

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

February 22, 2019

MINUTES

The Risk Management, Audit & Compliance Committee of the Board of Trustees convened on Friday, February 22, 2019 at 12:08 pm in the Alumni-Foundation Event Center, Executive Board Room. Judge Paul Jones called the meeting to order.

Roll Call revealed the following:

Present: Ms. Venessa Harrison
Ms. Donna James
Judge Paul Jones
Mr. Tim King

Others Present: Ms. Cathy Clark, NC Office of the State Auditor
Ms. LaShonna Frederick, Interim Internal Audit Director
Ms. Erin Hill Hart, Chief of Staff
Mr. Tom Jackson, VC for Information Technology Services/CIO
Dr. Kathy Murphy, Interim General Counsel
Ms. Priscilla Siddle, NC Office of the State Auditor
Mr. Marcus Worsley, Recorder

Absent: Ms. Laura Meagher

Judge Jones acknowledged the presence of Ms. Donna James and welcomed her back to the committee meeting. He also asked for a Moment of Silence due to the loss of Ms. Angela Ealey, Internal Audit Director.

A motion for the approval of the minutes of the meetings held on September 21, 2018 and November 16, 2018 was offered by Ms. Donna James and seconded by Ms. Venessa Harrison. The motion was unanimously carried and the minutes were approved.

Judge Jones yielded the meeting to Ms. Cathy Clark and Ms. Priscilla Siddle for the Office of the State Auditor Update.

Office of the State Auditor Update

Ms. Cathy Clark supervised the financial statement audit, as well as the single audit at North Carolina A&T State University. The scope for both audits was for fiscal year ending June 30, 2018. The single

audit focused on the Higher Education Institutional Aid grant, a federal grant from the Department of Education. Most of the university staff know this grant as Title III funds. The objective for the financial statement audit was to provide an opinion on the financial statements – that they were materially stated on a reasonable basis and provide that independent assurance that management presented a true and fair presentation of the university’s financial performance. The objective of the single audit was to ensure that the university was in compliance with the requirements that were applicable to Title III federal funds regarding the grant. Ms. Clark reminded the Committee that management is still ultimately responsible for presenting a fair presentation of the financial statements and ensuring that compliance related to the federal program is taking place. Management is also ultimately responsible for designing, implementing, and maintaining the internal controls to ensure that both of those objectives are achieved.

On December 7, 2018, the financial statement audit report was issued for fiscal year ending June 30, 2018. This audit report included an unmodified opinion and did not include any audit findings. The single audit report has not been issued and is expected to be released at the end of March. There were no findings for the single audit either. Ms. Clark told the committee that the A&T staff was great to work with this year.

Ms. James asked whether the audits were performed each year. Ms. Clark responded that the financial statement audit is performed every year, but the single audit can vary. The single audit is dependent upon a materiality assessment of grants performed at the statewide level.

Judge Jones yielded the meeting to Ms. LaShonna Frederick for the internal audit update.

Internal Audit Update

OIA Charter Revision

The Office of Internal Auditing (OIA) charter was revised to align it with the internal auditing standards. The revised OIA charter was emailed to the committee members in November and posted to the website for review. With no discussions or questions, a motion for the approval of the revised charter was offered by Ms. Venessa Harrison and seconded by Ms. Donna James. The revised OIA charter was approved.

Dashboard

Ms. Frederick discussed the dashboard, which covered the period November 1, 2018 to January 31, 2019. During that period, the Office of Internal Auditing (OIA) completed one audit – the AggieMart E-Procurement System Follow-Up Audit. The report, which was emailed to the committee members, had no findings.

The OIA has three audits and two investigations in progress. There were no items to inform the Committee or Board about in closed session related to these audits in process.

Quality Assurance Review

The OIA requested a Quality Assurance Review (QAR) from the North Carolina Office of State Budget & Management. A review team consisting of the OIA’s peers from other state agencies will assess the office operations and internal audit activity. They will make the determination of whether the OIA is in compliance with the internal auditing standards and the Code of Ethics. This review occurs every five years. The review team will make recommendations on how the OIA can improve its operations. The request was delayed due to Ms. Ealey’s passing, but it has been made. The QAR is due in February.

The OIA is currently waiting on the Memorandum of Understanding, so that we can move forward to the next steps.

Ms. James commented that the OIA should be thoughtful of the results from the last Quality Assurance Review.

Judge Jones thanked Ms. Frederick for the update and yielded the meeting over to Mr. Tom Jackson.

Information Technology Services Update

The IT Development Initiative was developed to address the audit issues noted during the Office of the State Auditor IT audit. It is an umbrella term that encompasses reorganization, audit preparation, standards, compliance, information security assessments, and so forth. Mr. Jackson presented the areas in detail and the strategy for completing the tasks associated with each of these areas. The purpose of the initiative is to be very wholistic in the way that the IT issues are addressed.

Dr. Kathy Murphy read the language for closed session, so that Mr. Jackson could present some sensitive IT matters. Ms. James made a motion to go into closed session and Ms. Harrison seconded.

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

Other Business

Ms. Frederick shared with the committee that the Director of Internal Auditing position had been advertised. The next steps would be to form a search committee and review the applications received thus far.

With no further business, the meeting ended at 12:58 pm.

Recorded by:

LaShonna Frederick