

AGENDA
Audit, Risk Management, Compliance, and Ethics Committee
September 9, 2021

- I. Approval of Minutes – April 22, 2021
- II. Review of Operational Metrics
- III. Action Items
 - A. Changes to Committee Charter and Internal Audit Charter (Mr. Wayne Poole)
 - B. Delegations of Authority
- IV. Informational Items
 - A. Committee Overview (Mr. Wayne Poole)
 - B. Internal Audit Annual Report & State Self-Assessment for FY 2021 (Mr. Wayne Poole)
 - C. Enterprise Risk Management update (Ms. Stephanie Coleman)
 - D. Review of Selected Recent Internal Audits (Mr. Wayne Poole)
- V. Closed Session
- VI. Other Business



Audit, Risk Management, Compliance, and Ethics Committee
September 9, 2021

Agenda Item: I. Approval of Minutes – April 22, 2021

Responsible Person: Vince Smith
Committee Chair

Action Requested: Action

Notes:

**Minutes from the Audit, Risk Management, Compliance, and Ethics Committee
April 22, 2021 – Main Campus Student Center and Online Meeting**

The Audit, Risk Management, Compliance, and Ethics Committee of the ECU Board of Trustees met online and in person on April 22, 2021.

Committee members present: Vince Smith (Chair), Jason Poole (Vice Chair), Tom Furr, Van Isley, and Tucker Robbins.

Other board members present: BOT Chair Vern Davenport, Vice Chair Fielding Miller, Bob Plybon, Angela Moss (online), and Scott Shook.

Vince Smith, Chair of the Committee, convened the meeting at 8:30 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 11, 2021 committee meeting.

Action Item: The minutes of the February 11, 2021 committee meeting were approved with no changes.

Review of Operational Metrics

Mr. Wayne Poole reviewed the operational metrics related to Internal Audit, Healthcare Compliance, Research Compliance, and Athletics Compliance. For the year to date, Internal Audit is ahead of schedule on audit plan completion and exceeding the metric for the auditor productivity rate. As of April 1, 2021, management had completed or made satisfactory progress on 100% of the audit recommendations that Internal Audit followed up on during July and August.

Athletics Compliance and Healthcare Compliance are exceeding their metrics for the number of compliance education sessions. The NCAA and federal healthcare regulations have been very fluid due to the pandemic and this has resulted in a greater need for monitoring and education by those respective compliance offices. Healthcare compliance is also exceeding the metric for the number of provider documentation reviews that have been completed. For the year to date, healthcare providers have a 91.8% pass rate, exceeding the 90% benchmark.

Action Items

There were no action items for this meeting.

Informational Items

Enterprise Risk Management – Ms. Stephanie Coleman

Ms. Coleman presented the University's top enterprise risks matrix, which included the responsible senior management official for each risk. The matrix included communications and steps that have been taken on each risk. Ms. Coleman also shared the results of a recent ERM Committee exercise to review the University's response to the COVID-19 pandemic and the emerging risks that the pandemic brought to light.

Athletics Compliance – Ms. Alex Keddie

Ms. Keddie provided a briefing on Athletics Compliance requirements. She addressed the concept of institutional control and the responsibilities of the Chancellor, Athletic Director, and Head Coaches. She also shared the annual attestation process that all ECU Athletics personnel are required to adhere to. She also shared information on the NCAA's model of self-reporting possible violations.

Office of Internal Audit – Mr. Wayne Poole

**Minutes from the Audit, Risk Management, Compliance, and Ethics Committee
April 22, 2021 – Main Campus Student Center and Online Meeting**

Mr. Poole shared the results of the recent external assessment of ECU's Office of Internal Audit. This independent assessment is required by IIA Standards and by North Carolina statute. The external assessment team concluded that ECU does conform with the professional standards and awarded ECU the highest possible rating. The report included several notable best practices that are in place in ECU's Internal Audit shop and included some recommendations for continued growth.

Mr. Poole also briefed the committee on recently completed internal audits.

Other Business

University Counsel Mr. Paul Zigas briefed the committee on a potential contract that will require Board of Trustees approval if it comes to fruition. Mr. Zigas explained the requirements of the state and the UNC System and the Board's role in the process. The proposed contract will be presented to the Audit Committee when it is ready for review and approval.

Closed Session

At 9:00 AM, Trustee Jason Poole made a motion to go into Closed Session in order to protect the confidentiality of internal audit workpapers and other information that is considered confidential pursuant to applicable NC general statutes. The motion was seconded and approved unanimously.

The committee returned to open session at 9:23 AM.

The Committee meeting was adjourned at 9:24 AM.

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



Audit, Risk Management, Compliance, and Ethics Committee
September 9, 2021

Agenda Item: II. Review of Operational Metrics

Responsible Person: Wayne Poole
Director of Internal Audit

Action Requested: Information

Notes:



CEO Tracking Sheet
Fiscal Year - 2021

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	90.7%	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	5.7%	9.0%	12.8%	6.1%	6.8%	4.7%	8.1%	2.9%	10.1%	6.7%	5.1%	10.9%	88.9%		
				+ / -	-0.9%	2.4%	6.2%	-0.5%	0.1%	-2.0%	1.4%	-3.8%	3.4%	0.0%	-1.6%	4.2%			
				YTD +/-	-0.9%	1.5%	7.7%	7.2%	7.3%	5.3%	6.7%	2.9%	6.3%	6.3%	4.7%	8.9%			
Auditor Productivity (Internal Audit)	Direct Audit & Consult hrs vs. Total hours	76.5%	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	72.3%	77.0%	77.4%	79.0%	76.2%	61.3%	74.8%	80.8%	85.9%	82.4%	76.7%	77.4%	76.9%		
				+ / -	-2.7%	2.0%	2.4%	4.0%	1.2%	-7.7%	-1.2%	4.8%	9.9%	6.4%	0.7%	1.4%			
				YTD +/-	-2.7%	-0.5%	0.9%	1.4%	1.4%	-1.6%	-1.0%	-0.1%	1.1%	1.9%	1.8%	1.9%			
Management Corrective Actions Completion Rate (Internal Audit)	Percent of recommendations resolved when IA follows up	94.6%	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	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	71.40%	100.00%	100.00%			
				+ / -	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	-23.60%	5.00%	5.00%			
				YTD %	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	96.30%	96.60%	97.00%			
Number of Rules Education Sessions (Athletics Compliance)	Number of sessions spent educating athletes, staff & others	294	180	Plan	15	15	15	15	15	15	15	15	15	15	15	15	180		
				Actual	23	32	41	29	39	29	30	19	29	28	33	26	358		
				+ / -	8	17	26	14	24	14	15	4	14	13	18	11			
				YTD +/-	8	25	51	65	89	103	118	122	136	149	167	178			
Number of Education Sessions (Healthcare Compliance)	Number of sessions spent educating providers and staff	1027	996	Plan	83	83	83	83	83	83	83	83	83	83	83	83	83	996	
				Actual	85	84	92	87	90	88	90	95	84	90	98	108	1091		
				+ / -	2	1	9	4	7	5	7	12	1	7	15	25			
				YTD +/-	2	3	12	16	23	28	35	47	48	55	70	95			
Number of Provider Documentation Reviews (Healthcare Compliance)	Number of providers whose doc. accuracy was reviewed	569	528	Plan	44	44	44	44	44	44	44	44	44	44	44	44	44	528	
				Actual	46	48	56	56	50	55	63	46	54	48	50	53	625		
				+ / -	2	4	12	12	6	11	19	2	10	4	6	9			
				YTD +/-	2	6	18	30	36	47	66	68	78	82	88	97			
Pass Rate Results of Healthcare Provider Documentation Reviews (Healthcare Compliance)	Percent of reviewed providers receiving a passing score	90.7%	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	90.9%	88.2%	90.6%	94.1%	97.1%	90.9%	91.7%	90.6%	91.7%	93.5%	86.1%	100.0%	92.2%		
				+ / -	0.9%	-1.8%	0.6%	4.1%	7.1%	0.9%	1.7%	0.6%	1.7%	3.5%	-3.9%	10.0%			
				YTD +/-	0.9%	-0.4%	-0.1%	1.0%	2.3%	2.0%	2.0%	1.8%	1.8%	2.0%	1.4%	2.2%			
Employee COI Disclosure Rate (Research Compliance)	Percent of employees who submitted req'd disclosure	100.00%	100%	Plan											90.0%	5.0%	5.0%	100.0%	
				Actual												92.2%	5.6%	2.16%	99.96%
				+ / -															
				YTD +/-													2.2%	2.8%	-0.04%



Audit, Risk Management, Compliance, and Ethics Committee
September 9, 2021

Agenda Item: III.A Changes to Committee Charter and
Internal Audit Charter

Responsible Person: Wayne Poole
Director of Internal Audit

Action Requested: Action

Notes:



Audit, Enterprise Risk Management, Compliance, and Ethics Committee Charter

Purpose

The purpose of the Audit, Enterprise Risk Management, Compliance, and Ethics Committee (hereafter referred to as Committee) is to assist the East Carolina University Board of Trustees in fulfilling its oversight responsibilities for (1) the integrity of the University's financial statements, (2) the University's compliance with legal, regulatory, and ethical requirements, (3) the performance of the University's internal audit function, (4) the University's compliance with the Best Financial Practices Guidelines adopted by the UNC Board of Governors in November of 2005, and (5) the University's Information and IT Security programs. The Committee has jurisdiction over internal audit, enterprise risk management, compliance, information security, conflicts of interest, and ethics.

Organization

The Committee shall be a standing committee of the ECU Board of Trustees. Each Committee member must be independent of management and free of any relationship that would impair such independence.

If practicable, at least one member of the Committee should be a financial expert. A financial expert is someone who has an understanding of generally accepted accounting principles and financial statements; experience in applying such principles; experience in preparing, auditing, analyzing, or evaluating financial information; experience with internal controls and procedures for financial reporting; and an understanding of the audit committee function. If feasible, the role of financial expert will be rotated on an annual basis.

Meetings

The Committee shall meet at least four times a year and hold additional meetings as circumstances require. The Committee will invite representatives of management, auditors, legal counsel, and others to attend meetings and provide pertinent information as necessary. The Committee will receive reports regarding internal audit, enterprise risk management, compliance, conflicts of interest, and ethics. It will also hold private meetings with the Chief Audit Officer if deemed necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes of the meetings will be prepared.



Audit, Enterprise Risk Management, Compliance, and Ethics Committee Charter

Duties and Responsibilities

The following shall be the principal duties and responsibilities of the Committee as prescribed by the UNC BOG Best Financial Practices Guidelines:

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



Audit, Enterprise Risk Management, Compliance, and Ethics Committee Charter

Other Committee Responsibilities:

- Review and concur in the appointment, replacement, or dismissal of the Chief Audit Officer and the compensation package.
- Review and assure the internal audit function has appropriate budget and staff resources.
- Review and accept internal audit reports when issued.
- Periodically review and revise the internal audit charter and the committee's charter as needed.
- Resolve disagreements between internal audit and management concerning audit findings and recommendations.

~~The Committee, with the assistance of the Chief Audit Officer should periodically review and assess the adequacy of the Committee Charter.~~

This version approved by the Committee by formal vote on September 69, 20218.



Internal Audit Charter

Mission and Scope of Work

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

The scope of work of the OIAMAS is to determine whether the organization's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in the organization's control process.
- Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately.

Opportunities for improving management control and the organization's image may be identified during audits. They will be communicated to the appropriate level of management.

Accountability

The Chief Audit Officer, in the discharge of his/her duties, shall be accountable to the East Carolina University Board of Trustees through the Audit, Enterprise Risk Management, Compliance, and Ethics Committee (hereafter referred to as Committee) and the Chancellor to:

- Provide ~~annually an~~ assessments on the adequacy and effectiveness of the organization's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.
- Report significant issues related to the processes for controlling the activities of the organization and its affiliates, including potential improvements to those processes, and provide information concerning such issues through resolution.



Internal Audit Charter

- Periodically provide information on the status and results of the annual audit plan and the sufficiency of the internal audit department resources.
- Coordinate internal activities with other monitoring functions such as risk management, compliance, IT and information security, legal, ethics, environmental, and external audits.

Independence and Objectivity

The internal audit activity should be free from interference in determining the scope of internal auditing, performing work, and communicating results. To provide for the independence of the OIAMAS, its personnel report to the Chief Audit Officer, who reports administratively to the Chancellor and functionally to the Committee. The Chief Audit Officer shall have full and independent access to the Chancellor and the Committee.

Functional oversight by the Committee includes:

- Approve the annual internal audit plan and monitor progress quarterly.
- Review and accept internal audit reports when issued.
- Periodically review and revise the internal audit charter as needed.
- Confirm and assure the independence of the internal audit function.
- Review and concur in the appointment, replacement, or dismissal of the Chief Audit Officer and the compensation package.
- Review and assure the internal audit function has appropriate budget and staff resources.
- Meet privately with the Chief Audit Officer as deemed necessary.
- Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing*.
- Resolve disagreements between internal audit and management concerning audit findings and recommendations.

Administrative oversight by the Chancellor includes day-to-day oversight such as approval of Chief Audit Officer annual leave and travel.

Responsibility

The Chief Audit Officer and staff of OIAMAS have responsibility to:

- Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the Chancellor and the Committee for review and approval as well as periodic updates.



Internal Audit Charter

- Implement the annual audit plan, as approved, including as appropriate any special tasks or projects requested by management, the Chancellor, the Vice President of Compliance and Audit Services of the UNC System, external auditors, and the Committee.
 - Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of the Internal Audit Charter.
 - Evaluate and assess significant functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
 - Issue periodic reports to management, the Chancellor and the Committee summarizing results of audit activities.
 - Keep the Chancellor and the Committee informed of emerging trends and successful practices in internal auditing.
 - Provide a list of significant measurement goals and results to the Chancellor and the Committee.
 - Conduct investigations of alleged misuse of University resources and assist with other investigations as requested by the Chancellor, University [Attorney Counsel](#), and/or others as appropriate.
 - Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the organization.
 - Serve as a liaison between University management and external auditors.
 - Provide assurance services¹ to the Chancellor and the Committee
 - As appropriate, provide consulting and advisory services² to management that add value and improve the governance, risk management, and control processes without the internal auditor assuming management responsibility.
 - Establish a quality assurance program by which the Chief Audit Officer [assures-monitors and continually improves](#) the operation of internal audit activities.
 - Ensure the requirements are met with regard to internal audit activities as set forth by UNC Board of Governors, [UNC System Office, North Carolina General Statutes](#), and the [North Carolina Council of Internal Auditing](#).
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Internal Audit Charter

Authority

The Chief Audit Officer and the staff of OIAMAS are authorized to:

- Have unrestricted access to all functions, records, property, and personnel in accordance with North Carolina General Statutes.
- Allocate resources, set frequencies, select subjects, determine scope of work, and apply the techniques required to accomplish audit objectives.
- Provide consulting services to management as deemed appropriate.

The Chief Audit Officer and the staff of OIAMAS are not authorized to:

- Perform any operational duties for the organization or its affiliates.
- Initiate or approve accounting transactions external to OIAMAS.
- Direct the activities of any organization employee not employed by OIAMAS, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

Standards of Internal Auditing

The internal audit profession is covered by the International Professional Practice Framework of The Institute of Internal Auditors. This framework includes mandatory elements consisting of Core Principles, the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing*. The OIAMAS will meet or exceed these mandatory requirements of the profession.

Revised Version Approved by the BoT Audit Committee on ~~July~~ September 14⁹, 20¹⁶.



Audit, Risk Management, Compliance, and Ethics Committee
September 9, 2021

Agenda Item: III.B. Delegations of Authority

Responsible Person: Paul Zigas
Vice Chancellor Legal Affairs

Action Requested: Action

Notes:

Proposed Motion:

I move the committee approve the draft resolution amending and restating Board of Trustees delegations as presented in board materials, and recommend this item for full board approval.

To: ECU Board of Trustees

**From: Stephanie Coleman, Vice Chancellor for Administration & Finance
Kitty Wetherington, Associate Vice Chancellor for Human Resources**

Re: Delegations for Human Resources Related Matters

Date: September 7, 2021

BACKGROUND

On July 22, 2021, the University of North Carolina Board of Governors directed each board of trustees to adopt a proposed resolution amending and restating in detail all delegations of authority by the board of trustees of that institution. In many cases ECU will be asking the Board of Trustees to simply restate previous human resources related delegations or confirm longstanding practices through delegations. While some associated policies and practices have been modified over the years, we have not been able to find a clear record of changes or delegations that support all of the current practices and policies.

Pursuant to the [University of North Carolina Policy Manual 600.3.4](#) (Granting of Management Flexibility to Appoint and Fix Compensation), ECU was granted Management Flexibility to Appoint and Fix Compensation in November 2002, and its status was confirmed in February 2004. You can find [ECU's Campus Management Flexibility Plan](#) here.

[In addition, Appendix A to this Memorandum is a current inventory of ECU's Management Flexibility Related Policies and Procedures. Appendix B to this Memorandum includes the authority delegated to the Boards of Trustees when an institution's management flexibility plan is authorized by the president, which may not be further delegated unless the president or Board of Governors shall allow. Some of you may also recall the Annual HR Compliance Report that is presented to the BOT before being submitted to the University of North Carolina System Office, customarily in the Spring, which emanated from [UNC Policy Manual 600.3.4](#).]

SPECIFIC AUTHORITY, DELEGATIONS, AND RECOMMENDATIONS

I. APPOINT, PROMOTE & SET COMPENSATION

A. Authority Granted Which May be Delegated

Pursuant to [The Code of the Board of Governors of the University of North Carolina, Appendix 1, Section 1](#), the Board of Trustees has been delegated the authority to appoint, promote, and set the compensation for EHRA employees, excluding the Chancellor.

Pursuant to [UNC Policy Manual 600.3.4](#), the Board of Trustees has been delegated the power to execute the following personnel actions for faculty and EHRA non-faculty instructional,

research, and public service (IRPS) [currently known as IRIT] employees: (1) permanent and temporary appointments and salaries; (2) promotion, including faculty rank changes but excluding tenure; and (3) permanent and temporary salary increases or stipends.

Pursuant to the [UNC Policy Manual 600.3.4.](#), simultaneous with the President's authorization of an institution's management flexibility plan, the Board of Trustees is also delegated the authority for the following personnel actions: 1. Establish faculty salary ranges within different academic disciplines, based on relevant data; 2. Appoint and fix the compensation for faculty awarded the designation of Distinguished Professors; and 3. Establish IRPS positions and salary ranges.

B. Delegations

The Board of Trustees, pursuant to board action on [March 22, 2002](#), delegated broad authority to the Chancellor, to the extent permissible, pursuant to the [Campus Management Flexibility Plan](#), to appoint and fix compensation for all senior positions.

Pursuant to [University of North Carolina Policy Manual 200.6](#) and [University of North Carolina Policy Manual 600.3.4](#), the Board of Trustees has been delegated authority over certain personnel actions, and the Board of Trustees, pursuant to board action on [September 30, 2016](#), further delegated that authority to the Chancellor for certain salary actions for Employees Exempt from the State Human Resources Act (EHRA). The Chancellor has delegated certain salary actions to members of the Chancellor's Cabinet as reflected in the Salary Pre-Authorization Requirements. ([Resolution](#) and [matrix](#))

The Chancellor, pursuant to [ECU Policy REG 01.10.01](#), further delegated portions of this authority to specific members of the Chancellor's Cabinet. Also see [Delegations of Contract Signatory Authority](#) dated November 16, 2015 and revised on May 5, 2017.

C. Recommendations

We are recommending that the Board of Trustees restate these delegations and note that, any additional authority described herein that was not specifically delegated previously, be specifically delegated to the Chancellor to the extent permissible. We are further recommending that the Board of Trustees permit the Chancellor to further delegate this authority, if/as appropriate, and change any such sub-delegations, provided records of any and all sub-delegations are maintained in the office of the Assistant Secretary to the Board of Trustees.

II. DISCONTINUATIONS OF SAAO TIER II AND IRIT EMPLOYMENT

Pursuant to [University of North Carolina Policy Manual 300.1.1](#) and [University of North Carolina Policy Manual 300.2.1](#), the Board of Governors delegated authority to make appointments and determine salaries to the Chancellors and the respective Boards of Trustees for Senior Academic and Administrative Officers (SAAO) Tier II appointments, and to the

Chancellor for IRIT (formally known as IRPS) appointments. Separations of SAAO Tier II and IRIT (formally known as (IRPS) appointments, including discontinuations with notice, are within the authority of the Chancellor. The Chancellor, pursuant to the [Chancellor's Delegation of Authority for Personnel Actions Involving Employees Exempt from the State Human Resources Act \(EHRA\) Memo Dated August 31, 2021](#), has delegated that authority to certain specified direct reports.

APPENDIX A

[The UNC Policy Manual 600.3.4](#)

Granting of Management Flexibility to Appoint and Fix Compensation

Current Inventory of ECU's Related Policies and Procedures

V. Submitting Institutional Plans for Management Flexibility for Personnel Appointments

The president has the authority to approve institutional management flexibility plans for personnel appointments. Upon approval, the board of trustees of a Special Responsibility Constituent Institution^[6] shall have the authority delegated by this policy. An institutional plan shall include the following:

A. Policies and procedures for promotion and tenure of faculty.

1. An institutional policy for promotion and tenure^[7] that complies with *The Code* of the University of North Carolina, complies with current federal and state law, and provides clear requirements for promotion and the conferral of permanent tenure.
2. A schedule and process for periodic review of promotion and tenure policies, including a process for amending promotion and tenure policies subject to review by the president or president's designee.

[ECU Faculty Manual – Part VIII – Personnel Policies and Procedures for the Faculty of ECU](#)

[ECU Faculty Manual – Part IX – Appointment, Tenure, Promotion, and Advancement Policies and Procedures and Performance Review of Tenured Faculty](#)

[ECU Faculty Manual – Part X – Personnel Action Dossier and Tenure and Promotion Schedule](#)

[ECU Faculty Manual Index](#)

B. Policies and procedures for senior academic and administrative officers (SAAO) and EHRA non-faculty.

1. Policies and procedures for establishing salary ranges for SAAO Tier 2 and for instructional, research, and public service (IRPS) EHRA non-faculty positions, consistent with the salary ranges and the policies established by the Board of Governors and the regulations and guidelines established by the president. The institution may otherwise elect to adopt salary ranges established by the UNC General Administration for these positions.
2. Policies and procedures for the recruitment and selection of senior academic and administrative officers and other EHRA non-faculty positions.

ECU has elected to adopt salary ranges established by UNC-SO for Tier 2 and IRIT positions.

[Employment Policy for Employees Exempt from the State Human Resources Act](#)

[EHRA Recruitment Compliance Review Process Regulation](#)

[EHRA Recruitment Compliance Review Process Standard Operating Practice](#)

[ECU Peer Institutions](#)

[Policy on Administrative Separation and/or Retreat to a Faculty Position](#)

- C. Policies and procedures for compensation policies for faculty and EHRA non-faculty.
 - 1. An institutional policy on non-salary compensation of faculty and EHRA non-faculty, and on compensation from non-state sources such as grants, endowment funds, practice plan funds, etc.
 - 2. Documentation of comprehensive salary studies that establish salary ranges for tenured faculty within different disciplines based on relevant data and for EHRA non-faculty, including methodology and relevant data.^[8]
 - 3. Documentation of EHRA salary-setting guidelines provided to institutional management.
- D. Policies and procedures for audits and accountability.
 - 1. Documentation that the institution has not had audit findings related to personnel practices, salary, or payroll for the previous three years or, if there have been audit findings in this period, documentation supporting that any findings have been remedied.
 - 2. Documentation of appropriate accountability procedures in the event that the board of trustees delegates the authority granted pursuant to this policy to the chancellor.

ECU Disclosure on Faculty Salary Ranges FY19-20 as presented to the ECU BOT and UNC-SO in April 2021 as part of the ECU HR Annual Compliance Report (attached).

[ECU Human Resources Compensation Policies Website](#)

[ECU Physicians Clinical Faculty Compensation Plan](#)

Brody School of Medicine Basic Science Faculty Compensation Plan (attached).

College of Allied Health Sciences Temporary Variable Supplement Plan (attached).

[Policy on Non-Salary and Deferred Compensation for Employees Exempt from the Human Resources Act](#)

[ECU Automobile Policy and Allowances](#)

[Guidelines for Housing Allowance Provisions](#)

[Supplemental Pay for EHRA Employees](#)

[Regulation on Conflicts of Interest, Commitment, and External Professional Activities for Pay](#)

APPENDIX B

The UNC Policy Manual 600.3.4

Granting of Management Flexibility to Appoint and Fix Compensation

- III. Delegation of Authority to Boards of Trustees of Institutions with Management Flexibility
- A. Simultaneous with the president's authorization of an institution's management flexibility plan, the board of trustees of that institution is delegated the authority to execute the following personnel actions, which it shall not delegate further unless the president or the Board of Governors shall allow:^[1]
1. Upon recommendation of the chancellor, appoint^[2] and fix the salary and non-salary compensation^[3] for all vice chancellors and other Tier 1 senior academic and administrative officers (as defined in Section I.A., of Policy 300.1.1) with the exclusion of the chancellor.
 2. Approve appointments and salary changes for SAAO Tier 1 appointments, with the exclusion of the chancellor.
 3. Upon recommendation of the chancellor, establish salary ranges for SAAO Tier 2 positions, consistent with both the salary ranges and the policies established by the Board of Governors and the regulations and guidelines established by the president. The institution may otherwise elect to adopt salary ranges established by the UNC General Administration for these positions.
 4. Upon recommendation of the chancellor, and consistent with the approved tenure policies and regulations of each institution, confer permanent tenure.

**Resolution to Amend and Restate Delegated Authority
from the Board of Trustees of East Carolina University**

WHEREAS, the Board of Trustees of East Carolina University (“Board of Trustees”) has a duty to promote the sound development of East Carolina University within the functions prescribed for it, helping it to serve the people of the state in a way that will complement the activities of the other institutions and aiding it to perform at a high level of excellence in every endeavor;

WHEREAS, the Board of Trustees serves as an advisor to the Board of Governors on matters pertaining to East Carolina University and serves as an advisor to the chancellor concerning the management and development of East Carolina University;

WHEREAS, the Board of Trustees’ powers and duties are defined by the Board of Governors through the Board of Governors delegating certain authorities and responsibilities to the Board of Trustees;

WHEREAS, the Board of Governors’ approval of the “Resolution to Amend and Restate Constituent Institution Board of Trustees Delegations” on July 22, 2021, directs each board of trustees of the constituent institutions to identify and restate in one binding resolution all instances in which the board of trustees of the constituent institution has delegated all or some of its delegated authority from whatever source to any committee, person, agency, or entity;

NOW THEREFORE, the Board of Trustees restates the following delegations of authority:

I. DELEGATIONS CONCERNING THE MEDICAL FACULTY PRACTICE PLAN OF THE BRODY SCHOOL OF MEDICINE

- Pursuant to [North Carolina General Statute § 116-40.6](#), the Board of Trustees has been delegated the power to adopt and establish policies, procedures, rules, and regulations for the Medical Faculty Practice Plan, a division of the School of Medicine of East Carolina University currently known as “ECU Physicians,” concerning the following:
 - Personnel, including but not limited to schedules of pay and other compensation, annual leave, sick leave, incentive awards programs, grounds for dismissal or discipline, office hours, holidays, and employee disciplinary hearings;
 - Purchases, including but not limited to requests for proposals, competitive bidding, contract negotiations, and contract awards for supplies, materials, equipment, and services;
 - Property, including but not limited to acquisition and disposition of property, provisions for development of specifications, advertisement, and negotiations with owners for acquisition by purchase, gift, lease, or rental; and
 - Construction, including but not limited to design, construction, and renovation of buildings, utilities, and other property developments for negotiations requiring the expenditure of public money for conducting the fee negotiations for all design contracts and supervising the letting of construction and design contracts, performing the Duties of

various state agencies such as the Department of Administration and Office of State Construction, using open-end design agreements, submitting construction documents for review and approval by the Department of Insurance and other agencies, and using standard contracts for design and construction currently in use for State capital improvement projects.

The Board of Trustees delegates all authority of [N.C. Gen. Stat. §116-40.6](#) to the Chancellor as the administrative and executive head of East Carolina University. The Chancellor has the authority to sub-delegate this authority, provided records of any and all sub-delegations are maintained in the office of the Assistant Secretary to the Board of Trustees and any sub-delegations of authority to sign contracts is made in compliance with [Regulation 01.10.01 “Delegation of Authority to Sign Contracts—Interim”](#) as it may be amended

- Pursuant to approval of an Office of Risk Management Professional Liability Insurance Program and Plan in 2014, the Board of Governors delegated its authority from [N.C. Gen. Stat. §116-219](#) to purchase professional liability insurance to the ECU Board of Trustees, and the Board of Trustees delegates this authority to the Chancellor, who may further delegate this authority provided a record of any and all sub-delegations is kept on file in the office of the Assistant Secretary to the Board of Trustees and any sub-delegation of authority to sign contracts is made in compliance with [Regulation 01.10.01 “Delegation of Authority to Sign Contracts—Interim”](#) as it may be amended.

II. DELEGATIONS FOR HUMAN RESOURCES MATTERS

- Pursuant to [The Code of the Board of Governors of the University of North Carolina, Appendix 1, Section 1](#), the Board of Trustees has been delegated the authority to appoint, promote, and set the compensation for EHRA employees, excluding the Chancellor. The Board of Trustees, pursuant to board action on [March 22, 2002](#), delegated broad authority to the Chancellor, to the extent permissible, pursuant to the [Campus Management Flexibility Plan](#), to appoint and fix compensation for all senior positions. Any additional authority described herein that was not specifically delegated previously, is specifically delegated to the Chancellor to the extent permissible. The Chancellor may further delegate this authority and change any such sub-delegations, if/as appropriate, provided records of any and all sub-delegations are maintained in the office of the Assistant Secretary to the Board of Trustees and any sub-delegation of authority to sign contracts is made in compliance with [Regulation 01.10.01 “Delegation of Authority to Sign Contracts—Interim”](#) as it may be amended.
- Pursuant to [University of North Carolina Policy Manual 200.6](#) and [University of North Carolina Policy Manual 600.3.4](#), the Board of Trustees has been delegated authority over certain personnel actions, and the Board of Trustees, pursuant to board action on [September 30, 2016](#), further delegates that authority to the Chancellor for certain salary actions for Employees Exempt from the State Human Resources Act (EHRA). ([Resolution](#) and [matrix](#))
- Pursuant to [University of North Carolina Policy Manual 600.3.4](#) (Granting of Management Flexibility to Appoint and Fix Compensation), the Board of Trustees has been delegated the power to execute the following personnel actions for faculty and EHRA non-faculty instructional, research, and public service (IRPS) [currently known as IRIT] employees: (1) permanent and

temporary appointments and salaries; (2) promotion, including faculty rank changes but excluding tenure; and (3) permanent and temporary salary increases or stipends. The Board of Trustees, pursuant to board action on [March 22, 2002](#), delegated broad authority to the Chancellor, to the extent permissible, pursuant to the [Campus Management Flexibility Plan](#), which is incorporated by reference, to appoint and fix compensation for all senior positions. Any additional authority described herein that was not specifically delegated previously, is hereby specifically delegated to the Chancellor to the extent permissible. The Chancellor may further delegate this authority and change any such sub-delegations, if/as appropriate, provided records of any and all sub-delegations are maintained in the office of the Assistant Secretary to the Board of Trustees.

- Pursuant to [University of North Carolina Policy Manual 300.1.1](#) and [University of North Carolina Policy Manual 300.2.1](#), the Board of Governors delegated authority to make appointments and determine salaries to the Chancellors and the respective Boards of Trustees for Senior Academic and Administrative Officers (SAAO) Tier II appointments, and to the Chancellor for IRIT (formally known as IRPS) appointments. Separations of SAAO Tier II and IRIT (formally known as IRPS) appointments, including discontinuations with notice, are within the authority of the Chancellor. The Chancellor, pursuant to the [Chancellor's Delegation of Authority for Personnel Actions Involving Employees Exempt from the State Human Resources Act \(EHRA\) Memo Dated August 31, 2021](#), has delegated that authority to certain specified direct reports.
- Pursuant to the [UNC Policy Manual 600.3.4.](#), simultaneous with the President's authorization of an institution's management flexibility plan, the Board of Trustees is also delegated the authority for the following personnel actions: 1. Establish faculty salary ranges within different academic disciplines, based on relevant data; 2. Appoint and fix the compensation for faculty awarded the designation of Distinguished Professors; and 3. Establish IRPS positions and salary ranges. The Board of Trustees, pursuant to board action on [March 22, 2002](#), delegated broad authority to the Chancellor, to the extent permissible, pursuant to the [Campus Management Flexibility Plan](#), which is incorporated by reference, to appoint and fix compensation for all senior positions. Any additional authority described herein that was not specifically delegated previously, is hereby specifically delegated to the Chancellor. The Chancellor may further delegate this authority and change any such sub-delegations, if/as appropriate, provided records of any and all sub-delegations are maintained in the office of the Assistant Secretary to the Board of Trustees.

III. DELEGATIONS FOR CAPITAL IMPROVEMENT PROJECTS

- Pursuant to [The Code of the Board of Governors of the University of North Carolina, Appendix 1, Section VI](#), and the [University of North Carolina Policy Manual 600.1.1](#), the Board of Trustees has been delegated the authority to approve capital improvement projects that are funded entirely with non-General Fund money that are projected that cost less than \$750,000, and pursuant to [Board of Trustees action on March 17, 2020](#), delegates that authority to the Chancellor.

The Attached Exhibit I: Delegated Authority Table ("Table") is incorporated herein by reference and all authorities are delegated and sub-delegated as indicated therein, provided that the text of this Resolution shall control in the event of any inconsistency between the Table and the Resolution.

Any authority delegated to the Chancellor in this Resolution or Table may be further delegated provided records of any and all sub-delegations are maintained in the office of the Assistant Secretary to the Board

of Trustees and any sub-delegation of authority to sign contracts is made in compliance with [Regulation 01.10.01 “Delegation of Authority to Sign Contracts—Interim”](#) as it may be amended.

Notwithstanding any other provision authorized by the Board of Trustees, all authority that has been delegated to the Board of Trustees and has not been expressly identified and further delegated in this Resolution or Table is hereby vested in the authority of the Board of Trustees.

EXHIBIT 1: DELEGATED AUTHORITY TABLE

Source	Authority	Delegation	Source	Sub-Delegation	Source
Powers Delegated by the General Assembly					
N.C. Gen. Stat. § 116-36(a).	The board of trustees of each constituent institution shall establish and maintain, pursuant to such terms and conditions, uniformly applicable to all constituent institutions, as the Board of Governors of the University of North Carolina may from time to time prescribe, an endowment fund for the constituent institution.				
N.C. Gen. Stat. § 116-40.6(b)	With respect to the Medical Faculty Practice Plan, the Board of Trustees of ECU shall adopt the policies, procedures, rules and/or regulations governing employment (including compensation, benefits, hours, due process),	Chancellor			
N.C. Gen. Stat. § 116-40.6(c)	With respect to the Medical Faculty Practice Plan, the Board of Trustees of ECU shall adopt the policies, procedures, rules and/or regulations governing purchasing requirements (including proposals, bidding, contract negotiations, etc.)	Chancellor			
N.C. Gen. Stat. § 116-40.6(d)	With respect to the Medical Faculty Practice Plan, the Board of Trustees of ECU shall adopt the policies, procedures, rules and/or regulations governing property acquisition and disposal	Chancellor			
N.C. Gen. Stat. § 116-40.6€	With respect to the Medical Faculty Practice Plan, the Board of Trustees of ECU shall adopt the policies, procedures, rules and/or regulations governing property construction.	Chancellor			

N.C. Gen. Stat. § 116-219	Board of Governors is authorized to purchase contracts of insurance or create self-insurance trusts, or a combination of the two insurance models, to provide individual healthcare providers with coverage against claims of personal tort liability based on conduct within the course and scope of healthcare functions undertaken by such individuals as employees, agents, or offices of ECU as a constituent institution of UNC	Chancellor			
N.C. Gen. Stat. § 116-40.6	Board of Trustees is given authority over various aspects of Medical Faculty Practice Plan	Chancellor			
Powers Delegated by the Board of Governors or President					
The Code, Appendix 1, Section I	Campuses with Management Flexibility will appoint, promote, and set the compensation for EHRA employees, excluding the Chancellor.	Chancellor	BOT Approved 3/22/02 Plan for Management Flexibility to Appoint and Fix Compensation (smaller).pdf (ecu.edu)	Provost & Vice Chancellors	https://attorney.ecu.edu/wp-content/uploads/sites/158/2019/05/Delegations-of-Contract-Signatory-Authority-from-the-Chancellor.pdf Delegation of Authority to Sign Contracts – Interim
UNC Policy Manual 200.6 and 600.3.4	Expanded Authority for certain EHRA Salary Actions	Chancellor	Board of Trustees Minutes Sept. 30, 2016	Certain members of the Chancellor's direct reports	Salary Increase Pre-Approval Matrix

			<p>the ECU BOT delegated to the Chancellor certain salary actions for Employees Exempt from the State Human Resources Acts (EHRA).</p> <p>Resolution and Salary Increase Pre-Approval Matrix</p>		
<p>UNC Policy Manual 300.1.1 and 300.2.1</p>	<p>Discontinuations of SAAO Tier II and IRIT employment</p>	<p>Chancellor</p>	<p>UNC Policy Manual 300.1.1 and 300.2.1 (and BOT minutes from September 10, 2021)</p>	<p>Vice Chancellors, Director of Athletics, Chief of Staff</p>	<p>Chancellor's Delegation of Authority for Personnel Actions Involving Employees Exempt from the State Human Resources Act (EHRA) memo dated August 31, 2021</p>
<p>The Code, Appendix 1, Section 1.D.</p>	<p>Chancellor Selection</p>				
<p>The Code, Appendix 1, Section II</p>	<p>The board of trustees shall be responsible for ensuring the institution's compliance with the educational, research, and public service roles assigned to it by the Board of</p>				

	Governors, either by express directive or by promulgated long-range plans of the Board of Governors.				
The Code, Appendix 1, Section III	The board of trustees will determine whether an individual student shall be entitled to receipt of a particular degree.				
The Code, Appendix 1, Section IV.	The board of trustees will be responsible for approving the names of all individuals on whom it is proposed that an honorary degree or other honorary or memorial distinction be conferred by the institution.				
The Code, Appendix 1, Section V.	The board of trustees shall advise the chancellor with respect to budget estimates for the institution and with respect to the execution and administration of the budget of the constituent institution, as approved by the General Assembly and the Board of Governors.				
The Code, Appendix 1, Section VI	The board of trustees has been delegated the authority to prepare and maintain a master plan for the physical development of the institution, consistent with the academic and service mission of the institution as defined and approved by the Board of Governors.				
	The board of trustees has been delegated the authority to approve capital improvement	Chancellor	BOT Minutes March 17, 2020		

<p>The Code, Appendix 1, Section VI.</p> <p>The UNC Policy Manual, 600.1.1</p>	<p>projects that are funded entirely with non-General Fund money that are projected to cost less than \$750,000.</p>		<p>BOT delegates to the Chancellor, in consultation with the BOT Finance Committee chair, approval of non-General Fund repair and/or renovation projects whose cost is expected to be less than \$750,000 and report at each Board of Trustees meeting actions taken since the last meeting.</p>		
<p>The Code, Appendix 1, Section VI.</p> <p>The UNC Policy Manual, 600.1.1</p>	<p>The board of trustees has been delegated the authority to approve advance planning of capital improvement projects, where the advance planning effort is to be funded entirely with non-General Fund money.</p>				
<p>The Code, Appendix 1, Section VI.</p>	<p>The board of trustees have been delegated the power to authorize acquisition or disposition by the institutions of the following interests in real property without</p>	<p>Chancellor</p>	<p>UNC Policy Manual 600.1.3 [R]</p>	<p>Vice Chancellor for Administration and Finance</p>	<p>https://attorney.e-cu.edu/wp-content/uploads/sites/158</p>

UNC Policy Manual 600.1.3	obtaining approval of the Board of Governors: <ol style="list-style-type: none"> 1. Any interest in real property, other than a leasehold, with a value less than \$500,000; and 2. A leasehold interest in real property with an annual value less than \$500,000 and a term of not more than 10 years. 		The Chancellor is delegated the authority to authorize for their institutions acquisition or disposition of an interest in real property valued at less than \$50,000 (\$150,000 per management flex) without obtaining the approval of the Board of Trustees or the Board of Governors.		/2019/05/Delegations-of-Contract-Signatory-Authority-from-the-Chancellor.pdf Delegation of Authority to Sign Contracts – Interim
The Code, Appendix 1, Section IX.	The boards of trustees of the constituent institutions shall cause to be collected from each student, at the beginning of each semester, quarter, or term, such tuition, fees, and other amounts necessary to pay other expenses for the term, as have been approved by the Board of Governors. [See G.S. 116-11(7) and G.S. 116-143]				
The Code, Appendix 1, Section X.	All scholarships and other forms of financial aid to students which are limited in their application to or are supported from sources generated by an individual campus shall be administered by the constituent institution pursuant to such regulations as may be prescribed by the board of trustees and				

	subject to the terms of any applicable laws and to policies of the Board of Governors.				
The Code, Appendix 1, Section XI.	Each board of trustees, upon recommendation of the chancellor, shall determine the type, level, and extent of student services (such as health care, athletic programs, and counseling) to be maintained for the benefit of students at the institution, subject to general provisions concerning types and levels of student services as may be prescribed by the Board of Governors.				
Powers Delegated Through Special Responsibility Constituent Institution or Management Flexibility Status					
The UNC Policy Manual, 600.3.4	<p>Simultaneous with the president's authorization of an institution's management flexibility plan, the board of trustees of that institution is also delegated the authority for the following personnel actions, which it may further delegate to the chancellor and may authorize the chancellor to further delegate on a limited basis.</p> <ol style="list-style-type: none"> 1. Establish faculty salary ranges within different academic disciplines, based on relevant data. 2. Appoint and fix the compensation for faculty awarded the designation of Distinguished Professors. 3. Establish IRPS positions and salary ranges. 	Chancellor	BOT Approved 3/22/02 Plan for Management Flexibility to Appoint and Fix Compensation (smaller).pdf (ecu.edu)		



Audit, Risk Management, Compliance, and Ethics Committee
September 9, 2021

Agenda Item: IV. A. Committee Overview

Responsible Person: Wayne Poole
Director of Internal Audit

Action Requested: Information

Notes:

Board of Trustees

Audit, Risk Management, Compliance, and Ethics Committee Overview

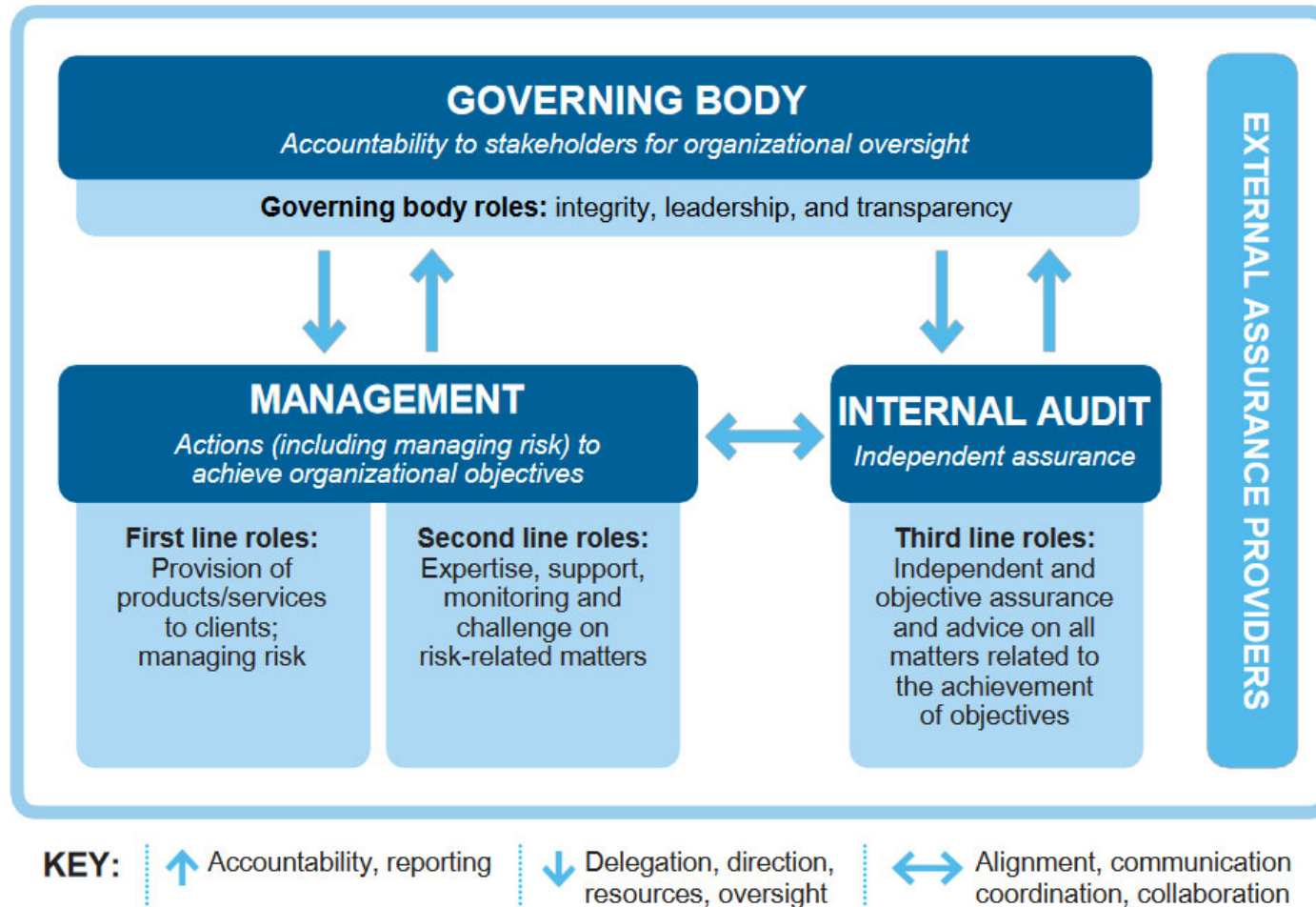
September 2021

ARMCE Committee Overview

Receives reports; takes action on the following:

- Office of Internal Audit
- External Audits (State Auditor and other)
- Enterprise Risk Management
- Information Security and IT governance
- Healthcare Compliance
- Research Compliance
- Title VII, Title IX, and Affirmative Action Compliance
- Athletics Compliance
- State Ethics requirements and issues (Univ. Counsel)

ARMCE Committee and the “Three Lines Model”



ARMCE Committee Coordination

- Meetings and agendas planned with the committee chair by the Assistant Secretary of the BOT and the Chief Audit Officer
- Compliance and Risk offices have a dotted line through the Chief Audit Officer to the committee

ARMCE Committee Charter

Highlights:

- Board oversight of regulatory, legal, ethical compliance and internal audit
- If feasible, at least one member should have experience with accounting principles, financial reporting, internal controls
- Receive reports and discuss results of internal and external audits
- Receive regular reports from the Chief Audit Officer, including compliance with the IIA *Standards for the Professional Practice of Internal Auditing*
- Adhere to UNC BOG *Best Financial Practices Guidelines*

Office of Internal Audit

- **Chief Audit Officer, Mr. Wayne Poole**, has reporting line to Chancellor and Committee Chair
- Provides assurance and consulting services to management and BOT – governance, risk, controls
- Annual risk-based audit plan (committee approves plan, monitors completion)
- Ensures committee receives all audit reports
- NCGS 143-746, 143-747, 143-748
- Must have formal charter & adhere to *IIA Standards*
- Manage the University hotline, investigate complaints and liaison with external auditors

Enterprise Risk Management

- Led by Vice Chancellor for Admin and Finance
Stephanie Coleman
- ERM Committee (~40 people) from all divisions
- Coordinates the ERM risk identification and management processes across the University
- Reports to senior management, BoT, UNC System on top risks, emerging risks, mitigation steps, and related issues

Healthcare Compliance

- Ms. Michelle DeVille, Chief Integrity Officer, HIPAA Privacy and Security Officer
- Healthcare and clinical trials billing and documentation compliance
- HIPAA compliance (Privacy and Security)
- Other healthcare compliance
- Handling of healthcare-related complaints

Research Compliance

- Assistant Vice Chancellor for REDE, Dr. Mary Farwell
- Human research protections (front-end approval and back-end monitoring)
- EHRA Employee conflict of interest reporting
- Compliance with federal import and export controls regulations
- Grants and contracts financial compliance (Assistant VC Becky Welch)
- Handling of research integrity complaints

Title VII, Title IX, AA Compliance

- Associate Provost and Chief Diversity Officer, Ms. LaKeshia Alston Forbes
- Monitor compliance with federal and state laws related to harassment and discrimination, including sexual violence, and affirmative action matters
- Investigate complaints of prohibited conduct and non-compliance
- This is an area of frequent regulatory change

IT Governance and Information Security

- Chief Information Officer Mr. Zach Loch; Chief Information Security Officer Dr. Mark Webster
- Per UNC System policies, Committee is to receive reports at least annually regarding information security controls/cyber-risk
- Currently a very hot topic for the UNC Board of Governors

Athletics Compliance*

- Senior Associate AD for Compliance, Ms. Alex Keddie
- Compliance with NCAA bylaws, American Athletics Conference (AAC) policies, ECU Athletics policies, other relevant institutional policies
- Handles self-reporting of infractions to the NCAA and AAC as warranted
- Reports to AD with dotted line to Chancellor

* May also report to the BOT via the Athletics and Advancement Committee, depending on the situation

Board of Trustees

Audit, Risk Management, Compliance, and Ethics Committee Overview

Questions, comments?



Audit, Risk Management, Compliance, and Ethics Committee
September 9, 2021

Agenda Item: IV. B. Internal Audit Annual Report & State
Self-Assessment for FY2021

Responsible Person: Wayne Poole
Director of Internal Audit

Action Requested: Information

Notes:

Pirate Auditors

**Office of Internal Audit and
Management Advisory Services**

FY 2021 Annual Report



Helping Protect the Pirate Treasure

Our Core Values...

Selflessness

Ownership

Unity

Larger Purpose

Pirate Auditor Facts

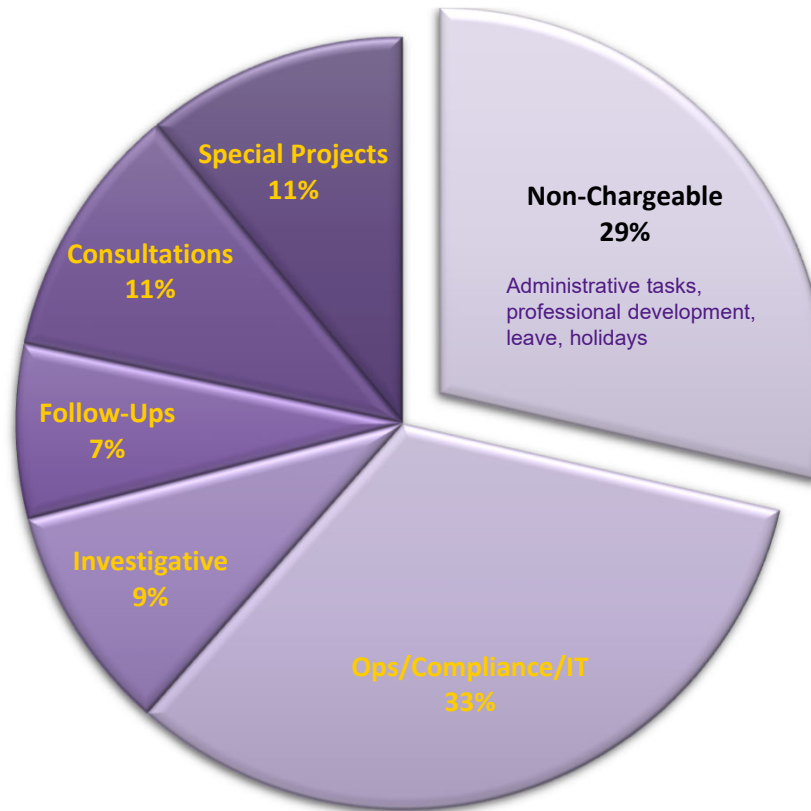
- Eight FTEs
 - CAO, six auditors/supervisors, one Univ Program Specialist
- Eight advanced degrees (MSA, MBA)
- 14 professional certifications (CPA, CIA, CFE, CISA, CHC, CHRC)
- Over 100 years combined audit experience

FY 2021 by the Numbers

- Audit Plan Completion: **88.9%** (target is $\geq 80\%$)
- Auditor Productivity (chargeable hours): **76.9%**
(target is $\geq 75\%$)
- Projects completed: **48**
- Formal (reportable) recommendations: **79**
- Monetary recovery and cost savings ID'd: **\$98,692**
- Questioned costs avoided: **\$109,234**
- Hotline Triage: **23**
- Consultations: **117** (approx 11% of team's hours)
- Committees/Workgroups: **19**

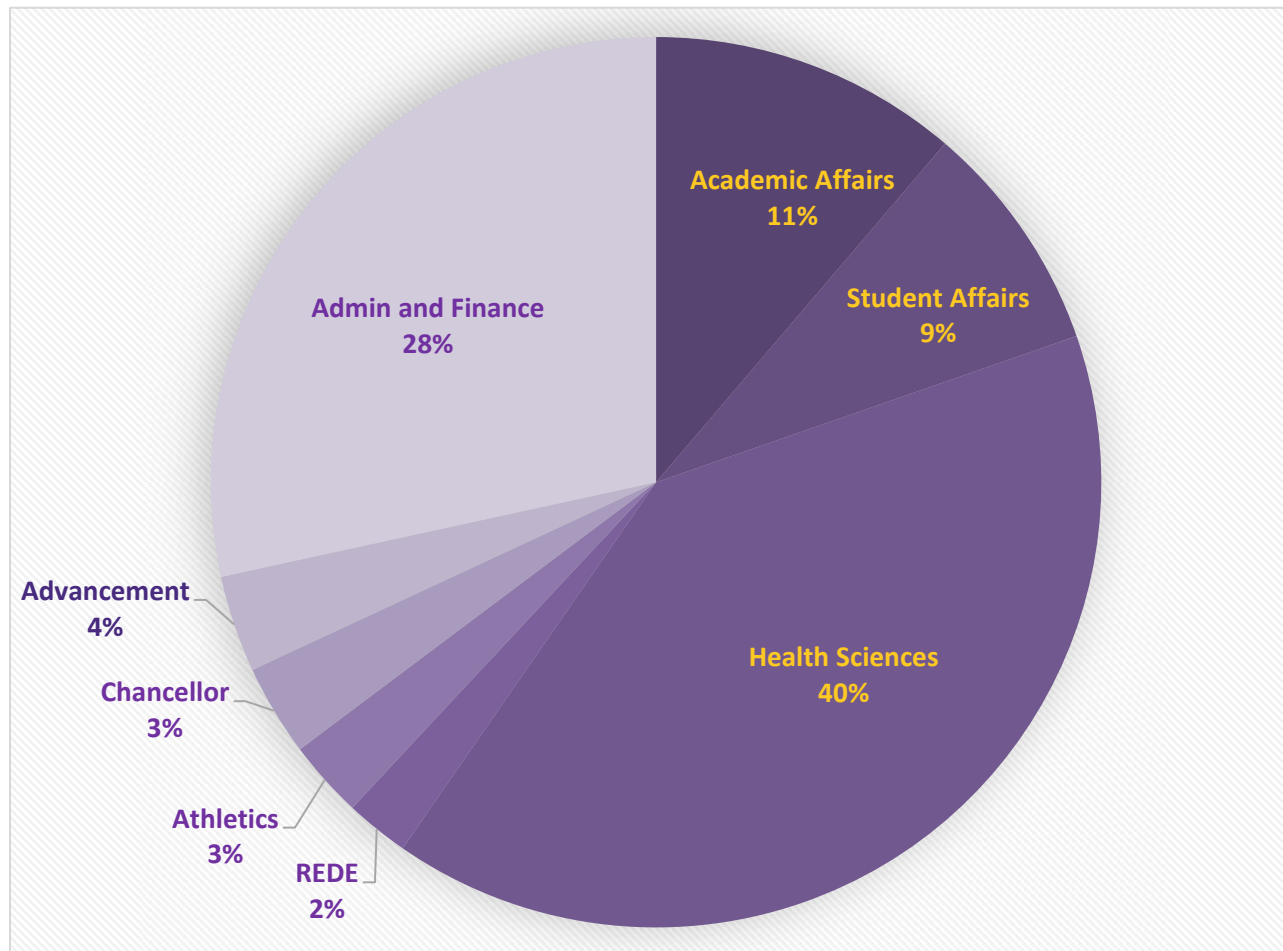
How we spent our time

Total Annual Hours by Project Type (Entire team – all positions)



Who We Served –

Percentage of chargeable time by Division



Key Accomplishments

- Executed a very ambitious audit plan
- Covered high risk and high opportunity areas (pandemic relief funding, healthcare, student services, cybersecurity, expenses/fiscal responsibility)
- Provided significant assistance to external auditors
- Completed University-wide fraud risk assessment
- Helped facilitate the ERM Committee and Distributed IT workgroups
- Continued our strong relationships with other ECU compliance professionals
- **Received highest possible rating on external Quality Assessment Review**

Committees & Service to the University

Just a small sample...

- ERM Committee coordination
- AICFR
- HIPAA
- Data Stewardship
- Data Analytics Workgroup
- Immigration Workgroup
- PCI Compliance
- SACS Accreditation workgroups
- Youth Programs Advisory Board
- University Policy Committee
- Fall 2021 Planning Workgroup
- Fiscal Sustainability – Compliance Workgroup

Service to the State & Profession

Just a small sample...

- Statewide workgroup on IA performance measures
- Statewide workgroup on IA staffing models
- QAR teams for two NC entities
- UNC Auditors Association board
- Presentations on data analytics (national)

Education and Outreach to Campus

(Internal controls, risk, compliance, fraud, the role of IA)

- Financial Services Workshop
- Fraud Risk Assessment
- New Deans and Directors Orientation
- Materials for New Employee Orientation
- Intro to IA for CoB Accounting Students

Community Service and Support

- Ronald McDonald House of ENC
- American Cancer Society
- Humane Society of Eastern Carolina
- Greenville Community Shelters

Feedback from our Clients...

(comments from our engagement surveys)

“A BIG thank you...for all you do for us. You have always been such a wealth of knowledge that you share in a helpful way...Please know that you are appreciated.”

Feedback from our Clients...

“Thank you. I am confident that Internal Audit’s work on this has improved our compliance and am grateful to you.”

Feedback from our Clients...

“I appreciate you!”

Feedback from our Clients...

“I trust Internal Audit and I value their opinion.”

Feedback from our Clients...

“Internal Audit is reasonable in their approach to find solutions that work for all parties. They have the respect of people around campus.”

Always moving forward...

FY22 and beyond

- Focus on agility, responsiveness, and activities that add clear value for the University and its stakeholders in a very uncertain time
- Continuous audit process improvement
- Growth in our analytics and computer forensics capacity
- Continue to link our work to the institution's strategy, goals, and risks

Disclosures (per IIA Standards)

During FY 2021 we have the following to report:

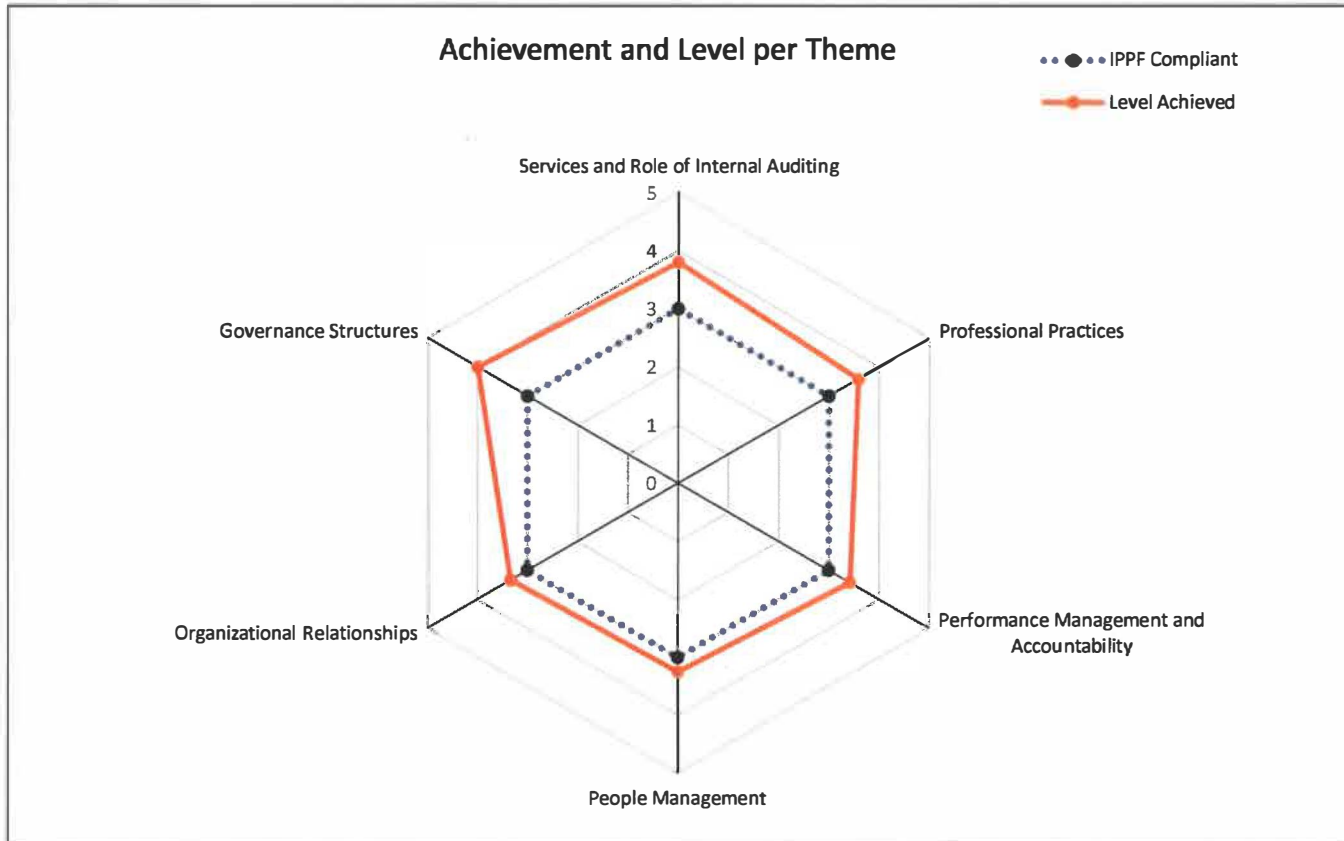
- No impairments to IA's independence or objectivity
- No instances where a specific engagement did not conform to the *Standards*
- No instances of management acceptance of risks that must be reported to the Board of Trustees

Pirate Auditors

*Serving with excellence and
the SOUL of a championship team!*

Internal Audit Self-Assessment Maturity Dashboard

Theme	IPPF Compliant	Level Achieved
Services and Role of Internal Auditing	3	3.8
Professional Practices	3	3.6
Performance Management and Accountability	3	3.4
People Management	3	3.3
Organizational Relationships	3	3.3
Governance Structures	3	4.0



DASHBOARD PER TOPIC

Theme	Topic	Level achieved
Services and Role of Internal Auditing	Assurance services	3.6
	Consulting services	4.0
Professional Practices	Audit plan	3.5
	Quality Assurance	3.7
Performance Management and Accountability	Internal Audit Function Plan	3.5
	Reporting	3.3
People Management	Professional Development	3.5
	HR Planning	3.0
Organizational Relationships	Organizational Relationships	3.3
Governance Structures	Management and oversight of the IA activity	3.5
	Access and awareness	4.5



Audit, Risk Management, Compliance, and Ethics Committee
September 9, 2021

Agenda Item: IV. C. Enterprise Risk Management update

Responsible Person: Stephanie Coleman
Vice Chancellor for Administration and Finance

Action Requested: Information

Notes:

**ERMC Advisory Group and Risk Management Process Owner Matrix
2020-2022 Cycle Top Risks (as of Sep 2021)**

Risk	Advisory Teams	Sponsors	Updates
University <u>Financial Sustainability</u>, including Athletics <ul style="list-style-type: none"> • Sustainable revenues from all sources (enrollment, auxiliaries, appropriations) • Magnified by current economic conditions 	Cabinet Finance	VCAF	<ul style="list-style-type: none"> -Metrics to BOT each meeting -Financial Audit results and key financial indicators to Finance/Facilities Cmte Feb 21 -Chancellor implemented spending guidelines and other steps for FY21
University <u>Workforce Challenges</u> <ul style="list-style-type: none"> • Recruiting and retaining qualified and diverse faculty and staff, including healthcare professionals • Retaining institutional knowledge for long-term success and sustainability • Inconsistent compensation increases • Faculty and staff wellness, stress, and burnout concerns, which are impacting the morale and effectiveness of the workforce 	Cabinet Human Resources	VCAF	<ul style="list-style-type: none"> -Shared employee engagement results with Cabinet, ERM Cmte, and F&F Cmte, Fall 20 -Update to BOT ARMCE Cmte Feb 21
<u>External and Internal Cyber Threats</u> to the confidentiality, integrity, and availability of systems and data, including, but not limited to, ransomware attacks and technology that is not owned by the university (cloud providers, external vendors, personal devices)	ITCS	VCAF	-CIO updates to ARMCE Cmte Nov 20, Feb 21, Apr 21, Sep 21; ongoing audits and action plans
<u>Financial Sustainability of Clinical Healthcare and Dependence on External Relationships</u> for healthcare delivery	Chancellor, VCAF, VCHS	VCHS	
<u>Senior Leadership Transition</u> , consistency and stability at the top, and impact on university's reputation, culture, strategy, goals, and sharing of information across divisions	Cabinet	Chancellor	<ul style="list-style-type: none"> -New Chancellor started Mar 15 -Permanent VCs named for Legal Affairs, Admin and Finance
<u>Patient, Employee, and Student Health and Safety</u> , including athletics	Safety Committee	VCHS, VCAF, VCSA, AD	-COVID testing and protocols (briefed Univ Affairs Cmte Nov 2020)
<u>Student Recruitment and Retention</u> in an increasingly competitive market, magnified by reputation/perception challenges outside eastern NC	Strategic Enrollment Planning Team	Provost, VCHS	-Metrics to BOT each meeting
<u>Governance Relationships</u> and the impact on ECU's reputation, budget, and support	Cabinet BOT Advocacy Committee	Chancellor	-BOT Advocacy Cmte efforts (ongoing)
<u>Sustainability of Academic and Student Support Programming and Services and Ability to Meet Student Needs and Parent and Societal Expectations</u> , especially in current environment	Academic Council Dean of Students	Provost, VCSA	-Info provided to BOT in Univ Affairs Committee materials, April 2021
<u>Maintaining Campus Infrastructure</u> , including routine and deferred maintenance and hiring of external contractors/service providers	Campus Operations	VCAF	-Update/info to Finance and Facilities Committee, April 2021

The ERM Committee discussed the impacts of COVID-19 on operations and risks. While these risks existed prior to the pandemic, they are magnified in the current uncertain environment. Unforeseen challenges and liabilities affect nearly every aspect of university strategy, operations, decision-making, and governance.

ERMC Advisory Group and Risk Management Process Owner Matrix

2020-2022 Cycle Secondary Risks

- Legal liability issues related to or resulting from COVID-19, including, health and safety, student access, and employment matters (EEOC, ADA, etc...)
- ECU's reputation and visibility in large urban areas/competitive markets and with financial supporters (donors, legislators)
- Business continuity planning that could be insufficient to prevent an operational failure from a disaster or other significant event(s)
- Inability to sustain innovation and economic development due to resource constraints, impacting the engagement with and positive outcomes for eastern NC
- Significant changing regulatory compliance requirements, including healthcare billing, HIPAA, research, athletics, Title IX, personnel, and privacy
- Technology backup, recovery, and continuity and coordination of priorities between IT and functional management
- Lack of dedicated identification and monitoring of sponsored program expenditures and tracking of institutional metrics for externally funded research amplified by inadequate interfaces between the information systems used for research (ERS, eTRACS, Banner)
- Affiliated Entities' risk of noncompliance with operating agreements, misalignment with the university's mission, and potential for reputational damage
- Social unrest that could result in unsafe conditions, property damage, or reputational damage (could be related to students, employees, or the general public)
- Conflicts of interest in clinical research and care, which could result in loss of external funding and reputational damage
- Employment and equal opportunity compliance, including workplace harassment, discrimination, ADA accommodations, and mental health needs

Summary of Key Points – ERM Committee

Pandemic Lessons Learned and Impact on Enterprise Risks – March 11, 2021

Members of the Enterprise Risk Management Committee shared perspectives on the pandemic and lessons learned from their respective divisions. This document is not an all-inclusive list of the points discussed but contains the highest impacts and a summary of the common themes across the University.

What we've done well

- Prepared in advance – updated plans with County and ECU Emergency Team
- Transitioned to instruction online (some hiccups, but mostly went well)
- Transitioned provision of other online services (counseling, advising, academic support, financial aid, student support, healthcare) quickly and successfully
- Transitioned business transactions to paperless and contactless processes.
- Transitioned almost an entire workforce (>5k employees) to telework
- Successful transition of other events to online (orientation, graduation, etc.)
- Established on-campus drive through COVID testing site
- Admitted, funded, enrolled an appropriate class of freshmen and transfers
- Awarded ~\$10M in new aid funds to students timely and in a compliant manner
- Relied heavily on technology and the infrastructure has held up well
- Received and spent funds for pandemic relief and COVID research
- Stayed abreast of new and rapidly changing compliance and audit requirements (e.g., CARES funds, healthcare, NCAA, others...)
- Managed financial constraints and significant revenue losses as well as possible
- Purchased and distributed high volume of PPE and sanitization items
- Provided students clinical experiences (testing sites, vaccines, etc.)

What we were unprepared for

- The DURATION of the pandemic
- Some of the equipment and training needs for employees remotely working for the first time (new items required funding, which is limited)
- Delivery of mail and packages when most personnel were not on site to receive items
- The volume of PPE and sanitization supplies that were needed and the long-term supply chain impacts (also impacting medical supplies)
- Impact to student employment
- On-going requirements to re-configure Kronos as needed for Pandemic needs
- Furloughs and impact on departments where functions may have stopped or been delayed
- Operating a call center remotely during a fall and spring startup
- Lack of access to internet or internet service unreliable
- Employees working from locations other than North Carolina

Lessons Learned

- The criticality of continuity plans, cross-training, and succession planning
- Testing students before move-in for spring semester was a critical and successful step
- On-campus space for student quarantine & isolation was more important than initially realized
- Staying in contact with constituents and partners (within and outside the University, including donors) and keeping abreast of events requires us to be much more intentional – hallway, informal, and pre/post meeting conversations don't occur
- Not all students and employees have adequate internet service

Summary of Key Points – ERM Committee

Pandemic Lessons Learned and Impact on Enterprise Risks – March 11, 2021

- Technology back-ups need to be kept current
- Working remotely is possible and can be productive

Impact on current, future, and emerging risks

("Current" = accounted for in some fashion on the current top 10 risks list)

- (Current) Increased employee burnout and high stress/low morale (furloughs in most divisions, excessive work hours in some areas)
- (Emerging) Impact on student mental health and well-being
- (Current) The slowdown in periodic maintenance could have long-term impacts on aging facilities
- (Current) While overall fundraising numbers are up, the number of donors is down and could have long-term implications to this funding stream
- (Current) University needs to remain attuned to student, family, constituent expectations for "high touch" service levels and provision of online services
- (Current, but new element) Employees' increased use of personal devices to conduct University business – security and privacy risks
- (Emerging) Continuity plans need to be expanded to cover additional adverse events and longer durations
- (Emerging) Changing work locations/flexibility will require clear expectations to be communicated to employees, supervisors and directors. Management will need to be very diligent about monitoring employee productivity and activity.
- (Emerging) Inventory/asset control risks – (1) Additional tech equipment that is owned and not on site – managing and protecting these items of tangible value; (2) Fixed Asset Tagging is a challenge given the number of areas that are still working remotely
- (Emerging) The increase in telework means more employees want to work remotely from other states and countries (tax, export controls, cybersecurity, and other risks)
- (Emerging) Position vacancies and remote work could in some cases weaken internal controls
- (Emerging) Increased risk in academic integrity issues with the number of remote exams
- (Emerging) Risks associated with extended use of pass/fail system: (1) student preparedness for employment/professional endeavors; (2) the University's academic reputation; (3) technical and compliance challenges (Registrar, Financial Aid) of extending pass/fail option post-pandemic
- (Emerging) New and rapidly evolving rules and regulations (e.g., CARES funds, healthcare, NCAA, others...) leads to higher external audit and compliance risk



Audit, Risk Management, Compliance, and Ethics Committee
September 9, 2021

Agenda Item: IV. D. Review of Selected Recent Internal Audits

Responsible Person: Wayne Poole
Director of Internal Audit

Action Requested: Information

Notes:



Audit, Risk Management, Compliance, and Ethics Committee
September 9, 2021

Agenda Item: V. Closed Session

Responsible Person: Wayne Poole
Director of Internal Audit

Action Requested:

Notes:



Audit, Risk Management, Compliance, and Ethics Committee
September 9, 2021

Agenda Item:

VI. Other Business

Responsible Person:

Wayne Poole
Director of Internal Audit

Action Requested:

Notes: