

AGENDA
Audit, Risk Management, Compliance, and Ethics Committee
November 30, 2023

- I. Approval of Minutes – September 28, 2023
- II. Review of Operational Metrics
- III. Action Item – Changes to the Annual Audit Plan (Mr. Wayne Poole)
- IV. Informational Items
 - A. Enterprise Risk Management Update (Ms. Stephanie Coleman)
 - B. University Policy Process (Mr. Wayne Poole)
 - C. External Audit Update (Mr. Wayne Poole)
 - D. Recent Internal Audits (Mr. Wayne Poole)
- V. Closed Session
- VI. Other Business



AGENDA ITEM

- I. Approval of Minutes.....Vince Smith, Committee Chair

Situation: Approval of the minutes from the most recent committee meeting.

Background: N/A

Assessment: N/A

Action: This item requires a vote by the committee.

**Minutes from the Audit, Risk Management, Compliance, and Ethics Committee
September 28, 2023 – Main Campus Student Center and Online Meeting**

The Audit, Risk Management, Compliance, and Ethics Committee of the ECU Board of Trustees met in person on September 28, 2023.

Committee members present: Vince Smith (Chair), Vanessa Workman, Tom Furr, and Javier Limon.

Trustee Vince Smith, Chair of the Committee, convened the meeting at 1:15 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 27, 2023 committee meeting minutes.

Action Item: The minutes of the April 27, 2023 committee meeting were approved with no changes.

Action Items

The committee had no other action items.

Operational Metrics Review

The committee reviewed the operational metrics related to Internal Audit and Compliance. Mr. Wayne Poole reported that for fiscal year 2023, all metrics finished in the green with one exception – Employee Conflict of Interest disclosures. There were six employees who did not submit the required disclosures by the deadline. All have since been addressed.

For fiscal year 2024, all metrics are in the green for the year to date through August. Two new metrics are being tracked this year, related to human subjects research education and compliance monitoring.

Informational Items

Enterprise Risk Management – Ms. Stephanie Coleman

Vice Chancellor Coleman shared the matrix of top risks and briefed the committee on the recent activities of the ERM Committee. Ms. Coleman said that the University’s top five enterprise risks have been submitted to the UNC System Office as required. The UNC System risk registers will be shared when they are available. Ms. Coleman noted several steps that the UNC System is taking to address workforce-related risks. She also shared that Athletic Director Jon Gilbert recently briefed the ERM Committee on the top intercollegiate Athletics risks. Mr. Wayne Poole told the committee that an internal audit is currently underway, reviewing the controls and culture that are in place to safeguard student athlete health, safety, and well-being. This is an example of how the ERM and Internal Audit functions work hand in hand with management to identify risks and evaluate how they are being mitigated.

University Policy Process Update – Mr. Wayne Poole

Mr. Poole updated the committee on the previous recommendations to streamline the University’s policy development process, make it more efficient, and bring it in line with the UNC Code. Mr. Poole shared that the process revisions have been drafted and agreed to in principle by the University Policy Committee and Chancellor’s Executive Council. The details of how the process will work, and the software that will be used to manage it, are being refined. The University expects a soft launch of the new process this fall and a full implementation of the final process by January.

Internal Audit Annual Requirements – Mr. Wayne Poole

Mr. Poole briefed the committee on several items that are required to be covered each year, including the Audit Committee and Internal Audit charters, the Internal Audit Annual Report, and the Self-Assessment of the

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Internal Audit activity that is required of all state agencies in North Carolina. Mr. Poole advised that ECU's Internal Audit activity exceeds the standard established by the state and the self-assessment has been submitted to the North Carolina Council of Internal Audit.

Recent Internal Audits – Mr. Wayne Poole

Mr. Poole briefed the committee on two recent internal audit engagements, related to sponsored programs and to information technology controls.

Closed Session

At 1:45 pm, Trustee Limon made a motion that the committee go into closed session to discuss items that are not public record and are protected by applicable state law. The motion was seconded and unanimously approved.

The committee returned to open session at 2:16 pm.

Other Business

There was no other business to discuss, and the committee meeting was adjourned at 2:16 PM.

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



AGENDA ITEM

II. Operational Metrics Wayne Poole, Chief Audit Officer

Situation: Presentation of the metrics that are monitored by this committee.

Background: Each committee of the Board receives regular updates on metrics pertaining to their area of oversight. This committee receives metrics related to audit and compliance activities.

Assessment: Metrics for FY 2024 year to date are generally on track.

Action: This item is for information only.

AGENDA ITEM

III. Action Items Vince Smith
Committee Chair

Situation: The University’s annual audit plan must be approved by the BOT Audit Committee, to include any changes to the plan.

Background: The FY 2024 annual audit plan was approved by the committee in April 2023. There are three changes proposed by Chief Audit Officer Wayne Poole. Two follow-up engagements are being added, and one engagement is being cancelled from the plan (pending committee approval).

Assessment: The two follow-ups are needed to provide assurance that controls are now functioning as intended, related to two previous audits. The cancelled engagement is related to the Information Technology controls in the School of Dental Medicine (SoDM). The core IT infrastructure and related processes are being transitioned into ECU’s central IT unit.

Action: This item requires a vote by the committee.

East Carolina University
Office of Internal Audit
Annual Engagement Plan
By Type
FY 2024

Project Description		Budgeted Hours	% of Total	Key Risk	Strategy/Mission	Division
Integrated/Internal Controls/Operational/Performance Audits:						
School of Dental Medicine Patient Revenue Cycle	WIP	100	0.6%	X	X	AA
Succession Planning	WIP	240	1.4%	X		ALL
Procurement and Contracting	WIP	100	0.6%	X		AF
Campus Safety Systems	WIP	20	0.1%	X		AF
NC New Teacher Support Program	OP	300	1.8%		X	AA
School of Dental Medicine Ops and Admin (non-clinical)	OP	300	1.8%	X	X	AA
Facilities Services Inventory Controls	OP	300	1.8%	X		AF
HR Benefits Processes and Accounting	OP	300	1.8%	X	X	AF
Academic Advising	OP	300	1.8%	X	X	AA
Research-Related Systems (use, cost, effectiveness)	OP	300	1.8%	X	X	AA
Cashier's Office	OP	340	2.0%	X		AF
Student Transit	OP	340	2.0%	X		SA
Athletics Alcohol Sales	OP	300	1.8%	X		AT
Athletics Safety Assessment	OP	300	1.8%	X		AT
Healthcare Provider Compensation Model (BSOM)	OP	300	1.8%	X	X	ECUH
		3840	22.8%			
Compliance Audits:						
Effort Reporting	OP	320	1.9%	X	X	AA
		320	1.9%			
Information Technology Audits:						
School of Dental Medicine IT Controls	CX (1)	0	0.0%	X	X	AA
Review Progress on External IT Recommendations	WIP	140	0.8%	X		AF
Maxient System and Application Controls	OP	200	1.2%	X	X	SA
SIEM Tools and Processes (Incident Detection)	OP	300	1.8%	X		AF
		640	3.8%			
Investigative Reviews:						
Hotline Allegations Triage	OP	160	1.0%			ALL
Investigative Reviews - Details not included	OP	1500	8.9%			ALL
		1660	9.9%			
Follow-Up Reviews:						
Action Plan Tracking and Follow-Up	OP	600	3.6%			ALL
Follow-Up on Parking	OP	120	0.7%	X		AF
Follow-Up on CET IT Controls	OP	120	0.7%	X		AA
Follow-up on Campus Safety Systems	ADD (1)	140	0.8%	X		AF
Follow-up on Campus Recreation and Wellness	ADD (1)	100	0.6%	X		SA
		1080	6.4%			
Consultations/Management Advisory Services						
Routine and Unplanned Consultations	OP	600	3.6%			ALL
Routine Data Analytics Support for Clients	OP	400	2.4%			ALL
University Committees, Workgroups, Education, and Client Relations	OP	400	2.4%			ALL
ERM and Regulatory Compliance Committee Support	OP	200	1.2%			ALL
Student Athlete Course Clustering	OP	40	0.2%			AA
Greenphire Data Analytics Tool	OP	300	1.8%			AF
ECU Health Consultation (Various topics)	OP	100	0.6%			ECUH
Surplus Property	OP	100	0.6%			AF
		2140	12.7%			
Other/Special Projects:						

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 2024**

Project Description		Budgeted Hours	% of Total	Key Risk	Strategy/ Mission	Division
External Audits, SBI Reports, Routine Mtgs, BOT Comm	OP	1400	8.3%			ALL
Audit Software Admin and Maintenance	OP	200	1.2%			CH
Student Intern Program	OP	120	0.7%			CH
Increase Encase Forensic Capabilities	WIP	100	0.6%			CH
IA Self-Assessment and QAIP	OP	120	0.7%			CH
Implement New Global Audit Standards	OP	200	1.2%			CH
Risk Assessment/Audit Planning 2024-2025	OP	120	0.7%			ALL
		2260	13.4%			
Total Direct/Chargeable Hours		11940	71%			
Administration		1800	10.7%			NA
Leave/Holiday		2300	13.7%			NA
Professional Development		800	4.8%			NA
Total Indirect Hours:		4900	29%			
Grand Total Hours		16840	100%			

Original Plan Approved by Chancellor Rogers on 04/11/2023

Original Plan Approved by ECU Board of Trustees Audit, Risk Management, Compliance, and Ethics Committee on 04/27/2023

(1) Changes Approved by ECU Board of Trustees Audit, Risk Management, Compliance, and Ethics Committee on XX/XX/2023

OP=Original Plan
WIP=Carry over from prior year
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AGENDA ITEM

IV.A. Enterprise Risk Management (ERM) UpdateStephanie Coleman
Vice Chancellor for Administration and Finance

Situation: Regular update to the committee on the University’s top enterprise risks and emerging risks.

Background: This committee oversees ERM. The ERM function is owned by University senior management and is tightly integrated with Internal Audit, which develops and executes the annual risk-based audit plan.

Assessment: Ms. Coleman will update the committee on the current risk matrix, any recent events and changes that impact the risk landscape, and/or activities and updates from the University’s ERM Committee.

Action: This item is for information only.

**East Carolina University Enterprise Risk Management
2022-2024 Cycle Top Risks (as of November 2023)**

Risk	Advisory Team(s)	Sponsor(s)
University workforce challenges: Recruiting and retaining qualified and diverse faculty and staff, including healthcare professionals; Retaining institutional knowledge for long-term success and sustainability; Competitive compensation; Faculty and staff wellness, stress, and burnout concerns; Morale and effectiveness of the workforce. Employee flexibility and remote work are key ways to mitigate these challenges, but these opportunities present risks related to cybersecurity, tax, export controls, compliance, and accountability of University assets.	Cabinet, Human Resources	VCAF
University financial sustainability: The ability to maintain sustainable revenues from all sources (enrollment, auxiliaries, appropriations), understanding the impacts of the new funding model, and the impact of economic conditions during the period covered by this risk assessment	Cabinet, Finance	VCAF
Student crisis management, including basic necessities, mental and physical health, and other urgent needs <i>(revised Nov 2023)</i>	Cabinet, Student Affairs	VCSA
Student recruitment and retention in an increasingly competitive market, magnified by reputation/perception challenges outside eastern NC	Strategic Enrollment Planning Team	Provost and All VC's
Cyber threats (from external and internal sources) to the confidentiality, integrity, and availability of data and information systems	CIO, CISO	VCAF
Significant changing regulatory compliance requirements, including healthcare, HIPAA, research, foreign influence/research security, DoD cybersecurity requirements, athletics, Title IX, personnel, pandemic relief funding, equal opportunity, and privacy	Legal Affairs, Internal Audit, Compliance Offices	Chancellor, VC Legal Affairs
Clinical Healthcare: financial sustainability, dependence on external relationships for healthcare delivery, and risks related to the ECU Health integration	BSOM Dean	Chancellor, BSOM Dean
Position vacancies in key areas resulting in weakening of internal controls	Cabinet, Internal Audit	All VCs
Maintaining campus infrastructure, including routine and deferred maintenance, and hiring of external contractors/service providers	Campus Operations	VCAF
Continuing senior leadership transitions and reorganization, consistency and stability at the top, and impact on university's reputation, culture, strategy, goals, and sharing of information across divisions and units	Cabinet	Chancellor

East Carolina University Enterprise Risk Management 2022-2024 Cycle Secondary Risks

(These were considered by the ERM Committee but are not presently considered “top risks”)

- ECU's reputation and visibility in large urban areas/competitive markets and with financial supporters (donors, legislators)
- Governance relationships and the impact on ECU's reputation, budget, and support (*in the top 10 during our previous risk cycle*)
- Sustainability of academic and student support programming and services and ability to meet student needs and parent and societal expectations, especially in the current environment (*in the top 10 during our previous risk cycle*)
- Technology backup, recovery, and continuity and coordination of priorities between IT and functional management
- Increased risk in academic integrity issues with the number of remote students and exams
- Legal liability issues specifically related to or resulting from COVID-19, including health and safety, student access, long-term accommodations, and employment matters (EEOC, ADA, etc.)
- Inability to sustain innovation and economic development due to resource constraints, impacting the engagement with and positive outcomes for eastern NC
- Business continuity planning that could be insufficient to prevent an operational failure from a disaster or other significant event(s)
- 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
- Conflicts of interest in research and patient care, which could result in loss of external funding and reputational damage
- 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)

East Carolina University Enterprise Risk Management Emerging Risks

- Inability to sustain extramural research and sponsored programs due to resource constraints, impacting faculty scholarship, discoveries and advances, faculty recruitment and retention, and student engagement.
- Responding to the changing demographics of our students. Adult learners' needs will be different than traditional college-aged students. Adult learners will not be as interested in student affairs services such as clubs, organizations, activities, etc., or perhaps athletics. The University will need to right-size these and other services to meet the needs of our different student populations.
- Artificial intelligence – the rising availability and use of which presents opportunities in higher education, but also increases risks related to academic integrity, research, data privacy and security, and student educational outcomes. (*Added Nov 2023.*)

AGENDA ITEM

IV.B. University Policy Process Update..... Wayne Poole
Chief Audit Officer

Situation: The committee will hear an update on recommended changes to the University Policy vetting and approval process.

Background: Last fiscal year, Internal Audit completed a consultation on the University Policy Process and made recommendations to make the process more efficient, reduce cost, and better align ECU's process with the UNC Code. The Chancellor and this committee directed that work proceed to implement process and policy changes. Committee Chair Smith asked for regular updates on this progress.

Assessment: Mr. Poole will update the committee on the progress to date, and next steps.

Action: This item is for information only.

AGENDA ITEM

IV.C. External Audit Update Wayne Poole
Chief Audit Officer

Situation: This committee oversees the Internal Audit (IA) activity of the University as well as external audits.

Background: Each year, the University receives a financial statement audit from the NC Office of the State Auditor (NC OSA). Each of the University's affiliated entities (foundations, Alumni Association, Pirate Club) are audited by external firms. This committee is required to receive those reports.

Assessment: Mr. Wayne Poole will provide an update on the status of these annual external audits.

Action: This item is for information only.



AGENDA ITEM

IV.D. Recent Internal Audits..... Wayne Poole
Chief Audit Officer

Situation: The committee receives a briefing at each meeting on selected internal audit engagements that have been closed.

Background: Committee Chair Smith and Vice Chair Workman selected the engagements to be discussed at this meeting.

Assessment: Mr. Poole will present background and results of the selected engagements.

Action: This item is for information only.



AGENDA ITEM

V. Closed Session Wayne Poole
Chief Audit Officer

- Situation:** The committee will need to discuss certain ongoing or completed audit issues that are not a matter of public record due to their content.
- Background:** This committee is responsible for receiving reports of all internal and external audits.
- Assessment:** The committee will receive a briefing on the relevant issues.
- Action:** The closed session business is for information only.



AGENDA ITEM

VI. Other Business Wayne Poole
Chief Audit Officer

Situation: Other items to be brought to the committee if applicable.

Background: N/A

Assessment: Other items to be brought to the committee if applicable.

Action: This item is for information only.

Other items to be brought to the committee if applicable.