

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

September 16, 2016

MINUTES

The Risk Management, Audit & Compliance Committee of the Board of Trustees convened on Friday, September 16, 2016 at 12:08 pm in the Alumni-Foundation Event Center, Executive Board Room. Mr. William Dudley called the meeting to order.

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. Ericka N. Smith, Vice Chancellor for Human Resources
 Dr. Charles Waldrup, General Counsel

A motion for the approval of the open session minutes of the last meeting held April 22, 2016 was offered by Ms. Donna James and seconded by Ms. Venessa Harrison. The motion was unanimously carried and the minutes were approved.

FY 2016-17 Audit Plan

Ms. Angela Ealey, Internal Audit Director, presented the FY 2016-17 Audit Plan to the committee members. The audit plan was emailed to the committee members in advance. The Office of Internal Auditing (OIA) performed a risk assessment of auditable areas for the university. Some of the risks considered were compliance, reputational, financial, fraud, waste, and error, higher education industry topics, staff turnover, strategic goal alignment, and whether the area had been audited recently. Areas ranked high on the risk assessment along with areas with a history of problems at other institutions were included on the plan. Ms. James asked whether the audit plan aligned with the resources that the OIA had available. Ms. Ealey responded that there were not as many audits on this year's audit plan as there have been in recent years. The OIA has to also plan for unscheduled audits. Ms. James asked if the OIA had room for items that just pop up. Ms. Ealey responded yes, but we never know what will come up with the unscheduled audits. A detailed discussion was held about the components of the audit plan. A

motion for approval of the audit plan for July 1, 2016 to June 30, 2017 was made by Ms. Harrison and seconded by Ms. James. The audit plan was accepted by the committee.

Mr. Dudley 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 April 16, 2016 to August 31, 2016.

There were five audits completed since the last committee meeting.

Scheduled Audits

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

Review of Assessment of Internal Controls Over Financial Reporting for FYE June 30, 2016

There were no deficiencies noted.

FY 2015-16 4th Quarter Surprise Cash Counts

The OIA performed surprise cash counts in Parking Services, University Band, Office of the Registrar, and Campus Enterprises. There was one exception noted.

Unscheduled Audits

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

Performance Evaluations Are Not Being Performed in a University Department

This was a hotline call where an employee alleged that evaluations were not being performed in a particular division. The OIA sampled employees across the university and verified that completed performance evaluations were submitted to the Division of Human Resources for the 2014-15 fiscal year. There were no discrepancies noted.

Office of the State Auditor – Abuse of State Funds

This complaint was reported to the OIA by the Office of the State Auditor (OSA). The complaint alleged that a university employee was doing the following: stealing university supplies for personal use; falsifying time records by clocking in and out for another employee; and using a university vehicle for personal use. The OIA determined that the allegations were without merit. The Division of Human Resources also looked into similar allegations and determined that there was no merit. Ms. Harrison asked whether the same person was making the allegations. Ms. Ealey responded that the OIA did not know who made the allegation because it was submitted anonymously. Ms. Ealey told the committee that the complaints received from the OSA must be responded to within 90 days. This takes the OIA away from anything that is being worked on at that time.

Office of the State Auditor – Department Throwing Away Usable Equipment

This complaint was also reported to the OIA by the Office of the State Auditor. A manager threw away pieces of equipment that were new or in like new condition. Several supervisors assisted the manager

with discarding these items. The OIA found that a university department cleaned up an off-site storage facility. During the cleanup, employees threw away items that were still usable. Some of the items should have been listed with the State Surplus Property Office, so that they could be sold via bid sale or sold to other universities and state agencies. Both reviews were closed by the OSA and they were satisfied with the work that the OIA performed.

Mr. Dudley asked what the total number of unscheduled audits was. Ms. Ealey responded that the OIA completed seven unscheduled audits last fiscal year and is currently working on some. The total number of hotline complaints that came into our office was forty-eight. The total number is a bit misleading because several of the complaints were similar in nature and involve the same department. Ms. Harrison wanted to know whether that number was up or down from previous years and how it was trending. Ms. Ealey responded that the total number was up from the previous year. Mr. Charles Waldrup added that the numbers are high, but it is due to one academic department calling the hotline to make accusations against other people in the academic department. Students in the academic department were also encouraged to call the hotline.

Ms. James wanted to know whether there was any follow-up by the OIA when the complaints are referred to and investigated by the responsible party (Vice Chancellor/Chairperson/Department Head). She also wanted to know if it was documented. Ms. Ealey responded that the responsible party sends the OIA a report and both the complaint and the responses are tracked. Ms. James wanted to make sure that there was closure to the complaints and that the closure was being documented.

An additional discussion ensued about how the OIA received, distributed, and addressed the complaints received.

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 Ms. James.

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

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

Other Business

There was no other business.

With no further business, Ms. James made a motion to adjourn the meeting. It was seconded by Ms. Harrison. The meeting adjourned at 12:49 pm.

Recorded by:

LaShonna Frederick