

AGENDA
Audit, Risk Management, Compliance, and Ethics Committee
September 26, 2024

- I. Approval of Minutes – April 11, 2024
- II. Review of Operational Metrics
 - A. FY 2024 (Final)
 - B. FY 2025 (Year to date)
- III. Action Items (Mr. Wayne Poole)
 - A. Changes to FY 2025 Annual Audit Plan
- IV. Informational Items
 - A. Enterprise Risk Management Update (Mr. Chris Rowland)
 - B. Policy Manual Updates (Mr. Wayne Poole)
 - C. Internal Audit Annual Reporting Requirements (Mr. Wayne Poole)
 - D. Recent Internal Audits (Mr. Wayne Poole)
- V. 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
April 11, 2024 – 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 April 11, 2024.

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

Trustee Vince Smith, Chair of the Committee, convened the meeting at 1:07 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 February 15, 2024 committee meeting minutes.

Action Item: The minutes of the most recent committee meeting were approved with no changes.

Operational Metrics Review

The committee reviewed the operational metrics related to Internal Audit and Compliance, through February 2024. All metrics are in the green for the year to date.

Action Items

Chief Audit Officer Wayne Poole presented the fiscal year 2025 annual audit plan and discussed the methodology for developing the plan.

Action: Trustee Limon made a motion to approve the plan as presented. The motion was seconded by Trustee Roberts and approved unanimously.

Chief Audit Officer Wayne Poole presented revised charters for the BOT Audit Committee and the Internal Audit function. Changes were needed due to the new *Global Internal Audit Standards*.

Action: Trustee Roberts made a motion to approve the revised charters as presented. The motion was seconded by Trustee Furr and approved unanimously.

Informational Items

Enterprise Risk Management – Ms. Stephanie Coleman

Vice Chancellor Coleman briefed the committee on upcoming organizational changes impacting HR-related units. She shared that the changes are intended in part to help address workforce challenges, which is one of the University's top risks.

Research Administration and Compliance Update – Ms. Becky Welch

Ms. Welch briefed the committee on her team's roles and responsibilities related to compliance for sponsored programs. Her briefing included the most notable risks and the potential outcomes if ECU fails to comply with the external requirements. She discussed financial compliance, protocols for research related to human subjects, export controls, conflicts of interest, research misconduct, and other topics.

REDE Compliance Monitoring Update – Mr. Kenneth Briley

Mr. Briley provided an update on his team's roles and responsibilities related to research compliance. His briefing included the most notable risks and the impacts of non-compliance. Mr. Briley's team reviews compliance on the back end of research studies (after they are approved), including how human research is being conducted, how potential conflicts of interest are being managed, and how research-related data is shared.

**Minutes from the Audit, Risk Management, Compliance, and Ethics Committee
April 11, 2024 – Main Campus Student Center and Online Meeting**

Recent Internal Audits – Mr. Wayne Poole and Ms. Amanda Danielson

Mr. Poole and Ms. Danielson briefed the committee on one recent internal audit engagement, related to Academic Advising. Provost Coger and her team also provided comments on the next steps in the evolution of Academic Advising services.

At 2:10pm, Chairman Smith adjourned the meeting due to time constraints and announced that the meeting would re-convene at the end of the afternoon's final committee meeting.

At 3:55pm, Chairman Smith re-convened the meeting.

Closed Session

At 3:55 pm, Trustee Workman 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 4:00 pm.

Other Business

There was no other business to discuss, and the committee meeting was adjourned at 4:00 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 and for FY 2025 to date are generally on track.

Action: This item is for information only.



CEO Tracking Sheet

Fiscal Year - 2024

Audit, Risk Management, 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	87.3%	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	7.0%	7.1%	5.7%	9.1%	7.3%	9.1%	4.3%	7.1%	7.0%	8.6%	9.9%	9.8%	92.0%			
				+ / -	0.4%	0.5%	-0.9%	2.5%	0.6%	2.4%	-2.4%	0.4%	0.3%	1.9%	3.2%	3.1%				
				YTD +/-	0.4%	0.9%	-0.2%	2.5%	3.1%	5.5%	3.1%	3.5%	3.8%	5.7%	8.2%	12.0%				
Auditor Productivity (Internal Audit)	Direct Audit & Consult hrs vs. Total hours	76.7%	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	71.0%	79.1%	80.5%	79.8%	72.2%	58.4%	76.5%	86.6%	78.7%	76.0%	76.7%	82.2%	76.3%			
				+ / -	-4.0%	4.1%	5.5%	4.8%	-2.8%	-10.6%	0.5%	10.6%	2.7%	0.0%	0.7%	6.2%				
				YTD +/-	-4.0%	0.1%	1.9%	2.6%	1.6%	-1.6%	-0.8%	0.6%	0.9%	1.0%	1.1%	1.3%				
Management Corrective Actions Completion Rate (Internal Audit)	Percent of recommendations resolved when IA follows up	98.8%	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%	78.60%	100.00%	100.00%	75.00%	100.00%	100.00%	100.00%	96.60%			
				+ / -	5.00%	5.00%	5.00%	5.00%	5.00%	-16.40%	5.00%	5.00%	-20.00%	5.00%	5.00%	5.00%				
				YTD %	5.00%	5.00%	5.00%	5.00%	5.00%	1.10%	1.40%	1.80%	0.90%	1.20%	1.50%	1.60%				
Number of Rules Education Sessions (Athletics Compliance)	Number of sessions spent educating athletes, staff & others	359	300	Plan	25	25	25	25	25	25	25	25	25	25	25	25	300			
				Actual	18	36	29	41	29	26	29	35	30	28	24	18	343			
				+ / -	-7	11	4	16	4	1	4	10	5	3	(1)	(7)				
				YTD +/-	-7	4	8	24	28	29	33	43	48	51	50	43				
Number of NIL Education and Consultation Sessions (Athletics Compliance)	Sessions spent educating athletes, staff & others (NIL-specific)	78	48	Plan	4	4	4	4	4	4	4	4	4	4	4	4	48			
				Actual	3	9	4	10	4	9	11	17	5	7	5	2	86			
				+ / -	-1	5	-	6	-	5	7	13	1	3	1	(2)				
				YTD +/-	-1	4	4	10	10	15	22	35	36	39	40	38				
Number of Education Sessions (Healthcare Compliance)	Number of sessions spent educating providers and staff	1070	756	Plan	63	63	63	63	63	63	63	63	63	63	63	63	756			
				Actual	64	66	68	66	62	66	63	64	63	62	64	68	776			
				+ / -	1	3	5	3	-1	3	0	1	0	-1	1	5				
				YTD +/-	1	4	9	12	11	14	14	15	15	14	15	20				
Number of Proactive Provider Documentation Reviews (Healthcare Compliance)	Number of providers whose doc. accuracy was reviewed	587	276	Plan	23	23	23	23	23	23	23	23	23	23	23	23	276			
				Actual	23	27	24	24	25	24	26	25	25	25	25	25	298			
				+ / -	0	4	1	1	2	1	3	2	2	2	2	2				
				YTD +/-	0	4	5	6	8	9	12	14	16	18	20	22				
Pass Rate Results of Healthcare Provider Documentation Reviews (Healthcare Compliance)	Percent of reviewed providers receiving a passing score	92.3%	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	100.0%	95.0%	100.0%	100.0%	90.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	95.0%	100.0%			
				+ / -	10.0%	5.0%	10.0%	10.0%	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	5.0%	10.0%			
				YTD +/-	10.0%	7.3%	8.2%	8.7%	6.9%	7.4%	7.8%	8.1%	8.3%	8.5%	8.2%	8.3%				
Number of Group Education Sessions (Human Subjects Research/IRB)	Number of sessions spent educating groups of researchers	Not tracked	24	Plan	2	2	2	2	2	2	2	2	2	2	2	2	24			
				Actual	3	6	4	4	3	3	4	3	3	2	3	3	41			
				+ / -	1	4	2	2	1	1	2	1	1	0	1	1				
				YTD +/-	1	5	7	9	10	11	13	14	15	15	16	17				
Number of Compliance Monitoring Reviews (Human Subjects Research/REDE Compliance Monitoring Office)	Number of human subjects studies reviewed for compliance	Not tracked	36	Plan	3	3	3	3	3	3	3	3	3	3	3	3	36			
				Actual	3	3	3	3	6	2	2	3	7	2	3	3	40			
				+ / -	0	0	0	0	3	-1	-1	0	4	-1	0	0				
				YTD +/-	0	0	0	0	3	2	1	1	5	4	4	4				
Employee COI Disclosure Rate (Research Compliance)	Percent of employees who submitted req'd disclosure	99.85%	100%	Plan											90.0%	95.0%	100.0%	100.0%		
				Actual												97.9%	99.7%	99.87%	99.87%	
				+ / -																
				YTD +/-													7.9%	4.7%	-0.13%	

AGENDA ITEM

III.A Changes to FY 2025 Annual Audit Plan Wayne Poole
Chief Audit Officer

Situation: The University’s annual audit plan, and any significant changes to it, must be approved by this committee.

Background: Internal Audit is proposing two changes to the audit plan. One engagement is proposed to be added, and another engagement is proposed to move from an assurance (audit) engagement to an advisory (consult) engagement.

Assessment: The proposed changes will contribute to better coverage of key risks and/or better value provided to leadership.

Action: This item requires a vote by the committee.

East Carolina University
Office of Internal Audit
Annual Engagement Plan
By Type
FY 2025

Project Description		Budgeted Hours	% of Total	Key Risk	Strategy/Mission	Division
Integrated/Internal Controls/Operational/Performance Audits:						
HR Benefits Processes and Accounting	WIP	100	0.6%	X		AF
Cashier's Office	WIP	100	0.6%	X		AF
Research Systems	WIP	200	1.2%	X		AA
Data and User Access - Financial Aid	OP	200	1.2%	X		AA
Data and User Access - Finance	OP	300	1.8%	X		AF
Office Space Utilization	OP	300	1.8%	X		ALL
Lab Safety	OP	300	1.8%	X	X	AF, AA
Travel Expense Analytics Review	OP	300	1.8%	X	X	ALL
Emeritus Staff and Faculty Access to Resources	OP	300	1.8%	X		ALL
Athletics Facility Security	OP	300	1.8%	X		AT
Aquatics Center	OP	300	1.8%	X		AT
Student Emergency Response Process	OP	300	1.8%	X	X	SA
Central Reservations and Ticketing Operations	OP	300	1.8%	X		SA
		3300	19.8%			
Compliance Audits:						
Research Security	OP	300	1.8%	X	X	AA
Expense Review for External Sponsor - Climate Initiative Grant	OP	200	1.2%		X	AA
Admissions Process Compliance (selected programs only)	OP	300	1.8%	X	X	AA
		800	4.8%			
Information Technology Audits:						
IT Disaster Recovery	OP	260	1.6%	X	X	AF
Teams, OneDrive, Sharepoint Configuration and Processes	OP	300	1.8%	X		AF
Enterprise Apps and Storage Activity Logging	OP	300	1.8%	X		AF
		860	5.2%			
Investigative Reviews:						
Triage of Allegations, Complaints, Concerns	OP	300	1.8%			ALL
Investigative Reviews - Details not included	OP	1500	9.0%			ALL
		1800	10.8%			
Follow-Up Reviews:						
Action Plan Tracking and Follow-Up	OP	600	3.6%			ALL
2nd Follow Up - Campus Safety Systems	OP	100	0.6%	X		AF
Follow Up - ECU Transit (rev 1)	ADD	120	0.7%	X		SA
		820	4.9%			
Consultations/Advisory Services						
Routine and Unplanned Consultations	OP	600	3.6%			ALL
Continuous Auditing and Monitoring Analytics	OP	300	1.8%			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
ECU Health Rev Cycle Integration	OP	200	1.2%			ECUH
Generative AI Policies and Practices	OP	100	0.6%			ALL
Public Consulting Services (orig planned as Assurance) (rev 1)	OP*	200	1.2%			ALL
		2040	12.2%			
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 2025

Project Description		Budgeted Hours	% of Total	Key Risk	Strategy/Mission	Division
External Audits, SBI Reports, Routine Mtgs, BOT Comm	OP	1600	9.6%			ALL
Audit Software Admin and Maintenance	OP	100	0.6%			CH
Student Intern Program	OP	120	0.7%			CH
Annual Self-Assessment and QAIP Activities	OP	160	1.0%			CH
Risk Assessment/Audit Planning 2025-2026	OP	160	1.0%			ALL
		2140	12.8%			
Total Direct/Chargeable Hours		11760	71%			
Administration		1800	10.8%			NA
Leave/Holiday		2300	13.8%			NA
Professional Development		800	4.8%			NA
Total Indirect Hours:		4900	29%			
Grand Total Hours		16660	100%			

Original Plan Approved by Chancellor Rogers on 03/20/2024

Original Plan Approved by ECU Board of Trustees Audit, Risk Management, Compliance, and Ethics Committee on 4/11/2024

Rev 1 - Changes Presented for BOT Audit, Risk Management, Compliance, and Ethics Committee Approval on 9/26/2024

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

AGENDA ITEM

IV.A. Enterprise Risk Management (ERM) Update Chris Rowland
Associate 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: Mr. Rowland 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
2024-2026 Cycle Top Risks (as of May 2024)

Risk	Advisory Team(s)	Sponsor(s)
<p>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; Maintaining strong internal controls and mitigating key personnel vacancies; Faculty and staff wellness, stress, and burnout concerns; Morale and workforce effectiveness.</p> <p>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.</p>	Cabinet, Human Resources	All VCs
<p>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</p>	Cabinet, Finance	VCAF
<p>Student recruitment and retention in an increasingly competitive market, magnified by reputation/perception challenges outside eastern NC</p>	Strategic Enrollment Planning Team	Provost and All VC's
<p>Student crisis management, including basic necessities, mental and physical health, and other urgent needs</p>	Cabinet, Student Affairs	VCSA
<p>Cyber threats (from external and internal sources) to the confidentiality, integrity, and availability of data and information systems</p>	CIO, CISO	VCAF
<p>Significant changing regulatory compliance requirements, including healthcare, HIPAA, research, foreign influence/research security, DoD cybersecurity requirements, athletics, Title IX, personnel, equal opportunity, and privacy</p>	Legal Affairs, Internal Audit, Compliance Offices	Chancellor, VC Legal Affairs
<p>Clinical Healthcare: financial sustainability, dependence on external relationships for healthcare delivery, and risks related to the ECU Health integration</p>	BSOM Dean	Chancellor, BSOM Dean
<p>Maintaining campus infrastructure, including routine and deferred maintenance, and hiring of external contractors/service providers</p>	Campus Operations	VCAF
<p>Protecting ECU's reputation and visibility from negative publicity, lack of differentiation in the market, or failure to effectively communicate its strengths and achievements</p>	Cabinet	Chancellor
<p>Social unrest, such as protests, demonstrations, or riots, due to various factors, including political tensions, social injustice issues, or campus-specific grievances. These events have the potential to create unsafe conditions for individuals on campus, disrupt academic activities, and result in property damage or loss</p>	Cabinet	Chancellor

East Carolina University Enterprise Risk Management 2024-2026 Cycle Secondary Risks

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

- 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
- 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, including health and safety, student access, 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
- 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.
- The collegiate athletics landscape – NIL, employer status, amateurism model, revenue model, etc.

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.
- New UNC System DEI policy and the elimination of DEI-related positions and associated state funding.



AGENDA ITEM

IV.B. Policy Manual Update Wayne Poole
Chief Audit Officer

Situation: This committee, and the Board as a whole, has directed University leadership to ensure all policies and directives that require BOT approval reside in the official University Policy Manual (UPM).

Background: A University workgroup identified the BOT-approved directives and other high priority items that need to be updated and relocated to the UPM based on the BOT directive and recent changes in the UNC Code.

Assessment: Mr. Poole will update the committee on the progress towards fulfilling the Board's directive.

Action: This item is for information only.



AGENDA ITEM

IV.C. Internal Audit Annual Requirements Wayne Poole
Chief Audit Officer

Situation: There are several items that are required by the *Global Internal Audit Standards* or other state and UNC directives to be shared with the committee on a regular basis.

Background: The information to be presented in the meeting and in the committee materials includes UNC System certifications, the state-required audit self-assessment, the Internal Audit annual report, and the Internal Audit strategic plan.

Assessment: Mr. Poole will share information as required.

Action: This item is for information only.



Board of Trustees Audit Committee
Certification Letter
September 26, 2024

Jennifer Myers, CPA
Chief Audit Officer
The University of North Carolina System

Dear Ms. Myers:

I confirm that the Board of Trustees (BOT) audit committee for **East Carolina University's** internal audit function is in compliance with the following for the 2024 fiscal year (*any exceptions must be identified and explained in an accompanying statement*). The Board of Trustees (BOT) audit committee:

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

8. Received and reviewed, at the end of the audit cycle, a comparison of the annual audit plan with internal audits performed by the internal audit department.

I further attest the following:

- The institution's Chief Audit Officer reports administratively to the Chancellor, or designee, with a clear and recognized functional reporting relationship to the chair of the BOT Audit Committee.
- The Audit Committee charter defines appropriate roles and responsibilities, including the committee's oversight of the institution's information security program. These responsibilities also include the assurance that the institution is performing self-assessments of operating risks and evaluations of internal controls on a regular basis.
- To my knowledge, the internal audit function is carried out in a way that meets professional standards. The auditor's risk assessment process and annual audit plan considers significant institutional risks, including information security.
- To my knowledge, the institution's Chief Audit Officer forwarded copies of both the approved audit plan and internal audit reports, to the North Carolina Council of Internal Auditing in the prescribed format.
- To my knowledge, the institution's Chief Audit Officer has provided the UNC System Office with a summary of audit activities performed each fiscal year.

Vincent Smith
Chair of BOT Audit Committee



Chief Audit Officer Certification Letter
September 3, 2024

Jennifer Myers, CPA
Chief Audit Officer
The University of North Carolina System

Dear Ms. Myers:

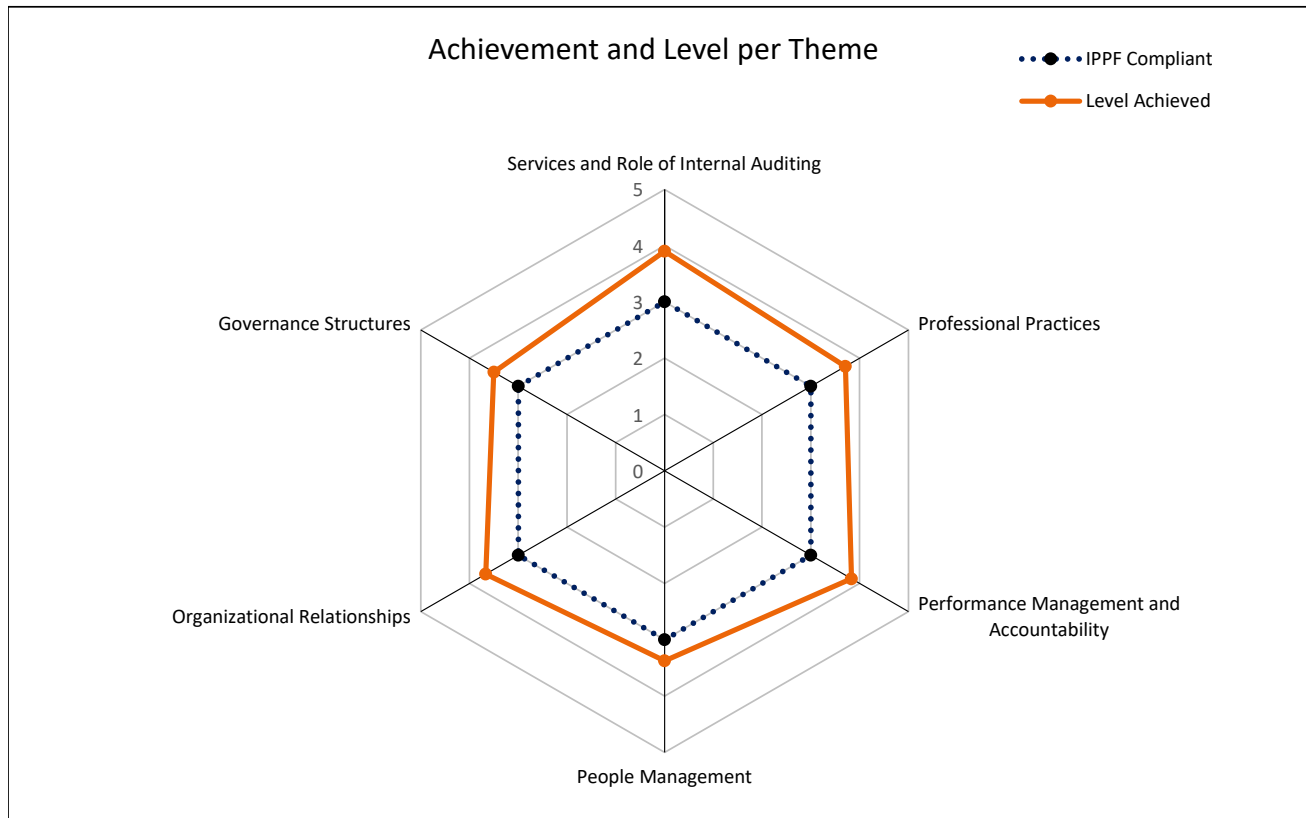
As Chief Audit Officer at **East Carolina University** I confirm compliance with the following for the 2024 fiscal year (*any exceptions must be identified and explained in an accompanying statement*):

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



Wayne Poole, MBA, CIA, CISA
Chief Audit Officer

Theme	IPPF Compliant	Level Achieved
Services and Role of Internal Auditing	3	3.9
Professional Practices	3	3.7
Performance Management and Accountability	3	3.8
People Management	3	3.4
Organizational Relationships	3	3.7
Governance Structures	3	3.5



DASHBOARD PER TOPIC

Theme	Subtheme	Level achieved
Services and Role of Internal Auditing	Assurance services	3.8
	Consulting services	4.0
Professional Practices	Audit plan	3.8
	Quality Assurance	3.7
Performance Management and Accountability	Internal Audit Function Plan	4.0
	Reporting	3.7
People Management	Professional Development	3.8
	HR Planning	3.0
Organizational Relationships	Organizational Relationships	3.7
Governance Structures	Management and oversight of the IA activity	3.5
	Access and awareness	3.5

Pirate Auditors

Office of Internal Audit and Management Advisory Services

FY 2024 Annual Report



Our Core Values...

Selflessness

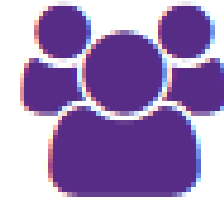
Ownership

Unity

Larger Purpose



Pirate Auditor Facts



- **8** FTEs + One intern
 - CAO, six auditors/supervisors, one program specialist
- **8** advanced degrees (MSA, MBA)
- **13** professional certifications (CPA, CIA, CFE, CISA, CHC, CHRC)
- Nearly **130 years** combined audit experience

FY 2024 by the Numbers...

- Audit Plan Completion: **92.0%** (target is $\geq 80\%$)
- Auditor Productivity (chargeable hours):
76.3% (target is $\geq 75\%$)
- Projects completed: **46**
- Hotline Triage: **30**
- Consultations: **75**
- Committees/Workgroups: **16**



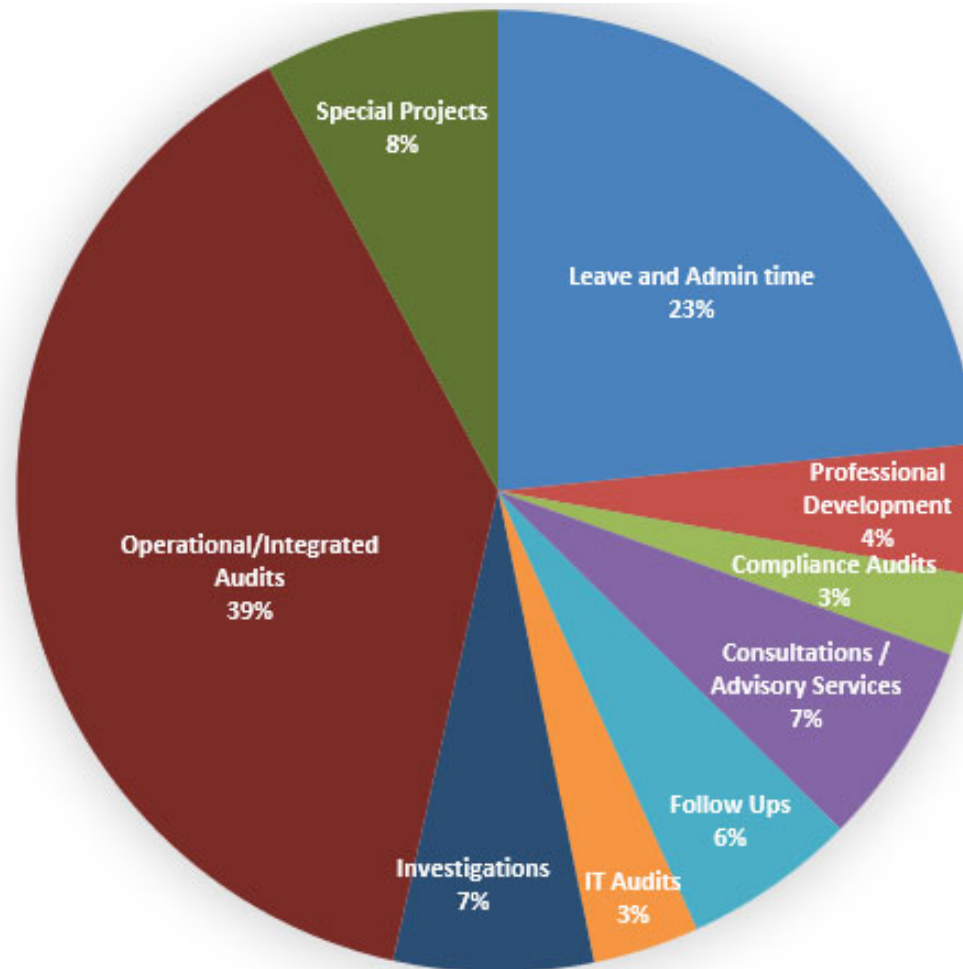
FY 2024 by the Numbers...

- Formal (reportable) recommendations: **96**
- Management Action Plans Closed: **113**
- Monetary recovery & cost savings identified: **\$44,810** (other recommendations will strengthen controls, increase efficiency and save costs over time; not yet quantifiable)



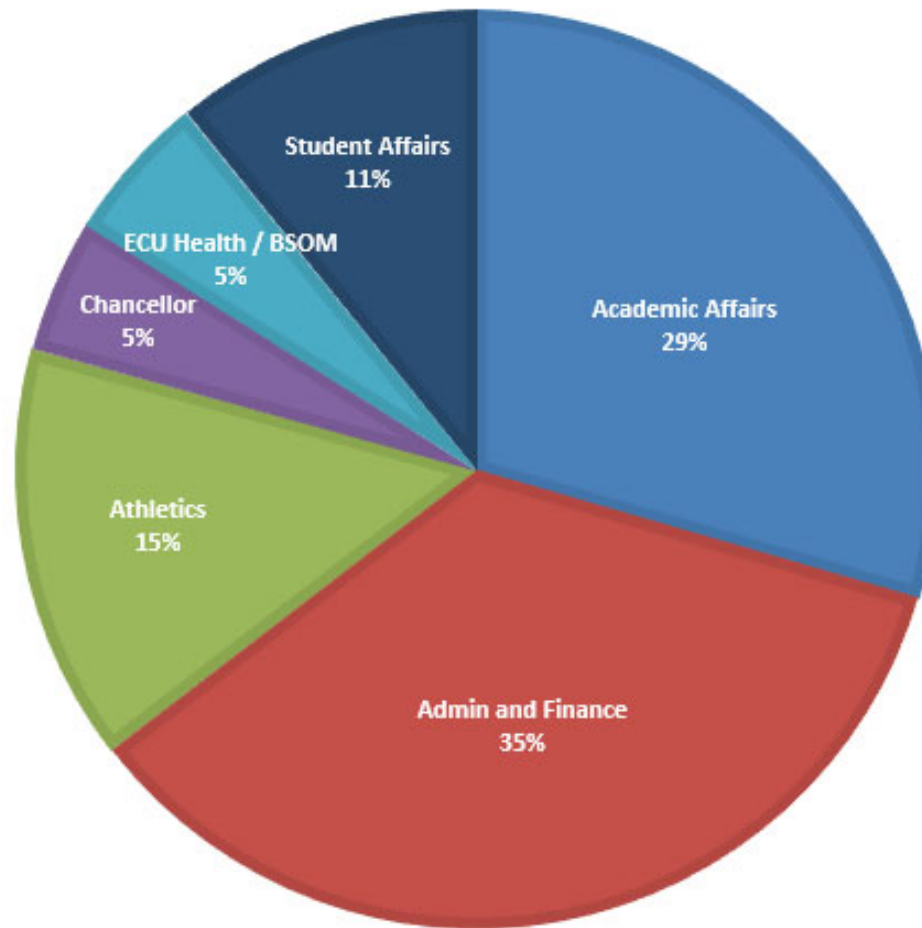
How we spent our time...

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 (academic advising, cybersecurity, research, health and dental care, student athlete well-being, succession planning, and more...)
- Completed consultations/advisory services regarding ECU Health, surplus property, student athlete academic data, among others
- Co-facilitated ERM Committee's bi-annual risk ranking exercise
- Co-chaired the Regulatory Compliance Committee – key recommendations to Chancellor
- Continued our strong relationships with other ECU compliance and risk professionals and University leadership
- Implemented the new *Global Internal Audit Standards*
- Updated our audit and investigative technology
- Updated the Internal Audit strategic plan and goals

Committees & Service to the University



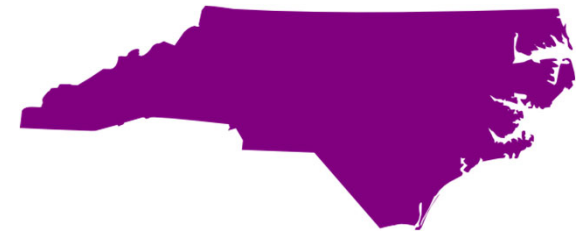
Just a sample...

- Regulatory Compliance Committee (co-chair)
- ERM Committee
- University Policy inputs
- AICFR
- Data Stewardship
- Data Analytics Workgroup
- Various Compliance Committees (ADA, PCI, research, healthcare, etc.)
- SACS Accreditation workgroups
- Youth Programs Advisory Board
- Search committees

Service to the State & Profession

Just a small sample...

- Led a session at UNC Auditors Association Conference
- Guest lecturers for ECU College of Business students
- Mentor for other auditors in higher ed



Education and Outreach to Campus

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

- Financial Services Workshop
- New Deans and Directors Orientation
- Materials for New Employee Orientation
- Panelist and speaker for CoB Accounting Students



Community Service and Support

- Ronald McDonald House of ENC
- ALS Association
- ECU Purple Pantry
- NCM Home for Children
- Humane Society of Eastern Carolina
- Others...



Disclosures (per IIA Standards)

During FY 2024 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 or disagreements with audit that impede the organization or must be reported to the Board of Trustees

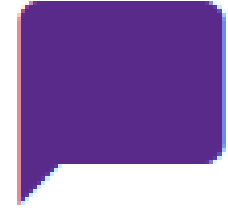


What our Clients are saying...



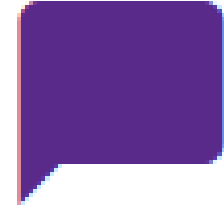
"I could not have been more impressed with the whole team! The auditor was thorough and communicative, the supervisor was flexible and authoritative, and the team demonstrated great leadership and flexibility..."

What our Clients are saying...



“You have a really excellent team. They struck the exact right tone in communications with us and helped identify some blind spots.”

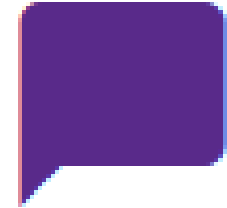
What our Clients are saying...



“I appreciate your team’s willingness to listen and be open and empathetic.”

“The auditors were absolutely exemplary in their professionalism, responsiveness, and patience.”

What our Clients are saying...



“I could not have been more impressed with the whole team...I have been in healthcare for 40 years. In that time, I have dealt with all sorts of audit circumstances, from internal to external to consultative, in dozens of organizations as an employee and then consultant. Your team is top notch, top to bottom!”

What's next?

**Future focused.
Innovation driven.**

- Audits and consultations aligned with ECU's strategy, mission, and top risks
- Continuous growth and evolution in key areas, data analytics, artificial intelligence, new technologies
- Continued service to the institution and community we love

Pirate Auditors

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





Office of Internal Audit and Management Advisory Services

Strategy and Goals, 2023-2028

Most recently updated: 7/1/2024

History:

The Office of Internal Audit and Management Advisory Services has tracked strategic priorities and goals in various forms since 2004. This document is the latest iteration of those efforts. It will be reviewed periodically by the CAO and Internal Audit team and periodically shared with the Chancellor and the Audit Committee of the Board of Trustees. This is a “living document” and will be updated with new goals, action items, measurements, and results as they are identified.

Purpose of Internal Auditing:

The internal audit function is an independent and objective assurance and consulting activity guided by a philosophy of adding value to improve the operations of the University. The purpose of the Office of Internal Audit and Management Advisory Services is to strengthen the University’s ability to create, protect, and sustain value by providing the board and management with independent, risk-based and objective assurance, advice, insight, and foresight.

Vision:

We strive to be an internal audit function that is a respected campus partner whose insight is actively sought and whose integrity is beyond reproach.

We will be a selfless team that puts the needs of teammates and clients first and provides unbiased insights with actionable recommendations. We will be a team of highly skilled and credentialed professionals who take ownership of our role and our development, continuously seeking to improve our skills and internal operations. We will share candid feedback with our clients and internally with each other, always in a manner that builds trust and unity as we work towards common goals. We will perform all assignments in a way that is mindful of the larger purpose of the University, our constituents, and our community, and we will strive to always do what is right to fulfill that larger purpose.

Note: The Office of Internal Audit performs our mission in a manner consistent with the Institute of Internal Auditors’ (IIA) *Global Internal Audit Standards* (the “Standards”). We undergo periodic External Quality Reviews to ensure that we are conforming with these *Standards*. Remaining in compliance with the *Standards* is an ongoing goal and is a statutory requirement in the State of North Carolina. This is an expectation of the Chief Audit Officer and the team even though it is not listed as one of the Strategic Goals in this document.

[Our Strategic Goals and Action Plans](#)

Our work will link to the University's mission and vision as outlined in the [2023-2028 Strategic Plan – Future Focused. Innovation Driven.](#)

Goal 1: Provide an appropriate level of assurance coverage to high risk or high opportunity areas that would negatively impact University objectives if they were unsuccessful

- **Action:** Develop and execute a flexible risk-based annual audit plan that identifies and prioritizes engagements that add value and provide assurance over specific business processes and/or units. Engagements will be tied to a key risk area and/or element of the University's strategy, mission, or vision.
 - Measurement: (ONGOING) Annually complete at least 80% of the annual audit plan, as approved by the Chancellor and Board of Trustees.
 - Results: FY 2023, 87.3% audit plan completion
 - Results: FY 2024, 92.0% audit plan completion
 - Measurement: (ONGOING) Annually complete engagements that are directly tied to the mission, core strategic goals, and critical risks of the University.
 - Results: In FY 2022, we began tracking the percentage of assurance engagements that are directly related to a key risk or strategic priority. 96% of the engagements were tied to one or more of these.
 - Results: FY 2023, 100% of the engagements were tied to one or more of these.
 - Results: FY 2024, 100% of the engagements were tied to one or more of these.
- **Action:** Maintain strong relationships and coordination with the other compliance, risk, and assurance providers within and outside the University to ensure that the highest risk areas are identified, and assurance is provided to senior management and the Board.
 - Step: (ONGOING) The CAO will continue to co-chair the Regulatory Compliance Committee and will ensure that all compliance providers share information with the Audit, Risk Management, Compliance, and Ethics Committee of the Board in conjunction with each meeting.
 - Step: (ONGOING) The Internal Audit Team will be represented on the Enterprise Risk Management Committee and participate in the UNC System ERM workgroup as requested by senior management.
- **Action:** Use the capabilities of the audit management system and other available tools to ensure that risks and auditable entities are actively monitored.
 - Step: We are continuously using the Risk Module of AutoAudit and updating it in real-time at the end of each engagement and as new information is learned across the University.
 - Step: We will continue to implement new or refined features of the system that will help improve our ability to track and monitor risk and strategy elements.

Goal 2: Provide consulting and insight that are sought and valued by the University community

- **Action:** Actively seek and provide consultative services timely and with a focus on the needs of the University. This will include membership on appropriate University standing and ad-hoc committees.
 - **Measurement:** (ONGOING) The team will spend approximately 10% to 15% of our time on consulting activities. (Lower than 10% may be an indicator that services are not providing value or being sought out; Higher than 15% may impact our responsibility to provide effective assurance services to the University.)
 - Results: For FY 2023, our consultation time was 7% of total hours
 - Results: For FY 2024, our consultation time was 7% of total hours
- **Action:** Provide educational sessions and materials on governance, risk, internal controls, and related topics to the University community, and ensure the community is aware of the services that are provided by the Internal Audit team.
 - **Measurement:** (ONGOING) The team will participate in at least two such educational opportunities or workshops each year.
 - Results: In FY 2023, we presented at the Financial Services Workshop, the New Deans and Directors Orientation, and at an IA Awareness Month drop-in for the campus.
 - Results: In FY 2024, we presented at the Financial Services Workshop, the New Deans and Directors Orientation, and at a BSOM administrative support meeting. We also sent written materials to all deans and directors.

Goal 3: Appropriately steward the resources that are entrusted to us and seek ways to continually improve efficiency of Internal Audit operations

- **Action:** Maintain auditor productivity at a level that is directed by the Chancellor and Board of Trustees, in order to fulfill our responsibilities.
 - **Measurement:** (ONGOING) Auditor productivity, the percentage of hours spent on direct, chargeable activity such as assurance and consulting services, will be at or above 75% annually, excluding unforeseen medical situations or other emergencies.
 - Results: FY 2023, our auditor productivity was 76.7%
 - Results: FY 2024, our auditor productivity was 76.3%
- **Action:** Continue to use the capabilities of the audit management system and other available tools to accomplish our work and deliver results in the most efficient manner possible, without compromising effectiveness.

Goal 4: Sustain the qualifications, skills, and expertise necessary to fulfill our responsibilities to the University for the long term

- **Action:** Ensure that all auditors engage in regular education and training and retain appropriate certifications and credentials.
 - **Measurement:** (ONGOING) Each auditor will spend at least 40 hours engaged in professional development annually, as logged in the time tracking system. (This is

- monitored via periodic reporting from our audit management system and is documented in the employee evaluation process.)
- Measurement: (ONGOING) Each auditor will actively seek and maintain at least one relevant professional certification such as the CPA, CIA, CISA, CFE, or other credential that is relevant to the auditor's duties.
 - **As of August 2023, all seven auditors are professionally certified.**
 - **As of July 2024, team members are pursuing the following additional credentials:** CIA (1), CISA (1)
 - **Action:** Provide leadership and growth opportunities to team members so that they are prepared for assuming larger roles as the team's needs dictate.
 - Measurement: (ONGOING) We will continue and refine a program of regular team learning and information sharing to grow each individual's knowledge of the higher education industry, the University environment, and various soft skills.
 - Lunch and Learn – 6-10 sessions per year
 - Project assignments are made with each individual's professional growth in mind
 - Step Taken: During FY 2022, each team member completed the IIA Competency Framework and identified specific individual growth opportunities which were incorporated into their annual evaluation goals.
 - Step Taken: During FY 2023, we participated in a continuity exercise which resulted in updates to the *Audit Manual* and the creation of a new CAO Duties continuity document.
 - Step Taken: Actively providing exposure for one or more Audit Supervisors to the larger **planning and leadership aspects of the IA function**, such as the risk assessment/audit planning process; state reporting requirements, communications with senior leadership and the Board, etc.
 - **Action:** Ensure that the team has sufficient depth of expertise in critical areas so that we are not dependent on one person having the sole knowledge of the area.
 - Step: (ONGOING) Additional auditor(s) will participate in engagements and/or formal training related to the **healthcare** or **research** enterprises of the University.
 - During FY 2023, one additional auditor led a healthcare-specific audit (continuing into FY 2024)
 - Step: (ONGOING) Additional auditors will participate in engagements and/or formal training that is primarily or heavily **IT**-related.
 - During FY 2023, IT audit and controls topics were a recurring agenda item at the team Lunch and Learn events. Delivering these sessions was an individual goal on one team member's annual evaluation.
 - During FY 2023, two team members who had not done so previously, completed IT-specific engagements.
 - During FY 2024, a team member supervised and participated in IT engagements more heavily than in prior years
 - Step: (FY 2024) One additional auditor completed the **CISA examination** process and significantly enhanced IT-related knowledge.
 - Step: (FY 2024) Updated EnCase forensic software and checklist and held discussions with internal team members and ITCS on forensic capabilities.

- Step: (ONGOING) We will continue to include growth in **data analytics and other new technologies** on each team member's performance goals. In FY 2025 we will begin to use PowerBI as an analytics tool where appropriate in our engagements.

Goal 5: Provide meaningful education and development opportunities for University students and potential future Internal Audit professionals

- **Action:** Maintain an active student intern program, employing at least one intern to function as a part-time entry-level auditor each semester if University funding allows.
 - Measurement: (ONGOING) Self-explanatory
 - For FY 2023 we increased budget for the intern position
- **Action:** Collaborate with faculty in the College of Business and/or other academic units to provide information on the internal audit profession to students with the potential skills and academic credentials to succeed in this profession.
 - Measurement: (ONGOING) We will attend at least one student event or class annually, as allowed by faculty.
 - During FY 2023, we presented at a Student Accounting Society event.
 - During FY 2024, we served as an audit panelist at a Student Accounting Society event.



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. Members of University management will also be present to answer questions about the status of resolving any audit recommendations.

Action: This item is for information only.



AGENDA ITEM

V. Other Business Vince Smith
Committee Chair

Situation: This agenda item is for any other business deemed necessary by the committee.

Background: This committee members will suggest any other items needing discussion.

Assessment: The committee will discuss the relevant issues.

Action: This item is for discussion only.