AGENDA
Audit, Risk Management, Compliance, and Ethics Committee
February 6, 2020

I.	Approval of November 21, 2019 Minutes	**Action**
II.	Review of Operational Metrics	Information
III.	Update from State Auditor Beth Wood	Information
IV.	Internal Audit – Mr. Wayne Poole	
	a. Update on IA Staffing	Information
	b. Overview of selected recent audits	Information
V.	Enterprise Risk Management	
	a. Review top risks matrix – Dr. Sara Thorndike	Information
	b. Review of ERM process/maturity – Mr. Wayne Poole	Information
VI.	Closed Session	
VII.	Other Business	

Audit Risk Management, Compliance & Ethics Committee
February 6, 2020

Agenda Item:　　　　　　　　I. Approval of November 21, 2019 Minutes

Responsible Person:　　　　　　　　　　　　　　Vince Smith
Committee Chair

Action Requested:　　　　　　　　　　　　　　　Approval

Notes:　　　　　　　　　　　　　　　　　　　　　N/A

Minutes from ECU BOT Audit, Risk Management, Compliance, and Ethics Committee
November 21, 2019
Main Campus Student Center – ECU Campus

The Audit, Risk Management, Compliance, and Ethics Committee of the ECU Board of Trustees met in the Main Campus Student Center on the campus of ECU on November 21, 2019.

Committee members present: Jason Poole (Vice Chair), Bob Plybon, Max Joyner, and Tom Furr.

Other board members present: BOT Vice Chair Fielding Miller, Angela Moss, Robert Moore, Phil Lewis, and Collin Johnson.

Others present included Interim Chancellor Ron Mitchelson, Paul Zigas, Amanda Williams, Meagan Kiser, Jenny McKellar, Jody Newsome, Sara Thorndike, Chris Dyba, Mark Webster, Don Sweet, Deborah Elek, Michelle DeVille, Dee Bowling, Faye Steele, Vinnie Falvo, Tim Smith, Mark Stacy, Mary Farwell, Jeff Popke, Chris Locklear, Kitty Wetherington, Stephanie Coleman, Dan Blumberg, Justin Yeaman, Alton Daniels, Sarah von Stein, Deidra Morrissey, and Wayne Poole.

Jason Poole, Vice Chair of the Committee, convened the meeting at 8:15 AM. Mr. Poole read the conflict of interest provisions as required by the State Government Ethics Act. Mr. Poole asked if anyone would like to declare or report an actual or perceived conflict of interest. None were reported.

Mr. Jason Poole asked for the approval of the minutes of the September 12, 2019 committee meeting.

<u>**Action Item**</u>: The minutes of the September 12, 2019 committee meeting were approved with no changes.

<u>Review of **Operational Metrics**</u>
The committee reviewed the operational metrics related to Internal Audit and Athletics Compliance. Through October 31, Internal Audit is on pace for completion of the annual audit plan and auditor productivity. University management had completed over 95% of the corrective actions that Internal Audit followed up on. Athletics Compliance is exceeding the KPI for providing Rules Education sessions. Healthcare compliance metrics were discussed later in the meeting.

<u>Mr. Wayne Poole provided the **Internal Audit** update</u>.
Mr. Poole presented proposed changes to the University's annual audit plan. The changes included the cancellation of one planned audit, the deferral of another until the summer of 2020, and the addition of four previously unplanned engagements in their place.

<u>**Action Item**</u>: Jason Poole asked for a motion to approve the revised annual audit plan. A motion was made by Mr. Plybon, seconded by Mr. Furr, and approved unanimously with no further discussion.

Mr. Poole informed the committee that the Office of the State Auditor has completed the University's annual financial statement audit and issued a "clean" opinion. This means that the audit found that the University's financial statements are fairly presented consistent with the applicable accounting standards, and the audit revealed no internal control weaknesses that would have a material effect on the financial statements. The successful conclusion to this audit was the result of a significant amount of work by ECU Financial Services and others.

Mr. Poole informed the committee that the external audits of the University's affiliated entities have also been completed and all resulted in "clean" opinions. Mr. Poole has distributed all of these reports to the audit committee.

<u>Ms. Michelle DeVille presented the **Healthcare Compliance** update.</u>
Ms. DeVille reviewed the healthcare compliance-related operational metrics in detail. These are impacted by many internal and external factors. The review of provider documentation accuracy is slightly behind schedule due to a vacancy on the compliance team. Ms. DeVille advised the committee that each provider review entails 10 patient charts – so 43 reviews in a month equals 430 charts reviewed. Ms. DeVille stated that this is a very ambitious goal but that she set the bar high intentionally. Ms. DeVille expects to meet or exceed the expected

goal by the end of the fiscal year. Ms. DeVille advised the committee that the metric for provider pass rate is based on the industry standard.

Ms. DeVille also advised the committee that in addition to the healthcare billing-related compliance work, about 40% of her team's time is spent on compliance with the HIPAA privacy and security laws.

Jason Poole asked about the consequences for providers who do not receive a passing score on their chart reviews. Ms. DeVille stated that her office provides face to face remedial training, follow-up chart reviews at 30, 60, and 90-day intervals (until the provider is proficient) and communicates the findings with the department chair and dean.

Vice Chancellor Sara Thorndike provided the **Enterprise Risk Management** (**ERM) update**.
Ms. Thorndike briefed the committee on the ERM risk identification process and provided information on the University's top enterprise risks and the risk management process owner for each. She reminded the committee that the Board will receive updates on the mitigation and management of selected top risks at each meeting.

The committee received updates on three of the University's top enterprise risks.

Mr. Justin Yeaman from Human Resources provided information on how the University is addressing the risks related to **recruitment and retention** of qualified faculty, administrators, and staff. Mr. Yeaman advised that the core elements include an enhanced focus on employee engagement and communication from senior management to the workforce, a revamped new employee orientation program, changes in benefits and wellness programs, and stronger efforts in the recruitment of difficult to hire positions.

Mr. Yeaman also provided information on how the University is addressing the need for **workforce succession planning**. He stated that HR is currently developing a succession planning framework for the entire campus.

Chief Information Security Officer Dr. Mark Webster provided an update on how the University is addressing **cybersecurity** risks. He briefed the committee on some of the core elements of the University's cyber protection, including the SIEM tool, vulnerability management program, Cybersecurity Operations center (CSOC), multi-factor authentication, and anti-phishing tools.

Other Business
There being no further business, the Committee meeting was adjourned at 8:57 AM.

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

Audit, Risk Management, Compliance & Ethics Committee
February 6, 2020

Agenda Item: II. Review of Operational Metrics

Responsible Person: Wayne Poole
                                                   Director of Internal Audit

Action Requested: Information

Notes: N/A

CEO Tracking Sheet
Fiscal Year - 2020
Audit, ERM, Compliance & Ethics Committee

KPI	Measurement	Prior Year	Target	Variance	July	August	September	October	November	December	January	February	March	April	May	June	Total
Audit Plan Completion (Internal Audit)	Percent of projects on annual plan that are completed	90%	80%	Plan	6.6%	6.6%	6.6%	6.6%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	80.0%
				Actual	5.5%	7.8%	9.1%	6.3%	7.0%	6.9%							42.6%
				+ / -	-1.1%	1.2%	2.5%	-0.3%	0.3%	0.2%							
				YTD +/-	-1.1%	0.0%	2.6%	2.3%	2.6%	2.8%							
Auditor Productivity (Internal Audit)	Direct Audit & Consult hrs vs. Total hours	75%	75%	Plan	75.0%	75.0%	75.0%	75.0%	75.0%	69.0%	76.0%	76.0%	76.0%	76.0%	76.0%	76.0%	75.0%
				Actual	69.0%	82.8%	69.7%	79.2%	75.3%	62.4%							
				+ / -	-6.0%	7.8%	-5.3%	4.2%	0.3%	-6.6%							
				YTD +/-	-6.0%	0.8%	-1.2%	0.1%	0.4%	-2.1%							
Management Corrective Actions Completion Rate (Internal Audit)	Percent of recommendations resolved when IA follows up	97%	95%	Plan	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
				Actual	66.70%	100.00%	100.00%	100.00%	100.00%	100.00%							
				+ / -	-28.30%	5.00%	5.00%	5.00%	5.00%	5.00%							
				YTD %	66.70%	87.50%	92.30%	95.20%	95.70%	97.20%							
Number of Rules Education Sessions (Athletics Compliance)	Number of sessions spent educating athletes, staff & others	N/A	180	Plan	15	15	15	15	15	15	15	15	15	15	15	15	180
				Actual	18	27	25	23	17	21							
				+ / -	3	12	10	8	2	6							
				YTD +/-	3	15	25	33	35	41							
Number of Education Sessions (Healthcare Compliance)	Number of sessions spent educating providers and staff	N/A	972	Plan	81	81	81	81	81	81	81	81	81	81	81	81	972
				Actual	85	77	79	82	106	89							
				+ / -	4	-4	-2	1	25	8							
				YTD +/-	4	0	-2	-1	24	32							
Number of Provider Documentation Reviews (Healthcare Compliance)	Number of providers whose doc. accuracy was reviewed	N/A	510	Plan	43	43	43	43	43	43	42	42	42	42	42	42	510
				Actual	38	38	42	41	48	51							
				+ / -	-5	-5	-1	-2	5	8							
				YTD +/-	-5	-10	-11	-13	-8	0							
Pass Rate Results of Healthcare Provider Documentation Reviews (Healthcare Compliance)	Percent of reviewed providers receiving a passing score	N/A	90%	Plan	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
				Actual	82.1%	91.7%	89.3%	92.9%	88.9%	92.9%							
				+ / -	-7.9%	1.7%	-0.7%	2.9%	-1.1%	2.9%							
				YTD +/-	-7.9%	-3.5%	-2.5%	-1.1%	-1.1%	-0.4%							
Employee COI Disclosure Rate (Research Compliance)	Percent of employees who submitted req'd disclosure	99.97%	100%	Plan										90.0%	5.0%	5.0%	100.0%
				Actual													
				+ / -													
				YTD +/-													

Audit, Risk Management, Compliance & Ethics Committee
February 6, 2020

Agenda Item: III. Update from State Auditor

Responsible Person: Beth Wood
                                                        NC State Auditor

Action Requested: Information

Notes: N/A

Audit, Risk Management, Compliance & Ethics Committee

February 6, 2020

Agenda Item: IV. Internal Audit Updates

Responsible Person: Wayne Poole
                                        Director of Internal Audit

Action Requested: Information

Notes:

A.   Update on Internal Audit staffing   Information
B.   Overview of selected recent audits   Information

Audit, Risk Management, Compliance & Ethics Committee
February 6, 2020

Agenda Item: V. Enterprise Risk Management

Responsible Person: Sara Thorndike
Vice Chancellor for Admin & Finance

Wayne Poole
Director of Internal Audit

Action Requested: Information

Notes:

A.   Review of top risks matrix (Thorndike)   Information
B.   Review of ERM process/maturity (Poole)   Information

ERMC Advisory Group and Risk Management Process Owner Matrix
as of May 2019, Updated October 2019
(Coordination through February 2020)

Risk Area	ERMC Advisory Team	Risk Management Process Owner/Exec	Coordination/Updates with BOT
1. Fiscal Challenges	Chancellor, VCs and Finance	Dr. Thorndike	VC Thorndike briefing at BOT Finance and Facilities, Nov 2019 (and recurring via KPI tracking and briefings)
2. Declining Undergraduate and Graduate Enrollment in Competitive Market	Strategic Enrollment Plan Implementation Team	Academic Council	Briefing from UG Admissions and Marketing at BOT University Affairs, Nov 2019 (and recurring via KPI tracking)
3. Athletics Department Financial Challenges, Reputation, and Direction	Chancellor, AD, CFO, Trustees	Mr. Gilbert & Dr. Thorndike	Recurring updates from AD Gilbert at BOT Athletics & Advancement (and recurring via KPI tracking)
4. Retaining and Recruiting Qualified Faculty, Administrators and Staff	Employee Engagement Working Group	Dr. Mitchelson, Dr. Thorndike & Dr. Stacy	Briefing/update from HR, BOT ARMCE, Nov 2019
5. Future of ECU Physicians	Chancellor, Dean of Brody, CFO	Dr. Stacy	Recurring updates from VC Stacy at BOT Health Sciences Committee
6. ECU's Reputation in Large Urban Areas/Competitive Markets	Strategic Enrollment Plan Implementation Team	Academic Council	Briefing from UG Admissions and Marketing at BOT University Affairs, Nov 2019
7. Current and Future Political Environment and Uncertainty	Chancellor, Trustees	Chancellor	BOT Advocacy Committee area of focus
8. Ability to Improve and Sustain BOG and BOT Relations – Leadership Effectiveness/Communication	Chancellor, Trustees	Chancellor	BOT Advocacy Committee area of focus
9. Workforce Succession Planning Adequacy	Employee Engagement Working Group	Dr. Mitchelson, Dr. Thorndike & Dr. Stacy	Briefing/update from HR at BOT ARMCE, Nov 2019
10. Cyber Threats and Cyber Security – Data Systems Exploitation	Don Sweet , Mark Webster, Michelle DeVille, ITCS	Dr. Thorndike & Dr. Stacy	Updates from ITCS at BOT ARMCE, Sept 2019, Nov 2019, Feb 2020

Advisory Groups/Teams may add additional ERMC members or consult with/include subject matter experts from elsewhere on campus outside of the ERMC as needed in order to ensure all relevant information related to a risk area is understood/covered in risk management plans.

Audit, Risk Management, Compliance & Ethics Committee
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Agenda Item: VI. Closed Session

Responsible Person: Wayne Poole
                                                      Director of Internal Audit

Action Requested: Information

Notes:

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Audit, Risk Management, Compliance & Ethics Committee

February 6, 2020

Agenda Item: VII. Other Business

Responsible Person: Wayne Poole
Director of Internal Audit

Action Requested: Information

Notes: