

AUDIT COMMITTEE OF THE BOARD OF TRUSTEES

North Carolina Agricultural and Technical State University
Greensboro, NC

February 13, 2015

MINUTES

The Audit Committee of the Board of Trustees convened on Friday, February 13, 2015 at 12:00 noon in the Alumni-Foundation Event Center, Executive Boardroom. Mrs. Pamela McCorkle Buncum called the meeting to order.

Roll Call revealed the following:

Present: Mrs. Pamela McCorkle Buncum, Chair
 Mrs. Karen Collins
 Mr. William Dudley
 Ms. Laura Meagher
 Dr. Bertram Walls

Others Present: Mrs. LaShonna Frederick, Interim Internal Audit Director
 Mr. Scott Hummel, AVC/B&F/Comptroller
 Mrs. Carolyn Morrison, Recorder, Internal Audit
 Mr. Robert Pompey, Jr., VC for Business & Finance
 Ms. Nicole Pride, Chief of Staff
 Ms. Priscilla Siddle, NC Office of the State Auditor
 Dr. Charles Waldrup, General Counsel

Excused Absence: Mr. Spence Broadhurst

A motion for the approval of the open session minutes of the last meeting held November 14, 2014 was offered by Mr. William Dudley and seconded by Dr. Bertram Walls. The motion was unanimously carried and the minutes were approved.

Ms. Priscilla Siddle, Office of the State Auditor (OSA) Financial Audit Supervisor for the Greensboro Office, introduced herself to the Audit Committee. Ms. Siddle gave the Audit Committee an update. The OSA has completed the financial statement audit for fiscal year ending 6/30/14. The report was issued December 18, 2014 and there were no reportable findings. Fieldwork has been completed for the Single Audit for fiscal year ending 6/30/14, which focused on higher education programs. The Single Audit remains under review and is a part of the statewide Single Audit Report, which will be released in March. A management letter will be issued prior to that time. There are no reportable findings for

this audit either. Both reports will be available on the OSA public website. There were no questions from the Audit Committee. Mr. Robert Pompey thanked the state auditors for their hard work, diligence and partnership. Ms. Siddle echoed similar sentiments in regard to the staff, Mr. Pompey and Mr. Scott Hummel. The financial staff is very cooperative in the audit efforts. Ms. Siddle excused herself from the meeting. Mrs. Buncum yielded the meeting to Mrs. LaShonna Frederick.

The open session and closed session activity reports were provided to the committee members prior to the meeting. These reports were broken down by scheduled and unscheduled audits. Mrs. Frederick discussed the open session activity report. The reporting period was November 1, 2014 to January 31, 2015.

Scheduled Audits

There was one scheduled audit completed since the last committee meeting.

FY 2014-15 2nd Quarter Surprise Cash Counts

There was one audit issue. The department did not comply with state and university policy and procedures requiring that funds collected in the department must be deposited within 24 hours of receipt or the next business day. Corrective actions have been taken.

Unscheduled Audits

There was one unscheduled audit completed since the last committee meeting.

Allegation that an Employee Falsified Timesheets

It was alleged that an employee falsified what was reported as sick and vacation leave taken. The OIA reviewed leave requests, leave reports, emails, conducted interviews and reviewed the approval process. The OIA could not substantiate the allegations.

Mrs. Buncum asked when the audit process is completed and the review is done, does the OIA go back to that individual (if it is not anonymous) and tell them what the findings are? Mrs. Frederick responded no. The OIA will send a copy the audit report to the Vice Chancellor of the area where the allegations are made. The Vice Chancellor will forward the report to the Department Head. Sometimes, the complainant will contact the OIA to get an update and/or ask to be kept informed.

There were no additional questions or comments. Mrs. Buncum read the language for closed session in accordance with N.C.G.S. 143-318.11. Mrs. Karen Collins made the motion to go into Closed Session. It was seconded by Ms. Laura Meagher.

There were four scheduled and four unscheduled audits in process listed for the period. Mrs. Frederick added two unscheduled audits to the list. These audits, which were in various stages, were discussed in Closed Session.

Following the discussion, Mr. Dudley made the motion to resume Open Session. It was seconded by Ms. Meagher and unanimously carried.

In Open Session, the Audit Committee discussed the need to communicate University policies to the employees and place the burden on the employees.

Mrs. Buncum asked how many active auditors does the OIA have and has it been a challenge to place items on the back burner to address higher priority work? Mrs. Frederick responded that the OIA currently has three auditors and then there is the vacant Director's position. Since the holidays, the OIA has been busy. There were a couple of reviews that were made priority due to potential personnel actions associated with the results of the reviews.

Ms. Meagher wanted to obtain a better understanding of the case management system that the OIA uses. She wanted to know how were hotline complaints addressed and who set the priority as to how the complaints will be addressed. Mrs. Frederick explained the existing process.

Other Business

Ethics & Compliance Employee Hotline Update

Mrs. Frederick distributed a matrix of hotline calls received during the last five years to the Audit Committee. The matrix contained several categories/types of complaints. The number of employee relations complaints stood out. Mrs. Frederick stated that the OIA has increased the advertisement of the hotline. Information about the hotline is disseminated every other week via weekly announcements to faculty and staff. The hotline is also advertised on the TV monitors in each building.

Mrs. Buncum wanted the OIA to figure out a mechanism to capture feedback from employees who have used the hotline to make a complaint. Mr. Pompey suggested that a survey be conducted on an annual or bi-annual basis to capture how comfortable employees feel about the hotline – do they feel that it is effective? Mrs. Buncum added that the survey should ask if the employee feels protected or intimidated by the hotline. Mr. Dudley added that instead of a satisfaction survey, maybe a willingness to use survey would work better to capture that information.

Internal Audit Director Search Update

The Search Committee held a Skype screening for three applicants for the position. Overall, it went well. The Search Committee decided to bring two of the applicants to campus for an interview. Depending on scheduling, the interviews should occur in the beginning of March. Mrs. Buncum added that during the November meeting, it was requested that the University do a wider advertisement for the position. Mrs. Frederick did just that and emailed the Audit Committee the advertising avenues that were used. This seemed to help bring in the right applicants.

With no further business, Mr. Dudley made a motion to adjourn the meeting. It was seconded by Mrs. Collins. The meeting adjourned at 12:53 pm.

Recorded by:

Carolyn Morrison