



# East Carolina University | Board of Trustees

## Audit Committee Meeting | April 24., 2014

### Agenda

- |      |   |               |
|------|---|---------------|
| I.   | Approval of March 5, 2014 Minutes   | <b>Action</b> |
| II.  | Health Sciences Compliance Report – Dr. Nicholas Benson                                 |               |
|      | a. Search for CIIO Update   | Information   |
|      | b. Interim Leadership Change  | Information   |
|      | c. Active Shooter Drill   | Information   |
|      | d. ICD-10 Update  | Information   |
| III. | Enterprise Risk Management Report – Mr. Tim Wiseman                                     | Information   |
| IV.  | Proposal to Receive Regular Reports from Office of University Counsel – Ms. Donna Payne | Information   |
| V.   | Internal Audit Report – Ms. Stacie Tronto   |               |
|      | a. Annual Engagement Plan Changes/Update  | <b>Action</b> |
|      | b. Management’s Corrective Actions  | Information   |
|      | c. Internal Audit Shared Services Study   | Information   |
|      | d. MOU w/Elizabeth State University   | Information   |
| VI.  | Other Business  |               |
| VII. | Closed Session  |               |

East Carolina University  
Board of Trustees  
April 24, 2014  
Audit Committee

Session	Audit
Responsible Person	Mark Copeland, Committee Chair
Agenda Item	I.
Item Description	Minutes of March 5, 2014
Action Requested	Approval
Disposition	
Notes	

# DRAFT

**Minutes from ECU BOT Audit Committee  
March 5, 2014  
Conference Call / 9:00AM**

**Committee members present:** Chair Mark Copeland, Carol Mabe, Terry Yeargan, Robert Brinkley

**Others present:** Steve Duncan, Donna Payne, Tim Wiseman, Stacie Tronto, Wayne Poole, Drew Ligon (visitor)

Mark Copeland, Chair of the Audit Committee, called the meeting to order at 9:01AM. Mr. Copeland read the conflict of interest provisions as required by the State Government Ethics Act. Mr. Copeland asked if anyone would like to declare or report an actual or perceived conflict of interest. None were reported.

Mr. Copeland stated that he had one recommended change to the minutes for the November 21, 2013 committee meeting. This change was in regard to the proposed reporting relationship between the compliance offices and Internal Audit. All present on the call agreed with the change.

**Action Item:** The minutes of the November 21, 2013 meeting were approved as amended.

Stacie Tronto, Chief Audit Officer, presented an update on the 2013-14 Annual Engagement Plan as of 3/5/14:

- 24 projects (41% of the workplan) are complete
- 29 projects (49% of the workplan) are in progress
- 6 projects (10% of the workplan) are pending
- Ms. Tronto reminded the committee that the target is for 80% completion of the workplan. The goal is not 100% due to unforeseen issues that arise which impact the scope and budget of planned projects, as well as unplanned projects that arise during the year. Ms. Tronto currently anticipates that approximately 85% of the workplan should be complete by 6/30/14. She does not count a project as "complete" until all steps are finished and the report is issued – several other projects (above and beyond the 85%) should be in progress and near completion at the end of the FY.

Ms. Tronto proposed the following three (3) changes to the 2013-14 engagement plan:

- Cancel the Oxygen Internal Cloud implementation review since ITCS is no longer planning to implement this solution
- Defer the Ryan White grant follow-up to the FY 2014-15 engagement plan, since the recommended changes will not be fully implemented until later in the summer of 2014
- Defer the Athletic Camps follow-up to the FY 2014-15 engagement plan, since Chancellor Ballard has recently authorized Athletics to move to a privatized camp model.

Mr. Copeland asked Ms. Tronto to provide the committee some additional information regarding the Athletic camps decision. Ms. Tronto stated that Athletics has proposed moving away from University-sponsored camps to private camps, which would be owned/operated by the coaches (or their own corporate entities). This was vetted by Dr. Niswander, Ms. Tronto, Ms. Payne, and Mr. Wiseman. The group unanimously agreed to recommend to Chancellor Ballard that the camps move to a private model, as long as appropriate controls are implemented. Ms. Tronto stated that Internal Audit will conduct a review of the private camps, and that this review would replace the previously planned follow-up of last year's audit. Ms. Payne stated that privatization appears to be the model across the UNC system and it does offer advantages as long as the camps are appropriately managed. Ms. Payne stated that one positive change is that each camp will have to purchase its own private insurance instead of being covered under the Tort Claims Act. Key considerations are institutional control per NCAA guidelines, controls over the use of University employees and other resources in support of the camps, athletic training support and participant safety, background checks for counselors/workers, and usage fees for University support provided to the camps. The consensus of the group that advised the Chancellor was that the University should be better off in this private arrangement.

# DRAFT

**Minutes from ECU BOT Audit Committee  
March 5, 2014  
Conference Call / 9:00AM**

Mr. Brinkley asked if this change would warrant an addendum to the affected coaches' contracts. Ms. Payne stated that one of the attorneys in her office is looking into this, and that she anticipates that there likely will be some changes to the existing contracts, as well as contracts between the University and each of the corporate entities that the camps will run through. She will provide details to the Board as they are determined.

**Action Item:** The committee approved a motion to amend the 2013-14 Internal Audit Engagement Plan, as proposed by Ms. Tronto.

**Other Business** – No other business was brought forward by anyone on the call.

The Audit Committee conference call was adjourned at 9:19AM.

*-----Respectfully submitted by Wayne Poole*

DRAFT

East Carolina University  
Board of Trustees  
April 24, 2014  
Audit Committee

Session	Audit
Responsible Person	Dr. Nick Benson
Agenda Item	II. a.
Item Description	Search for CIO Update
Action Requested	Information
Disposition	
Notes	

East Carolina University  
Board of Trustees  
April 24, 2014  
Audit Committee

Session	Audit
Responsible Person	Dr. Nick Benson
Agenda Item	II. b.
Item Description	Interim Leadership Change
Action Requested	Information
Disposition	
Notes	

East Carolina University  
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April 24, 2014  
Audit Committee

Session	Audit
Responsible Person	Dr. Nick Benson
Agenda Item	II. c.
Item Description	Active Shooter Drill
Action Requested	Information
Disposition	
Notes	

East Carolina University  
Board of Trustees  
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Audit Committee

Session	Audit
Responsible Person	Dr. Nick Benson
Agenda Item	II. d.
Item Description	ICD-10 Update
Action Requested	Information
Disposition	
Notes	



# ICD-10-CM Update

- Approximately 32 coders have now completed training
- ICD-10 Provider training now open and available
  - Provider training includes 2 modules: time estimation for each module 60 mins/120 mins total
  - Target date for provider training completion by March 31, 2014
  - 30 providers completed as of 02/28/2014
  - Specialty specific training is at the discretion of the Clinical Department and available through self-enrollment
- CMS training opportunity for ICD-10 occurred March 4-7, 2014 (not end-to-end)
  - Submission of 300 test claims filed from ECUP via Availity to CMS: transmission successful
  - Final results pending from CMS; CMS requested a 2 week grace period to process results
  - Test sample included approximately 40 coding scenarios



# ICD-10-CM Update

- End-to-end testing with CMS scheduled for late July performed via a CMS selected sample.
- Preparation for “dual coding” (ICD-9 and ICD-10) within EPIC.
  - This “go-live” to capture both ICD-9-CM/ICD-10-CM codes scheduled April 1, 2014
  - Coding staff have been advised to complete training by March 31, 2014
  - Sample size for dual coding set at 5% with more to increase sample size in July
  - Diagnosis calculator (within EPIC) implementation scheduled for April 1, 2014(?)

East Carolina University  
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Audit Committee

Session	Audit
Responsible Person	Mr. Tim Wiseman
Agenda Item	III
Item Description	Enterprise Risk Management Report
Action Requested	Information
Disposition	
Notes	

## INFORMATION PAPER

SUBJECT: Enterprise Risk Management (ERM) Update for the BOT-A Committee April 2014 Meeting

1. Purpose. To advise BOT-A committee members of significant ERM and Chief Risk Officer (CRO) activities from the past three months and those planned or anticipated for the next three months.

2. Action Recapitulation:

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

- Re-Admissions Risk Case Reviews and University Behavioral Concerns Team Actions
- ERM Initiative Workshop: “Launching ERM for Strategic Advantage” (March-Raleigh)
- Quarterly ERM Committee Meetings (February & April) – Focus on Disabilities Support Services (ADA Compliance), ERM Road Ahead, and Connection with Trustees
- ERM Consultations and Inquiries – Various Departments
- ERM One-on-One Sessions with Deans and Select Directors
- Adoption of ERM Risk Maturity Model and ERM Milestones Update
- Addition of Excellent References/Materials to Risk Committee SharePoint Site

b. Significant ERM/CRO Activities Next Three Months:

- Launch of '13-'14 ERM Risk Survey (off-year “lite” version)
- Articulation of a Risk Philosophy for ECU
- Implementation of an Awards/Recognition Program for Contributions to Risk Management
- ERM One-on-One Sessions with Executive Council Members (May-June)
- ERM @ ECU 5 Year “Anniversary” – White Paper/Implementation Progress Review
- Continued Development of ERM Metrics/Measurements
- “Risk Management Week” Observance (3-7 Nov) Planning
- ERM Consultations/Research/Inquiries – Various Departments

3. Other:

- Selected to present at the University Risk Management and Insurance Association conference in the Fall of 2014 on ECU’s ERM program implementation at the five year milestone.



ACTION OFFICER: Tim Wiseman  
Assistant Vice Chancellor for ERM/Chief Risk Officer  
252-737-2803  
Spilman Bldg, Room 214

## Enterprise Risk Management Committee Meeting Themes

(As of 2/12/2014 – Subject to Change)

ERMC	Date	Guest Speaker/Lead	Theme
2014 1 <sup>st</sup> Qtr	Feb 26	Disability Support Services Update	Compliance
2 <sup>d</sup> Qtr	Apr 23 (2:00 pm)	Mr. Copeland, ECU Trustee	Strategic
3 <sup>rd</sup> Qtr	Aug 13	A&F / Fin Svcs / IA	Financial
4 <sup>th</sup> Qtr	Oct 29	Compliance Officer Panel	Compliance

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

## Two Year ERM Activities Model Proposed

Year	Primary Activities	Focus
Even "On" Year (example: '12-'13)	<ul style="list-style-type: none"> <li>• Full ERM Risk Survey</li> <li>• Full Risk Prioritization Exercise</li> <li>• Reset</li> <li>• BOT &amp; EC Presentations and Involvement</li> <li>• Risk Management Plans Creation (or Updates)</li> </ul>	<ul style="list-style-type: none"> <li>• Engaging Key Sensors</li> <li>• Assessment Process (Rigor and Detail)</li> <li>• Risk Register Update</li> <li>• Fresh Look at Current and Anticipated Risk Environment</li> </ul>
Odd "Off" Year (example: '13-'14)	<ul style="list-style-type: none"> <li>• Smaller Scale Re-Prioritization/Re-Validation Exercise</li> <li>• Departmental Workshops</li> <li>• Interviews and Sensing Sessions</li> <li>• Presentations to Other Key Committees/Groups</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Management Plans Update/Adjustment</li> <li>• "By Exception" Reviews</li> <li>• Select Risk Management Project Work</li> <li>• ERM "Maturity" Assessment(s)</li> <li>• Education</li> </ul>

East Carolina University  
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Audit Committee

Session	Audit
Responsible Person	Ms. Donna Payne
Agenda Item	IV.
Item Description	Proposal to Receive Regular Reports from the Office of University Counsel
Action Requested	Information
Disposition	
Notes	

East Carolina University  
Board of Trustees  
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Audit Committee

Session	Audit
Responsible Person	Ms. Stacie Tronto
Agenda Item	V. a.
Item Description	Annual Engagement Plan Changes/Update
Action Requested	Approval
Disposition	
Notes	

**ECU BOT Audit Committee**

**04/24/14**

**2013-2014 Annual Engagement Plan Updates/Changes as of 03/31/14**

**Projects Completed = 31 or 53% of workplan**

ECU Physicians Manual

Consultant Firewall Review

Disaster Recovery/Business Continuity Review

10 Follow-Ups

9 Investigations

9 consultations

**Projects in Process = 24 or 41% of workplan – all projects should be completed by year-end except those that are highlighted**

**Human Resources**

University Camps (Report Writing Stage)

**Purchasing – Port**

Athletics – Operational (Report Writing Stage)

Dental Clinics

Network Access Controls Implementation

Mobile Device Implementation

**Pharmacy Services**

Cash Counts

Test/Implement EnCase Enterprise

3 Follow-Ups

5 Investigations

6 consultations

**Projects Pending = 4 or 7% of workplan - all projects should be completed by year-end except those that are highlighted**

**Payroll**

**Construction Projects**

Risk Assessment/Audit Planning 2014-2015

Test/Implement X1 Discovery

**Projects to Cancel or Defer – Pending Audit Committee Approval**

ITCS Logging and Monitoring – Defer to another year pending purchase of software by ITCS



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Session	Audit
Responsible Person	Ms. Stacie Tronto
Agenda Item	V. b.
Item Description	Management's Corrective Actions
Action Requested	Information
Disposition	
Notes	

ECU BOT Audit Committee

4/24/2014

Management's Corrective Actions as of 04/09/14

<i>Management's Corrective Actions - FYE 2014</i>					To Be Done
	<i>Completed</i>	<i>Outstanding</i>	<i>% Complete</i>	<i>% Outstanding</i>	
<i>Observations by Division:</i>					
Academic Affairs	8	0	100%	0%	3
Administration and Finance	6	0	100%	0%	11
Athletics	0	0	NA	NA	0
Chancellor	9	0	100%	0%	2
Health Sciences	2	0	100%	0%	39
Research and Graduate Studies	0	0	NA	NA	4
Student Affairs	5	0	100%	0%	0
University Advancement	0	0	NA	NA	0
<i>Total Observations</i>	30	0			59
<i>Total Percentages</i>	100%	0%			

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Session	Audit
Responsible Person	Ms. Stacie Tronto
Agenda Item	V. c.
Item Description	Internal Audit Shared Services Study
Action Requested	Information
Disposition	
Notes	

East Carolina University  
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Audit Committee

Session	Audit
Responsible Person	Ms. Stacie Tronto
Agenda Item	V. d.
Item Description	MOU with Elizabeth State University
Action Requested	Information
Disposition	
Notes	

East Carolina University  
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Session	Audit
Responsible Person	Mr. Mark Copeland
Agenda Item	VI.
Item Description	Other Business
Action Requested	
Disposition	
Notes	

East Carolina University  
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Session	Audit
Responsible Person	Ms. Stacie Tronto
Agenda Item	VII.
Item Description	Closed Session
Action Requested	
Disposition	
Notes	

## **ECU BOT AUDIT COMMITTEE**

### **Motion for Closed Session**

**I move that we go into Closed Session:**

- 1. To prevent the disclosure of confidential information under N.C. General Statutes §126-22 to §126-30 (personnel information);**
- 2. To plan, conduct or hear reports concerning investigations of alleged criminal conduct;**
- 3. To prevent the disclosure of information that is privileged or confidential pursuant to law or not considered a public record within the meaning of Chapter 132 of the General Statutes, specifically:**

**to prevent the disclosure of confidential information under N.C. General Statutes § 116-40.7 (UNC Internal Audit information) and/or § 143-748 (all Internal Audit work papers for state agencies).**