

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

November 20, 2015

MINUTES

The Risk Management, Audit & Compliance Committee of the Board of Trustees convened on Friday, November 20, 2015 at 12:00 pm in the Alumni-Foundation Event Center, Conference Room. Ms. Laura Meagher called the meeting to order.

Roll Call revealed the following:

Present: Mr. William Dudley
 Ms. Venessa Harrison
 Ms. Donna James
 Ms. Laura Meagher, Chair

Others Present: Ms. Angela Ealey, Internal Audit Director
 Ms. LaShonna Frederick, Recorder
 Dr. Darryl McGraw, Vice Chancellor for ITS
 Ms. Kathy Murphy, Deputy General Counsel
 Ms. Nicole Pride, Chief of Staff
 Dr. Charles Waldrup, General Counsel
 Ms. Lisa Warren, Director of IT Security & Audits, ITS
 Mr. Joshua Weaver, Director of Systems, ITS

A motion for the approval of the open session minutes of the last meeting held September 11, 2015 was offered by Mr. William Dudley and seconded by Ms. Donna James. The motion was unanimously carried and the minutes were approved.

Ms. Meagher yielded the meeting to Ms. Angela Ealey.

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. Ealey discussed the open session activity report. The reporting period was September 1, 2015 to October 31, 2015.

Scheduled Audits

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

FY 2014-15 Treasurer's Office Year-End Cash Count

There were no deficiencies noted.

Review of International Calls Follow-Up Audit

The purpose of the original review was to determine whether there were any personal international calls made from the University. It was difficult to determine whether the calls were business or personal due to the University's phone system at that time. The University has since changed the phone system. The follow-up determined that Division of Information Technology Services has been attentive in minimizing personal calls and unauthorized international calls.

Unscheduled Audits

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

OSA Referral – Allegation of Abuse of State Funds

This was an unscheduled review. It was alleged that an employee was sending items off campus for service and maintenance when he/she was supposed to be doing the work themselves. We conducted interviews and reviewed maintenance logs, purchase orders, and procurement card transactions. We found that the allegation did not have any merit. Ms. James wanted to know how the OIA received this complaint. Ms. Ealey responded that someone called the Office of the State Auditor's hotline to report this.

Allegation of Incorrect Use of Grant Funds

The OIA received an allegation that funds from one grant were being used to pay for expenditures of another grant. We reviewed expenditures from both grants and did not find the allegation to be true. However, we did find that one of the grants that worked with high school students and incoming freshmen did not go through the Division of Human Resources to have background checks performed on two people hired as vendors. They circumvented the hiring process by hiring the individuals as vendors instead of temporary workers. The department has changed their procedures. Mr. Dudley asked how the OIA received this complaint. Ms. Frederick responded that a former employee notified our office. Ms. James asked when the OIA conducts an investigation like this – the improper use of grant funds - are there segregation of duties, so that a person cannot authorize an expense and pay for it. Or would it necessitate putting in a control? Ms. Ealey responded that the OIA does look to make sure that there are proper segregation of duties. Ms. James asked whether there were proper segregation of duties in this case. Ms. Ealey responded yes, it would be difficult to do what the individual was alleged being done.

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) to prevent the disclosure of information that is privileged and confidential. Ms. Harrison made the motion to go into Closed Session. It was seconded by Mr. Dudley.

There were four scheduled and five unscheduled audits in process for the period. 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. Harrison.

Other Business

Ms. James wanted to know if the OIA has enough resources to get things done in a timely manner, given all of the unscheduled and pending audits. Ms. Ealey responded that the OIA is stretched because of the unscheduled audits. There are times when we do not get to items on the audit plan. Ms. James wanted Ms. Ealey to keep the committee aware of items that are coming up and taking priority over the scheduled work. Ms. Ealey added that the OIA receives hotline calls, as well as hotline referrals from the Office of the State Auditor. Some of the complaints have to be worked right then and the items on the audit plan get pushed to the side. Ms. Harrison commented that several items reported on today did not have any merit, but the OIA did not know that until an investigation was conducted. Ms. James wanted the OIA to help the committee be sensitive as to what is getting pushed to the back that is considered important because of the critical things the OIA is doing. The reason being, so the committee does not get to the end of the year and look at the audit plan and ask what happened.

With no further business, Ms. James made a motion to adjourn the meeting. It was seconded by Mr. Dudley. The meeting adjourned at 12:59 pm.

Recorded by:

LaShonna Frederick