

RISK MANAGEMENT, AUDIT & COMPLIANCE COMMITTEE OF THE BOARD OF TRUSTEES
North Carolina Agricultural and Technical State University
Greensboro, NC

September 11, 2015

MINUTES

The Risk Management, Audit & Compliance Committee of the Board of Trustees convened on Friday, September 11, 2015 at 12:05 pm in the Alumni-Foundation Event Center, Executive Boardroom. Mr. William Dudley called the meeting to order and welcomed the new committee members.

Roll Call revealed the following:

Present:	Mr. William Dudley Ms. Venessa Harrison Ms. Donna James
Absent:	Ms. Laura Meagher, Chair
Others Present:	Ms. Angela Ealey, Internal Audit Director Ms. LaShonna Frederick, Recorder Ms. Kathy Murphy, Deputy General Counsel Ms. Nicole Pride, Chief of Staff Dr. Charles Waldrup, General Counsel

Before proceeding with the meeting, Mr. Dudley commenced a statement of introduction for the committee members and staff in attendance. Next, a motion for the approval of the open session minutes of the last meeting held April 16, 2015 was offered by Ms. Venessa Harrison and seconded by Ms. Donna James. The motion was unanimously carried and the minutes were approved.

FY 2015-16 Audit Plan

Ms. Angela Ealey, Internal Audit Director, presented the FY 2015-16 Audit Plan to the committee members. The Office of Internal Auditing selected a risk-based audit plan for the fiscal year. A lengthy discussion was held about the components of the audit plan, as well as the risk framework. A motion for approval of the audit plan was made by Ms. Harrison and seconded by Ms. James.

Enterprise Risk Management Update

Ms. Nicole Pride provided an update to the committee members on Enterprise Risk Management. She gave background information on how the Chancellor challenged the Cabinet members to take a look at risks associated with the organization for each of their respective areas. A consultant is working with the group to establish a tighter list of high level risks. A survey will be sent to the Cabinet members and there will be another working session with the consultant to begin planning risk management and mitigation. Once the comprehensive list of risks is complete, it will be presented to the Chancellor and

Board members. Ms. James asked whether the University's strategic plan, A&T Preeminence 2020, was considered during the risk assessment. Ms. Pride responded that strategic priorities were assessed during this process.

Mr. Dudley yielded the meeting to Ms. 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. Ms. Frederick discussed the open session activity report. The reporting period was April 11, 2015 to August 31, 2015.

Scheduled Audits

There were four scheduled audits completed since the last committee meeting.

FY 2014-15 4th Quarter Surprise Cash Counts

There were no audit issues.

Athletics Rules Compliance Follow-Up Audit

The purpose of this review was to determine if corrective actions had been made on those issues that were noted in the June 2014 report. Satisfactory progress has been made to correct the deficiencies noted.

Assessment of Internal Controls Over Financial Reporting for FYE 6/30/15

The OIA performed this assessment to confirm the presence of sound internal controls over financial reporting at the university. OIA was more involved in the process this year due to UNC-GA's request for internal auditors to play a more active role.

FY 2014-15 Year-End Inventories

The OIA performed a year-end review of inventories for the Physical Plant and the University Farm as of June 30, 2015. The Physical Plant included the Central Warehouse and the fuel. There were no exceptions noted.

There were no questions about these audit reports.

Unscheduled Audits

There were four unscheduled audits completed since the last committee meeting.

Questions Surrounding the Hiring & Salary of a Former Employee in a University Department

This unscheduled review was requested by senior management after they received a letter from a former employee alleging that a department did not follow the proper hiring procedures when it hired an employee. The employee also received salary that was commensurate with a seasoned, experienced employee and the employee had not completed training. The allegation had merit and the OIA made recommendations to correct the deficiencies noted.

Allegation That a Faculty Advisor Misappropriated Student Organization Funds

This was an unscheduled review. Student organization leaders alleged that their advisor had misappropriated student organization funds. Students later stated that they did not say that. The OIA reviewed transaction expenditures with the university, as well as with the university foundation. The allegation did not have merit; there was no misappropriation of funds by the advisor.

Hotline - Allegation That an Employee Falsified Company Records

This complaint was received via the university hotline. It was alleged that an employee was hired into a position that he was not qualified for because he did not meet the educational requirements of the position. The OIA wanted to ensure that the university did not have any falsified documents relating to the employee. It was determined that the employee's years of experience satisfied the educational requirements of the position. The OIA received a similar complaint about the same employee over a year ago via telephone.

Conflict of Commitment Involving a Faculty Member

This unscheduled review involved a faculty member engaged in external employment. The faculty member's reason for not attending a doctoral student's dissertation defense was a medical appointment. On the same day as the dissertation defense, the faculty member was seen facilitating a workshop on behalf of the external company that he worked for. The faculty member did not disclose to the university the outside employment activities. Ms. Harrison asked whether faculty members are required to let the university know if they have employment elsewhere. Ms. Frederick responded that faculty members are required to complete a Notice of Intent to Engage in External Professional Activities for Pay form.

There were no additional questions or comments. Mr. Charles Waldrup read the language for closed session in accordance with N.C.G.S. 143-318.11 a (1). Ms. Harrison made the motion to go into Closed Session. It was seconded by Ms. James.

There were four scheduled and six unscheduled audits in process for the period. These audits, which were in various stages, were discussed in Closed Session.

Following the discussion, Ms. James made the motion to resume Open Session. It was seconded by Ms. Harrison.

Other Business

There was no other business to discuss.

With no further business, Ms. James made a motion to adjourn the meeting. It was seconded by Ms. Harrison. The meeting adjourned at 1:19 pm.

Recorded by:

LaShonna Frederick