

AGENDA
Audit, Risk Management, Compliance, and Ethics Committee
July 9, 2020

- I. Approval of Minutes – April 2, 2020
- II. Review of Operational Metrics
- III. Action Items
 - A. Approval of Annual Audit Plan for FY 2021 (presented by Mr. Wayne Poole)
- IV. Informational Items
 - A. Annual Internal Audit Certification Documents for UNC System Office (Mr. Wayne Poole)
 - B. Ongoing State Auditor Engagements (Mr. Wayne Poole)
 - C. Enterprise Risk Management update and results of recent ERM Maturity Assessment (Dr. Sara Thorndike and Mr. Wayne Poole)
- V. Other Business



Audit, Risk Management, Compliance, and Ethics Committee
July 9, 2020

Agenda Item: I. Approval of Minutes – April 2, 2020

Responsible Person: Vince Smith
Committee Chair

Action Requested: Action

Notes:

**Minutes from the Audit, Risk Management, Compliance, and Ethics Committee
April 2, 2020 – ONLINE and PHONE MEETING**

The Audit, Risk Management, Compliance, and Ethics Committee of the ECU Board of Trustees met online and via phone on April 2, 2020.

Committee members present: Vince Smith (Chair), Jason Poole (Vice Chair), Bob Plybon, Leigh Fanning, Jim Segrave, and Tom Furr.

Other board members present: BOT Chair Vern Davenport, BOT Vice Chair Fielding Miller, Angela Moss, Max Joyner, and Colin Johnson.

Vince Smith, Chair of the Committee, convened the meeting at 10:00 AM. Mr. Smith read the conflict of interest provisions as required by the State Government Ethics Act. Mr. Smith asked if anyone would like to declare or report an actual or perceived conflict of interest. None were reported.

Mr. Smith asked for the approval of the minutes of the February 6, 2020 committee meeting.

Action Item: The minutes of the February 6, 2020 committee meeting were approved with no changes.

Review of Operational Metrics

The committee reviewed the operational metrics related to Internal Audit, Healthcare Compliance, and Athletics Compliance. Through February 28, all of the measures are meeting or exceeding the expectation for the fiscal year to date, with one exception. The pass rate for healthcare providers on their documentation reviews is 89.7%, with the standard being 90%.

Action Items

Mr. Wayne Poole presented proposed changes to the University's annual audit plan. Two engagements were added and two were removed.

Action Item: Trustee Jason Poole moved that the proposed changes be approved. Trustee Bob Plybon seconded the motion. The committee approved the proposed changes and that action did not require full Board approval.

Ms. LaKeshia Forbes presented a proposed change to the Notice of Nondiscrimination and Affirmative Action Policy.

Action Item: Trustee Jason Poole moved that the proposed changes be approved. Trustee Bob Plybon seconded the motion. The committee approved the proposed change and it will be presented for consideration and approval by the full Board.

Informational Items

Mr. Wayne Poole briefed the committee on the ongoing IT General Controls audit that is currently being conducted by the Office of the State Auditor. This is an in-depth review of ECU's IT and cybersecurity controls. It is part of the State Auditor's scheduled audit work and there were no concerns that led to this audit. Mr. Poole explained to the committee that this engagement is different than the annual financial statement audit, and that ECU, like all entities in the state, should expect the State Auditor to make some recommendations regarding our controls.

Mr. Wayne Poole briefed the committee on two recently completed internal audits. One was a review of the controls related to *Time and Effort Reporting and Personnel Expenses Charged to Sponsored Programs*. The other was a review of the *Kronos Time and Leave System and Employee Time and Leave Records*. Mr. Poole advised the committee that on both audits, the controls were found to be sufficient overall, but Internal Audit did make some recommendations to University management on both. Mr. Poole expressed appreciation for the strong tone at the top established by Chancellor Mitchelson and the Vice Chancellors. Mr. Poole stated that this

**Minutes from the Audit, Risk Management, Compliance, and Ethics Committee
April 2, 2020 – ONLINE and PHONE MEETING**

tone was reflected in the communications by senior management as a result of the Kronos/Time and Leave audit.

Ms. LaKeshia Forbes and Ms. Malorie Yeaman briefed the committee on the University's equity and diversity efforts. The briefing included an overview of the relevant University policies and regulations, ongoing education efforts, and the process for handling complaints that are received by their office. They also briefed the committee on the reports and investigations that were processed during the 2019 calendar year.

Other Business

There being no further business, the Committee meeting was adjourned at 10:44 AM.

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



Audit, Risk Management, Compliance, and Ethics Committee
July 9, 2020

Agenda Item: II. Review of Operational Metrics

Responsible Person: Wayne Poole
Director of Internal Audit

Action Requested: Information

Notes:



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%	6.7%	7.7%	7.8%	8.6%	8.8%	8.5%	90.7%			
				+ / -	-1.1%	1.2%	2.5%	-0.3%	0.3%	0.2%	0.0%	1.0%	1.1%	1.9%	2.1%	1.8%				
				YTD +/-	-1.1%	0.0%	2.6%	2.3%	2.6%	2.8%	2.8%	3.8%	4.9%	6.8%	8.9%	10.7%	10.7%			
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%	78.1%	84.3%	85.8%	78.9%	77.8%	77.3%	76.5%			
				+ / -	-6.0%	7.8%	-5.3%	4.2%	0.3%	-6.6%	2.1%	8.3%	9.8%	2.9%	1.8%	1.3%	1.5%			
				YTD +/-	-6.0%	0.8%	-1.2%	0.1%	0.4%	-2.1%	-1.0%	0.1%	1.1%	1.5%	1.6%	1.5%	1.5%			
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%	100.00%	100.00%	100.00%	90.90%	71.40%	100.00%				
				+ / -	-28.30%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	-4.10%	-23.60%	5.00%				
				YTD %	66.70%	87.50%	92.30%	95.20%	95.70%	97.20%	97.60%	97.90%	98.30%	96.30%	94.30%	94.60%	94.60%			
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	30	23	38	24	27	21	294			
				+ / -	3	12	10	8	2	6	15	8	23	9	12	6				
				YTD +/-	3	15	25	33	35	41	56	64	87	96	108	114	114			
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	81	972		
				Actual	85	77	79	82	106	89	91	86	86	84	81	81	1027			
				+ / -	4	-4	-2	1	25	8	10	5	5	3	0	0	55			
				YTD +/-	4	0	-2	-1	24	32	42	47	52	55	55	55	55			
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	60	62	50	47	50	42	569			
				+ / -	-5	-5	-1	-2	5	8	18	20	8	5	8	0	59			
				YTD +/-	-5	-10	-11	-13	-8	0	18	38	46	51	59	59	59			
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%	88.9%	91.3%	93.3%	96.7%	93.5%	86.7%	90.7%			
				+ / -	-7.9%	1.7%	-0.7%	2.9%	-1.1%	2.9%	-1.1%	1.3%	3.3%	6.7%	3.5%	-3.3%	0.7%			
				YTD +/-	-7.9%	-3.5%	-2.5%	-1.1%	-1.1%	-0.4%	-0.5%	-0.3%	0.1%	0.8%	1.1%	0.7%	0.7%			
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												98.6%	0.9%	0.5%	100.0%	
				+ / -																
				YTD +/-													8.6%	4.5%	0.0%	100.0%



Audit, Risk Management, Compliance, and Ethics Committee
July 9, 2020

Agenda Item: III. A. Approval of Annual Audit Plan for FY 2021

Responsible Person: Wayne Poole
Director of Internal Audit

Action Requested: Action

Notes:

**East Carolina University
Office of Internal Audit
Annual Engagement Plan
By Type
FY 2021**

Project Description		Budgeted Hours	% of Total	Division
Integrated/Operational Audits:				
Data Analytics Review of Financial Aid	WIP	300	1.8%	AA
Unpaid Adjunct Faculty Members	WIP	120	0.7%	AA, HS
SoDM Revenue Cycle Analytics	WIP	100	0.6%	HS
ECUP Telehealth Billing	OP	300	1.8%	HS
Health Sciences HR Processes	OP	300	1.8%	AF, HS
Campus Living	OP	300	1.8%	SA
Automated Journal Voucher Process	OP	240	1.4%	AF
Greenphire, Research Participants, and Student Award Payments	OP	240	1.4%	ALL
Controls over Parking Garage Revenue	OP	240	1.4%	AF
Controls over Business Incubator Space and New Ventures	OP	240	1.4%	REDE
Counseling Center Capacity and Operations	OP	240	1.4%	SA
Total Integrated/Operational Audit Hours		2620	15.7%	
Compliance Audits:				
I-9 Employment Eligibility Process	OP	240	1.4%	AF
Use of Federal and State COVID-19 Funding	OP	240	1.4%	ALL
University Affiliated Entities Contract Compliance	OP	240	1.4%	UA, AT
Total Compliance Audit Hours		720	4.3%	
Information Technology Audits:				
IT Disaster Recovery and Resiliency	OP	240	1.4%	AF
Data Center Security and Environmental Controls	OP	240	1.4%	AF
SoDM Information Systems/axiUm	OP	240	1.4%	HS
Controls over Canvas LMS	OP	240	1.4%	AA, AF
Total Information Technology Audit Hours		960	5.7%	
Investigative Reviews:				
Hotline Allegations Triage	OP	100	0.6%	ALL
Investigative Reviews - Already In Progress	WIP	200	1.2%	
Investigative Reviews - Not Yet Received/Started	OP	2000	12.0%	
Total Investigative Audit Hours		2300	13.7%	
Follow-Up Reviews:				
Action Plan Tracking and Follow-Up	OP	350	2.1%	ALL
Kronos and Time/Leave Records (A19020)	OP	120	0.7%	ALL
SoDM Clinics and Revenue Cycle (A18024/F20029/J18013)	OP	240	1.4%	HS
Grants and Contracts (AICFR) (F20009)	OP	240	1.4%	REDE
OSA IT Recommendations	OP	120	0.7%	AF
Total Follow-Up Review Audit Hours		1070	6.4%	
Consultations/Management Advisory Services				
Routine and Unplanned Consultations	OP	660	3.9%	ALL
Routine Data Analytics Support for Clients	OP	300	1.8%	ALL
University Committees, Workgroups, Education, and Client Relations	OP	300	1.8%	ALL
ProCard Analytics for Chrome River	OP	240	1.4%	AF, ALL
Americorps External Audits	WIP	40	0.2%	AA
Student Athlete Course Clustering	OP	60	0.4%	AA
OnCore Clinical Trials Management System Controls	OP	60	0.4%	HS
ERM Program Support	OP	100	0.6%	AF, ALL
Distributed IT Workgroup	OP	60	0.4%	ALL

OP=Original Plan
WIP=Work in Progress July 1
ADD=Added since July 1
CX=Cancelled
PPD=Postponed

East Carolina University
Office of Internal Audit
Annual Engagement Plan
By Type
FY 2021

Project Description		Budgeted Hours	% of Total	Division
Total Consultation Hours		1820	10.9%	
Other/Special Projects:				
Coordinate and Assist with External Audits, SBI Reports, Routine Mtgs	OP	1200	7.2%	ALL
Audit Software Admin and Maintenance	OP	200	1.2%	NA
Student Intern Program	OP	120	0.7%	NA
Required IIA External Quality Assurance Review (QAR)	OP	240	1.4%	CH
Coordinate OSA IT Controls Audit	WIP	60	0.4%	AF
Risk Assessment/Audit Planning 2020-2021	WIP	20	0.1%	ALL
Risk Assessment/Audit Planning 2021-2022	OP	100	0.6%	ALL
Implement EnCase Additional Capabilities	OP	200	1.2%	CH
Fraud Risk Assessment	OP	300	1.8%	ALL
Total Other/Special Project Hours		2440	14.6%	
Total Direct Audit Hours		11930	71%	
Administration		1800	10.8%	NA
Leave/Holiday		2300	13.7%	NA
Professional Development		700	4.2%	NA
Total Indirect Audit Hours:		4800	29%	
Grand Total Audit Hours		16730	100%	

Original Plan Approved by Interim Chancellor Ron Mitchelson on June 12, 2020

Original Plan Approved by ECU Board of Trustees [DATE]

OP=Original Plan
WIP=Work in Progress July 1
ADD=Added since July 1
CX=Cancelled
PPD=Postponed



Audit, Risk Management, Compliance, and Ethics Committee
July 9, 2020

Agenda Item: IV. A. Annual Internal Audit Certification Documents for UNC System Office

Responsible Person: Wayne Poole
Director of Internal Audit

Action Requested: Information

Notes:

Board of Trustees Audit Committee Certification Letter

Ms. S. Lynne Sanders, CPA
Vice President for Compliance and Audit Services
The University of North Carolina System

Dear Ms. Sanders:

I confirm that the Board of Trustees (BOT) audit committee for **East Carolina University's** internal audit function is in compliance with the following for the 2020 fiscal year (*any exceptions must be identified and explained in an accompanying statement*). The Board of Trustees (BOT) Audit, Risk Management, Compliance, and Ethics Committee ("Audit Committee"):

1. Met at least four times this past fiscal year.
2. Reviewed the results of the annual financial audit with representatives of the North Carolina Office of the State Auditor (OSA), the Chief Audit Officer and/or appropriate campus official, and discussed corrective actions, if needed.
3. If applicable, reviewed the results of any other audit performed and report/management letter (i.e. investigations, Statewide Federal Compliance Audit Reports, etc.) issued by the OSA with representatives of the State Auditor's Office, the Chief Audit Officer and/or appropriate campus official.
4. If applicable, for any audit finding contained within a report or management letter issued by the OSA, reviewed the institution's corrective action plan and the report of the internal auditor on whether or not the institution has made satisfactory progress in resolving the deficiencies noted, in accordance with North Carolina General Statute 116-30.1 as amended.
5. Reviewed all audits and management letters of University Associated Entities as outlined in Section 600.2.5.2[R] of the UNC Policy Manual.
6. Received and reviewed quarterly status updates from the institution's Chief Audit Officer and internal audit reports that, at a minimum, reported material (significant) reportable conditions, management's corrective action plan for these conditions, and any follow-up reports regarding whether these conditions have been corrected.
7. Received, reviewed, and approved, at the beginning of the audit cycle, the annual audit plan for the institution's internal audit function.
8. Received and reviewed, at the end of the audit cycle, a comparison of the annual audit plan with internal audits performed by the internal audit department.

I further attest the following:

- The institution's Chief Audit Officer reports administratively to the Chancellor with a clear and recognized functional reporting relationship to the chair of the BOT Audit Committee.
- The Audit Committee charter defines appropriate roles and responsibilities, including the committee's oversight of the institution's information security program. These responsibilities also include the assurance that the institution is performing self-assessments of operating risks and evaluations of internal controls on a regular basis.
- To my knowledge, the internal audit function is carried out in a way that meets professional standards. The auditor's risk assessment process and annual audit plan considers significant institutional risks, including information security.
- To my knowledge, the institution's Chief Audit Officer forwarded copies of both the approved audit plan and the summary of internal audit results, including any material reportable conditions and how they were addressed, to the University of North Carolina System Office in the prescribed format.

Vincent C. Smith

Chair, ECU BOT Audit, Risk Management, Compliance, and Ethics Committee



Chief Audit Officer Certification Letter

Ms. S. Lynne Sanders, CPA
Vice President for Compliance and Audit Services
The University of North Carolina System

Dear Ms. Sanders:

As Chief Audit Officer at **East Carolina University**, I confirm compliance with the following for the 2020 fiscal year (*any exceptions must be identified and explained in an accompanying statement*):

1. Met with and updated the Board of Trustees (BOT) Audit Committee at least four times this past fiscal year.
2. Attended the financial audit exit conference conducted by the North Carolina Office of the State Auditor (OSA).
3. If applicable, reviewed and discussed the results of any other audit performed and report/management letter (i.e. investigations, Statewide Federal Compliance Audit Reports, etc.) issued by the OSA with either representatives of the State Auditor and/or appropriate campus official.
4. Reported administratively to the Chancellor with a clear and recognized functional reporting relationship to the chair of the BOT Audit Committee.
5. Constructed the audit plan in consideration of risk, including information security risk, potential internal control deficiencies, and any audits/emerging issues outlined by the University of North Carolina System Office.
6. Strived to ensure that all internal audits were planned, documented and executed in accordance with professional standards.
7. Forwarded copies of both the approved audit plan and the summary of internal audit results to the UNC System Office in the prescribed format.
8. Updated the BOT Audit Committee on the completion/status of the audit plan.

Wayne Poole, MBA, CIA, CISA
Chief Audit Officer



Audit, Risk Management, Compliance, and Ethics Committee
July 9, 2020

Agenda Item: IV. B. Ongoing State Auditor Engagements

Responsible Person: Wayne Poole
Director of Internal Audit

Action Requested: Information

Notes:



Audit, Risk Management, Compliance, and Ethics Committee
July 9, 2020


Agenda Item: IV. C. Enterprise Risk Management update
and results of recent ERM Maturity Assessment

Responsible Person: Wayne Poole
Director of Internal Audit

Sara Thorndike
Vice Chancellor of Administration and Finance

Action Requested: Information

Notes:



ERM
Board of Trustees
Update

July 2020



Enterprise Risk Management Cycle

Year	Primary Activities
Odd "On" Year (2020-21)	<ul style="list-style-type: none">• Full ERM Risk Survey• Full Risk Prioritization Exercise• Creation or Updates of Risk Management Plans• BOT & EC Presentations and Involvement
Even "Off" Year (2021-22)	<ul style="list-style-type: none">• BOT Presentations• On-Going Risk Related Presentations and Discussions with ERM Committee Quarterly• Top Risk Updates from Risk Owners• Reprioritization or Revalidation Discussion with ERM Committee and EC

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 updates at each meeting via KPI tracking and briefings)
2. Declining Undergraduate and Graduate Enrollment in Competitive Market	Strategic Enrollment Plan Implementation Team	Academic Council	Briefings from UG Admissions and Marketing at BOT University Affairs, Nov 2019, Feb 2020 (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

ERM Committee Activities

ERM Committee includes group of 38 faculty, staff, and student representatives from every division and many different university departments that meets at least quarterly to review current, new, and emerging risks

October 2019

- Run, Hide, Fight Training and Discussion (Police)
- Athletics Compliance Training (Athletics)

February 2020

- ITCS Security Risks (ITCS)
- HIPAA and Health Sciences Risk Management (Health Sciences)
- Campus Safety and Security (Police)

May 2020

- Student Mental Health and Well-Being (Student Affairs)
- Clery Reporting (Police)
- Employee Well-Being: ComPsych Program (Human Resources)

ERM Committee Activities

June 2020

- URMIA Risk Register (Financial Services)
- Internal Audit ERM Report (Internal Audit)
- Process for Identification and Selection of Top Ten Risks in Fall (ERM Committee)

August 2020

- Title IX Update (Equity & Diversity)
- Electronic Survey to Gather Data for Identification of Top 10 Risks

October 2020

- Financial Update (CFO)
- Top 10 Risk Selection/Recommendation to Chancellor and Cabinet



Audit, Risk Management, Compliance, and Ethics Committee
July 9, 2020

Agenda Item: V. Other

Responsible Person: Wayne Poole
Director of Internal Audit

Action Requested:

Notes: