

AGENDA
ECU Board of Trustees
Audit Committee Meeting
April 18, 2013

- | | | |
|------|---|---------------|
| I. | Approval of February 21, 2013 Minutes | Action |
| II. | Research Compliance Office Report – Dr. Ron Mitchelson and Mr. John Chinn | |
| | a. Research Compliance Office Updates | Information |
| | b. Introduction of Assistant Director | Information |
| III. | BSOM Compliance Office Report – Dr. Nick Benson and Ms. Micki Jernigan | |
| | a. Consultation Visit | Information |
| | b. AAMC Survey | Information |
| | c. BSOM Compliance Update | Information |
| | d. HIPAA Privacy Update | Information |
| IV. | Enterprise Risk Management Report – Mr. Tim Wiseman | Information |
| V. | Internal Audit Report – Ms. Stacie Tronto | |
| | a. Dashboard | Information |
| | b. Shared Service Update | Information |
| | c. Revised Audit Plan 2012-2013 | Action |
| VI. | Other Business | |

ECU BOARD OF TRUSTEES

AUDIT

APRIL 18, 2013

Session	Audit
Responsible Person	Ken Chalk
Agenda Item	I. Approval of Feb. 21, 2013 Minutes
Item Description	
Comments	
Action Requested	Approval of Minutes
Disposition	
Notes	

**Minutes from ECU BOT Audit Committee
February 21, 2013
Mendenhall Student Center Great Room 3**

Committee members present: Ken Chalk (Chair), Carol Mabe, Deborah Davis, Steve Jones

Others present: Phyllis Horns, John Chinn, John McGough, Nick Benson, Micki Jernigan, Tim Wiseman, Donna Payne, Crystal Baity, Garrett Killian, Stacie Tronto, and Wayne Poole

Ken Chalk, Chair of the Audit Committee, convened the meeting at 3:32PM. 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 November 29, 2012 committee meeting. **Action Item:** The minutes of the November 29, 2012 meeting were approved with no changes.

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

- Mr. Wiseman presented a list of activities for the previous three months and the next three months; specific items that were discussed follow.
- The 2011-12 top risks and risk management plans have been discussed with Executive Council and assigned to executive level management (at the VC level).
- The 2012-13 risk survey has been distributed, and the ERM committee will be briefed next week. Mr. Wiseman included a sample of the survey in the committee's handouts.
- Mr. Wiseman reported that he has been engaged in several consultations with various departments, including University hosted camps, safety procedures for the pool/natatorium, and social media.
- Chancellor Ballard will be speaking at the February ERM Committee meeting.
- Mr. Wiseman reminded the committee members of an article that he included in their handouts.

John Chinn, Director of the Office of Research Compliance Administration, provided the **Research Compliance Report**.

- The online conflict of interest and external professional activities reporting tool has been developed and 85% of campus users have been trained. Projected implementation date is 3/4/13. Mr. Chinn intended to demonstrate this tool for the committee, but was unable to due to technical difficulties.
- The Conflict of Interest regulation is in final review and should be published by mid-April.
- The Assistant Director for the Office of Research Compliance has been hired and will start in mid-March. Mr. Chinn anticipates that this individual will require significant training prior to his retirement on 7/1/13, and the individual will sit for the research compliance certification exam in June 2013. The committee members expressed concern that there is a tight timeline between this person's hire date and Mr. Chinn's retirement. Donna Payne reminded the committee members that research compliance is a team effort which also encompasses experts from the Office of University Counsel, the Institutional Review Board, and other areas of the University. Thus, while Mr. Chinn's retirement will be a loss, the University will be able to move forward in this area with the foundation that has been laid.

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

- Ms. Jernigan presented the CY 2013 BSOM Compliance workplan and the CY 2013 HIPAA Compliance workplan. These plans were in a new format which mirrors the format used by Internal Audit. Ms Jernigan requested the committee's feedback, and stated that she intends to implement the tracking of staff work hours by project on March 1, 2013. Ms. Jernigan stated that the project plan is based on the number of projected hours available based on the current filled positions in the office, and accounts for 65% of the total hours available. (Leave, professional development, and administrative tasks will account for the remaining 35% of the hours.) Mr. Chalk requested that Ms. Jernigan also consider the number of hours needed to

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address the highest risk areas, and to advise the committee and management if there is a significant difference between the available hours and the hours needed to do the job.

- Ms. Jernigan provided a historical overview of the office's staffing from July 2010 to present, pointing out significant turnover. A new FT employee began on January 15, and two other positions should be filled very soon. A temporary employee is performing the administrative assistant duties. Ms. Jernigan stated that the office will soon be fully staffed at 8 FTEs for the first time since July 2010. She added that three new positions are pending review and possible approval by the ECU Physicians board.
- Dr. Benson reported that he has engaged an external consultant to review the current projects, staffing, and structure of the BSOM Compliance Office. He will brief the committee on the results in April. This review, along with reports available from the AAMC, will allow benchmarking of the BSOM Compliance Office with similar academic medical centers.
- Compliance Update – During CY 2012, 226 provider coding reviews were completed. 209 (92.5%) passed. All providers who did not pass have either been retrained or are no longer employed at the University.
- HIPAA Privacy Update
 - Ms. Jernigan updated the committee on amendments to the HITECH Act implementation guidelines that were published in January. Her office is engaged with Office of University Counsel and others to ensure that changes are implemented by the mandatory 9/23/13 compliance date. This will be a significant undertaking.
 - In CY 2012, the office completed 35 HIPAA Privacy investigations. 29 of the 35 investigations revealed violations of HIPAA Privacy rules; Six (6) required notifications to the affected individuals
 - In CY 2012, the office processed two accounting for disclosure requests, two record amendment requests, and one request for restriction on the use of PHI.

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

- During the 2011-2012 Office of the State Auditor (OSA) Financial Audit, two (2) Non-reportable observations were noted related to IT controls. The University and Vidant Health have made satisfactory progress towards resolution, as agreed to by OSA and UNC-GA. The University was not placed on 90-day notice by UNC-GA as a result of this audit. Internal Audit will follow-up to measure progress again after June 2013.
- NC State Education Assistance Authority Program Review – A review of state-funded financial aid awarded during the academic years 2008-09, 2009-10, and 2010-11 was recently completed. Overall the University had good results; some weaknesses were identified related to tracking students' residency status, and approx \$25K was returned to the state. The University was not placed on 90-day notice by UNC-GA as a result of this audit. Ms. Tronto reaffirmed that the results of this audit were positive and the weaknesses are not deemed a significant risk.
- Foundation Audits – Ms. Tronto distributed the external audit reports for the Pirate Club and Health Sciences Foundation audits. Both were "clean". The Health Sciences Foundation had to make one prior period adjustment.
- Ms. Tronto shared a memo in which the UNC System President and the State Controller noted that Universities have not had a Quality Assurance Review per IIA standards. Ms. Tronto noted that ECU is on the leading edge, as it was the first University to have a review completed (in 2006), and had another review in 2011.
- Ms. Tronto stated that the final determination has not been made regarding how the UNC System Shared Services Initiative will impact Internal Audit offices across the system. It is addressed in the

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UNC System Strategic Plan. For now, IA will be added to the UNC FIT review process, and Ms. Tronto has been asked to participate on the assessment team, and will soon be sharing ideas with Ms. Canady at UNC-GA.

- Ms. Tronto presented the Internal Audit Dashboard (FY 2013 YTD, as of 2/3/13)
 - 19% of the audit plan is complete (would be 38% if engagements that are merely pending report publication were included); 50% of audit plan in progress
 - Direct Audit hours are 78% (target is 70%)
 - Completion rate for management corrective actions is 100%
- **Action Item:** The committee approved revisions to the 2012-2013 Audit Plan as presented by Ms. Tronto. (Four engagements were added; three were cancelled; seven engagements had adjustments made to the budgeted hours. Details were included in the proposed audit plan included with the committee handouts.)

Other Business – No other business was discussed

The Audit Committee meeting was adjourned at 4:42PM.
-----*Respectfully submitted by Wayne Poole*

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AUDIT

APRIL 18, 2013

Session	Audit
Responsible Person	Dr. Ron Mitchelson and Dr. John Chinn
Agenda Item	II. Research Compliance Office Report A. Research Compliance Office Updates
Item Description	
Comments	Information
Action Requested	
Disposition	
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Agenda Item	III. BSOM Compliance Office Report A. Consultation Visit
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Agenda Item	III. BSOM Compliance Office Report B. AAMC Survey
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East Carolina University
Brody School of Medicine
Office of Compliance
Annual Work Plan

FY 2012-2013

Description	Project	Budget	Budgeted	Revised	%age	Actual	%age	Variance	Current	Risk	# of	Assigned	Type	Completed	# of
	Number	Status	Hours	Bud Hrs	of Total	Hours	of Total		Status	Ranking	Obs				
Office of Compliance Projects															
RAC Responses	C13001	WIP	1040	1040	13%		#REF!	1040	In Progress	High		ML/KD	C		
Meaningful Use	C13002	WIP	40	40	1%		#REF!	40	In Progress	High		MJ	C		
ICD-10 Implementation	C13003	WIP	40	40	1%		0%	40	In Progress	High		ALL	C		
Scheduled Provider Reviews	C13004	WIP	2496	2496	31%		0%	2496	In Progress	High		ML/KD	C		
EMR Cloning/Cut & Paste plan and education	C13005	CYP	40	40	1%		0%	40	Pending	High		MJ/BS	C		
Incident-to-Services Provided by Nonphysicians review	C13006	CYP	24	24	0%		0%	24	Pending	High		BS	C		
ECUP Documentation Standards revisions	C13007	CYP	40	40	1%		0%	40	In Progress	High		BS	C		
Use of Modifiers review	C13008	CYP	24	24	0%		0%	24	Pending	High		BS	C		
Place of Service review	C13009	CYP	24	24	0%		0%	24	Pending	High		BS	C		
Internet Role-Based Annual Training	C13010	CYP	450	450	6%		0%	450	In Progress	High		MB	C		
Policy and Procedure updates	C13011	CYP	40	40	1%		0%	40	In Progress	Medium		MJ/MB	C		
BSOM Code of Conduct update	C13012	CYP	16	16	0%		0%	16	Pending	Medium		MB	C		
Total Compliance Project Hours			4218	4218	54%	0	0%	4218			0				
HIPAA Privacy Projects															
Telework Policy for ECU Physicians	H13001	WIP	16	16	0%		0%	16	In Progress	High		MJ/MB	H		
Clinic Site Audits	H13002	CYP	80	80	1%		0%	80	Pending	High		MJ/MB	H		
Guidelines for Email Communications with Patients	H13003	WIP	16	16	0%		0%	16	In Progress	High		MJ/MB	H		
NPP Revisions (9/13 compliance date)	H13004	CYP	16	16	0%		0%	16	In Progress	High		MB	H		
Internet Role-Based Annual Training	H13005	CYP	450	450	6%		0%	450	In Progress	High		MB	H		
Research Submission reviews	H13006	WIP	1456	1456	18%		0%	1456	In Progress	High		MJ/SM	H		
Policy and Procedure updates	H13007	CYP	60	60	1%		0%	60	In Progress	Medium		MJ/MB	H		
Total HIPAA Privacy Project Hours			2094	2094	26%	0	0%	2094			0				
Special Projects:															
External Reviews	S13001	CYP	500	500	6%		0%	500	Pending	High		ML/BS	S		
Investigations and Consultations	S13002	CYP	876	876	11%		0%	876	Pending	High		MJ/MB	S		
As Needed	S13003	CYP	300	300	4%		0%	300	Pending	High		ALL	S		
Total Special Project Hours			1676	1676	21%	0	0%	1676			0				
Total Project Hours			7988	7988	100.70%		0.00%	7988							
												Completed	0	0%	
												In Process	13	59%	
												Pending	9	41%	
												Total	22	100%	
=Completed															
=Pending															
=In Progress															
= Canceled or Deferred															

Budget Status:
 BF = Brought Forward From Previous Year's Plan
 AYP = Added to Current Year Plan
 CYP = Current Year Plan
 CYP-B = Current Year Plan (Budgeted under Special Reviews - Pending)
 WIP = Work-In-Progress

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AUDIT

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Session	Audit
Responsible Person	Dr. Nick Benson and Ms. Micki Jernigan
Agenda Item	III. BSOM Compliance Office Report D. HIPAA Privacy Update
Item Description	
Comments	Information
Action Requested	
Disposition	
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ECU BOARD OF TRUSTEES

AUDIT

APRIL 18, 2013

Session	Audit
Responsible Person	Mr. Tim Wiseman
Agenda Item	IV. Enterprise Risk Management Report
Item Description	
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INFORMATION PAPER

SUBJECT: Enterprise Risk Management (ERM) Update for the BOT-A Committee April 2013 Meeting

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:

- Re-Admissions Risk Case Reviews and University Behavioral Concerns Team Actions
- Quarterly ERM Committee Meeting (Feb) and Related Actions/Activities
- Social Media Risk - Analysis
- ERM Consultations and Inquiries – Various Departments
- Practical Approach to Institutional Risk Mgmt Webinar Series (Ed Advisory Board)
- Business Process Review – Framework Discussions and Project Development
- SetOff Debt Collection Act Hearings - Multiple

b. Significant ERM/CRO Activities Next Three Months:

- Quarterly ERMC Meetings (May & July 2013)
- ERM Risk Survey Results Analysis and Prioritization Exercise
- Risk Management Plans (Updating and Development)
- 2013-2014 ECU-Hosted Risk Mgmt and Safety Symposium Options/Planning
- Continued Development of ERM Metrics/Measurements
- ERM Consultations/Research/Inquiries – Various Departments

3. Other:

- AVC for ERM is pursuing Associates in Risk Management + ERM (ARM-E) designation for professional development



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

Enterprise Risk Management Committee Meeting Themes

(As of 10/15/2012 – Subject to Change)

	ERMC	Date	Guest Speaker/Lead	Theme
2012	4 th Qtr	Oct 17	DSS	Compliance
2013	1 st Qtr	Feb 27	Data Security Update	Operational
	2 nd Qtr	May 1	Risk Prioritization Exercise	Strategic
	3 rd Qtr	July 24	Dir of Emergency Svcs	Operational
	4 th Qtr	Oct 16	Attorney-Legal Services	Legal Hot Topics/ Compliance

Risk Categories: Strategic, Operational, Financial, Compliance, Reputational

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AUDIT

APRIL 18, 2013

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Responsible Person	Ms. Stacie Tronto
Agenda Item	V. Internal Audit Report A. Dashboard
Item Description	
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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	22	39%
In Process	25	45%
Pending	9	16%
Total	56	100%

Staff Utilization: Direct vs. Indirect Hours

Direct Hours	78%
Indirect Hours	22%

Consultations

	<i>Number</i>	<i>% of Audit Plan</i>
Consultations	107	21%
Other Internal Audit Shops		
EEO		

Management's Corrective Actions

<i>Observations by Division:</i>	<i>Completed</i>	<i>Outstanding</i>	<i>% Complete</i>	<i>% Outstanding</i>	<i>To Be Done</i>
Academic Affairs	3	4	43%	57%	17
Administration and Finance	7	0	100%	0%	17
Athletics	1	0	100%	0%	0
Chancellor	3	0	100%	0%	10
Health Sciences	20	0	100%	0%	18
Research and Graduate Studies	0	0	100%	0%	9
Student Life	3	0	100%	0%	4
University Advancement	0	0	100%	0%	0
Total Observations	37	4			75
Total Percentages	90%	10%			

As of 03/26/13

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APRIL 18, 2013

Session	Audit
Responsible Person	Ms. Stacie Tronto
Agenda Item	V. Internal Audit Report C. Revised Audit Plan 2012-2013
Item Description	
Comments	
Action Requested	Approval of Revised Audit Plan 2012-2013
Disposition	
Notes	

East Carolina University
Office of Internal Audit
Revised Annual Engagement Plan (03/26/13)
By Type
FY 2012-2013

Description	Budget Status	Budgeted Hours	%age of Total	Revised Bud Hours	%age of Total	Risk Ranking
Operational Audits:						
Athletic Camps	WIP	300	3%	1000	10%	Medium
Human Resources	CYP	400	4%	400	4%	High
Volunteers/Minors-University & Non-University Sponsored Programs	CYP	400	4%	400	4%	High
Purchasing - Port	CYP	400	4%	400	4%	High
Athletics - Operational	CYP	400	4%	400	4%	High
Surplus Property	CYP	400	4%	0	0%	Medium
Psychiatry	CYP	300	3%	0	0%	Medium
Rehabilitation Medicine	CYP	300	3%	0	0%	Medium
Total Operational Audit Hours		2900	29%	2600	26%	
Compliance Audits:						
Clinical Trials	WIP	300	3%	600	6%	High
Clery Act	CYP	400	4%	400	4%	High
Personnel File/Data Review (EEOC)	CYP	300	3%	300	3%	High
Ryan White Funds	CYP	400	4%	588	6%	High
ICD-10	CYP	100	1%	100	1%	High
Meaningful Use	CYP	100	1%	100	1%	High
Stark Law	CYP	200	2%	200	2%	High
Total Compliance Audit Hours		1800	18%	2288	23%	
Information Technology Audits:						
Disaster Recovery 2012	WIP	130	1%	130	1%	High
HIPAA Systems and Data Storage	WIP	225	2%	225	2%	High
Emergency Notification System	CYP	400	4%	425	4%	High
Review UHS Audit Reports/Workpapers	CYP	10	0%	10	0%	High
University Data Storage	CYP	400	4%	0	0%	High
ITCS Logging and Monitoring Processes	CYP	200	2%	200	2%	High
Total Information Technology Audit Hours		1365	14%	990	10%	
Special Reviews:						
Special Reviews - Pending (1000)	CYP	1000	10%	1120	11%	NA
Total Special Review Audit Hours		1000	10%	1120	11%	
Follow-Up Reviews:						
2nd Follow-Up IT Distributed Controls (A11027)	CYP	40	0%	40	0%	High
2nd Follow-Up Continuing Studies (A09026)	CYP	40	0%	55	1%	High
3rd Follow-Up Employee Entry/Exit Process	CYP	40	0%	40	0%	High
University Policy Manual (L08031)	CYP	40	0%	40	0%	High
Social Media	CYP-A	0	0%	45	0%	High
Invoicing/Receipting	CYP-A	0	0%	100	1%	High
Student Employment Pay Process (A11005)	CYP	100	1%	100	1%	High
Travel Review (A11033)	CYP	100	1%	100	1%	High
Dental Medicine (L12011)	CYP	40	0%	40	0%	High
University Collections Process (A11030)	CYP	100	1%	100	1%	High
Patient Billing Errors (A11006)	CYP	100	1%	85	1%	High
ECUP Contract Management System (A12012)	CYP	100	1%	62	1%	High
CDSA/FSNENC (L12005)	CYP	10	0%	10	0%	Low
Internal Medicine (L12003)	CYP	10	0%	10	0%	Low
Athletics (L12020)	CYP	10	0%	10	0%	Low
College of Education (L12024)	CYP	10	0%	10	0%	Low
Student Affairs (L11045)	CYP	10	0%	10	0%	Medium
College of Education - Travel (A12001)	CYP	20	0%	20	0%	Medium
Facilities Use (A12014)	CYP	100	1%	100	1%	Medium
Total Follow-Up Review Audit Hours		870	9%	977	10%	
Other/Special Projects:						
Regulatory Compliance Inventory	WIP	200	2%	200	2%	High
Benford's Law	CYP-A	0	0%	40	0%	High
Anonymous Hotline Reporting	CYP-A	0	0%	40	0%	High
Risk Assessment 2013-2014	CYP	100	1%	100	1%	High
Training Modules	CYP	400	4%	400	4%	High
Consultations	CYP	1000	10%	1000	10%	High
Fraud Risk Assessment (Health Sciences)	CYP	400	4%	400	4%	High
Total Other/Special Project Hours		2100	21%	2180	22%	
Total Audit Hours		10035	100%	10155	100%	

= Cancelled Audits
 = Added Audits
 = Change in Hours

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