

**AGENDA**  
**Audit, Risk Management, Compliance, and Ethics Committee**  
**November 11, 2021**

- I. Approval of Minutes – September 9, 2021
- II. Review of Operational Metrics
- III. Action Items
  - A. Changes to Annual Audit Plan (Mr. Wayne Poole)
- IV. Informational Items
  - A. Enterprise Risk Management Update (Ms. Stephanie Coleman)
  - B. Internal Audit Update (Mr. Wayne Poole)
  - C. Update on Annual State Financial Audit (Mr. Wayne Poole)
  - D. Review of Selected Recent Internal Audits (Mr. Wayne Poole)
- V. Closed Session
- VI. Other Business



**Audit, Risk Management, Compliance, and Ethics Committee**  
November 11, 2021

Agenda Item: I. Approval of Minutes – September 9, 2021

Responsible Person: Vince Smith  
Committee Chair

Action Requested: Action

Notes:

**Minutes from the Audit, Risk Management, Compliance, and Ethics Committee  
September 9, 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 September 9, 2021.

Committee members present: Vince Smith (Chair), Angela Moss (Vice Chair), Tom Furr, Cassie Burt, Jeff Roberts, and Chandler Ward.

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Vince Smith, Chair of the Committee, convened the meeting at 1:00 PM. 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. None were reported.

Mr. Smith asked for the approval of the minutes of the April 22, 2021 committee meeting.

**Action Item:** The minutes of the April 22, 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 2021 fiscal year, the University met or exceeded the established KPIs related to internal audit, healthcare compliance, and athletics compliance. In research compliance, the required conflict of interest disclosure rate was just shy of the expectation of 100%, as one employee did not submit the required disclosure by the deadline.

For the 2022 fiscal year, all audit and compliance KPIs were met for the month of July, except for auditor productivity, which was at 74.2% due to staff vacations. The goal is 75%. One new KPI is being tracked for Athletics compliance this year – the number of consultations and education sessions that are provided regarding the new NCAA name, image, and likeness legislation.

**Action Items**

Mr. Poole briefed the committee on minor proposed changes that have been made to the Audit Committee Charter and the Internal Audit Charter.

**Action:** Ms. Burt made a motion to approve the proposed changes as presented in the board materials. Ms. Moss seconded the motion and it passed unanimously.

Ms. Jenny McKellar from the Office of University Counsel and Vice Chancellor Stephanie Coleman briefed the committee on a resolution on the board's delegations of authority. No new or additional delegations are included in this resolution, but it confirms and restates existing delegations of authority that the board has approved in the past.

**Action:** Mr. Ward made a motion to approve the proposed resolution as presented in the board materials. Ms. Burt seconded the motion and it passed unanimously.

**Informational Items**

**Office of Internal Audit – Mr. Wayne Poole**

Mr. Poole provided an overview of the regulatory compliance offices that report to the committee, including healthcare, research, athletics, and Title IX compliance, as well as IT governance and information security.

Mr. Poole shared the FY 2021 annual report of ECU's Office of Internal Audit. He also shared the annual self-assessment of the Internal Audit function which is required by the North Carolina Council of Internal Auditing.

**Minutes from the Audit, Risk Management, Compliance, and Ethics Committee  
September 9, 2021 – Main Campus Student Center and Online Meeting**

Mr. Poole reported that the internal audit function exceeds all audit standards based on the state’s assessment tool.

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

**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 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. Ms. Coleman specifically discussed the emerging risks of employees working remotely, and the tax and cybersecurity implications associated with this model.

Ms. Coleman advised the committee that the UNC System Board of Governors has taken a strong interest in cybersecurity risks across the system and as a result ECU’s ERM Committee and the Board’s Audit Committee will be very engaged on this in the coming months.

**Closed Session**

At 2:04 PM, Trustee Chandler Ward made a motion to go into Closed Session 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 2:10 PM.

There was no other business to discuss, and the committee meeting was adjourned at 2:10 PM.

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



**Audit, Risk Management, Compliance, and Ethics Committee**  
November 11, 2021

Agenda Item: II. Review of Operational Metrics

Responsible Person: Wayne Poole  
Director of Internal Audit

Action Requested: Information

Notes:





**Audit, Risk Management, Compliance, and Ethics Committee**  
November 11, 2021

Agenda Item: III.A Changes to Annual Audit Plan

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 2022**

Project Description		Budgeted Hours	% of Total	Division
<b>Integrated/Internal Controls/Operational/Performance Audits:</b>				
Financial Aid Analytics	PPD	0	0.0%	
Parking and Transportation (Business processes)	WIP	300	1.8%	AF
Automated Journal Voucher Process	WIP	240	1.4%	AF
Campus Living	OP	300	1.8%	SA
ECU Lab School	OP	300	1.8%	AA
Clinical Trials	OP	300	1.8%	HS
Payroll	OP	300	1.8%	AF
University Scholarships	OP	300	1.8%	AA,HS,UA
Athletics Ticket Office	OP	300	1.8%	AT
ChromeRiver Processes	OP	300	1.8%	AF
Academic Outreach Operations	OP	300	1.8%	AA
ProCard Transactions 2020-21	ADD	160	1.0%	ALL
		<b>3100</b>	<b>18.5%</b>	
<b>Compliance Audits:</b>				
Conflict of Interest Management	OP	240	1.4%	REDE,AA,HS
Pandemic Relief Funds (details TBD)	OP	300	1.8%	ALL
Americorps Participation Records (College of Ed)	OP	160	1.0%	AA
		<b>700</b>	<b>4.2%</b>	
<b>Information Technology Audits:</b>				
Mobile Computing Practices of Remote Workers	OP	300	1.8%	ALL
UNC Policy 1400 Assessment	OP	240	1.4%	AF
Campus Ops Networked Systems	OP	260	1.6%	AF
axiUm Controls	WIP	40	0.2%	HS
		<b>840</b>	<b>5.0%</b>	
<b>Investigative Reviews:</b>				
<a href="#">Hotline Allegations Triage</a>	OP	100	0.6%	ALL
Investigative Reviews - Already In Progress	WIP	200	1.2%	
Investigative Reviews - Not Yet Received/Started	OP	1400	8.4%	
		<b>1700</b>	<b>10.1%</b>	
<b>Follow-Up Reviews:</b>				
<a href="#">Action Plan Tracking and Follow-Up</a>	OP	600	3.6%	ALL
OSA IT Recommendations (1st follow-up)	WIP	40	0.2%	AF
OSA IT Recommendations (2nd follow-up)	OP	140	0.8%	AF
Campus Living Hiring Practices (L21015)	OP	80	0.5%	SA
Greenphire Participant Payment Controls (A21024)	OP	100	0.6%	ALL
ADA/504 Compliance (A20004)	OP	80	0.5%	AF
SoDM Clinic and Rev Cycle Recommendations	OP	100	0.6%	HS
		<b>1140</b>	<b>6.8%</b>	
<b>Consultations/Management Advisory Services</b>				
<a href="#">Routine and Unplanned Consultations</a>	OP	660	3.9%	ALL
<a href="#">Routine Data Analytics Support for Clients</a>	OP	400	2.4%	ALL

OP=Original Plan  
WIP=Carry over from prior year  
ADD=Added since July 1  
CX=Cancelled  
PPD=Postponed



**East Carolina University  
Office of Internal Audit  
Annual Engagement Plan  
By Type  
FY 2022**

Project Description		Budgeted Hours	% of Total	Division
University Committees, Workgroups, Education, and Client Relations	OP	400	2.4%	ALL
ERM Program Support	OP	100	0.6%	AF
Student Athlete Course Clustering	OP	60	0.4%	AA
Gap Analysis - US DOJ Compliance Program Guidance	OP	80	0.5%	CH
ProCard Analytics for ChromeRiver	WIP	300	1.8%	AF
REDE CPE Consultation	ADD	20	0.1%	REDE
Friends of UNCW	ADD	20	0.1%	EXT
		<b>2040</b>	<b>12.2%</b>	
<b>Other/Special Projects:</b>				
Coordinate and Assist with External Audits, SBI Reports, Routine Mtgs	OP	1200	7.2%	ALL
Audit Software Admin and Maintenance	OP	300	1.8%	NA
Student Intern Program	OP	120	0.7%	NA
Risk Assessment/Audit Planning 2021-2022	WIP	20	0.1%	ALL
Increase EnCase Capabilities	WIP	100	0.6%	NA
Risk Assessment/Audit Planning 2022-2023	OP	100	0.6%	ALL
Data Analytics Capabilities Enhancement	OP	300	1.8%	NA
University Code of Conduct	OP	40	0.2%	CH
Veteran Student Data Analytics	OP	160	1.0%	AA
		<b>2340</b>	<b>14.0%</b>	
<b>Total Direct/Chargeable Hours</b>		<b>11860</b>	<b>71%</b>	
Administration		1800	10.7%	NA
Leave/Holiday		2300	13.7%	NA
Professional Development		800	4.8%	NA
<b>Total Indirect Hours:</b>		<b>4900</b>	<b>29%</b>	
<b>Grand Total Hours</b>		<b>16760</b>	<b>100%</b>	

**Original Plan Approved by Chancellor Rogers on June 4, 2021**

**Original Plan Approved by ECU Board of Trustees on July 23, 2021**

OP=Original Plan  
WIP=Carry over from prior year  
ADD=Added since July 1  
CX=Cancelled  
PPD=Postponed



**Audit, Risk Management, Compliance, and Ethics Committee**  
November 11, 2021

Agenda Item: IV. A. Enterprise Risk Management Update

Responsible Person: Stephanie Coleman  
Vice Chancellor for Administration and Finance

Action Requested: Information

Notes:

## East Carolina University ERM Advisory Group and Risk Management Process Owner Matrix 2020-2022 Cycle Top Risks (as of November 2021)

Risk	Advisory Teams	Sponsors	Updates
<b>University <u>Financial Sustainability, including Athletics</u></b> <ul style="list-style-type: none"> <li>• Sustainable revenues from all sources (enrollment, auxiliaries, appropriations)</li> <li>• Magnified by current economic conditions</li> </ul>	Cabinet Finance	VCAF	-Metrics, financial update each BOT mtg -Financial Audit results and key financial indicators to Finance/Facilities Cmte Feb 21 -Chancellor implemented spending guidelines and other steps for FY21 and 22
<b>University <u>Workforce Challenges</u></b> <ul style="list-style-type: none"> <li>• Recruiting and retaining qualified and diverse faculty and staff, including healthcare professionals</li> <li>• Retaining institutional knowledge for long-term success and sustainability</li> <li>• Inconsistent compensation increases</li> <li>• Faculty and staff wellness, stress, and burnout concerns, which are impacting the morale and effectiveness of the workforce</li> </ul>	Cabinet Human Resources	VCAF	-Shared employee engagement results with Cabinet, ERM Cmte, and F&F Cmte, Fall 20 -Update to BOT ARMCE Cmte Feb 21
<b>External and Internal <u>Cyber Threats</u></b> 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
<b><u>Financial Sustainability of Clinical Healthcare and Dependence on External Relationships</u></b> for healthcare delivery	Chancellor, VCAF, VCHS	VCHS	-HS Committee Sep 21 and ongoing
<b><u>Senior Leadership Transition</u></b> , consistency and stability at the top, and impact on university's reputation, culture, strategy, goals, and sharing of information across divisions	Cabinet	Chancellor	-New Chancellor started Mar 2021 -Permanent VCs named for Legal Affairs, Admin and Finance
<b><u>Patient, Employee, and Student Health and Safety</u></b> , including athletics	Safety Committee	VCHS, VCAF, VCSA, AD	-COVID testing and protocols – Univ Affairs Cmte Nov 2020 and subsequent -Student mental health – Univ Affairs Cmte Nov 21
<b><u>Student Recruitment and Retention</u></b> in an increasingly competitive market, magnified by reputation/perception challenges outside eastern NC	Strategic Enrollment Planning Team	Provost, VCHS	-Metrics to BOT each meeting -Discussed at Univ Affairs Sep 21
<b><u>Governance Relationships</u></b> and the impact on ECU's reputation, budget, and support	Cabinet BOT Advocacy Committee	Chancellor	-BOT Advocacy Cmte efforts (ongoing)
<b><u>Sustainability of Academic and Student Support Programming and Services and Ability to Meet Student Needs and Parent and Societal Expectations</u></b> , especially in current environment	Academic Council Dean of Students	Provost, VCSA	-Info provided to BOT in Univ Affairs Committee materials, April 2021
<b><u>Maintaining Campus Infrastructure</u></b> , 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

### **ERMC Emerging Risks (last updated 10/26/2021)**

- Employee flexibility and remote work locations increase risks related to cybersecurity, tax, export controls, compliance
- Position vacancies in key areas could weaken internal controls
- Inventory/asset control risks – e.g., additional tech equipment that is owned and not on site
- Increased risk in academic integrity issues with the number of remote exams
- New and rapidly evolving rules and regulations (e.g., pandemic relief funds, healthcare, NCAA, others...) leads to higher external audit and compliance risk
- Pandemic's impact on student mental health and well-being (rapidly evolving subset of one of the top 10 risks)



**Audit, Risk Management, Compliance, and Ethics Committee**  
November 11, 2021

Agenda Item: IV. B. Internal Audit Update

Responsible Person: Wayne Poole  
Director of Internal Audit

Action Requested: Information

Notes:

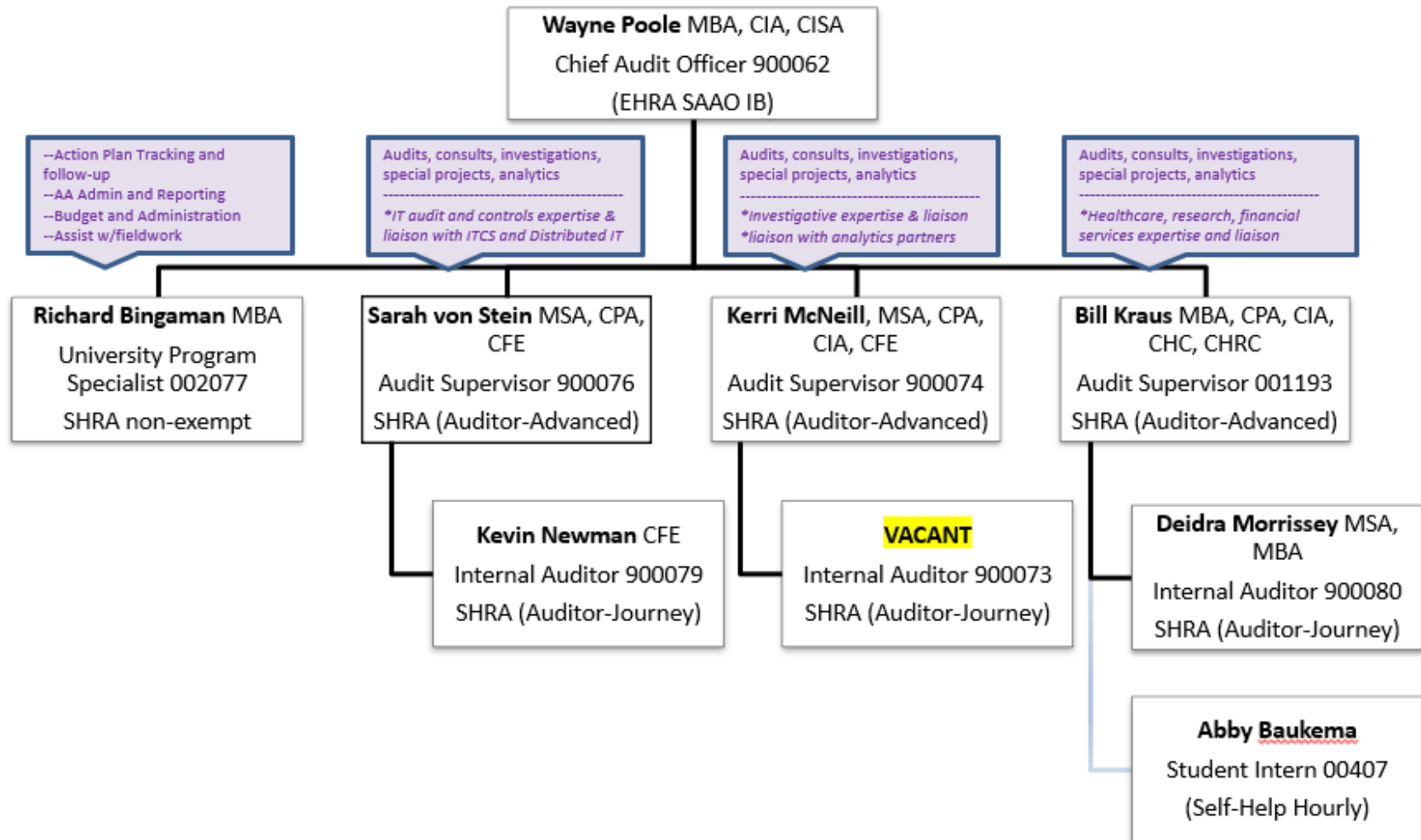
# Office of Internal Audit and Management Advisory Services

Information Update  
for BOT ARMCE Committee  
November 2021

# Team Facts

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

# Org Structure





# FY 2022 Numbers

- Audit Plan – 54 projects
  - Ops, Compliance, Performance, IT Audits
  - Consulting Engagements
  - Follow-Ups
  - Investigative Audits
  - Special Projects (risk assessment, build analytics tools, external auditor support, special requests)
- Operating Budget ~\$39k – software, computers, training



**Audit, Risk Management, Compliance, and Ethics Committee**  
November 11, 2021

Agenda Item: IV. C. Update on Annual State Financial Audit

Responsible Person: Wayne Poole  
Director of Internal Audit

Action Requested: Information

Notes:



**Audit, Risk Management, Compliance, and Ethics Committee**

November 11, 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**  
November 11, 2021

Agenda Item: V. Closed Session

Responsible Person: Wayne Poole  
Director of Internal Audit

Action Requested:

Notes:



**Audit, Risk Management, Compliance, and Ethics Committee**  
November 11, 2021

Agenda Item: VI. Other Business

Responsible Person: Wayne Poole  
Director of Internal Audit

Action Requested:

Notes: