

AGENDA
Audit, Risk Management, Compliance, and Ethics Committee
September 28, 2023

- I. Approval of Minutes – April 27, 2023
- II. Review of Operational Metrics
- III. Action Items - NONE
- IV. Informational Items
 - A. Enterprise Risk Management Update (Ms. Stephanie Coleman)
 - B. University Policy Process (Mr. Wayne Poole)
 - C. Internal Audit Update and Annual Requirements (Mr. Wayne Poole)
 - Audit Committee and Internal Audit Charters
 - Internal Audit Annual Report
 - Internal Audit state Self-Assessment Maturity Model
 - 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
April 27, 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 April 27, 2023.

Committee members present: Vince Smith (Chair), Angela Moss, Tom Furr, Cassie Burt, and Ryan Bonnett.

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 February 2, 2023 committee meeting.

Action Item: The minutes of the February 2, 2023 committee meeting were approved with no changes.

Action Items

The committee had two action items. These items did not require action by the full board.

The committee approved proposed changes to the current year audit plan, as presented by Chief Audit Officer Wayne Poole. One engagement was added, and one engagement was postponed. Trustee Bonnett made the motion; Trustee Burt seconded, and it was approved unanimously.

The committee approved the fiscal year 2024 annual audit plan as presented by Chief Audit Officer Wayne Poole. Trustee Bonnett made the motion; Trustee Burt seconded, and it was approved unanimously. The plan will now be submitted to the UNC System Office and the North Carolina Council of Internal Audit.

Informational Items

Enterprise Risk Management – Ms. Stephanie Coleman

Vice Chancellor Coleman shared the recently updated matrix of top risks and briefed the committee on the recent activities of the ERM Committee. Ms. Coleman specifically shared that while the top 10 enterprise risks remain the same, their rankings have changed. She walked through the changes in detail. Ms. Coleman advised that the University will submit the updated top five risks to the UNC System Office later in the spring. The de-identified top risks for the entire system will be shared with the UNC Board of Governors. Committee members asked questions about the workforce challenges risk and the student crisis management risk.

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. A draft of the proposed policy process has been shared with the University Policy Committee. Key tenets of the new process are flexibility, delegated authority, and ensuring input is received from relevant stakeholders. The policy committee was given one month to provide input and will reconvene in late May to review additional revisions before determining next steps. Committee Chair Smith told Mr. Poole the committee would like a timeline established for implementing the new policy process and that a new process should be implemented in the fall.

Regulatory Compliance Committee Update – Mr. Wayne Poole

Mr. Poole advised that in response to rapidly evolving regulatory compliance risks, and after considering the compliance structures at other institutions, Chancellor Rogers has directed the establishment of a standing Regulatory Compliance Committee. This group includes compliance professionals from across the University. It is co-chaired by General Counsel Paul Zigas and Chief Audit Officer Wayne Poole and is charged with ongoing review of external compliance requirements and ensuring that significant gaps, opportunities, and risks

**Minutes from the Audit, Risk Management, Compliance, and Ethics Committee
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are addressed. The group is also responsible for communicating significant items with senior leadership and the Board.

Recent Internal Audits – Mr. Wayne Poole

Mr. Poole briefed the committee on one recent internal audit engagement, related to non-exempt employees' Kronos time records for the 2022 calendar year.

Closed Session

At 1:45 pm, Trustee Bonnett 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 by Trustee Burt and unanimously approved.

The committee returned to open session at 2:02 pm.

Other Business

There was no other business to discuss, and the committee meeting was adjourned at 2:02 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 2023 ended up in the “green”, with one exception. The COI disclosure rate fell just below 100% for the year.

Metrics for FY 2024 year to date (July and August 2023) are generally on track. There are two new KPIs being measured this year; both are related to human subjects research compliance efforts. In addition, the targets for three other KPIs have been adjusted based on various factors. The changes are highlighted in the “Target” column of the dashboard.

Action: This item is for information only.



CEO Tracking Sheet

Fiscal Year - 2023

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			
					Plan	Actual	+ / -	YTD +/-	Plan	Actual	+ / -	YTD +/-	Plan	Actual	+ / -	YTD +/-	Plan	Actual	+ / -	YTD +/-
Audit Plan Completion (Internal Audit)	Percent of projects on annual plan that are completed	90.9%	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%	6.7%	80.0%		
				Actual	7.0%	7.0%	7.6%	8.5%	7.8%	3.4%	6.3%	8.9%	7.2%	8.9%	6.1%	8.6%	87.3%			
				+ / -	0.4%	0.4%	1.0%	1.9%	1.1%	-3.3%	-0.4%	2.2%	0.5%	2.2%	-0.6%	1.9%				
				YTD +/-	0.4%	0.8%	1.8%	3.7%	4.8%	1.5%	1.1%	3.3%	3.8%	6.0%	5.4%	7.3%				
Auditor Productivity (Internal Audit)	Direct Audit & Consult hrs vs. Total hours	75.8%	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%	76.0%	75.0%		
				Actual	70.0%	77.0%	79.3%	75.4%	77.1%	59.5%	77.9%	86.5%	85.4%	73.8%	80.9%	76.2%	76.7%			
				+ / -	-5.0%	2.0%	4.3%	0.4%	2.1%	-9.5%	1.9%	10.5%	9.4%	-2.2%	4.9%	0.2%				
				YTD +/-	-5.0%	-1.6%	0.8%	0.7%	0.9%	-2.3%	-1.2%	0.3%	1.5%	1.3%	1.7%	1.7%				
Management Corrective Actions Completion Rate (Internal Audit)	Percent of recommendations resolved when IA follows up	97.4%	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%	95.00%		
				Actual	100.00%	100.00%	83.30%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	98.80%		
				+ / -	5.00%	5.00%	-11.70%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%				
				YTD %	5.00%	5.00%	-0.60%	1.30%	1.70%	1.90%	2.40%	2.80%	3.20%	3.60%	3.80%					
Number of Rules Education Sessions (Athletics Compliance)	Number of sessions spent educating athletes, staff & others	303	300	Plan	25	25	25	25	25	25	25	25	25	25	25	25	25	300		
				Actual	27	33	36	34	24	23	32	34	41	28	30	359				
				+ / -	2	8	11	9	(1)	(2)	7	9	16	3	(8)	5				
				YTD +/-	2	10	21	30	29	27	34	43	59	62	54	59				
Number of NIL Education and Consultation Sessions (Athletics Compliance)	Sessions spent educating athletes, staff & others (NIL-specific)	72	24	Plan	2	2	2	2	2	2	2	2	2	2	2	2	2	24		
				Actual	4	6	7	6	2	5	7	11	14	5	5	6	78			
				+ / -	2	4	5	4	-	3	5	9	12	3	3	4				
				YTD +/-	2	6	11	15	15	18	23	32	44	47	50	54				
Number of Education Sessions (Healthcare Compliance)	Number of sessions spent educating providers and staff	1123	1008	Plan	84	84	84	84	84	84	84	84	84	84	84	84	84	1008		
				Actual	92	89	89	85	86	88	91	91	97	88	92	82	1070			
				+ / -	8	5	5	1	2	4	7	7	13	4	8	-2				
				YTD +/-	8	13	18	19	21	25	32	39	52	56	64	62				
Number of Provider Documentation Reviews (Healthcare Compliance)	Number of providers whose doc. accuracy was reviewed	627	540	Plan	45	45	45	45	45	45	45	45	45	45	45	45	45	540		
				Actual	50	51	46	50	51	49	54	50	48	51	48	39	587			
				+ / -	5	6	1	5	6	4	9	5	3	6	3	-6				
				YTD +/-	5	11	12	17	23	27	36	41	44	50	53	47				
Pass Rate Results of Healthcare Provider Documentation Reviews (Healthcare Compliance)	Percent of reviewed providers receiving a passing score	91.7%	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%	90.0%		
				Actual	94.4%	88.9%	100.0%	94.3%	88.9%	94.1%	85.7%	91.4%	91.7%	94.3%	92.1%	92.3%	92.3%			
				+ / -	4.4%	-1.1%	10.0%	4.3%	-1.1%	4.1%	-4.3%	1.4%	1.7%	4.3%	2.1%	2.3%				
				YTD +/-	4.4%	1.7%	4.3%	4.3%	3.2%	3.3%	2.2%	2.1%	2.1%	2.3%	2.3%	2.3%				
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												97.5%	2.1%	0.25%	99.85%	
				+ / -																
				YTD +/-													7.5%	4.6%	-0.15%	



AGENDA ITEM

III.A 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. At this time there are no changes.
- Assessment:** No action is required today.
- Action:** This item is for information only.

AGENDA ITEM

IV.A. Enterprise Risk Management (ERM) Update Stephanie 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 September 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 food/housing insecurity, mental and physical health, and other urgent needs	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.



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. Internal Audit Update and Annual Requirements Wayne Poole
Chief Audit Officer

Situation: This committee oversees the Internal Audit (IA) activity of the University as well as external audits and the University’s compliance with various external expectations regarding the IA function.

Background: Since this is the committee’s first meeting of the fiscal year, Mr. Poole will brief the committee on the charters for the committee and the IA function, the IA annual report for FY 2023, and the Self-Assessment of IA which is required annually by the *NC Council of Internal Audit*. (The *Council* oversees and sets expectations for the IA activities at all state agencies and Universities.)

Assessment: The charters for this committee and the IA activity have been reviewed and do not require any changes. They’re included in the committee’s meeting materials.

The IA Annual Report is included in the committee’s meeting materials and includes the activities of IA for the year, as well as several required disclosures.

A one-page graphical summary of the required state self-assessment maturity model is included in the committee’s meeting materials. Completion of this annual assessment is required by the *NC Council of Internal Audit*. CAO Poole and Chancellor Rogers have reviewed the results together, signed the assessment, and submitted it to the *Council* as required.

Action: This item is for information only.



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 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 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.

This version approved by the Committee by formal vote on September 9, 2021.



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 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 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 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.

Authority



Internal Audit Charter

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 September 9, 2021.

Pirate Auditors

Office of Internal Audit and Management Advisory Services

FY 2023 Annual Report



Our Core Values...

Selflessness

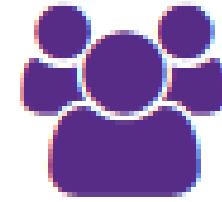
Ownership

Unity

Larger Purpose



Pirate Auditor Facts



- **8** FTEs + One intern
 - CAO, six auditors/supervisors, one program specialist
- **8** advanced degrees (MSA, MBA)
- **12** professional certifications (CPA, CIA, CFE, CISA, CHC, CHRC)
- Nearly **120 years** combined audit experience

FY 2023 by the Numbers...

- Audit Plan Completion: **87.3%** (target is $\geq 80\%$)
- Auditor Productivity (chargeable hours):
76.7% (target is $\geq 75\%$)
- Projects completed: **48**
- Hotline Triage: **23**
- Consultations: **96**
- Committees/Workgroups: **18**



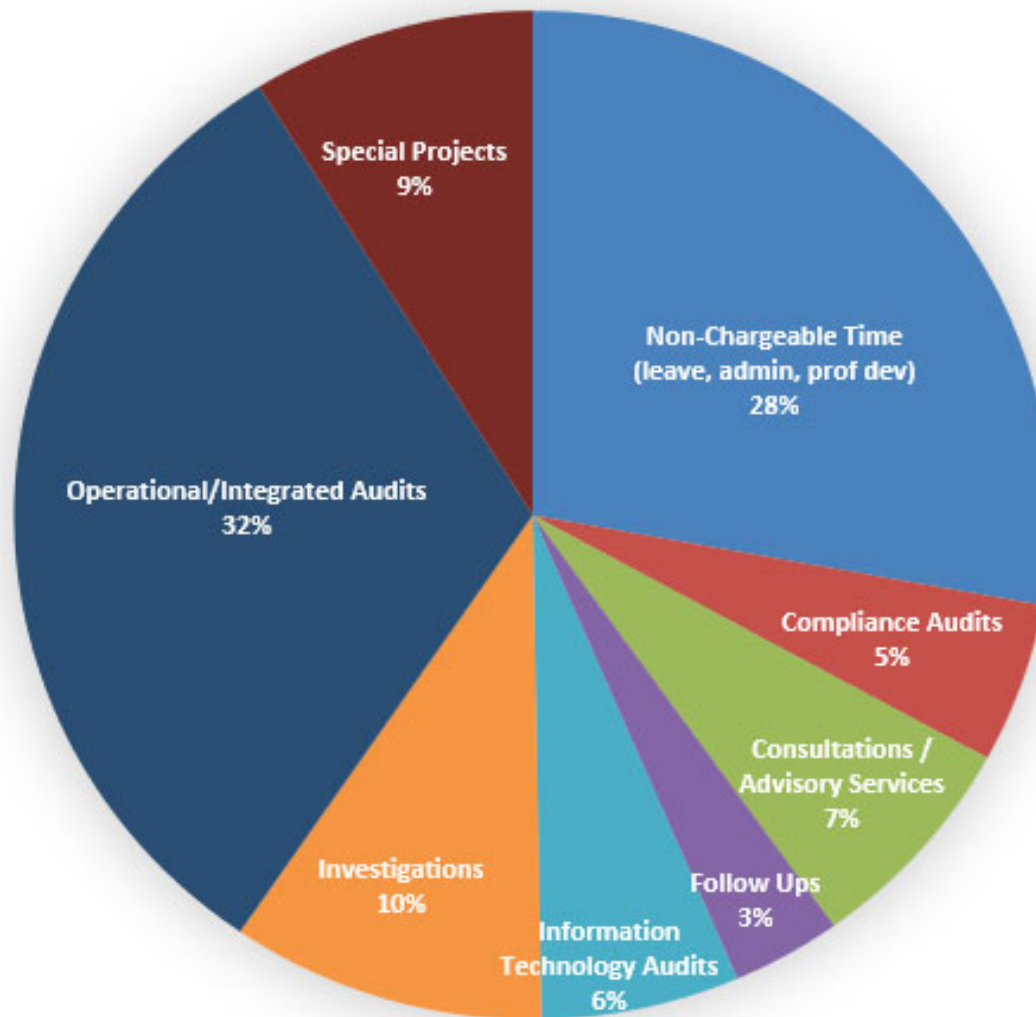
FY 2023 by the Numbers...

- Formal (reportable) recommendations: **119**
- Management Action Plans Closed: **80**
- Monetary recovery & cost savings identified:
\$143,014* (other recommendations will increase efficiency and save costs over time; not yet quantifiable)



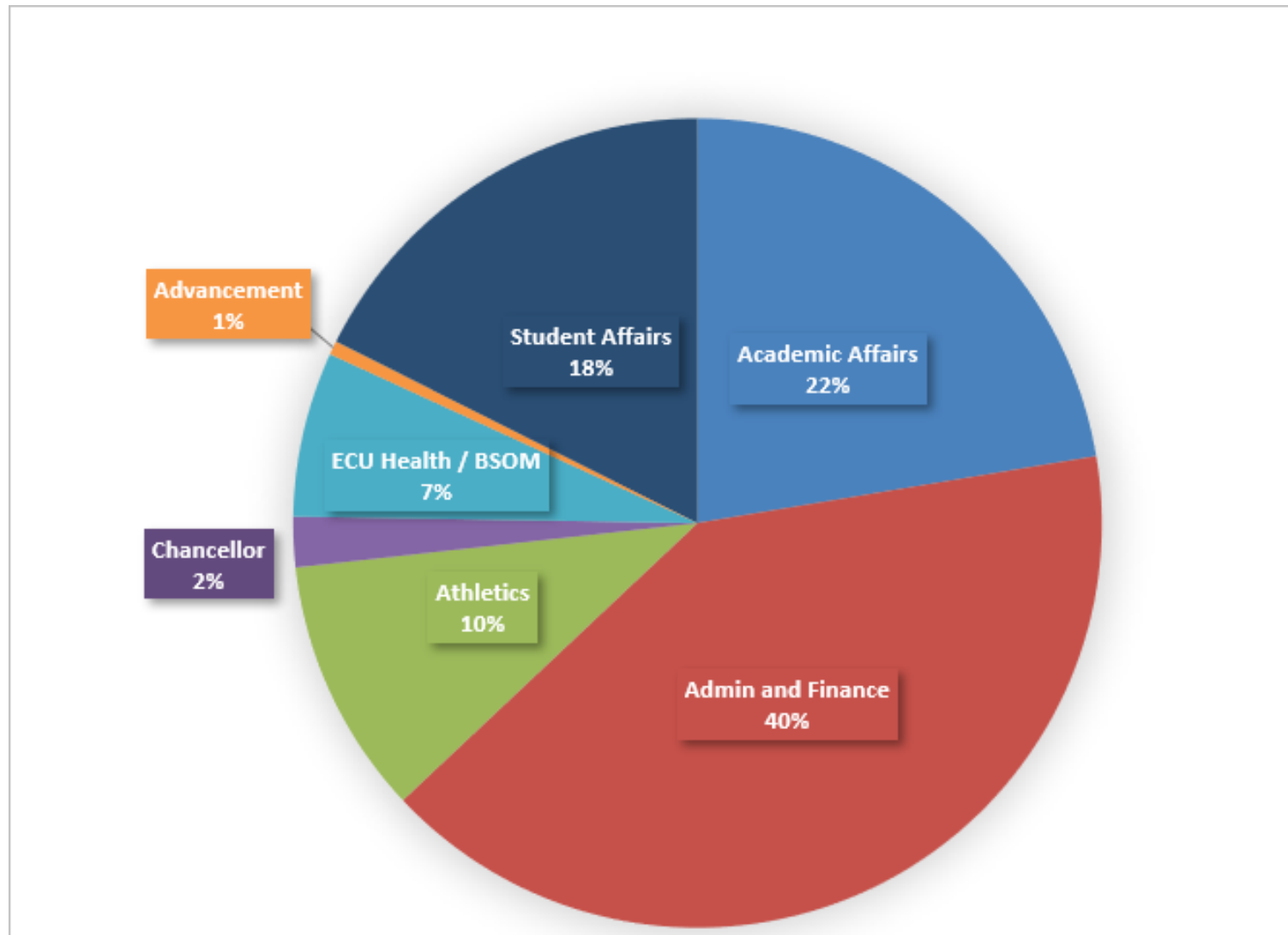
How we spent our time...

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 (campus safety systems, flexible and remote work, cybersecurity, healthcare, research, minors on campus, expenses/resources/fiscal responsibility, and more...)
- Assisted numerous external auditors
- Completed consultations on the University Policy Process and University Ombuds Services, among others
- Assisted with the ERM Committee
- Co-chaired the newly established Regulatory Compliance Committee
- Continued our strong relationships with other ECU compliance and risk professionals

Committees & Service to the University



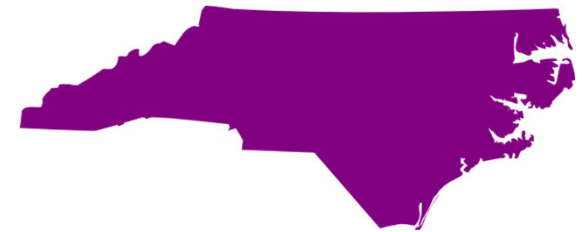
Just a sample...

- ERM Committee
- Regulatory Compliance Committee (co-chair)
- University Policy Committee
- AICFR
- HIPAA
- 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...

- Hosted 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
- Intro to IA 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...



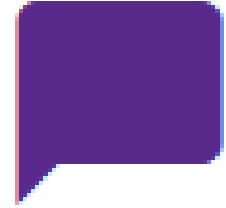
Disclosures (per IIA Standards)

During FY 2023 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



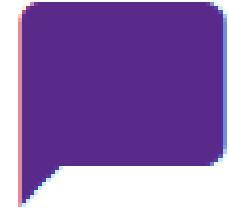
What our Clients are saying...



“ECU is very fortunate to have your team working to keep the institution compliant and protected”

“You are great colleagues and a pleasure to work with.”

What our Clients are saying...



“Your team rocks! Thanks for all you do for ECU.”

“It always amazes me to observe what...[the audit team] accomplishes.”

What's next?

**Future focused.
Innovation driven.**

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

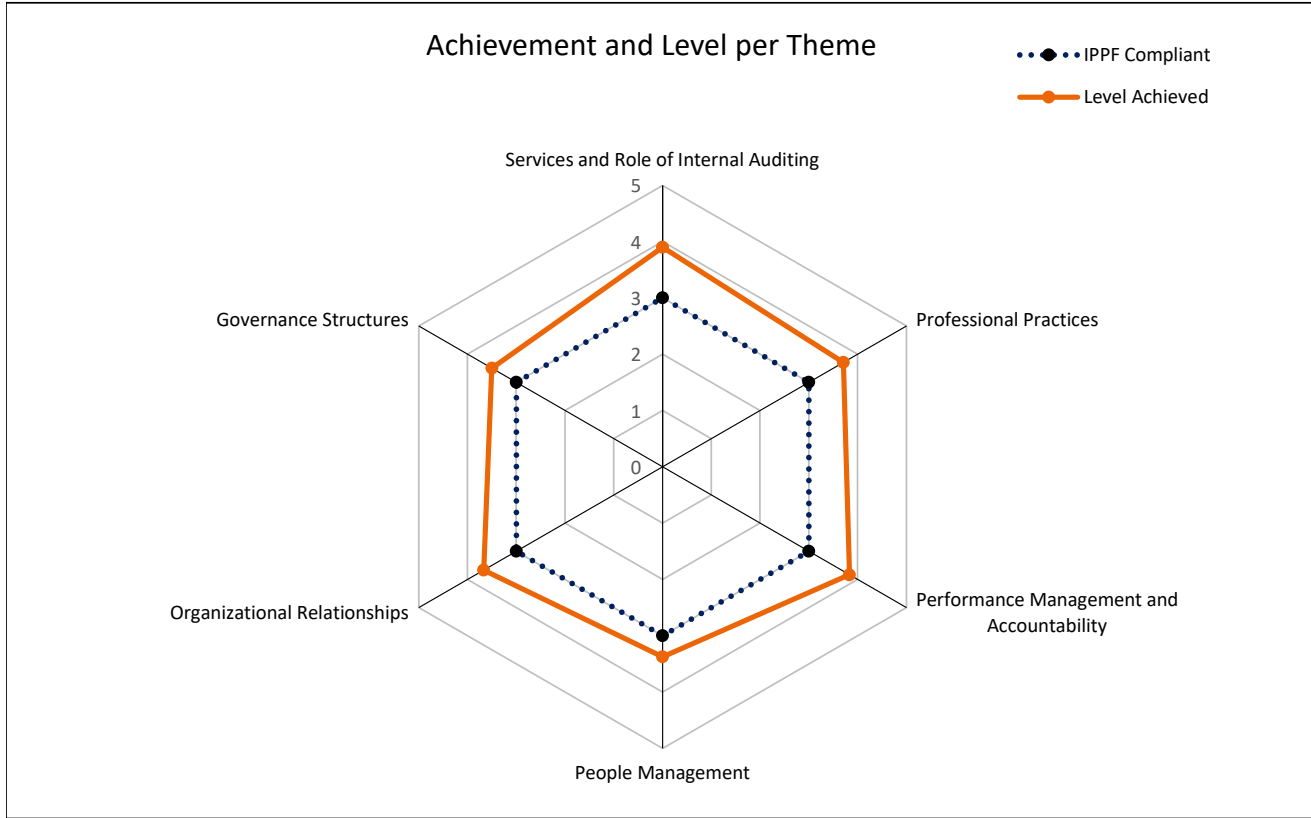
Pirate Auditors

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



ECU Internal Audit - FY 2023 NC Council of Internal Audit Self-Assessment Summary

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



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 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.