East Carolina University | Board of Trustees
Audit, ERM, Compliance, and Ethics Committee Meeting
July 27, 2017 | Agenda

I. Approval of April 17, 2017 Minutes
   Action

II. Overview of Committee Jurisdiction
    Information

III. Approval of 2017-2018 Annual Audit Plan
     Action

IV. Annual Review Requirements
    Information
     A. Expectations of Board Members
     B. Dual Memberships and Conflict of Interest

V. Other Business
   Information
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<td>Responsible Person</td>
<td>Kel Normann, Chair</td>
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<td>Agenda Item</td>
<td>I.</td>
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<tr>
<td>Item Description</td>
<td>Approval of minutes – April 17, 2017</td>
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<td>Comments</td>
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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 April 27, 2017 at 1:30pm in Harvey Hall on the campus of East Carolina University. Committee members present included Kel Normann (Chair), Vern Davenport, Bob Plybon, Terry Yeargan and Mark Copeland.

Other board members present included Leigh Fanning, Danny Scott, and Ryan Beeson.

Others present included Ron Mitchelson, Donna Payne, Mike Van Scott, Steve Duncan, Nick Benson, Ken DeVille, Michelle Evans, Norma Epley, Hiromi Sanders, Paul Zigas, Dee Bowling, Doug Boyd, Bill Kraus, Rachel Eker, Stacie Tronto, and Wayne Poole.

Kel Normann, Chair of the Committee, convened the meeting at 1:30PM. 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 February 16, 2017 audit committee meeting.

**Action Item:** The minutes of the February 16, 2017 audit committee meeting were approved with no changes.

Ms. Stacie Tronto provided the Internal Audit update.

Ms. Tronto presented proposed changes to the annual audit plan. The changes include adding four significant engagements to the plan, and removing four significant engagements that were deemed to be lower risk. Ms. Tronto stated that the four removed engagements would be considered for inclusion in the FY 2018 audit plan.

**Action Item:** The committee approved the proposed changes to the annual audit plan.

Ms. Tronto presented the Internal Audit dashboard as of March 31, 2017. As of that date, Internal Audit had completed 51% of the audit plan, with another 43% in progress. The annual target is to complete 80% of the plan, and Internal Audit is on track to meet this target. Ms. Tronto stated that the audit staff has used 74% of their hours on direct audit and consulting activity. The target is 75%, which will be met barring something unforeseen. Ms. Tronto stated that Internal Audit has completed 102 consultations, accounting for 18% of the staff hours. The target is for no more than 20% of hours to be spent on consultations. Ms. Tronto stated that University management has satisfactorily addressed 100% of the recommendations that Internal Audit has followed up on so far this fiscal year. The target is 95%.

Ms. Tronto stated that UNC General Administration is interested in the tools that ECU IA developed for visualizing and analyzing student athlete course clustering information. Tronto and one of her team members presented this tool, as well as some other data analytics/visualization tools, to officials at General Administration this week. They will also be presenting data analytics information at a couple of other events in the next few months.

Ms. Tronto stated that IA has hired a new auditor who started this week. Ms. Tronto also introduced this year’s Internal Audit intern, as well as Senior Auditor Bill Kraus, who oversees the IA intern program. Each provided a few comments to the committee.

Dr. Ken DeVille and Ms. Michelle Evans provided the Health Sciences Office of Institutional Integrity (OII) Update

Dr. DeVille and Ms. Evans presented an overview of the current responsibilities of the Health Sciences Office of Institutional Integrity. The high-level responsibilities include medical billing compliance reviews and issues, HIPAA privacy and security-related compliance, and other compliance-related issues such as employment immigration matters.
With regard to medical billing compliance, Dr. DeVille stated that the office reviews 10 charts per provider per year, which meets the guidelines recommended by the US Department of Health and Human Services OIG. Dr. DeVille stated that the office is in the early stages of developing additional compliance-related services to provide to Student Health, the NCSTEP Telepsychiatry program, and the Office of Research Integrity and Compliance.

Dr. DeVille stated that the office also processes paperwork and advises hiring authorities across the campus on immigration-related matters, including H1B Visas. Committee members asked if the University has a plan for how to communicate with affected individuals in the event that reductions in the number of H1B Visas become a reality. Ms. Payne and Dr. Mitchelson advised that communication efforts with affected parties in such an event would fall in International Affairs and other offices, rather than OII. Dr. Mitchelson stated that communication has been strong when other recent events warranted awareness efforts.

**Enterprise Risk Management (ERM) update.**
Mr. Tim Wiseman was not present, but had provided a written update to the committee prior to the meeting. The committee members had no comments or questions on this update.

**Other Business**
Mr. Normann thanked Dr. DeVille and Ms. Tronto and their respective teams for their work. Mr. Normann stated that the ECU Internal Audit team is consistently viewed as one of the best in the state.

There being no further business, the Audit Committee meeting was adjourned at 2:15 PM.

Respectfully submitted,
Wayne Poole
ECU Office of Internal Audit and Management Advisory Services
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Module 5: Audit, Enterprise Risk Management, Compliance & Ethics Committee (AERMCE)
Committee Jurisdiction

- Internal Audit
- Enterprise Risk Management
- Compliance\(^1\)
- Ethics

\(^1\)NCAA Compliance is not included in this committee's jurisdiction but is part of the Athletics and Advancement Committee
Overview

A critical element of effective oversight of this committee is asking the right questions to determine the adequacy and effectiveness of the University’s internal audit\(^1\), enterprise risk management, compliance, and ethics programs, as well as the performance of those who develop and execute these programs, and to make these elements a responsibility of all levels of management. University personnel provide reports and updates from the following areas and are part of the “Three Lines of Defense” (which is depicted on the next slide) that helps bring a collaborative, cohesive approach to risk, control and governance processes:

- Internal Audit – [www.ecu.edu/audit](http://www.ecu.edu/audit)
- Enterprise Risk Management – [www.ecu.edu/erm](http://www.ecu.edu/erm)
- Office of Institutional Integrity - [http://www.ecu.edu/institutionalintegrity/](http://www.ecu.edu/institutionalintegrity/)
- Other areas as requested (i.e. Information Security, Legal, Other Compliance Areas, CFO, State Auditors)

\(^1\) AERMCE has functional oversight over the Internal Audit function, which is detailed in the “Expectations of UNC Board of Governors” section.
Three Lines of Defense Model

Adapted from ECIIA/FERMA Guidance on the 8th EU Company Law Directive, article 41
Expectations of UNC Board of Governors

In November of 2005 the UNC Board of Governors adopted a set of best financial practices with certain requirements for Audit Committees of Boards of Trustees. Each campus BOT is required to have an active Audit Committee or alternatively a committee with the word “audit” in its title. The Audit Committee is also required to develop a charter to define its roles and responsibilities. The ECU BOT Audit Committee Charter can be found at the following link: [http://www.ecu.edu/cs-admin/audit/upload/A-1-Audit-Committee-Charter-2.pdf](http://www.ecu.edu/cs-admin/audit/upload/A-1-Audit-Committee-Charter-2.pdf)

Each year a letter is submitted to the UNC System certifying the requirements have been met. The Chief Audit Officer assists the Audit Committee with the reporting requirements and ensuring the Audit Committee Charter is revised as needed. The specific requirements are detailed on the next slide.
Expectations of UNC Board of Governors

Requirements of Campus Audit Committees

- Meet at least quarterly during the year.
- Review the results of the annual financial audit with the North Carolina State Auditor or his/her designated representative.
- Discuss the results of any other audit performed and report/management letter (i.e. information system audits, investigative audits, etc.) issued by the North Carolina State Auditor with either the State Auditor or his/her staff, the Chief Audit Officer, or appropriate campus official.
- For any audit finding contained within a report or management letter issued by the State Auditor, review the institution’s corrective action plan and receive a report once corrective action has taken place.
- Discuss the results of any audit performed by independent auditors and, if there were audit findings, review the institution’s corrective action plan and receive a report once corrective action has taken place.
- Review all audits and management letters of University Associated Entities as defined in section 600.2.5.2[R] of the UNC Policy Manual.
- Receive quarterly reports from the Chief Audit Officer that, at a minimum, reports material (significant) reportable conditions, the corrective action plan for these conditions and a report once these conditions have been corrected.
- The Chief Audit Officer reports to the Chancellor with a clear, recognized reporting relationship to the chair of the BOT Audit Committee.
- Receive, review, and approve the annual audit plan for the internal audit department.
- Ensure that all internal audits were conducted in accordance with professional standards.
- Receive and review an annual summary of audits performed by the internal audit department.
- Ensure the Chief Audit Officer forwards copies of both the approved audit plan and summary of internal audit results to UNC General Administration in the prescribed format.
Administrative Support

Stacie Tronto
Internal Audit
Chief Audit Officer, Executive Director

Wayne Poole
Internal Audit
Associate Director, IT Auditor

Nicholas Benson
Health Sciences
Vice Dean-BSOM, Medical Director-ECUP, Assoc. VC Healthcare Regulatory Affairs

Kenneth DeVille
Health Sciences
Chief Institutional Integrity Officer, University HIPAA Privacy Officer, University Ethics Liaison Officer

Michelle Evans
Health Sciences
Director, Office of Institutional Integrity ECU HIPAA Security Officer

Michael Van Scott
Research Integrity & Compliance
Senior Assoc. VC for Research

Norma Epley
Research Integrity & Compliance
Director-ORIC

Tim Wiseman
Enterprise Risk Management
Assistant Vice Chancellor - ERM, Chief Risk Officer
Administrative Support

Bios

Stacie Tronto, MBA, CISA, CIA, CFE, serves as the Chief Audit Officer for East Carolina University. In her role, she oversees the internal audit function at East Carolina University. Tronto earned both her undergraduate and graduate degrees from East Carolina University.

Wayne Poole, MBA, CISA, CIA, serves as the Associate Director for the internal audit function at East Carolina University and is also the lead IT auditor. In his capacity as Associate Director, Poole oversees the IT and Healthcare auditing. He also is the lead investigator for allegations of misuse of University resources. Poole earned a B.S. in Accounting from East Carolina University and an MBA from Embry-Riddle University. Before joining the University, Poole worked as an operations auditor/evaluator for the U.S. Air Force.

William T. Wiseman (Tim) MBA, ARM-E, serves as the Chief Risk Officer and Assistant Vice Chancellor for ERM. He is charged with implementing and sustaining the university’s enterprise risk management program and leading/supporting the university’s risk committee and the enterprise risk management process. He promotes the practice of holistic risk management throughout the institution and conducts special inquires and consultations for the Chancellor and senior leaders as required for risk-related matters in support of executive decision-making processes.

Nicholas Benson, MD, MBA, serves as Vice Dean for the Brody School of Medicine with responsibilities for medical school operations and administration, as well as internal and external relations. In his role as Medical Director for ECU Physicians, he oversees the clinical operations of the multispecialty group practice of the medical school. In addition, he was appointed to the new post of Associate Vice Chancellor Healthcare Regulatory Affairs in 2012 and provides direct oversight of the Division of Health Sciences Office of Institutional Integrity and the ECU Office of Prospective Health.
Administrative Support

Bios

**Kenneth DeVille, PhD, JD**, is the Chief Institutional Integrity Officer (CIIO) for East Carolina University’s Division of Health Sciences and the University HIPAA Privacy Officer. He serves, in addition, as the University Ethics Liaison to the North Carolina State Ethics. In his CIIO role, DeVille develops and oversees regulatory compliance solutions for multiple activities across health sciences. As the ECU HIPAA Privacy Officer, he serves as the HIPAA privacy consultant to the University, and provides leadership on specific regulatory issues and oversight related to the HIPAA Privacy Act. DeVille earned his PhD from Rice University and his Law Degree from the University of Texas School of Law. He is certified in Superior Court Mediation and in mediation by the Mediation Network of North Carolina. He is licensed to practice law in North Carolina and Florida. In addition, DeVille is a Professor of Bioethics at Brody School of Medicine and has published and edited numerous books, articles, book chapters and professional publications in the areas of healthcare ethics, law, regulation, policy and compliance. His articles have appeared in journals such as: *Law, Medicine, and Ethics; Compliance Today; Journal of Legal Medicine; Journal of Healthcare Compliance; Theoretical Medicine and Bioethics; Accountability in Research*; and many others.

**Michelle C. Evans, MPA, CHC, CHPC**, is the Director for the Office of Institutional Integrity and the HIPAA Security Officer at East Carolina University. In this role, Ms. Evans assists in the development, maintenance and administration of programs and policies that create, enhance and sustain compliance and integrity. She is responsible for developing and implementing such programs in support of the clinical services and certain academic goals. She is also responsible for regulatory compliance related to electronic protected health information at ECU. Ms. Evans has experience with compliance administration, HIPAA regulations, and risk management. She completed her Bachelor of Arts from North Carolina State University and her Master of Public Administration with a concentration in Community Health Administration at East Carolina University. Ms. Evans is certified in Healthcare Compliance (CHC) and Healthcare Privacy Compliance (CHPC). She also has published articles in Compliance Today and the Journal of Health Care Compliance.
Administrative Support

Bios

**Michael Van Scott, PhD.** serves as the Senior Associate Vice Chancellor for Research and Institutional Official for regulatory compliance in the areas of federal funding and research involving human and animal subjects. Dr. Van Scott oversees the Offices of Sponsored Programs, Grants and Contracts, and Research Integrity and Compliance; and their associated entities, including the Behavioral and Biomedical Institutional Review Boards and Institutional Animal Care and Use Committee.

**Norma Epley, MS, CIP.** serves as the Director of the Office of Research Integrity and Compliance. The responsibilities of Epley’s position are varied but are all attributable to the continued development, refinement, administration and execution of a University-wide comprehensive research compliance program. Epley began her career in Research Compliance at the University of Kentucky. After twenty-one (21) years at UK, during which time she rose through the ranks from an Administrative Assistant to Associate Director of the Office of Research Integrity, she was recruited to the University of South Florida. After spending seven (7) years there, she moved to East Carolina University.
Office of Internal Audit

*Mission Statement*

The mission of the Office of Internal Audit and Management Advisory Services is to enhance and protect organizational value by providing risk-based and objective assurance, advice and insight.
Office of Internal Audit

Authority, Standards, and Core Principles

Internal Audit gets its authority from North Carolina General Legislation Chapter 143 Article 79 and NCGS 116-40.7.

Internal Audit is required to follow the International Standards for the Professional Practice of Internal Auditing.

Internal Audit follows a Code of Ethics that is comprised of the following four core principles:

– Integrity
– Objectivity
– Confidentiality
– Competency
Office of Internal Audit

*Services Provided*

- Assurance Services
  - Operational Reviews
  - Information Technology Reviews
  - Compliance Reviews
  - Financial Reviews
- Advisory services addressing specific issues and concerns of management
- Investigations of misuse of University resources
- Education and training on internal control and fraud awareness
- Liaison between the University and external auditors
Office of Internal Audit

Organizational Chart

Stacie Tronto
Chief Audit Officer
EHRA

Wayne Poole
Associate Director
IT Auditor
SHRA (Advanced)

Kevin Newman
IT Auditor
SHRA (Journey)

Amanda Danielson
Auditor – Data Analytics Lead
SHRA (Advanced)

Bill Kraus
Healthcare and Research Auditor
SHRA (Advanced)

Bill Wood
Auditor
SHRA (Journey)

Rachel Eker
Student Intern

Sarah von Stein
Auditor
SHRA (Journey)

Mary Olson
University Program Specialist
SHRA

East Carolina University.
Office of Internal Audit

*Internal Audit Charter*

Internal Audit is required to have a charter that defines its:

- Mission and Scope of Work
- Accountability
- Independence and Objectivity
- Responsibility
- Authority
- Standards of Internal Auditing

The current charter can be found at the following link:

Office of Internal Audit

*Annual Audit Plans*

Internal Audit develops an annual audit plan based on a *risk assessment methodology*. The Audit Committee and the Chancellor are required to approve the annual audit plan.

Current and previous audit plans can be found at the following link:

[www.ecu.edu/cs-admin/audit/Annual-Reports.cfm](http://www.ecu.edu/cs-admin/audit/Annual-Reports.cfm)
Office of Internal Audit

Audit Reports

Once an audit/review is completed, Internal Audit sends a copy of a written report/letter to each member of the Audit Committee and the Chancellor as well as other pertinent personnel.

Internal Audit also prepares an annual report of its activities that include a number of key performance indicators and other pertinent information.

Current and previous annual reports of Internal Audit activities can be found at the following link:

www.ecu.edu/cs-admin/audit/Annual-Reports.cfm
Office of Internal Audit

Other

The Office of Internal Audit provides administrative support to the Audit Committee by facilitating the preparation of meeting agendas, handouts, and minutes.
Enterprise Risk Management

www.ecu.edu/erm
Enterprise Risk Management

Definition of ERM

• “a process, effected by an entity’s... management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives” (COSO, 2004).

• It is an approach to managing all of an organization’s key business risks and opportunities with the intent of maximizing the shareholder value [or stakeholder satisfaction].

• Risk: Uncertainty about outcomes that can be either negative or positive.

• Major Risk Categories: Strategic, Financial, Operational, Compliance, Reputational
Enterprise Risk Management

History of ERM at ECU

• Emerged after several large corporate fiascos (Enron, WorldCom, etc.) and as a response to the Sarbanes-Oxley Act as a process to engage boards and governing bodies more in the business of risk management for the enterprises they were leading/overseeing

• Now being adapted and adopted in the non-profit and government sectors as well

• **At ECU:** ERM construct emerged from Internal Audit’s Quality Assurance Assessment in 2006 and subsequent supportive actions by the Chancellor’s Executive Council and ECU’s Board of Trustees.

• Assistant Vice Chancellor for Enterprise Risk Management, hired in July ’09 and Direct Report to the Vice Chancellor for Admin and Finance, *regularly updates the Board of Trustees Audit Committee*

• ECU has followed a 4-Phase/20 step process to *implement* an ERM program:
  – Phase 1 (Building the Case)
  – Phase 2 (Building the ERM Foundation)
  – Phase 3 (Implementation)
  – Phase 4 (Sustaining ERM)

• ECU is using the International Organization for Standardization (ISO) ISO 31000:2009, *Risk Management – Principles and Guidelines*, with some adaptation, as its primary reference for *maturing and sustaining* its ERM program effectiveness
Enterprise Risk Management

ECU’s Approach to ERM

- Work through the *Enterprise Risk Management Committee (ERMC)* in a decentralized fashion to accomplish ERM goals
  - 38 members from all areas of the University plus additional subject matter experts/advisors
  - Meets quarterly and has a growing university “best practices” reference library
- Improve risk measurement to support strategic decision making, risk mitigation efforts, and resource allocation
- Use pre-existing risk identification and internal control processes to the greatest extent possible
- Raise institutional awareness of existing and emerging risks and their relative potential effects on the institution as a whole
- Provide training and relevant information on ERM to enhance the internal controls and risk management mindset of ECU employees, faculty, students, and other stakeholders
Enterprise Risk Management

*ERM’s Process Model*

Enterprise Risk Management Process Model

- Scan Environment
- Identify Risks
- Analyze Risks
- Treat Risks
- Monitor and Assure
Enterprise Risk Management

ECU's Two-Year Activities Model

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<th>Year</th>
<th>Primary Activities</th>
<th>Focus</th>
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| Even "On" Year         | • Full ERM Risk Survey  
                         |   • Full Risk Prioritization Exercise  
                         |   • Reset  
                         |   • BOT & EC Presentations and Involvement  
                         |   • Risk Management Plans Creation (or Updates) |• Engaging Key Sensors  
                         |   • Assessment Process (Rigor and Detail)  
                         |   • Risk Register Update  
                         |   • Fresh Look at Current and Anticipated Risk Environment |
| (Example: '12-'13)     |                                                          |                                          |
| Odd "Off" Year         | • Smaller Scale Re-Prioritization/Re-Validation Exercise  
                         |   • Departmental Workshops  
                         |   • Interviews and Sensing Sessions  
                         |   • Presentation to Other Key Committees/Groups |• Risk Management Plans Update/Adjustment  
                         |                                                          |   • "By Exception" Reviews  
                         |   • Select Risk Management Project Work  
                         |   • ERM "Maturity" Assessments  
                         |   • Education |                                          |
| (Example: '13-'14)     |                                                          |                                          |
Office of Institutional Integrity
http://www.ecu.edu/institutionalintegrity/
Office of Institutional Integrity

Mission Statement

The Office of Institutional Integrity is committed to maintaining the highest standards of ethics, honesty, and integrity. OII supports and enhances the University as it conducts operations in an ethical and law-abiding manner. The office encourages a culture of compliance among employees, faculty, students, and agents by functioning within applicable state and federal healthcare laws and regulations.

The Office of Institutional Integrity also serves as the University’s Health Insurance Portability and Accountability (HIPAA) Privacy and Security Offices. We are dedicated to protecting patients’ privacy and the integrity of health information across the University.
Office of Institutional Integrity

Scope

The Office of Institutional Integrity supports compliance efforts across East Carolina. The office provides support for multiple divisions, including the Division of Health Sciences that consist of: the Brody School of Medicine, School of Dental Medicine, College of Allied Health Sciences, and the College of Nursing. These compliance efforts focus on healthcare documentation, HIPAA, and immigration services.

The HIPAA Privacy Office supports ECU’s defined Health Care Components:
- The Brody School of Medicine
- School of Dental Medicine
- School of Allied Health Speech and Language Clinic
- ECU Physical Therapy Clinic at Family Medicine
- ECU Physical Therapy at Neurosurgery
- Telemedicine Center
- Division of Student Affairs – Student Health Services
- Children’s Developmental Services Agency
Office of Institutional Integrity

Staff

- **Dr. Kenneth DeVille Ph.D., J.D.:** Chief Institutional Integrity Officer, ECU HIPAA Privacy Officer, ECU Ethics Liaison, and Professor of Bioethics.

- **Michelle C. Evans, MPA, CHC, CHPC:** Director of OII, ECU HIPAA Security Officer

- **Lisa Heath, CPC:** Compliance Billing Manager

- 4 Compliance Reviewers, 3 Security Specialists, 1 Immigration specialist, 2 Administrative Assistants
Office of Institutional Integrity

Responsibilities

- Billing and Documentation Compliance
- Education and Training
- HIPAA Privacy and HIPAA Security
- Other
  - Clinical trials research billing reviews
  - Grand rounds education
  - Vendor management review process
  - Oversee debarment review process for University
  - Oversee patient chart access logs
  - Immigration services
  - Reviews ECU Physicians contracts for regulatory requirements
As part of the Compliance Program, the Office of Institutional Integrity conducts ongoing, random retrospective reviews of billing claims data from a sample of medical and billing records for a designated period. This review assesses a provider's compliance with established standards of practice for teaching physician documentation, coding, and billing. Records are examined for compliance with Medicare, Medicaid, TRICARE, and other third party billing requirements, as well as the ECU Documentation Standards.

Following this review, results are discussed with the applicable provider and coder who may have coded such provider's documentation. At that time, we also provide billing and documentation education to the provider regarding any documentation deficiencies noted, or ideas on how to improve documentation. Any claims that are identified with incomplete or inaccurate documentation are not submitted for payment to any third party payor. Serious or recurrent billing deficiencies may be subject to a specific corrective action plan.
Effective education is an integral component of the Office of the Institutional Integrity Compliance Program. We encourage every employee to take advantage of our Office’s ongoing educational opportunities relating to documentation compliance, and/or the privacy and security of health information. We require general compliance, HIPAA Privacy, and HIPAA Security training to all new employees, annual role-based training, departmental level training, and ad hoc training.

Other topics for education include: clinical trials billing requirements, the Federal Anti-kickback statute, understanding the basics of the Stark law (the law prohibiting physician self-referrals), individual provider/specialty-specific documentation training, HIPAA policies and procedures, best practices for protecting health information, HIPAA system administrators responsibilities, etc.
Office of Institutional Integrity

HIPAA Privacy

The Office of Institutional Integrity is also the designated East Carolina University’s HIPAA Privacy Office. In this capacity the Office serves all of East Carolina University. The Office provides oversight of all HIPAA Privacy requirements, investigations, creating, maintaining and updating HIPAA Privacy policies and procedures, conduct risk assessments for breach notification determinations, and serving as the resource for HIPAA Privacy concerns and questions.

HIPAA documents and agreements required by HIPAA (e.g. Business Associate Agreements) are reviewed by the office’s CIIO or Director.
The ECU HIPAA Security office also serves all of East Carolina University. The Office is responsible for oversight on systems within ECU that contain electronic protected health information (ePHI). In addition, the Office works with ITCS to set guidelines for protection against threats/hazards of integrity and security of ePHI, and/or unauthorized use and disclosures.

The focus of the HIPAA security efforts are administrative, physical, and technical safeguards and procedures. HIPAA specialists regularly review and monitor ePHI systems as required by the HIPAA Security Rule.
Office of Institutional Integrity

Ethics

Ethics is listed as part of the jurisdiction of the ECU BOT Audit Committee. While there is no specific report regarding ethics, section 200.1 of the UNC Policy Manual requires that the BOT designate a standing committee to determine whether a potential conflict is a permissible or impermissible activity under the UNC “Dual Memberships and Conflicts of Interest” policy.

In addition, Dr. Kenneth DeVille serves as the University Ethics Liaison Officer to the North Carolina State Ethics Commission. In this role, he aids the university in maintaining compliance with the specific requirements of the N.C. Ethics in Government Act.
Office of Institutional Integrity

*Immigration Services*

- Process and advise on all temporary and permanent employment immigration matters
- H1B Visa and Green card transitioning processing
Office of Research Integrity and Compliance

http://www.ecu.edu/cs-acad/ORIC/index.cfm
Office of Research Integrity & Compliance

Mission Statement

The mission of the Office of Research Integrity & Compliance is to support East Carolina University and its mission by:

– Providing service to ECU faculty, staff, students, and Affiliate employees in areas of research compliance;
– Ensuring the best possible protections for human rights and welfare in research;
– Promoting research compliance through education, consultation and oversight activities; and
– Facilitating research that has a positive impact on public service and regional transformation.
Office of Research Integrity & Compliance

ORIC serves the two major academic divisions, Academic Affairs and Health Sciences, on a variety of research compliance areas including:

Conflict of Interest
Export Control
External Professional Activities for Pay
HIPAA Privacy
Institutional Review Board
Responsible Conduct of Research
Unmanned Aircraft Systems
Office of Research Integrity & Compliance

**Conflict of Interest and EPAP**

- Implement campus-wide procedures to comply with federal regulations and UNC-General Administration and ECU policies on all areas of research compliance conflict of interest, conflict of commitment, and external professional activities for pay

- **Conflict of Interest/Commitment**
  - Number of disclosures
  - Number of high-level risk cases
  - Management plans for high-level risk cases
  - Number of external professional activity for pay submissions
  - Percentage of the types of external professional activities for pay sponsors (e.g., private industry, federal government, universities)
  - Employee satisfaction with disclosure management system
Office of Research Integrity & Compliance

Export Control

Implement campus-wide procedures to comply with federal laws regulating the distribution of controlled goods, information, data, and technical specifications, to foreign nationals and foreign countries, for reasons of foreign policy and national security which includes:

– Screen foreign nationals for debarments or restrictions
– Monitor export control conditions/sanctions on foreign countries
– Screen international shipments
– Identify controlled equipment, machinery, biological material, etc.
– Educate and bring awareness to students and employees traveling to foreign countries on ECU business
Office of Research Integrity & Compliance

HIPAA Privacy

Implement education and procedures that protect our patients’ privacy and maintain ECU’s security of that information.

ECU has put into place protections for patients by limiting the ways that researchers can use and disclose patients' personal medical information. These procedures protect individually identifiable health information, whether it is on paper or in electronic formats.
Office of Research Integrity & Compliance

Institutional Review Board

The IRB is a federally mandated review committee made up of faculty, staff, and community members. The IRB is charged with the protection of humans that volunteer to take part in research.

These protections are based on the ethical principles of:

Respect for Persons

Beneficence

Justice.
The responsible and ethical conduct of research (RCR) is critical for excellence, as well as public trust, in science and engineering. Consequently, education in RCR is considered essential in the preparation of future scientists and engineers.

RCR training is federally mandated for anyone who works on a federally funded research project. ORIC is responsible for ensuring that those individuals as well as all post-doctoral fellows receive appropriate training in the following areas:

- Use of Animals in Research
- Use of Humans in Research
- Authorship
- Publication
- Mentor & Trainee Responsibilities
- Conflict of Interest
- Data Management
- Collaborative Research
- Peer Review
Office of Research Integrity & Compliance

**Miscellaneous Functions**

- Coordinate and direct the Conflict of Interest Committee;
- Investigate allegations of research misconduct;
- Provide research ethics instruction;
- Liaison for research-related PRR’s proposed by the Division;
- Provide educational information to undergraduate and graduate classes upon request;
- Serve on various committees to ensure research-related issues are appropriately addressed; and
- Manage training in all areas of research compliance.
Questions?

Please email or give us a call:

Stacie Tronto – 328-9025 – trontos@ecu.edu
Wayne Poole – 328-9027 – poolew@ecu.edu
Tim Wiseman – 737-2803 – wisemanw@ecu.edu
Nicholas Benson – 744-7400 – bensonni@ecu.edu
Ken DeVille – 744-5200 – devillek@ecu.edu
Mike Van Scott – 328-9479 – vanscottmi@ecu.edu
Norma Epley – 744-1971 – epleyn@ecu.edu
<table>
<thead>
<tr>
<th>Session</th>
<th>Audit, ERM, Compliance &amp; Ethics Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsible Person</td>
<td>Stacie Tronto, Director of Internal Audit</td>
</tr>
<tr>
<td>Agenda Item</td>
<td>III.</td>
</tr>
<tr>
<td>Item Description</td>
<td>Approval of 2017-2018 Annual Audit Plan</td>
</tr>
<tr>
<td>Comments</td>
<td>Action</td>
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<tr>
<td>Action Requested</td>
<td>Action</td>
</tr>
<tr>
<td>Disposition</td>
<td>Action</td>
</tr>
<tr>
<td>Notes</td>
<td>Action</td>
</tr>
</tbody>
</table>
## East Carolina University
### Office of Internal Audit
### Annual Engagement Plan
#### By Type
#### FY 2017-2018

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget Status</th>
<th>Budgeted Hours</th>
<th>%age of Total</th>
<th>Risk Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Integrated/Operational Audits:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Teaching Overload Payments</td>
<td>CYP</td>
<td>300</td>
<td>2%</td>
<td>Med</td>
</tr>
<tr>
<td>SoDM CSLCs</td>
<td>CYP</td>
<td>420</td>
<td>3%</td>
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</tr>
<tr>
<td>Greek Life</td>
<td>CYP</td>
<td>400</td>
<td>2%</td>
<td>High</td>
</tr>
<tr>
<td>Athletics Imprest Fund</td>
<td>CYP</td>
<td>200</td>
<td>1%</td>
<td>High</td>
</tr>
<tr>
<td>Security Cameras</td>
<td>CYP</td>
<td>400</td>
<td>2%</td>
<td>High</td>
</tr>
<tr>
<td>Export Controls</td>
<td>CYP</td>
<td>400</td>
<td>2%</td>
<td>High</td>
</tr>
<tr>
<td>Governance and Ethics</td>
<td>CYP</td>
<td>400</td>
<td>2%</td>
<td>High</td>
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<tr>
<td><strong>Total Operational Audit Hours</strong></td>
<td></td>
<td>2520</td>
<td>15%</td>
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<tr>
<td><strong>Compliance Audits:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University Youth Programs</td>
<td>CYP</td>
<td>400</td>
<td>2%</td>
<td>High</td>
</tr>
<tr>
<td>Student Academic Appellate Process</td>
<td>CYP</td>
<td>400</td>
<td>2%</td>
<td>High</td>
</tr>
<tr>
<td>Conflict of Interest/Management Plans</td>
<td>WIP</td>
<td>20</td>
<td>0%</td>
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</tr>
<tr>
<td><strong>Total Compliance Audit Hours</strong></td>
<td></td>
<td>820</td>
<td>5%</td>
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</tr>
<tr>
<td><strong>Information Technology Audits:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobile Device Policies and Controls</td>
<td>CYP</td>
<td>300</td>
<td>2%</td>
<td>High</td>
</tr>
<tr>
<td>Change Control Practices</td>
<td>CYP</td>
<td>300</td>
<td>2%</td>
<td>High</td>
</tr>
<tr>
<td>IT Disaster Recovery</td>
<td>WIP</td>
<td>200</td>
<td>1%</td>
<td>High</td>
</tr>
<tr>
<td><strong>Total Information Technology Audit Hours</strong></td>
<td></td>
<td>800</td>
<td>5%</td>
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</tr>
<tr>
<td><strong>Special Reviews:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Reviews - Pending</td>
<td>CYP</td>
<td>1500</td>
<td>9%</td>
<td>NA</td>
</tr>
<tr>
<td>Special Reviews in Progress</td>
<td>WIP</td>
<td>700</td>
<td>4%</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Total Special Review Audit Hours</strong></td>
<td></td>
<td>2200</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td><strong>Follow-Up Reviews:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3rd-Parking and Transportation Services (A15014)</td>
<td>CYP</td>
<td>20</td>
<td>0%</td>
<td>Med</td>
</tr>
<tr>
<td>2nd-Academic Integrity (A16019)</td>
<td>CYP</td>
<td>40</td>
<td>0%</td>
<td>High</td>
</tr>
<tr>
<td>Undergraduate Admissions Waivers (A17028)</td>
<td>CYP</td>
<td>40</td>
<td>0%</td>
<td>High</td>
</tr>
<tr>
<td>Title IX (A17027)</td>
<td>CYP</td>
<td>100</td>
<td>1%</td>
<td>High</td>
</tr>
<tr>
<td>Telemedicine (A16050)</td>
<td>CYP</td>
<td>120</td>
<td>1%</td>
<td>High</td>
</tr>
<tr>
<td>Incident Detection (A17009)</td>
<td>CYP</td>
<td>100</td>
<td>1%</td>
<td>High</td>
</tr>
<tr>
<td>Kronos/Payroll (A16038)</td>
<td>CYP</td>
<td>150</td>
<td>1%</td>
<td>High</td>
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<tr>
<td>Organizational Continuity (A16044)</td>
<td>CYP</td>
<td>40</td>
<td>0%</td>
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</tr>
<tr>
<td>User Account On and Off-Boarding (A17008)</td>
<td>CYP</td>
<td>100</td>
<td>1%</td>
<td>High</td>
</tr>
<tr>
<td>One Card Access (A17004)</td>
<td>CYP</td>
<td>60</td>
<td>0%</td>
<td>High</td>
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<tr>
<td><strong>Total Follow-Up Review Audit Hours</strong></td>
<td></td>
<td>770</td>
<td>5%</td>
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</tr>
</tbody>
</table>

**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

Page 1 OF 2
### Annual Engagement Plan

#### By Type

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget Status</th>
<th>Budgeted Hours</th>
<th>% of Total</th>
<th>Risk Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other/Special Projects:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consultations</td>
<td>CYP</td>
<td>2900</td>
<td>17%</td>
<td>NA</td>
</tr>
<tr>
<td>Committees/Other Routine Tasks (ie. SBI Reports, Assist State Auditor)</td>
<td>CYP</td>
<td>500</td>
<td>3%</td>
<td>NA</td>
</tr>
<tr>
<td>Audit Management Software Implementation</td>
<td>CYP</td>
<td>500</td>
<td>3%</td>
<td>High</td>
</tr>
<tr>
<td>Data Analytics</td>
<td>CYP</td>
<td>600</td>
<td>4%</td>
<td>High</td>
</tr>
<tr>
<td>Anti-Fraud Guide</td>
<td>CYP</td>
<td>200</td>
<td>1%</td>
<td>High</td>
</tr>
<tr>
<td>Student Intern</td>
<td>CYP</td>
<td>200</td>
<td>1%</td>
<td>NA</td>
</tr>
<tr>
<td>Self-Assessment of Internal Audit</td>
<td>CYP</td>
<td>100</td>
<td>1%</td>
<td>High</td>
</tr>
<tr>
<td>Risk Assessment/Audit Planning 2018-2019</td>
<td>CYP</td>
<td>40</td>
<td>0%</td>
<td>High</td>
</tr>
<tr>
<td>Risk Assessment/Audit Planning 2017-2018</td>
<td>WIP</td>
<td>20</td>
<td>0%</td>
<td>High</td>
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<tr>
<td><strong>Total Other/Special Project Hours</strong></td>
<td></td>
<td>5060</td>
<td>30%</td>
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<tr>
<td><strong>Total Direct Audit Hours</strong></td>
<td></td>
<td>12170</td>
<td>73%</td>
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<tr>
<td>Administration</td>
<td>CYP</td>
<td>1350</td>
<td>8%</td>
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<tr>
<td>Leave</td>
<td>CYP</td>
<td>2500</td>
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<td>NA</td>
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<td>Professional Development</td>
<td>CYP</td>
<td>620</td>
<td>4%</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Total Indirect Audit Hours:</strong></td>
<td></td>
<td>4470</td>
<td>27%</td>
<td></td>
</tr>
<tr>
<td><strong>Grand Total Audit Hours</strong></td>
<td></td>
<td>16640</td>
<td>100%</td>
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</tr>
</tbody>
</table>

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Chancellor/Date

ECU BOT Audit Committee Chair/Date
<table>
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<tr>
<th>Session</th>
<th>Audit, ERM, Compliance &amp; Ethics Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsible Person</td>
<td>Donna Gooden Payne, Vice Chancellor for Legal Affairs</td>
</tr>
<tr>
<td>Agenda Item</td>
<td>IV.</td>
</tr>
<tr>
<td>Item Description</td>
<td>Annual Review Requirements</td>
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<tr>
<td>Comments</td>
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<tr>
<td>Action Requested</td>
<td>Information</td>
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<tr>
<td>Disposition</td>
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<tr>
<td>Notes</td>
<td>a. Expectations of Board Members</td>
</tr>
<tr>
<td></td>
<td>b. Dual Memberships and Conflict of Interest</td>
</tr>
</tbody>
</table>
Duties, Responsibilities, and Expectations of Board Members

I. Applicability and Purpose. This policy sets forth the duties, responsibilities, expectations, and standards of conduct for members of the Board of Governors of the University of North Carolina, the boards of trustees of the constituent institutions, and the boards of University-affiliated organizations where membership includes individuals appointed by the Board of Governors.

II. Definitions. For purposes of this policy:

A. “Board” means the Board of Governors, a board of trustees of a constituent institution of the University of North Carolina, or a board of a University-affiliated organization with members appointed by the Board of Governors.

B. “Board member” means any member of the Board of Governors, a board of trustees of a constituent institution of the University of North Carolina, or the board of a University-affiliated organization.

C. “Institution” means the University of North Carolina or a constituent institution of the University of North Carolina.

D. “University-affiliated organization” means an institution or organization that the Board of Governors is authorized to establish or to which it is authorized to appoint board members pursuant to statute, but does not include Associated Entities covered by Section 600.2.5.2[R] of the UNC Policy Manual or Centers or Institutes covered by Section 400.5[R] of the UNC Policy Manual.

III. Duties and Responsibilities. Board members are responsible for performing essential functions that are central to the governance of the University, as described in Chapter 116 of the North Carolina General Statutes, The Code of the University of North Carolina, the Policy Manual of the University, and the policies and by-laws of the constituent institutions. Board members shall adhere to the standards of conduct and fulfill duties and expectations set forth in this policy.

A. Attendance. Board members shall attend board meetings. If a member of the Board of Governors is, for any reason other than ill health or service in the interest of the State or nation, absent for four (4) successive regular meetings of the Board, his or her place as a board member shall be deemed vacant.¹ If a member of a board of trustees of a constituent institution is, for any reason other than ill health or service in the interest of the State or nation, absent for three (3) successive regular meetings of a board of trustees, his or her place as a board member shall be deemed vacant.²

B. Participation in Policy and Oversight Functions. Board members are expected to prepare for meetings; actively contribute to the work of the board; and act in accordance with the governance, oversight, and advisory functions allocated to the board by:

1. Reviewing and inquiring about materials that involve the institution or University-affiliated organization, such as board minutes and annual reports;

2. Understanding and participating appropriately in the oversight function allocated to the board with respect to the finances and effectiveness of the institution or University-affiliated organization;

¹ N.C.G.S. § 116-7(c).
² N.C.G.S. § 116-31(j).
3. Seeking information from and consulting appropriately with the chief executive officer of the institution or University-affiliated organization to gain additional context, make well-informed policy decisions, and carry out responsibilities for board-level oversight and monitoring of the affairs of the institution or University-affiliated organization;

4. Participating as requested in the preparation and revision of long-range plans for the institution or University-affiliated organization;

5. Serving on and contributing to the work of assigned committees;

6. Listening to and considering differing opinions, and otherwise making reasonable efforts to conduct oneself in accordance with the practices and customs of formality and decorum articulated in Robert’s Rules of Order;

7. Referring matters of administration and management to the chief executive officer of the institution or University-affiliated organization for handling;

8. Respecting and following executive leadership, management, and reporting lines when communicating with the University and the constituent institutions, and refraining from directing matters of administration or executive action except through the chief executive officer of the institution or University-affiliated organization; and

9. Recognizing that board members’ authority is collective, not individual, and only arises from their participation with other members of the board when it is officially convened.

C. Ethical Conduct. Board members shall adhere to high standards of ethical conduct by complying with laws, regulations, and University policies applicable to their service as board members and public officials, which include the obligations to:

1. Exercise authority honestly and fairly, free from impropriety, threats, favoritism, and undue influence, as required by the State Ethics Act.

2. Keep confidential all information and records that are required by law to be kept confidential, including, but not limited to, personnel records and information, student records and information, attorney-client communications, and closed session deliberations and information;

3. Comply with North Carolina open meetings and public records laws;

4. Bring matters of concern, potential or real conflicts of interest, and reports of unlawful and/or noncompliant activity to the attention of the appropriate institutional or organizational officer, such as the president, chancellor, board chair, or committee chair;

5. Avoid any personal or business interest that may conflict with the member’s responsibilities to the institution or University-affiliated organization;

6. Avoid even the appearance of impropriety when conducting the institution’s or University-affiliated organization’s business; and

7. Recuse oneself from consideration of matters during meetings when required.

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3 Section 202C(4) of The Code of the University of North Carolina.
D. Support for the Institution. Board members shall discharge their duties to the institution with care, skill, prudence, and diligence by:

1. Exercising the degree of diligence, care, and skill that a prudent individual familiar with such matters would use under similar circumstances in a like position;

2. Acting in good faith with the best interest of the institution or University-affiliated organization in mind;

3. Conducting oneself, at all times, in furtherance of the institution’s or University-affiliated organization’s goals and not the member’s personal or business interests;

4. Providing oversight to ensure that the institution’s or University-affiliated organization’s resources are dedicated to the fulfillment of its mission; and

5. Becoming knowledgeable about issues that affect the University and seeking to understand the educational needs and desires of all the State's citizens, and their economic, geographic, political, racial, gender, and ethnic diversity.  

IV. Removal. A board member may be removed, or recommended for removal, for specified cause by affirmative vote of two-thirds (2/3) of the voting membership of the Board of Governors then in office.

A. Removal of a Member of a Board of Trustees or University-affiliated Organization. The Board of Governors may remove from the board of trustees of a constituent institution or from the board of a University-affiliated organization a board member who was elected by the Board of Governors. With respect to a member of a board of trustees who was appointed by the Governor, the Board of Governors may vote to recommend to the Governor that the member be removed.

B. Removal of a Member of the Board of Governors. The Board of Governors may recommend to the State House of Representatives or State Senate, whichever chamber elected the member, that a member of the Board of Governors be removed.

C. Procedure for Removal; Specification of Cause; Notice and Opportunity to Respond

1. The chair of the Committee on University Governance shall send the board member a written specification of reasons to consider the board member’s removal. In the event that the chair of the Committee on University Governance is the subject of the board’s consideration of a recommendation of removal, the vice chair of the Committee on University Governance will temporarily serve in the chair’s role. The notice shall state that the board member may submit a written response to the chair of the Committee on University Governance within five (5) business days of receipt of the written notice.

2. The Committee on University Governance shall consider the written response of the board member and recommend to the Board of Governors action that the committee deems appropriate. If the board member submits no written response to the chair of the Committee on University Governance within the specified timeframe, the Committee on University Governance may continue with its consideration of removal of the board member, or a recommendation that the appropriate appointing or electing authority remove the board member.

5 N.C.G.S. § 116-7.
3. In its consideration of each matter, the Committee on University Governance may review any documents or establish any procedures it considers necessary based on the particular circumstances involved.

V. Other Matters

A. Effective Date. The requirements of this policy shall be effective on the date of adoption by the Board of Governors.

B. Relation to State Laws. The foregoing policies as adopted by the Board of Governors are meant to supplement, and do not purport to supplant or modify, those statutory enactments which may govern the activities of public officials.

C. Regulations and Guidelines. These policies shall be implemented and applied in accordance with such regulations and guidelines as may be adopted from time to time by the president.
Dual Memberships and Conflicts of Interest

The Board of Governors seeks at all times to be fair and impartial in carrying out its responsibilities and tries to avoid even the appearance of partiality or undue influence. To promote this objective the following guidelines are adopted as board policy and recommended to the members for their guidance:

1. Service on Foundation Boards or Boards of Visitors of Constituent Institutions

Members of the Board of Governors may, from time to time, be asked to serve simultaneously on a foundation board or a board of visitors or some similar board for one of the sixteen constituent institutions. No matter how conscientious or successful a member may be in maintaining impartiality among constituent institutions, service on such a board will undoubtedly be construed by some as showing favoritism. It is also felt that some institutions will feel pressure to name members of the Board of Governors to such boards if service on them becomes commonplace. For these reasons members of the Board of Governors are encouraged to decline any such service.

2. Service on Boards of Private Colleges and Universities

Members of the Board of Governors may be asked to serve simultaneously on the board of a private college or university in North Carolina. While such an invitation is always an honor, there are potential areas of conflict in such dual memberships. A member should satisfy himself or herself that dual service will not interfere with his or her obligations either to the University of North Carolina or to the private institution.

3. Inquiries Concerning Admissions and Job Openings

From time to time a member of the Board of Governors may wish to inquire, either directly or through an officer of the University, about a job opening in the University or about the admission of an individual to an institution or to a program. Sometimes a board member is asked to write a letter of recommendation on behalf of a candidate for a job or for admission. It is highly inappropriate to use one’s position on the Board of Governors in an attempt to influence employment or admissions. It is not inappropriate, however, for a member to make inquiries or to write letters of recommendation on the member’s personal or business stationery. It should always be clear that the board member is not seeking a favor and understands that the decision in all cases will be made strictly on the merits.

4. Appointments by the Board of Governors

In order to avoid any appearance of undue influence, the Board of Governors will not consider for membership on any board to which it makes appointments any person who is a spouse of a Board of Governors member, a brother or a sister or a lineal ancestor or descendant of a member, or the spouse of any such person. This policy shall not apply, however, to any person who may have been elected or appointed to any such board prior to the time the related person became a member of the Board of Governors. Nor shall the policy apply to any person who may already be serving on any such board at the time of the adoption of the policy. The Board of Governors will not consider for membership on any board to which it makes appointments any person who was a member of the Board of Governors at any time during the two-year period immediately preceding the effective date of the appointment. The boards to which this policy shall apply include the Boards of Trustees of the constituent institutions and all boards to which the Board of Governors make appointments.
5. Inappropriate Advantage Derived from Board Membership

a. Purpose: It is of critical importance that decisions made on behalf of the University by its governors, trustees, chief executive officers, and chief finance officers be in the best interest of the University and not be influenced by any potential financial gain to the decision-makers. Furthermore, to assure public confidence in the integrity of the University, it is important that the University not appear to be influenced by the personal financial interests of those in decision-making positions. The purpose of this policy is assure public confidence in the integrity of the University by preventing members of the governing boards and chief executive and finance officers of the University from using their positions, or appearing to use their positions, to influence the decisions of the University for their personal financial gain while at the same time allowing the University to take advantage of contracts that are advantageous to the citizens of North Carolina and to the University and also avoiding having service to the University be so restrictive that persons with substantial financial interests will be reluctant to serve.

b. Definitions

As used in this policy, the following terms have the following meanings:

i. "Business entity" means a “business” as defined in GS §128A-3(2) or a not for profit corporation.

ii. "Person" means a member of the Board of Governors or of a Board of Trustees of a Constituent Institution, the President, the Vice President for Finance, a chancellor, or the chief finance officer of a constituent institution.

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\(^1\)G.S. 138A-3(2) defines a "business" as, “Any of the following organized for profit:

b. Business trust.
c. Corporation.
d. Enterprise.
e. Joint venture.
f. Organization.
g. Partnership.
h. Proprietorship.
i. Vested trust.
j. Every other business interest, including ownership or use of land for income.
iii. "Substantial interest" means any of the following:

1. A “business with which associated” as that term is defined in GS § 138A-3(3), except that ownership of more than $10,000 in a publicly traded corporation by itself is not a substantial interest; or

2. A “nonprofit corporation or organization with which associated” as that term is defined in G.S 138A-3(24), except that uncompensated service as a director, officer, or trustee of a not for profit corporation is not a substantial interest.

iv. "The University" as applied to members of the Board of Governors, the President, and the Vice President for Finance means the General Administration or any of the constituent institutions. "The University" as applied to members of the Boards of Trustees, a chancellor, or a chief finance officer of a constituent institution means the constituent institution on whose Board of Trustees the member serves or at which the chancellor or chief finance officer is employed.

c. Requirements

i. Each person must contemporaneously submit to the Vice President of Finance, each Statement of Economic Interests that the person files with the State Ethics Commission pursuant to G.S. S 138A-22. These disclosure statements are public records.

ii. Whenever a person has actual knowledge that a business entity in which the person has a substantial interest is attempting or planning to enter, is entering, or has entered into a contract with the University, the person must report the nature of the person’s substantial interest and the nature of the contract to the chief finance office of

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**Footnotes:**

2.G.S. §138A-3(3) Business with which associated. – A business in which the covered person or filing person or any member of that covered person’s or filing person’s immediate family does any of the following:

a. Is an employee.
b. Holds a position as a director, officer, partner, proprietor, or member or manager of a limited liability company, irrespective of the amount of compensation received or the amount of the interest owned.
c. Owns a legal, equitable, or beneficial interest of ten thousand dollars ($10,000) or more in the business or five percent (5%) of the business, whichever is less, other than as a trustee on a deed of trust.
d. Is a lobbyist registered under Chapter 120C of the General Statutes.

For purposes of this subdivision, the term 'business' shall not include a widely held investment fund, including a mutual fund, regulated investment company, or pension or deferred compensation plan, if all of the following apply:

1. The covered person, filing person, or a member of the covered person’s or filing person’s immediate family neither exercises nor has the ability to exercise control over the financial interests held by the fund.
2. The fund is publicly traded, or the fund’s assets are widely diversified.

3.G.S. §138A-3(24) Nonprofit corporation or organization with which associated. – Any not for profit corporation, organization, or association, incorporated or otherwise, that is organized or operating in the State primarily for religious, charitable, scientific, literary, public health and safety, or educational purposes and of which the covered person, filing person, or any member of the covered person’s or filing person’s immediate family is a director, officer, governing board member, employee, lobbyist registered under Chapter 120C of the General Statutes or independent contractor. Nonprofit corporation or organization with which associated shall not include any board, entity, or other organization created by this State or by any political subdivision of this State.
the institution that is or would be a party to the contract. If the person is a chief finance officer, then the chief finance officer must make this report to the chancellor or to the President of the institution that is or would be a party to the contract. Reports required by this paragraph shall be in writing and will be public records retained by the respective chief finance officers.

iii. The University will not enter into a contract with a value of $10,000 or more, or with expected payments of $10,000 or more per year, with a business entity in which a person has a substantial interest, unless one of the exceptions in paragraph C (iv) applies.
A person will not in any way

1. participate in making a contract;
2. attempt to cause or influence the University to make a contract, or
3. attempt to influence the contract specifications or contracting process concerning a contract between a business entity in which the person has a substantial interest and the University.

The Vice President for Finance and the respective chief finance officers of the constituent institutions are responsible for determining whether the University is entering into a contract with a value of $10,000 or more with a business entity in which a person has a substantial interest.

iv. The restrictions on entering into a contract in paragraph C(iii) do not apply if the person with the substantial interest does not participate in making or administering the contract and:

1. The contract results from a competitive sealed bid or a competitive request for proposals with specifications and criteria;
2. The contract is for goods or services sold or provided to the general public at a uniform price or is for goods on state contract sold to state agencies at a uniform price, unless the contract is prohibited by state law;
3. The contract is an employment contract with the dependent child or spouse of the President, the Vice President for Finance, a chancellor or chief finance officer or the dependent child of a member of the Board of Governors or a Board of Trustees and the employment is allowed under Section 300.4.2 of these policies;
4. The contract is with a bank or a public utility; or
5. The committee of the Board of Governors or of the relevant Board of Trustees designated pursuant to paragraph d(i) below finds that the contract is in the best interest of the University. Examples of when a contract might be in the best interest of the University include, but are not limited to, when it has financially advantageous terms, when the goods or services to be provided are demonstrated to be unique, or when the contract is a continuation of a contract that was in effect before the person with the substantial interest became affiliated with the University.
v. If a person is an employee or agent of a business entity, the person shall not attempt to influence the University to enter into a contract with the business entity that employs or retains the person.

vi. A person shall not attempt to influence the administration of or payments under a contract between the University and a business entity in which the person has a substantial interest or between the University and the person’s employer.

vii. No person shall disclose or use confidential information or information concerning economic development or technology research or development which the person received in his capacity as a board member or employee of the University for the person’s financial gain.

viii. No person shall accept a gift or favor from a business entity, or the principal in a business entity, which has entered into a contract with the University within the past year, who currently has a contract with the University, or who intends to attempt to enter into a contract with the University if the person:

1. has or will prepare plans, specifications, criteria or estimates for the contract;
2. awards, approves, negotiates, or administers the contract; or
3. inspects or supervises the contract.

This paragraph does not prohibit the receipt of advertising items of nominal value, awards such as plaques or trophies, food served at professional meetings or banquets, or gifts from family members or personal friends when it is clear that the friendship extends beyond the business relationship.

ix. A person shall not represent, as attorney, agent, or trustee, a third party who has an adverse relationship with the University. A person shall attempt to dissuade a firm or business entity in which the person has a substantial interest from engaging in representation adverse to the University.

d. Procedures

i. The Chairman of the Board of Governors and each Chairman of a Board of Trustees shall designate a standing committee to determine whether a potential conflict is a permissible or impermissible activity and to make recommended findings as to whether this policy has been violated.

ii. Potential conflicts:

1. Any person who receives a report of a potential conflict shall forward that report to the chief finance officer of the institution that is or would be a party to the contract.

2. If the person with the substantial interest claims or the chief finance officer believes that the contract is permissible pursuant to paragraph c(iv)(1), (2), (3), or (4) above, the determination of whether the contract is permissible or impermissible may be made by the respective President or chancellor, or the President or chancellor may request that the designated committee make the determination. Any determination by the President or a chancellor shall be in
writing and shall be a public record. The President and the chancellors shall report to the designated committee on an annual basis the contracts each has approved pursuant to this sub-paragraph. In addition, each chancellor shall report to the President on a quarterly basis the contracts the chancellor has approved pursuant to this subparagraph.

3. If the person claims that the contract is permissible pursuant to paragraph c(iv)(5) above, because the contract is in the best interest of the University, or if a chancellor or the President refers a conflict question to the committee, then the designated committee shall determine whether the proposed contract is a permissible or impermissible activity under this policy and shall enter its determination in the minutes of its proceedings.

4. If the person who has the potential conflict is a member of the designated committee, the person shall not participate in the deliberations of the committee, other than to present the relevant facts to the committee, and shall abstain from voting.

iii. Allegations of conflict

1. If any person or any Senior Academic or Administrative Officer becomes aware or alleges that a person covered by this policy has violated this policy, the person shall report the alleged violation to the chancellor or President of the institution that is or would be a party to the contract.

2. The person who receives the allegation shall forward the allegation:
   
   a. to the designated committee of the Board of Trustees or of the Board of Governors if the person alleged to have violated this policy is a member of that Board;
   
   b. to the designated committee of the Board of Governors if the President is alleged to have violated this policy;
   
   c. to the President if the person alleged to have violated this policy is a chancellor or the Vice President for Finance; or
   
   d. to the respective chancellor if the person is a chief finance officer of that constituent institution.

3. If the person alleged to have violated the policy is the President or a member of a Board of Governors or of the Board of Trustees, then the designated committee will determine whether or not the policy has been violated. The chairperson of the designated committee will designate an individual to investigate the allegations and to make a report to the committee. After considering the report of the investigation and any response by the person alleged to have violated the policy, the committee shall make a determination as to whether the policy has been violated and, if so, a recommendation as to the appropriate sanction to the respective Board of Trustees or Board of Governors. The Board of Trustees or Board of Governors shall vote to affirm, reject, or modify the recommendation.
4. If the person who has the potential conflict is a member of the designated committee, the person shall not participate in the deliberations of the committee, other than to present the relevant facts and arguments to the committee on his own behalf, and shall abstain from voting.

5. A Board of Governors member, Board of Trustees member, or President who is alleged to have violated this policy is entitled to receive notice of the allegation, to be present to hear the report presented to the designated committee, and to inform the committee of any facts or arguments that demonstrate that he or she did not violate the policy.

6. If the Vice President for Finance, a chief finance officer or a chancellor is alleged to have violated this policy, that allegation will be investigated and acted upon in accordance with the procedures for disciplining, demoting, dismissing, or terminating the contract of employees of that position.

iv. The President will present this policy annually to the Board of Governors and will present it to new members at the beginning of their service. The chancellors will present this policy annually to their respective Boards of Trustees and will present it to new members at the beginning of their service.

e. Sanctions

i. If the Board of Governors or a Board of Trustees finds that one of its members has violated this policy, the Board may take one or more of the following actions:

1. Reprimand or censure the member;
2. Remove the person from any Board office the person holds or from any committee chairmanship or assignment; and
3. Report the violation to the entity that appointed the member.

ii. If the Board of Governors finds that the President has violated this policy, the Board of Governors may discipline, demote or dismiss the President, as it deems appropriate.

iii. If the President finds that the Vice President for Finance has violated this policy, the President may discipline, demote, or dismiss the Vice President, and shall report the violation and the action taken by the President to the Board of Governors.

iv. If the President finds that a chancellor has violated this policy, the President may discipline the chancellor and report the action taken to the Board of Governors and the relevant Board of Trustees, or the President may recommend to the Board of Governors that the employment of the chancellor be terminated and that the chancellor be demoted or dismissed.

v. If a chancellor finds that a chief finance officer has violated this policy, the chancellor may discipline, demote or dismiss the chief finance officer and shall report the violation and the action taken to the President and the Board of Trustees.

vi. Pursuant to North Carolina law, any contract between the University and an entity in which a person has a substantial interest which was entered into in violation of state laws governing conflicts of interest is void.
The provisions of Section 5 are effective July 1, 2001. Initial disclosure forms will be filed on or before October 1, 2001. The provisions of paragraph c(iii) will apply to all contracts entered into after January 1, 2002. The Statement of Economic Interest replaces all disclosure forms due to be filed on or after July 1, 2007; the initial Statement of Economic Interest for people employed or in office on January 1, 2008, must be submitted to the Vice President for Finance by April 15, 2008.
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