



## East Carolina University | Board of Trustees Audit, ERM, Compliance, and Ethics Committee Meeting | September 29, 2016 | Agenda

- |  |             |
|--|-------------|
| I. Approval of July 14, 2016 Minutes             | Action      |
| II. Enterprise Risk Management - Mr. Tim Wiseman |             |
| A. Update of Activities                          | Information |
| B. Summary of Risk Survey Process                | Information |
| III. Research Compliance - Dr. Hiromi Sanders    |             |
| A. Conflict of Interest Disclosures FY2016       | Information |
| IV. Health Sciences - Ms. Michelle Evans         |             |
| A. HIPAA Security Transition                     | Information |
| V. Office of Internal Audit - Ms. Stacie Tronto  |             |
| A. Operating Budget                              | Action      |
| B. Dashboard                                     | Information |
| C. ACUA Presentation                             | Information |
| VI. Other Business                               |             |
| VII. Closed Session                              |             |

East Carolina University  
Board of Trustees  
Audit, ERM, Compliance and Ethics Committee  
September 29, 2016

Session	Audit, ERM, Compliance & Ethics Committee
Responsible Person	Kel Normann, Chair
Agenda Item	I.
Item Description	Approval of minutes – July 14, 2016
Comments	
Action Requested	Approval
Disposition	
Notes	

**\*\*\*DRAFT\*\*\***

**Minutes from ECU BOT Audit, Enterprise Risk Management, Compliance, and Ethics Committee  
July 14, 2016  
East Carolina Heart Institute**

The Audit, Enterprise Risk Management, Compliance, and Ethics Committee (also called "Audit Committee") of the ECU Board of Trustees met in regular session on July 14, 2016 at 10:00am in the East Carolina Heart Institute on the campus of East Carolina University. Committee members present included Kel Normann (Chair), Vern Davenport, Bob Plybon, and Terry Yeargan

Other board members present included Edwin Clark.

Others present included Nick Benson, Dee Bowling, Tim Wiseman, Jay Surlles, Ken DeVille, Michelle Evans, Norma Epley, Dan Sweat, Crystal Baity, Stacie Tronto, Tereasa Hopkins, 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 7, 2016 audit committee meeting.

**Action Item:** The minutes of the April 7, 2016 audit committee meeting were approved with no changes.

Ms. Stacie Tronto provided the Internal Audit update.

Ms. Tronto provided an overview on the annual audit planning process, and presented the FY 2017 proposed annual audit plan. The committee discussed the importance of the proposed Governance and Ethics review, which is required by the *International Standards for the Professional Practice of Internal Auditing*. Committee members asked questions about the University's various codes of ethics, and Ms. Tronto, Dr. DeVille, and others provided further detail to the committee members. The committee supports this engagement and understands that it will also require the support of the Chancellor and Executive Council.

**Action Item:** The committee approved the proposed audit plan as written.

Ms. Tronto presented proposed changes to the Internal Audit charter. Definitions of assurance and consulting services have been added to the charter as recommended by the external assessment team. All other proposed changes are minor in nature and include things such as changes to position titles.

**Action Item:** The committee approved the revised charter.

Ms. Tronto presented proposed changes to the Audit Committee charter. As was previously recommended, the committee's formal name is now the Audit, Enterprise Risk Management, Compliance, and Ethics Committee.

**Action Item:** The committee approved the revised charter.

Ms. Tronto presented the annual certification letters that will be sent from the Chair of the Audit Committee and the Chief Audit Officer to UNC General Administration. Ms. Tronto stated that the one edit made that is outside the "standard" UNC GA template was to note that there was no exit conference from the most recent Office of the State Auditor financial audit since there were no findings. Ms. Tronto stated that she will ensure there is an entrance and exit conference this year so that Chancellor Staton can see the process and meet our external auditors first hand. Mr. Normann commended the efforts of Internal Audit and stated that he knows the University is complying with the UNC GA requirements for internal audit.

**Action Item:** The committee approved the certification letters as written.

**\*\*\*DRAFT\*\*\***

**Minutes from ECU BOT Audit, Enterprise Risk Management, Compliance, and Ethics Committee  
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Ms. Norma Epley presented the **Research Compliance Report**

Ms. Epley shared the results of a recent U.S. Food and Drug Administration (FDA) audit that was completed. Ms. Epley reported that the audit was very positive. Ms. Epley advised that the FDA reviewed the University's policies and procedures governing research drugs, devices, and biologics. The FDA also reviewed the Institutional Review Board (IRB) activities and meeting minutes to learn about the University's oversight of human subjects' research. The FDA issued a report on April 22, 2016, with no findings or recommendations.

Mr. Tim Wiseman provided the **Enterprise Risk Management (ERM) update.**

Mr. Wiseman presented an update on the enterprise risk management activity, and reminded the committee members that more detail was available in the handouts in their read-ahead packets. Mr. Wiseman stated that Chancellor Ballard attended the most recent ERM Committee meeting, and Chancellor Staton will be attending the next meeting. This senior level participation is important in setting the tone and expectations for ERM at the University.

Mr. Wiseman advised the committee that the interim regulation on drones/unmanned aircraft is in the final review phase and will be in place by the beginning of the fall semester. The committee members engaged in a significant amount of discussion on this evolving topic and agreed that it will be important for the University community to understand and comply with the regulation.

Mr. Wiseman distributed ERM-related literature to the committee. One of the items was a noteworthy article on reputational risk, which featured ECU's risk management efforts in the magazine of the American Association of State Colleges and Universities. Mr. Davenport stated that this article was good publicity and a very positive reflection of the role of ERM at the University.

Mr. Wiseman advised the committee that the ERM Top Risks Survey will be launched in the coming weeks. Since this is an "even year", the full risk prioritization exercise will be completed, and a top risks list will be provided to senior management for review and action. Mr. Wiseman would like to include the committee in the initial top risks survey, and all committee members agreed. Mr. Wiseman will share the results of the risk survey and risk ranking exercises with the committee at the November meeting.

Mr. Wiseman introduced Mr. Jay Surles, who has joined the ERM office and will handle issues and advice concerning the University's various insurance policies, as well as other risk management-related tasks.

**Other Business**

Mr. Normann asked if anyone had other business for the committee. No other business was brought forward by anyone in attendance.

**Closed Session** – At 10:36 AM, Mr. Davenport made a motion – that the committee go into closed session in order to discuss items that are protected according to state statutes governing personnel information, criminal investigations, internal audit working papers, sensitive security information, and/or otherwise not considered a public record within the meaning of Chapter 132 of the North Carolina General Statutes. The motion was seconded and unanimously approved.

The Committee returned to open session and continued work on the agenda at 11:10 AM.

There being no further business, the Audit Committee meeting was adjourned at 11:11 AM.

**\*\*\*DRAFT\*\*\***

**Minutes from ECU BOT Audit, Enterprise Risk Management, Compliance, and Ethics Committee  
July 14, 2016  
East Carolina Heart Institute**

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Respectfully submitted,  
Wayne Poole  
ECU Office of Internal Audit and Management Advisory Services

East Carolina University  
Board of Trustees  
Audit, ERM, Compliance and Ethics Committee  
September 29, 2016

Session	Audit, ERM, Compliance & Ethics Committee
Responsible Person	Tim Wiseman, Assistant Vice Chancellor, ERM
Agenda Item	II.
Item Description	Enterprise Risk Management
Comments	
Action Requested	Information
Disposition	
Notes	a. Update of Activities b. Summary of Risk Survey Process

## INFORMATION PAPER

SUBJECT: Enterprise Risk Management (ERM) Update for the BOT-A Committee September 2016 Meeting

1. Purpose. To advise BOT-A committee members of significant ERM and Chief Risk Officer (CRO) 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:

- University Youth Programs/Minors on Campus – Regulation Published
- Unmanned Aircraft Systems Interim Regulation Published
- Quarterly Enterprise Risk Management Committee Meeting and Actions (July) – Dr. Staton Guest Speaker
- Initial ERM Orientation with the Chancellor
- Re-Admissions Risk Case Reviews and University Behavioral Concerns Team Actions
- ERM Consultations and Inquiries – Various Departments
- Advising and Assisting Western Michigan University with ERM Program Start
- 2016-2017 ERM Top Risk Survey Launched
- NC Department of Insurance Site Visit
- Crisis Policy Team Training and Exercise
- Youth Programs Specialist Search Committee Actions

b. Significant ERM/CRO Activities Next Two Months:

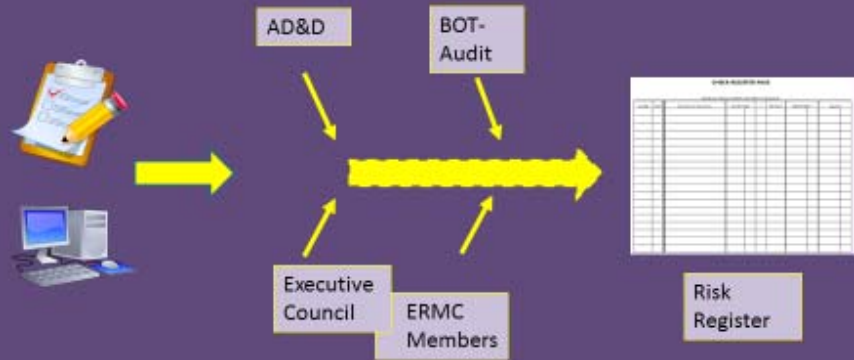
- University Youth Programs – Training Workshop (Oct/Nov)
- Quarterly Enterprise Risk Management Committee Meeting and Actions (Oct)
- Initial ERM Orientation with Mr. Hopf (New ECU Chief of Staff)
- Complete ERM Reference Manual/Handbook
- Re-Admissions Risk Case Reviews and University Behavioral Concerns Team Actions
- Top Risk Survey Results Analysis & Prioritization Exercise
- RIMS Regional Professional Development Workshop – Ashville
- ERM Consultations/Research/Inquiries – Various Departments

3. Other: Mr. Jay Surlles, Risk Mgmt and Insurance Program Specialist, will be representing ECU at the annual University Risk Management and Insurance Association Conference this fall.



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

# Risk Survey Process Actions



ECU Enterprise Risk Management

# Risk Survey Process Actions



ECU Enterprise Risk Management



## Risk Survey Process Actions



ECU Enterprise Risk Management

## Risk Survey Process Timeline

- |   |            |
|---|------------|
| ✓ Risk Survey Content Finalized in Qualtrics          | July       |
| ✓ Survey Live   | Mid-Sep    |
| • End of Survey Window                                | End of Sep |
| • Initial Results Consolidated – Register Created     | Oct        |
| • Risk Evaluation and Scoring/Prioritization Exercise | Oct ERMC   |
| • Feedback to ERMC, Executive Council and BOT-A       | Nov        |
| • Risk Management Plan/Treatment Plans Prepared       | Nov-Jan    |
| • Risk Review with Executive Council/Senior Leaders   | Feb        |
| • Monitor and Adjust                                  | Ongoing    |

ECU Enterprise Risk Management

East Carolina University  
Board of Trustees  
Audit, ERM, Compliance and Ethics Committee  
September 29, 2016

Session	Audit, ERM, Compliance & Ethics Committee
Responsible Person	Dr. Hiromi Sanders Assistant Research Compliance Officer
Agenda Item	III.
Item Description	Research Compliance
Comments	
Action Requested	Information
Disposition	
Notes	a. Conflict of Interest Disclosures FY 2016

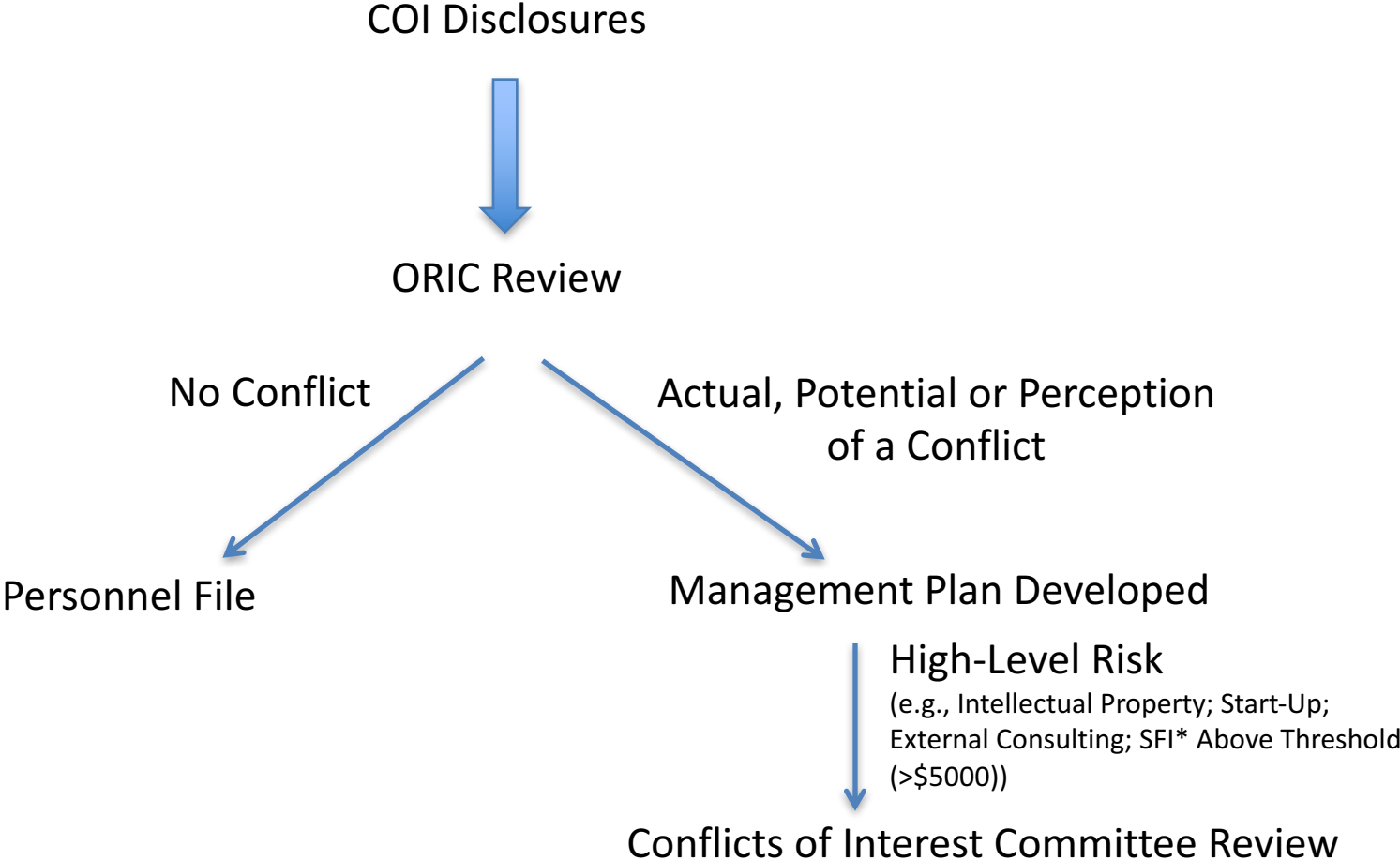
# **Conflicts of Interest Compliance Report Fiscal Year 2015-16**

Office of Research Integrity and Compliance  
Hiromi Sanders

# Conflicts of Interest Compliance Report

- Disclosure Review Process
- Compliance Data: Annual Disclosures
  - Federally Funded
  - EHRA
- Action Plan FY16-17

# COI Disclosure Review Process



\* Significant Financial Interest

# COI Compliance Data FY15-16

- Federally Funded

- Disclosures required annually
- Personnel involved in the design, conduct, or reporting of federally funded research (e.g., NIH, NSF)
- Regulations:
  - Public Health Service (42 CFR Part 93); ECU Regulation (REG01.15.03)

**100% compliance (208; as of August 8, 2016)**

# COI Compliance Data FY15-16

- Exempt Human Resources Act (EHRA)
  - Disclosures required annually
  - Faculty and non-faculty
  - Regulations:
    - University Policy Manual (300.2.2[R]); ECU Regulation (REG01.15.03)

**93% Compliance (2597/2792; 194)**

# Action Plan FY16-17

- Require COI disclosures from part-time employees at time of hire.
  - Completed within the first two weeks of reporting to duty
- Partner with Internal Audit



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Audit, ERM, Compliance and Ethics Committee  
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Session	Audit, ERM, Compliance & Ethics Committee
Responsible Person	Michelle Evans, HealthCare Specialist
Agenda Item	IV.
Item Description	Health Sciences Compliance
Comments	
Action Requested	Information
Disposition	
Notes	a. HIPPA Security Transition



# ECU HIPAA SECURITY OFFICE

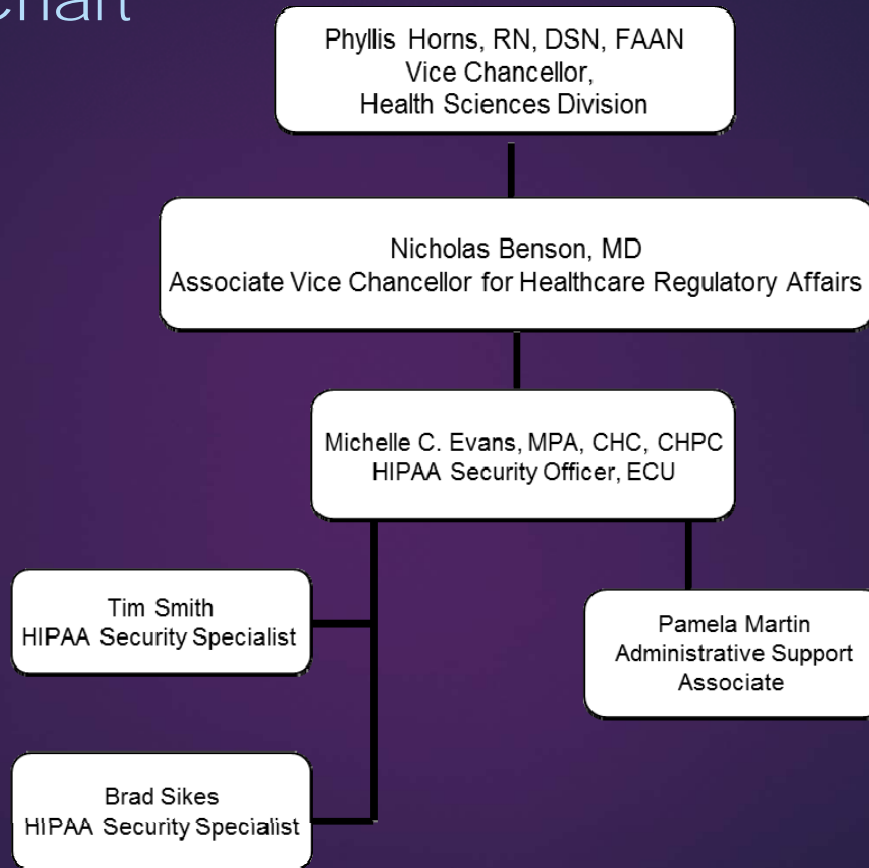
**Michelle C. Evans, MPA, CHC, CHPC**  
ECU HIPAA Security Officer  
Interim Associate Director  
Office of Institutional Integrity  
Division of Health Sciences



# ECU HIPAA Security Office

- New Office
- Structure of Office
- ITCS Security **versus** HIPAA Security
- Functions and Goals of HIPAA Security Office

# Organization Chart





# ECU HIPAA Security Office

- Manage ePHI for the University
- Facilitate and assist healthcare components with fulfilling their compliance responsibilities
- Provide HIPAA security advisory services for ECU committees, offices, and system administrators
- Evaluate and review P&P that define HCC workforce responsibilities for protecting ePHI
- Develop and facilitate HIPAA security training
- Interface with HIPAA Privacy and ITCS



# ECU HIPAA Security Office

Michelle C. Evans, MPA, CHC, CHPC  
(252) 744-5200  
[evansmi@ecu.edu](mailto:evansmi@ecu.edu)

[www.ecu.edu/cs-dhs/institutionalintegrity](http://www.ecu.edu/cs-dhs/institutionalintegrity)

**Complete HIPAA Privacy and Security Policies:**  
[www.ecu.edu/hipaa](http://www.ecu.edu/hipaa)

East Carolina University  
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September 29, 2016

Session	Audit, ERM, Compliance & Ethics Committee
Responsible Person	Stacie Tronto, Director of Internal Audit
Agenda Item	V.
Item Description	Office of Internal Audit
Comments	
Action Requested	
Disposition	
Notes	a. Operating Budget – ACTION b. Dashboard – Information c. ACUA Presentation - Information

East Carolina University  
Office of Internal Audit  
Financial Data

	Revised FY 2013-2014 As of 06/30/14	Revised FY 2014-15 As of 06/30/15	FY 2015-16 As of 06/30/15	FY 2016-2017 Operating Budget
Salaries	\$ 574,723	\$ 650,952	\$ 681,322	
Benefits	166,244	188,382	198,695	
<b>Total Labor Expenses</b>	<b>\$ 740,967</b>	<b>\$ 839,335</b>	<b>\$ 880,016</b>	
Office Supplies	\$ 856	\$ 772	\$ 777	\$ 1,000
Reference Materials	1,079	269	246	
Training	16,372	26,499	23,631	30,656
Membership Dues	4,745	4,395	9,785	10,000
Telephone, Copies, Postage	4,849	5,061	5,045	5,000
Office Equipment	1,610	1,834		
Software	1,890	1,002	5,045	5,250
Consulting Services	-		23,930	10,100
Quality Assurance Review	-		2,142	
NAS Storage	-	3,048		
Other	-		4	
<b>Total Operating Expenses</b>	<b>\$ 31,400</b>	<b>\$ 42,879</b>	<b>\$ 70,605</b>	<b>\$ 62,006</b>
<b>Total Labor &amp; Operating Expenses</b>	<b>\$ 772,368</b>	<b>\$ 882,214</b>	<b>\$ 950,621</b>	
Operating Budget	\$ 29,256	\$ 31,595	\$ 28,756	\$ 40,756
One-Time Budget	3,000	12,500	42,500	21,250
<b>Total Budget</b>	<b>\$ 32,256</b>	<b>\$ 44,095</b>	<b>\$ 71,256</b>	<b>\$ 62,006</b>
FTE's	8	8	8	8
<b>Note: For FY2017 received \$10,500 to hire student intern.</b>				



## Internal Audit Dashboard - FYE 2016

### 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>	<b>Goal = 80%</b>
Completed	49	<b>91%</b>	
In Process	5	9%	
Pending	0	0%	
<b>Total</b>	<b>54</b>	<b>100%</b>	

### Staff Utilization: Direct vs. Indirect Hours

	<i>With UPS</i>	<i>Without UPS</i>	<b>Goal = 75%</b>
Direct Hours	<b>74%</b>	<b>78%</b>	
Indirect Hours	26%	22%	

### Consultations

	<i>Number</i>	<i>% of Audit Plan</i>
Consultations	115	19%

### Management's Corrective Actions

<i>Observations by Division:</i>	<i>Completed</i>	<i>Outstanding</i>	<i>% Complete</i>	<i>% Outstanding</i>	<i>Pending</i>
Academic Affairs	0	0	0%	0%	0
Administration and Finance	18	0	100%	0%	25
Athletics	11	3	79%	21%	4
Chancellor	12	0	0%	0%	0
Health Sciences	26	1	96%	4%	16
Research and Graduate Studies	0	0	NA	NA	0
Student Affairs	0	0	100%	0%	6
University Advancement	0	0	NA	NA	0
<b>Total Observations</b>	<b>67</b>	<b>4</b>			<b>51</b>
<b>Total Percentages</b>	<b>94%</b>	<b>6%</b>			

As of 03/19/16

**Goal = 95%**

## Session I

**MONDAY, 9/12/2016**

**10:30 AM - 12:10 PM**

### **A.1 Academic Integrity & Student Athletes: A Case Study Using Data Analytics and Visual Reporting — *Audit Trends and Issues***

**Joe Oringel**, Managing Director, Visual Risk Q  
**Stacie Tronto**, Chief Audit Officer, East Carolina University

Measure academic integrity using a clear set of data-driven objectives.

**After this session, participants will be able to:**

- \* Use visual reporting to identify classes and faculty requiring additional review.
- \* Build relationships with other departments on campus through data-driven results.
- \* Interpret how the well-publicized academic integrity scandal involving student-athletes at UNC Chapel Hill resulted in a set of required procedures to be performed at all UNC System schools.

*Knowledge Level: Intermediate*

*Advanced Preparation: None*

*Field of Study: Auditing*

*Prerequisites: Experience with data analytics*

### **B.1 Adding Value by Proactively Managing Departmental Risks — *Risk Management/ GRC and QARs***

**Jereme Allison**, Senior Internal Auditor, Kennesaw State University

**Candis Dickson**, Senior Internal Auditor, Kennesaw State University

This presentation discusses innovative methods on how an internal audit department can add value to its organization by proactively managing departmental risks through the development of customer services. Risk, internal control assessments and consultations allow the internal audit team to partner with department heads to identify department specific risks, provide internal controls to increase compliance and limit the opportunities for fraud and other malfeasance.

**After this session, participants will be able to:**

- \* Recognize the value added benefits that customer services add to the organization.
- \* Assess how customer services can identify and significantly reduce risks.
- \* Develop customer services that fit their organization.

*Knowledge Level: Intermediate*

*Advanced Preparation: None*

*Field of Study: Management Advisory Services*

*Prerequisites: Experience as a manager or supervisor*

### **C.1 Distance Education: Narrowing the Distance of University Practices and Risk — *Compliance***

**Cynthia Nickerson**, Internal Auditor, University of North Carolina Wilmington

**Stefanie Powell**, Chief Audit Executive, University of North Carolina Wilmington

This course is designed to educate internal auditors on what constitutes a distance education course or program. We will discuss the benefits to students and universities offering distance education and identify the related risks. Specifically, we will review compliance with state authorizations and the Americans with Disabilities Act. We will also examine the complexity of responsibilities and reporting structure as universities branch into this new product.

**After this session, participants will be able to:**

- \* Identify applicable compliance reporting requirements relating to state authorizations.
- \* Evaluate compliance with the Americans with Disabilities Act.
- \* Analyze appropriateness of reporting lines or organization structure.

*Knowledge Level: Basic*

*Advanced Preparation: None*

*Field of Study: Auditing*

*Prerequisites: None*

### **D.1 Life on the Inside: Lessons from an Auditor Turned Faculty Member — *Professional Development & Leadership***

**Sonya von Heyking**, Director, CPA Bridging & Instructor, University of Lethbridge

This session provides an opportunity for auditors to understand new areas of risks from the perspective of an auditor in the classroom. Despite internal audit's understanding of the core purpose of our post-secondary institutions, it seems we hesitate to venture into the academic sphere; we are wary of applying our models to the seemingly subjective and other-worldly aspects of higher education. But if auditors are serious about being strategic and relevant we have to find a way to do just that. Join me for a discussion of what I learned when I left internal audit and became a faculty member.

**After this session, participants will be able to:**

- \* Identify opportunities for academic audit and consulting projects.
- \* Apply the lessons learned from an internal auditor on the inside of the classroom.
- \* Create relationships with the academic team through valuable conversations.

*Knowledge Level: Basic*

*Advanced Preparation: None*

*Field of Study: Specialized Knowledge & Applications*

*Prerequisites: None*

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September 29, 2016

Session	Audit, ERM, Compliance & Ethics Committee
Responsible Person	Kel Normann, Committee Chair
Agenda Item	VI.
Item Description	Other Business
Comments	
Action Requested	None
Disposition	
Notes	

East Carolina University  
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Session	Audit, ERM, Compliance & Ethics Committee
Responsible Person	Kel Normann, Committee Chair
Agenda Item	VII.
Item Description	Closed Session
Comments	
Action Requested	None
Disposition	
Notes	