes noted.

Don Sweet (Interim Chief Information Officer) and Margaret Umphrey (Information Security Officer) provided an **ITCS Security Report**, noting the following:

- Protection of sensitive data is a significant risk to the institution; can lead to substantial fines for regulatory non-compliance, as well as reputational damage and loss of constituents' trust.
- Data security has a significant impact on the University's goals and priorities. We are operating in a complex environment in which mobile devices, cloud computing, teleworking, and other factors present challenges. Humans are most often the biggest risk to the security of our sensitive data.
- The UNC System approved the development of a system-wide security framework based on ISO-27002. ITCS has performed a gap analysis and estimates that the University is approximately 80% compliant with the UNC System standard.
- Ms. Umphrey presented the Gartner maturity model for information security, and reported that ECU is currently between level 2 and level 3 (on a 1-5 scale), indicating that the University continues to develop and define our security practices and governance.
- ITCS has a plan to address the high-risk areas in order to move the University to an "optimized" security posture over the next two years. Will require additional suite of tools (approx \$1.5M) and a revised staffing plan. Ms. Umphrey provided details on the three overarching "high risk" areas that will be addressed in order to move the University forward in its Information Security maturity and compliance with the UNC System security framework.

Position Statement: The Audit Committee affirmed its support of the plan as presented by Ms. Umphrey, as well as the Committee's role in overseeing data security and data-related risks.

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Tim Wiseman, Assistant VC for Enterprise Risk Management, provided the **ERM update**.

- Mr. Wiseman presented the methodology used in identifying the University's highest enterprise-level risks. The result of this was a "Top 10" risk areas listing.
 - The committee noted that the highest risks that are within the control of the University – data security and the current/evolving regulatory environment – were identified by the committee as top concerns several months ago.
 - Next steps are a review of the top risks by "risk owners", and a review/discussion by the Chancellor's Executive Council.
 - The process will go through the next iteration for the new FY, beginning this fall
- Mr. Chalk stated that he will speak with board chair Lucas and will determine the best manner in which to keep the overall board apprised of the University's top ranked risk areas.
- Mr. Wiseman distributed an information paper outlining the ERM office significant accomplishments over the most recent quarter, and the projected activities for next quarter

Stacie Tronto, Director of Internal Audit, provided the **Internal Audit update**.

- Ms. Tronto briefly discussed the methodology for establishing the FY 2012-13 engagement plan. This took into account the "top 10" risks that were identified by the ERM process, as well as the ITCS Risk Assessment. FY 2012-13 annual engagement plan was presented, along with two proposed additional engagements that were identified after reviewing the "Freeh Report" of the issues at Penn State. **Action:** The engagement plan was approved as amended (with the addition of the two engagements).
- Ms. Tronto also presented a list of four other (six total) items to be reviewed and/or implemented by management as a result of the Penn State issues. The Audit Committee requested periodic updates on these six items. The committee voiced its specific agreement with the need for an over-arching Ethics Policy for the entire University. Ms. Tronto discussed some engagements that are planned or in progress to review aspects of Athletics operations.
- The committee reviewed the audit certifications that must be submitted to UNC-GA annually. **Action:** The committee approved the certification letters as written. Mr. Chalk will sign the Audit Committee certification letter for submission to UNC-GA.
- Ms. Tronto presented the completed Audit Plan Summary template which must be submitted to UNC-GA. This was previously reviewed by the Chancellor's Executive Council, and will be presented to UNC BOG at its next meeting.
- Ms. Tronto advised that she has been contacted regarding the UNC system's consideration of "shared services" for internal audit. Ms. Tronto expressed

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concerns regarding some of the possible options. The committee shares these concerns and will address this with the UNC BOG Audit Committee if necessary.

- The Internal Audit final “dashboard” for FY 2011-12 was presented.
 - 88% of audit plan completed (target = 80%)
 - 76% direct audit hours (target = 70%)
 - 92% of management corrective actions were completed (target = 90%)
 - 1 auditor recently completed the certification in Healthcare Compliance

Micki Jernigan, BSOM Chief Compliance Officer and University HIPAA Privacy Officer, updated the committee on the **BSOM Compliance Office**.

- Ms. Jernigan presented the FY 2011-12 Compliance Work Plan and HIPAA Privacy Work Plan. 80% of the high-risk projects are either complete or in progress.
- The FY 2012-13 work plan is almost complete, but cannot be finalized until the federal DHHS OIG issues its workplan. This should occur in October, in conjunction with the federal FY. The workplan will be reviewed in September, and the committee will approve it in November.
- Ms. Jernigan updated the committee on provider billing compliance reviews.
 - 18 new providers did not pass their initial review
 - 4 of the 18 have completed the second review (3 of these 4 passed; the 4th will receive additional training, as will her coder)
 - 5 of the 18 no longer are employed at the University
 - The remaining second reviews are either in progress or are pending adequate population of charges for review

John Chinn, Director of the **Office of Research Compliance and Administration (ORCA)**, presented an update on the activities of his office.

- Mr. Chinn presented information on the revised federal conflict of interest (COI) regulations, which take effect on 8/24/12.
- The University’s plan to address the new requirements includes:
 - Interim PRR has been developed
 - A revised online COI disclosure system is being developed but will not be online until after the 8/24/12 effective date
 - A COI training module is being developed
 - A public disclosure process, which will flow through the Office of Research Compliance Administration, is being considered
- Dr. Ron Mitchelson (Interim Vice Chancellor, Research and Grad Studies) announced that a job description has been written for a new Associate Director position in the Office of Research Compliance Administration. Approval has been received to advertise this vacancy.

Other Business

No other business was noted.

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The Audit Committee meeting was adjourned at 11:17AM.

-----Respectfully submitted by Wayne Poole

8/31/12

**East Carolina University
The Brody School of Medicine
Office of Compliance
FY 2012 Work Plan Update**

High Risk Projects:

- 1. ECU Billing Quick Reference Card**
- 2. RAC Response Initiative**
- 3. Internet Role-Based Training**
- 4. Exclusion/Debarment Checks**
- 5. Joint Venture**
- 6. ECU Documentation Standards**
- 7. Incident-To Services**

Status:

- COMPLETED**
COMPLETED
COMPLETED
Reviewing security controls of selected vendor
In Progress
Target Fall 2012
Deferred to FY2013 for redetermination of risk

Multi-Year Projects:

- 1. Meaningful Use**
- 2. ICD-10 Implementation**
- 3. Policy Updates/Revisions**

Status:

- In Progress**
In Progress
Target Fall 2012

8/31/12

**East Carolina University
ECU HIPAA Privacy Office
FY 2012 Work Plan Update**

High Risk Projects:

- 1. Health Care Component Designations**
- 2. Internet Role-Based Annual Training**
- 3. NPP Revisions**
- 4. Telework Policy**
- 5. Guidelines for Communicating with Patients**
- 6. Clinic Site Audits**

Status:

COMPLETED
COMPLETED
HIE changes made
Pending final University PRR
Being reviewed within ECU Physicians
Deferred to FY 2013

Multi-Year Projects:

- 1. Health Information Exchange**
- 2. Policy Updates/Revisions**

Status:

Target Go-Live September 17, 2012
PRR's by 12/2014

INFORMATION PAPER

SUBJECT: Enterprise Risk Management (ERM) Update for the BOT-A Committee

1. Purpose. To advise BOT-A committee members of significant ERM and Chief Risk Officer (CRO) activities from the past three months and those planned or anticipated for the next three months.

2. Action Recapitulation:

a. Significant ERM/CRO Activities from the Past Three Months:

- ERM Presentation to the Association of Government Accountants
- Post Penn State Scandal Risk Area Review
- Risk Committee Risk Management Plans Development
- Formal ERM Committee Membership Appointments - Issued
- Re-Admissions Risk Case Reviews and University Behavioral Concerns Team Actions
- Baldrige Operations Committee and Process Improvement Initiatives Work (w/IPAR)
- Quarterly ERM Committee Meeting and Related Actions/Activities
- Football Operations/Planning & Emergency Evacuation Plan Review
- New Deans, Chairs and Directors ERM Session
- Pool/Natorium Safety Procedure Review
- Student Affairs Division Introduction to ERM Professional Dev Presentation
- Appointed to University Athletics Committee
- ERM Consultations and Inquiries – Various Departments

b. Significant ERM/CRO Activities Next Three Months:

- Athletics Internal Controls Review Advisory Task Force
- 2012-2013 Annual ERM Survey – Distribute
- Federal/Governmental ERM Summit - Attend
- Annual Chief Risk Officer One-on-One Sessions with ERMC Members, Executive Council Members & Select Deans and Directors
- Quarterly ERMC Meeting (Oct 17th)
- Top Risks Review with Executive Council (Sep-Oct)
- Continue Development of ERM Metrics/Measurements
- ERM Consultations/Research/Inquiries – Various Departments



ACTION OFFICER: Tim Wiseman
Assistant Vice Chancellor for ERM/Chief Risk Officer
252-737-2803
Spilman Bldg, Room 207B

Internal Audit Dashboard

Completion of Audit Plan: Completed vs. Planned Audits

<i>Status of Audit Plan</i>	<i>Number of Audits</i>	<i>Percent of Total Plan</i>
Completed	1	2%
In Process	15	29%
Pending	35	69%
<i>Total</i>	51	100%

Staff Utilization: Direct vs. Indirect Hours

Direct Hours	76%
Indirect Hours	24%

Consultations

	<i>Number</i>	<i>% of Audit Plan</i>
Consultations	26	28%