Board of Trustees Audit, ERM, Compliance, and Ethics Committee Meeting
September 14, 2017
Agenda

I. Approval of July 27, 2017 Minutes  Action

II. Enterprise Risk Management - Tim Wiseman
   A. Overview of ERM and Top Ten Risks  Information
   B. ERM Update  Information

III. Research Compliance - Ms. Norman Epley and Dr. Mike Van Scott
    A. Conflict of Interest Update  Information
    B. Export Control Officer Update  Information

IV. Internal Audit - Ms. Stacie Tronto
    A. Internal Audit Activities and Key Performance Measures  Information
    B. Audit Management System Software  Information

V. Other Business
Agenda Item: I. Approval of July 27, 2017 Minutes

Responsible Person: Kel Normann, Chair

Action Requested: Approval

Notes: N/A
The Audit, Enterprise Risk Management, Compliance, and Ethics Committee (formerly named and still sometimes referred to as “Audit Committee”) of the ECU Board of Trustees met in regular session on July 27, 2017 at 10:00am in the East Carolina Heart Institute on the campus of East Carolina University.

Committee members present included Kel Normann (Chair), Bob Plybon (Vice Chair), Max Joyner, Jason Poole, Vince Smith, and LaQuon Rogers.

Other board members present included Kieran Shanahan (Board Chair), Edwin Clark, and Vern Davenport.

Others present included Chancellor Cecil Staton, James Hopf, Donna Payne, Nick Benson, Ken DeVille, Michelle Evans, Norma Epley, Paul Zigas, Amanda Williams, Michelle Brooks, Tom Eppes, Crystal Baily, Alton Daniels, Megan Ayers, Stacie Tronto, and Wayne Poole.

Kel Normann, Chair of the Committee, convened the meeting at 10:00AM. Mr. Normann read the conflict of interest provisions as required by the State Government Ethics Act. Mr. Normann asked if anyone would like to declare or report an actual or perceived conflict of interest. None were reported.

Mr. Normann asked for the approval of the minutes of the April 27, 2017 audit committee meeting.

Action Item: The minutes of the April 27, 2017 audit committee meeting were approved with no changes.

Ms. Stacie Tronto presented information on the Committee’s Jurisdiction and Responsibilities. During the presentation Ms. Tronto reminded the committee that the UNC Board of Governors has specific, documented expectations for campus Audit Committees. Ms. Tronto stated that she will assist the committee in ensuring that all expectations and requirements are met.

The following individuals provided a brief overview of the respective offices that typically provide information and updates to the committee:

- Ms. Stacie Tronto – Office of Internal Audit and Management Advisory Services
- Mr. Tim Wiseman – Enterprise Risk Management
- Dr. Ken DeVille – Office of Institutional Integrity (Healthcare Compliance)
- Ms. Norma Epley – Office of Research Integrity and Compliance

(The presentation slides that were used for this information were from Module 5 of the Board of Trustees training materials.)

Mr. Davenport asked what impact Project Unify is expected to have on University medical research. Ms. Payne advised the committee that the details pertaining to research and the new entity are still being worked through. Ms. Epley stated that the hope is that new opportunities for research will be opened up. For example, ECU researchers may have opportunities to get into some rural communities where Vidant has a presence and take the research to the people of eastern NC. Mr. Davenport stated that he may pursue further information outside of this meeting. He stated that it will be very important to reconcile ECU’s research goals with Vidant’s goals and infrastructure.

Ms. Stacie Tronto presented the FY 2018 Annual Audit Plan. Ms. Tronto presented the proposed annual audit plan, and provided background on the methodology that is used to determine the annual audit plan.

Action Item: The committee approved the annual audit plan.

Ms. Donna Payne Presented Information on Specific Annual Review Requirements
University Counsel Donna Payne presented an overview of two specific UNC system policies that are directly applicable to all board members.

1. Duties, Responsibilities, and Expectations of Board Members, and
2. Dual Memberships and Conflicts of Interest

These policies had been provided to all board members in the information packets prior to the meeting. Ms. Payne reminded the members that all are required to be familiar with these and to advise her office of any questions or concerns.

Other Business
Mr. Normann asked if there was any further business to bring before the committee. None was heard.

There being no further business, the Audit Committee meeting was adjourned at 10:50 AM.

Respectfully submitted,
Wayne Poole
ECU Office of Internal Audit and Management Advisory Services
Board of Trustees
Audit, ERM, Compliance, and Ethics Committee Meeting
September 14, 2017

Agenda Item: II.A. Overview of ERM and Top Ten Risks
Responsible Person: Tim Wiseman
Action Requested: None - Informational Item
Notes: N/A
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Agenda Item: II.B. ERM Update
Responsible Person: Tim Wiseman
Action Requested: None - Informational Item
Notes: N/A
INFORMATION PAPER

SUBJECT: Enterprise Risk Management (ERM) Update for the BOT-Audit, Risk Management, Compliance and Ethics Committee September 2017 Meeting

1. Purpose. To advise BOT-ARMCE committee members of significant ERM activities from the past two months and those planned or anticipated for the next two months.

2. Action Recapitulation:

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

   • Coordination of Risk Management Plans for Top Risks
   • Quarterly Enterprise Risk Management Committee Meeting and Actions (July)
   • Crisis Policy Team – Emergency Management System Exercise
   • UAS/Drones Advisory Committee Actions – Mandatory Insurance and Process Adjustments
   • Presented: Risk Mgmt and Insurance Society National Webinar
   • ERM Consultation and Assistance to NCCU
   • FEMA Claims – Hurricane Matthew Damage - Ongoing
   • ERM Training and New Personnel Orientations (Deans, BOT Members, Administrators)
   • Enterprise Rent-a-Car Fleet Vehicle Transition – Insurance Coverage Coordination
   • ERM Consultations/Research/Inquiries – Various Departments

   b. Significant ERM/CRO Activities Next Two Months:

   • Risk Management Plan Finalizations and “Off Year” ERM Cycle Activities
   • Publish ERM Five Things Executive eNewsletter
   • Quarterly Enterprise Risk Management Committee Meeting and Actions (Oct)
   • Present: University Risk Management and Insurance Association Conference
   • Present: ERM in Higher Education Update to UNC System Auditors Conference
   • ERM Update to Chancellor and Chief of Staff
   • September BOT Meetings

3. Other:

   • ERM “Five Things” Newsletter Published in Early September – Copies Available
   • Risk Management Month Activities Planning – November 2017

ACTION OFFICER: Tim Wiseman
Assistant Vice Chancellor for ERM & Military Programs
Spilman Bldg, Room 214, 252-737-2803
Board of Trustees

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Agenda Item: III.A. Conflict of Interest Update

Responsible Person: Norman Epley  
Mike Van Scott

Action Requested: None - Informational Item

Notes: N/A
Reporting Conflicts of Interest and Commitment

End of Fiscal Year 2016-2017 Results
Federal Compliance 100%

This includes all Principal Investigators and Key Personnel listed on the Grants.
University Compliance  98.25%

• 51 out of 2,900 total employees required to disclose have not done so:
  • 21 of the 51 are temporary employees
  • 4 of the 51 are retired
  • 4 of the 51 are no longer at ECU
  • 2 of the 51 are Vidant employees w/responsibilities at ECU
  • 2 of the 51 are student or Resident teachers
  • 7 of the 51 are 9 month employees
  • 3 of the 51 are non-faculty employees
  • 6 of the 51 are “hourly” employees
  • 2 of the 51 are permanent, part time employees
Corrective Actions / Plans for Fiscal Year 2017-2018

• At New Faculty Orientation this year we had those faculty who were not research-oriented disclose during the Research, Economic Development and Engagement (REDE) session

• Currently working with HR to develop a mechanism requiring disclosure at the time of hire for those individuals who are not permanent, full time employees.
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Agenda Item: III.B. Export Control Officer Update

Responsible Person: Norman Epley  
Mike Van Scott

Action Requested: None - Informational Item

Notes: N/A
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Agenda Item: IV.A. Internal Audit Activities and Key Permanence Measure’s

Responsible Person: Stacie Tronto

Action Requested: None - Informational Item

Notes: N/A
Internal Audit Team
Year in Review

July 2016 – June 2017
The Year in Numbers...

- Audit Plan Completion: 87.5%
- Audit Staff Direct Productivity: 75%
- Engagements Completed: 49
- Recommendations to Management: 56
- Recommendations Implemented: 92%
- Routine Consultations: 135
- Committees/Workgroups: 19
- Search Committees: 2
We did it…

- Remained very flexible – managed change
- Operationalized ProCard analytics
- Hired, oriented, and mentored audit intern
- Implemented online engagement survey
- Added a great new team member
- All auditors have achieved the CPA, CIA, CFE, and/or CISA designation
- We are problem solvers!!!
Yes, They Really Said It...

“I appreciate the professionalism of all involved and the important work of Internal Audit.”

“Mr. Kraus was very professional, courteous, and easy to work with. I learned much from the process. Thank you!”

“I am actually glad we were audited.”
Yes, They Really Said It...

“I have ALWAYS found our internal auditing staff excellent to work with! They tell it to us straight on any issues that are found so that we can get them addressed... and I truly appreciate that! I feel like we are a good team [with IA]”

“I'm sure that we have the best IA group in the UNC system and also one that works extremely well with their customers!”
A High Performing Team...
Where we go from here...

- Self-Assessment
- Automated Workpapers Solution
- Continued Progress on Data Analytics
- Continued development of soft skills
- Community Service Project
Thank YOU for a great year!!

It really is “an honor and privilege to serve here with you.”
Board of Trustees

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Agenda Item: IV.B. Audit Management System Software

Responsible Person: Stacie Tronto

Action Requested: None - Informational Item

Notes: N/A
Agenda Item: V. Other Business
Responsible Person: Kel Normann, Chair
Action Requested: N/A
Notes: N/A