



Audit, Risk Management, Compliance, and Ethics Committee
 November 1, 2018
 Agenda

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|-------|--|-------------|
| I. | Approval of September 6, 2018 Minutes | Action |
| II. | Office of Internal Audit - Mr. Wayne Poole | |
| | A. Internal Audit dashboard - FY 2019 to date | Information |
| | B. Internal Audit self-assessment results | Information |
| | C. Annual financial statement audit | Information |
| III. | Enterprise Risk Management - Mr. Tim Wiseman | |
| | A. Update of ERM Activities | Information |
| IV. | Research Compliance - Dr. Mike Van Scott | |
| | A. Recent personnel changes and continuity | Information |
| V. | IT/Information Security - Mr. Don Sweet, Dr. Jack McCoy | |
| | A. Recent initiatives and GDPR update | Information |
| VI. | Annual review of UNC policies on dual membership and conflicts of interest - Ms. Donna Payne | Information |
| VII. | Closed Session | |
| VIII. | Other Business | |



**Board of Trustees
Audit, Risk Management, Compliance, and Ethics Committee
November 1, 2018**

Agenda Item:	I. Approval of September 6, 2018 Minutes
Responsible Person:	Kel Normann, Chair
Action Requested:	Approval
Notes:	N/A

**Minutes from ECU BOT Audit, Risk Management, Compliance, and Ethics Committee
September 6, 2018
East Carolina Heart Institute – ECU Campus**

The Audit, Risk Management, Compliance, and Ethics Committee of the ECU Board of Trustees met in the East Carolina Heart Institute on the campus of ECU on September 6, 2018.

Committee members present included Kel Normann (Chair), Mark Copeland, Vince Smith, Max Joyner, Jason Poole, and Jordan Koonts.

Other board members present included Kieran Shanahan (Board Chair), Edwin Clark, Vern Davenport, Leigh Fanning, Deborah Davis, and Fielding Miller

Others present included Chancellor Cecil Staton, James Hopf, Donna Payne, Tom Eppes, Nick Benson, Michelle DeVille, Sara Thorndike, Dee Bowling, Don Sweet, Jack McCoy, Alton Daniels, Megan Ayers, Tim Wiseman, Mark Stacy, Peter Schmidt, Norma Epley, Robin Mayo, Stephanie Coleman, Lisa Heath, Dave Hart, Lee Workman, Jeannine Manning Hutson, and Wayne Poole.

Kel Normann, Chair of the Committee, convened the meeting at 8:30AM. 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 July 12, 2018 committee meeting.

Action Item: The minutes of the July 12, 2018 committee meeting were approved with no changes.

Mr. Wayne Poole provided the **Internal Audit** update.

Mr. Poole presented the Internal Audit annual report for the year ended June 30, 2018. The Office of Internal Audit met or exceeded its KPIs for the 2018 fiscal year by completing 86% of the annual audit plan and achieving 75% direct productivity from the auditor staff. Mr. Poole reported no common or systemic internal control weaknesses. Mr. Poole also briefed the committee on Internal Audit's staffing and operating budget for the 2019 fiscal year.

Mr. Poole presented a proposed change to the committee's charter. The change formally reflects the committee's responsibility for oversight of the University's information security and IT security programs, as required by UNC System policy.

Action Item: A motion was made and seconded to approve the revised committee charter as written. The motion was approved unanimously with no further discussion.

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

Mr. Wiseman briefed the committee on the ERM office's recent activities and initiatives. Mr. Wiseman continues to work closely with the UNC System Office to assist in the implementation of an ERM framework across the UNC system. Chancellor Staton specifically thanked Mr. Wiseman for his leadership and representation of ECU across the system.

Mr. Wiseman advised the committee that the top risks identification process has begun for this year. One significant change this year is that the exercise will include students' perspectives on the University's risks, as the Board requested.

Ms. Norma Epley presented the **Research Compliance** update.

Ms. Epley provided an update on employee annual conflict of interest reporting and changes that have been made to the reporting and tracking process. For the year ended June 30, 2018:

- 100% of all employees listed on a federal grant award completed the required annual disclosure
- 99.74% of all EHRA employees completed the required annual disclosure.

**Minutes from ECU BOT Audit, Risk Management, Compliance, and Ethics Committee
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Ms. Robin Mayo presented an update on **Financial Compliance**.

Ms. Mayo provided an update on the Payment Card Industry Data Security Standards. Ms. Mayo reported that the University has made significant progress in compliance since 2013, and as of July 2018, the University achieved full compliance with the standards. This is a significant milestone and is critical to the University's ability to continue to accept credit card payments, which total approximately \$43 million annually. Ongoing compliance and vigilance will remain a priority and the standards are continuously evolving.

Ms. Michelle DeVille provided an update from the **Office of Institutional Integrity**.

Ms. DeVille provided an update on the activities of the Office of Institutional Integrity. She provided detailed information related to healthcare billing compliance reviews and HIPAA privacy and security investigations and compliance. Ms. DeVille noted that historically, ECU's healthcare providers have a strong pass rate on billing compliance compared to the national average and other benchmarks. Ms. DeVille stated that the compliance pass rate is currently a bit lower than normal due to a high number of fairly new providers as well as some documentation changes that have been made in the School of Dental Medicine. However, her office is working to educate the providers and will continue their monitoring efforts.

The committee asked questions about the University's compliance with the European Union's General Data Protection Regulation (GDPR). Dr. Jack McCoy, the University's Information Security Officer, was present and answered the questions. Further information regarding information security and GDPR compliance will be presented at a subsequent meeting.

Closed Session

At 9:07 AM, Mr. Koonts 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, internal audit working papers, student records, 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.

Return to Open Session

The Committee returned to open session and continued work on the agenda at 10:51 AM.

Other Business

There was no other business.

There being no further business, the Audit Committee meeting was adjourned at 10:51 AM.

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



**Board of Trustees
Audit, Risk Management, Compliance, and Ethics Committee
November 1, 2018**

Agenda Item:	II.A. Internal Audit dashboard FY 2019 to date
Responsible Person:	Wayne Poole
Action Requested:	None - Information
Notes:	N/A

Internal Audit Dashboard - as of October 15, 2018

Completion of Audit Plan: Completed vs. Planned Projects

<i>Status of Audit Plan</i>	<i>Number of Engagements</i>	<i>Percent of Total Plan</i>	Goal = $\geq 80\%$ (by Jun 30)
Completed	12	19%	
Reporting Phase	4	6%	
In Process	24	39%	
Pending	22	35%	
Total	62	100%	

Staff Utilization: Direct vs. Indirect Hours

	<i>Entire team</i>	<i>Auditors Only</i>	Goal = $\geq 75\%$
Direct Hours	70%	73%	
Indirect Hours	30%	27%	

Consultations

	<i>Number</i>	<i>% of Hours</i>	Should not exceed 20%
Consultations	41	14%	

Management's Completion of Corrective Actions

<i>Action Items by Division:</i>	<i>Completed</i>	<i>Outstanding</i>	<i>% Complete</i>
Academic Affairs	1	0	100%
Administration and Finance	7	0	100%
Athletics	3	1	75%
Chancellor	0	0	N/A
Health Sciences	2	0	100%
Research, Econ Dev, Eng'ment	0	0	N/A
Student Affairs	0	0	N/A
University Advancement	0	0	N/A
Total Action Items Followed Up	13	1	
Percent Complete	93%		Goal = 95%



**Board of Trustees
Audit, Risk Management, Compliance, and Ethics Committee
November 1, 2018**

Agenda Item:

II.B. Internal Audit
self-assessment results

Responsible Person:

Wayne Poole

Action Requested:

None - Information

Notes:

N/A



Office of Internal Audit and
Management Advisory Services

Self-Assessment



Background

- Compliance with the IIA *Standards* required for all state entities in NC
- *Standards* require a Quality Assessment and Improvement Program
 - Assess compliance with *Standards* and Quality of IA operations
 - External assessment - five years
 - Internal assessment - annually

2016 External Assessment

- Highest possible rating
- Notable positive statements
 - Management and BOT support
 - Relationships, collaboration, and respect
 - Progressiveness and accountability
- Recommendations
 - IA should assess University Governance and Ethics
 - Implement a University-wide Code of Ethics
 - Better communication of results of the ongoing Quality Assessment program

2018 Self-Assessment

- Formal report submitted to Audit Committee and Chancellor
- Rate ourselves as “Generally Conforms” (highest possible)
- Recommendations
 - Stronger “Assurance Map” covering all compliance, risk, assurance activities
 - Assurance review of the ERM process



**Board of Trustees
Audit, Risk Management, Compliance, and Ethics Committee
November 1, 2018**

Agenda Item:	II.C. Annual financial statement audit
Responsible Person:	Wayne Poole
Action Requested:	None - Information
Notes:	N/A



**Board of Trustees
Audit, Risk Management, Compliance, and Ethics Committee
November 1, 2018**

Agenda Item:	III.A. Update of ERM Activities
Responsible Person:	Tim Wiseman
Action Requested:	None - Information
Notes:	N/A

INFORMATION PAPER

SUBJECT: Enterprise Risk Management (ERM) Update for the BOT-Audit, Risk Management, Compliance and Ethics Committee November 2018 Meeting

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

2. Action Recapitulation:

a. Significant ERM Activities from the Past Two Months:

- ERM Top Risks Survey - Completed
- Risk Survey of Student Government Association Assembly Members – Completed
- Quarterly ERM Committee Meeting – (Oct) – Risk Prioritization Exercise
- ERM Consultation and Assistance to UNC-Support Office – Ongoing
 - ERM Framework Development
 - Assistance to Institutions (WCU, UNC-G and others)
- Published ERM “Five Things” Executive Newsletter/Tip Sheet – September
- ERM Consultation – Virginia Commonwealth University Health Sciences
- University Admissions Safety and University Employee and Student Behavior Concern Teams Meetings and Actions
- ERM Consultations/Research/Inquiries – Various Departments

b. Significant ERM Activities Next Two Months:

- Prepare Top Risks Survey Results and Reports for Executive Council and BOT-ARMCE (Nov-Dec)
- Submit Top 5 Risks to UNC-System Office for Initial System-wide Risk Register Build
- Present ERM Update to UNC Auditors Association – UNC-W (Dec)
- Update UAS/Drone Regulation and Flight Approval Procedures
- Presenting at ERM in Higher Ed Workshop – Alexandria, VA (Nov)
- ERM Consultation and Assistance to UNC-Support Office – Ongoing
- Hurricane Damage Claims – Submit to FEMA/Insurers as Appropriate
- University Admissions Safety and University Employee and Student Behavior Concern Teams Meetings and Actions
- ERM Consultations/Research/Inquiries – Various Departments

3. Other: Attached are a copy of the latest ERM Five Things newsletter main page and a list of risk topics from the annual University Risk Management and Insurance Association Conference (FYI).



ACTION OFFICER: Tim Wiseman
Assistant Vice Chancellor for ERM & Military Programs
Spilman Bldg., Room 214, 252-737-2807

URMIA Conference Risk Topics 2018

- Sexual and Interpersonal Violence on Campus
- “Complaint” Compliance Programs: Is Yours Effective, Efficient (or Even Existent?)
- Contractual Risk: A Hidden Secret
- The Goldilocks Principle: Tailoring a Contract Management Review Process to be “Just Right” for your Institution
- Creating Responsive Institutional Travel Policies Based on Dynamic Travel Risks
- Divided Campus- “Controversial” Speakers, Free Speech and the Rise of Campus Violence and Unrest
- Keys to Effective ADA Programs and Compliance
- Higher Temperatures, Changing Weather: What Risk Managers Should Know
- Study Abroad Risks: Where to Turn for Help
- Campus Shootings: Risk Managing the Financial Impact
- Institution’s Reputation and How to Protect It
- Affiliated Entities- Understanding the Risks
- Conflict of Interest- What is the Risk?
- Effective Assessment and Management of Fire and Life Safety Risk- The Critical Time Factors
- Legal Risks Pertaining to Sanctuary, DACA, Dreamers, and ICE Investigations
- Responding to Reports of Sex and Gender- Based Harassment & Violence: Maintaining Integrated Approaches as Means of Risk Management
- Pluralism Risk: Mitigating and Managing the Challenges of Diverse Backgrounds and View Points
- How Do You Compare? Benefits, Challenges and Pitfalls of Benchmarking
- Protecting Minors on Campus from Educator Sexual Misconduct
- Enterprise Risk Management (ERM) Maturity: Case Studies of Integration at Gettysburg College

- Travel Risk Management 101: Building a Program
- Campus Recreation/ Recreational Sports & Risk
- Managing Cyber Risks from the Inside Out
- Workers' Compensation: The Metrics You Need to Know
- Terror Ready: Supporting Students, Employees and the Organization in the Event of a Terror Attack
- Has Your Board Asked You About Protection for Large National Disasters?
- Integrating ERM with Strategy
- Tips & Tools on How Best to Mitigate Fine Art Exposures: During an Expansion, While in Transit and on Exhibit at International Venues, and While at Your Institution
- Claims Against the University and How to Manage Them For New Risk Managers
- Are They Us, or Are They "Them"? Evolving Models for Constructive Interaction Between Colleges/ Universities and Fraternities and Sororities
- Additional Insured- What's the Deal with These Contrast Requirements?
- Contemporary Female Travel: Risks and Issues Facing Students, Faculty and Stakeholders
- Don't Be Afraid: Business Continuity Plan Development Only Hurts a Little- 11 Best Practices
- School Spirits: Managing Alcohol Risk at Your Institution
- What Happened? Working Collaboratively with Your Safety, Human Resources and Other Personnel to Conduct Effective Accident Investigation and Follow Up
- Game of Risk: Challenges to Managing Collections in an Academic Setting
- The Aftermath: How to Provide Effective Support to Students Following a Crisis Abroad
- Emergency Management Approach to Managing an Outbreak on Your Campus
- Differed Maintenance, Current Risk
- Identification of Emerging Risk and Artificial Intelligence
- The Continuing Saga of Harvey the Hurricane

ECU's ERM Five Things: A periodic tip sheet for Enterprise Risk Management Committee members and campus leaders

Volume 10, October 2018

1 7 Key Trends in Enterprise Risk Management - A guide to enhancing strategic performance with smart ERM John Verver, ACL eBook/White Paper, 2017. This eBook authored by a respected and credentialed thought leader in ERM provides an excellent update on current trends in ERM practice. It covers 7 key trends in the era of ERM, 6 key characteristics of performance-enhancing ERM and includes a summary chart of the ERM process flow. The eBook can be downloaded for free by clicking [*HERE*](#) but a copy of the document is also attached.

What to watch: While the basic tenets of enterprise risk management have remained fairly constant over the past two decades, there are emerging trends in application of best practices in various business and governmental sectors. Senior leaders interested in assessing the maturity of the ERM programs within their organizations are well served by monitoring contemporary thought on risk management. This publication does a good job of linking ERM's value with performance and efficiency.

2 A Study of the Pre-Attack Behaviors of Active Shooters in the United States Between 2000 – 2013 Silver, J., Simons, A., & Craun, S. (2018). Federal Bureau of Investigation, U.S. Department of Justice. This FBI report provides extraordinary data collected over a thirteen year period related to domestic active shooter incidents. This updated version of a report previously published in 2014 provides additional analysis and insight into the behaviors of perpetrators. Click [*Here*](#) to access the full report. A copy of the document is also attached.

What to watch/Key Findings of this Phase II Study:

- 1. The 63 active shooters examined in this study did not appear to be uniform in any way such that they could be readily identified prior to attacking based on demographics alone.*
- 2. Active shooters take time to plan and prepare for the attack, with 77% of the subjects spending a week or longer planning their attack and 46% spending a week or longer actually preparing (procuring the means) for the attack.*
- 3. A majority of active shooters obtained their firearms legally, with only very small percentages obtaining a firearm illegally.*
- 4. The FBI could only verify that 25% of active shooters in the study had ever been diagnosed with a mental illness. Of those diagnosed, only three had been diagnosed with a psychotic disorder.*
- 5. Active shooters were typically experiencing multiple stressors (an average of 3.6 separate stressors) in the year before they attacked.*
- 6. On average, each active shooter displayed 4 to 5 concerning behaviors over time that were observable to others around the shooter. The most frequently occurring concerning behaviors were related to the active shooter's mental health, problematic interpersonal interactions, and leakage of violent intent.*

7. For active shooters under age 18, school peers and teachers were more likely to observe concerning behaviors than family members. For active shooters 18 years old and over, spouses/domestic partners were the most likely to observe concerning behaviors.

8. When concerning behavior was observed by others, the most common response was to communicate directly to the active shooter (83%) or do nothing (54%). In 41% of the cases the concerning behavior was reported to law enforcement. Therefore, just because concerning behavior was recognized does not necessarily mean that it was reported to law enforcement.

9. In those cases where the active shooter's primary grievance could be identified, the most common grievances were related to an adverse interpersonal or employment action against the shooter (49%).

10. In the majority of cases (64%) at least one of the victims was specifically targeted by the active shooter.

3 The Value of Risk Management Webinar Series Material/Notes Grace Crickette and Bonnie

Kolesar, Public Risk Management Association (PRIMA), 2018. PRIMA, partnered with risk management experts, sponsored a webinar series addressing the value-creation aspect of modern enterprise risk management practice. The modules include 1) Intro, 2) Total Cost of Risk, 3) Risk Maturity Models, 4) Risk Appetite and Risk Tolerance, and 5) Communication and Change Management. The included examples, risk survey information and exhibits are excellent. Click [*Here*](#) to access. For your convenience, the content is attached as a consolidated single paper as well.

What to watch: This multi-module presentation addresses several key aspects of a healthy risk management foundation in a logical and sequential fashion. Senior leaders in diverse and complex organizations and institutions, like modern day universities, will benefit from and understanding of how the main themes of this webinar series tie together to create value for organizational stakeholders and become critical enablers for navigating change and maintaining strategic direction.

4 Is Board Risk Oversight Addressing the Right Risks? NACD, protiviti, NC State ERM

Initiative Joint White Paper (2018), used by permission. This report makes the case that current board risk-oversight practices may be inadequate to deal with today's evolving risk landscape, and suggests ways for boards to close the gap. It is not available directly via the internet. Permission was granted by the publisher to provide to ECU's ERM Committee, BOT and others connected to ECU's ERM program for educational purposes. A copy of the report is attached.

What to watch: One of the biggest challenges in risk management lies in trying to ensure governing boards are getting the right balance of relevant risk information to support their oversight role and ensure board member time and attention is allocated appropriately in proportion to the highest-level risks. This paper takes a look at several aspects of this challenge and provides suggestions for addressing the potential problem of misalignment of board member risk perceptions.

5 Understanding Reputational Risk Video interview, Enterprise Risk Management Initiative Staff, NC State University, Sept 11, 2018. Bruce Branson, Associate Director of the ERM Initiative at NC State University interviews Chrystina Howard, SVP and Senior Risk Consultant with Willis Towers Watson about how she has observed organizations deal with the concept of reputation risk. Click [*Here*](#) to access the video interview and/or to download the video transcript.

What to watch: Chrystina defines reputation risk as a critical element of an organization's strategy and brand equity. She acknowledges that directly managing reputation risk is a challenge because most often reputation risk arises due to the poor management of other risks. Chrystina does offer advice on how to include reputation risk as a dimension to evaluate during the risk assessment phase of an enterprise risk management process and offers some "first steps" to developing a better understanding of reputation risk for your organization.

Enterprise Risk Management Office
East Carolina University
October 7, 2018



**Board of Trustees
Audit, Risk Management, Compliance, and Ethics Committee
November 1, 2018**

Agenda Item:	IV.A. Recent personnel changes and continuity
Responsible Person:	Dr. Mike Van Scott
Action Requested:	None - Information
Notes:	N/A



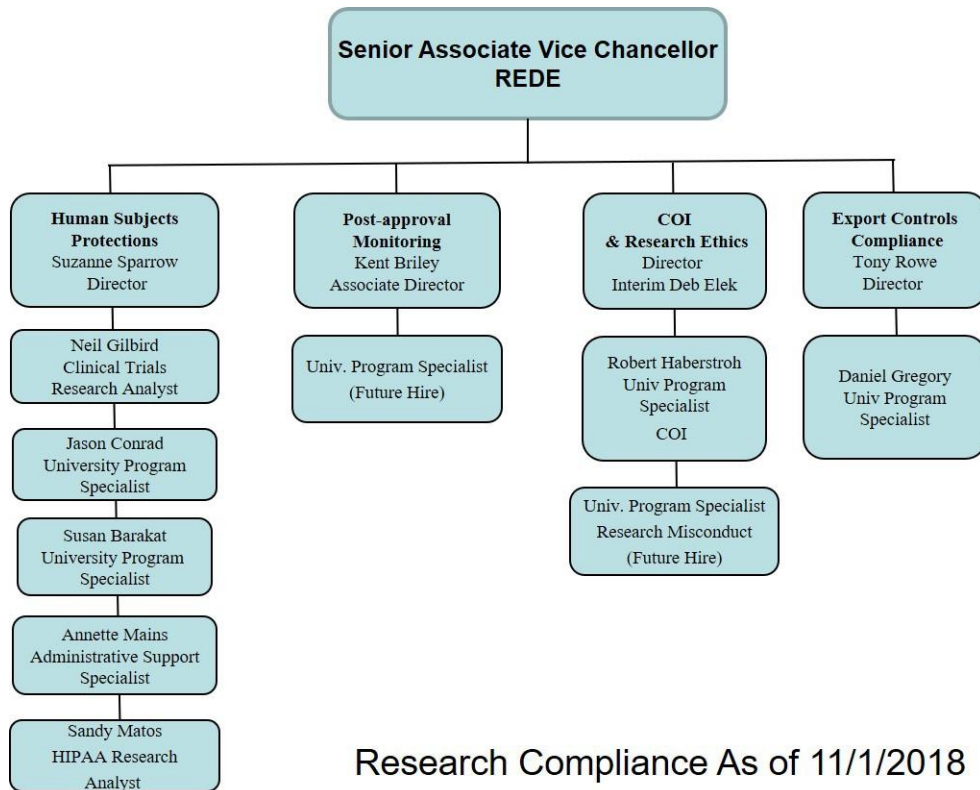
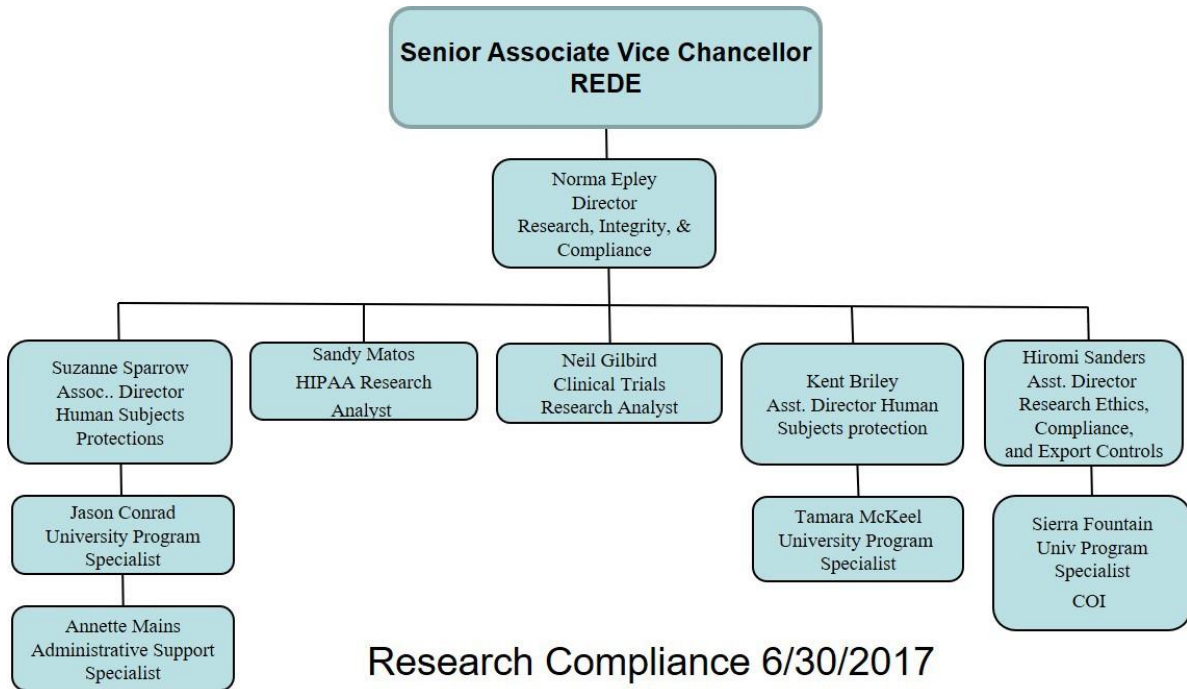
TO: Audit, Risk Management, Compliance, and Ethics Committee (ARMCE)
FROM: Michael R. Van Scott, PhD
Sr. Vice Chancellor for Research, Economic Development, and Engagement
DATE: 16 October 2018
SUBJ: Leadership Continuity Plan for the Office of Research Integrity and Compliance

The Office of Research Integrity and Compliance (ORIC) has oversight of human research protections, conflicts of interest (COI), and export controls. Recent reviews of these areas revealed strength in the human protections program, but gaps in the areas of export controls and COI. In January, ECU hired Tony Rowe to lead export controls compliance, and Tony has made significant progress in strengthening that program. The director of ORIC, Norma Epley, will retire on October 31, 2018, and her retirement provides an opportunity to address identified weaknesses in the COI compliance program.

Last year, the FDA conducted a site visit of the human research protections program and reported no negative findings, providing external validation that the program was operating effectively. The program has benefited from the leadership of three individuals: Norma Epley, Suzanne Sparrow, and Kenneth Briley. Suzanne has worked in human subjects research for 15 years and served as associate director of ORIC since 2006. Kenneth has 15 years of experience in human subjects research and served eight years as assistant director of ORIC. As Norma Epley retires, her duties will be divided between Suzanne and Kenneth. Suzanne will oversee the Institutional Review Board (IRB) and be responsible for processing and approval of research protocols involving human subjects. Kenneth will oversee post-approval monitoring of research protocols involving human subjects. Transitioning leadership of human research protections to these two individuals is expected to maintain strong leadership in this area while allowing the position vacated by Ms. Epley to focus on COI and ethical conduct of research.

The job description for Norma Epley's position has been revised to emphasize COI and the ethical conduct of research. The updated position has been posted, and a search committee is currently reviewing applications. If the current search is successful, a leader for COI and research ethics could be named by the end of November. In the interim, Deborah Elek will oversee COI and research ethics on a half-time basis. Deborah has worked in research compliance for 14 years and has been assisting with COI compliance at ECU for the last eight months on a part-time basis.

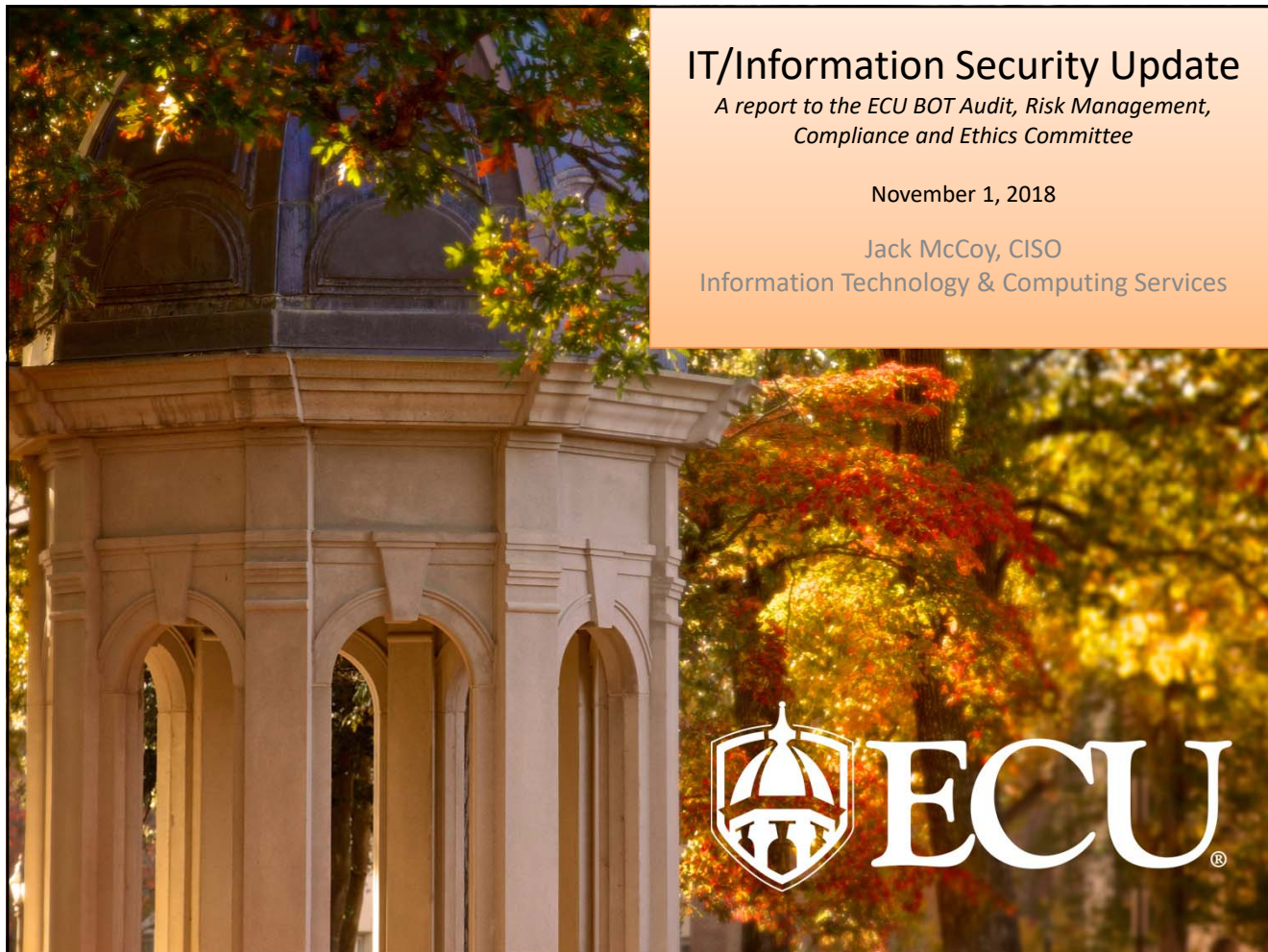
A comparison of the organizational structure for ORIC before and after the changes described above is attached. The changes in leadership and the overall structure of ORIC are expected to provide continuity in the compliance programs as Ms. Epley retires, and position ECU to further improve our compliance programs for the future.





**Board of Trustees
Audit, Risk Management, Compliance, and Ethics Committee
September 6, 2018**

Agenda Item:	V.A. Recent initiative and GDPR update
Responsible Person(s):	Mr. Don Sweet Dr. Jack McCoy
Action Requested:	None - Information
Notes:	N/A



IT/Information Security Update

*A report to the ECU BOT Audit, Risk Management,
Compliance and Ethics Committee*

November 1, 2018

Jack McCoy, CISO
Information Technology & Computing Services



IT/Security Initiatives

- A New Tool Against Phishing Attacks
- Dept. of Homeland Security - Cybersecurity Assessment
- GDPR (General Data Protection Regulation)

2

A New Tool Against Phishing Attacks

The State of Affairs

- Phishing attacks are becoming increasingly sophisticated
- Difficult to distinguish from legitimate email
- User education by itself is not sufficient
- Students are especially vulnerable

3

A New Tool Against Phishing Attacks

Multi-Factor Authentication (MFA)

- Prevents an attacker from using stolen passwords to access ECU email accounts
- MFA requires an additional “factor”:
 - phone call, text message, mobile phone app
- Student email – MFA required as of Feb. 2018
- Employee email – MFA for off campus email access for Fall Semester 2018

4

Dept. of Homeland Security Cybersecurity Assessment

Focus and Findings

- In June 2018, DHS led an assessment of ECU's operational resilience to cyber risks
- Reviewed indicators of organizational capability and maturity in 10 domains
- Two emerged as priorities for improvement:
 - Incident Management
 - Threat (Situational) Awareness

5

Dept. of Homeland Security Cybersecurity Assessment

Assessment Response

- Incident Management
 - Formalizing our current data breach escalation process for improved coordination across ECU's compliance offices
 - Integrating cybersecurity into the ECU Emergency Operations Plan (EOP)
- Threat Awareness
 - Established the ITCS Cyber Security Operations Center (CSOC)
 - Simply continue leveraging threat detection and analysis tools in protecting ECU's network

6

GDPR

Background

- An EU privacy law covering the collection and use of the personal data of persons in the European Economic Area (EEA)
- Fines of up to 4% of revenue or \$20M Euros
- Many ECU activities, such as student/HR recruitment and advancement, are affected
- ECU regulatory risk is low

7

GDPR

Progress

- Established a GDPR Project Team.
- Appointed a Data Protection Officer (the Chief Information Security Officer).
- Documented key data processing activities.
- Established a web portal for EEA residents to exercise their GDPR privacy rights.

8

GDPR

Next Steps

Establish a *basic* compliance capability to respond to GDPR data rights requests:

- Develop business processes for responding to GDPR data access requests
 - e.g., data review, correction, erasure, and transfer
- Conduct privacy assessments of key data processing areas
- Future enhancements are dependent on resources and changes in regulatory risk

9

Discussion

10



**Board of Trustees
Audit, Risk Management, Compliance, and Ethics Committee
November 1, 2018**

Agenda Item:	VI. Annual review of UNC policies on dual membership and conflicts of interest
Responsible Person:	Ms. Donna Payne
Action Requested:	None - Information
Notes:	N/A

200.1

Adopted 05/ 11/ 84
Amended 06/ 09/ 89
Amended 09/ 08/ 89
Amended 05/ 11/ 91
Amended 06/ 08/ 01
Amended 11/ 09/ 07
Amended 09/ 18/ 09
Amended 12/ 15/ 17

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)¹ 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.
- iii. "Substantial interest" means any of the following:
 1. A "business with which associated" as that term is defined in GS § 138A-3(3)², 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)³, except that uncompensated service as a

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

- a. Association.
- 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.

²G.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.

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 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.

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.

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;³
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.⁴
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.

³ Section 202C(4) of The Code of the University of North Carolina.

⁴ N.C.G.S. § 138A-2.

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.⁵

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.



**Board of Trustees
Audit, Risk Management, Compliance, and Ethics Committee
November 1, 2018**

Agenda Item:	VII. Closed Session
Responsible Person:	Kel Normann, Chair
Action Requested:	
Notes:	N/A



**Board of Trustees
Audit, Risk Management, Compliance, and Ethics Committee
November 1, 2018**

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