

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

September 27, 2019

MINUTES

The Risk Management, Audit & Compliance Committee of the Board of Trustees convened on Friday, September 27, 2019 at 11:58 am 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
 Judge Paul Jones

Others Present: Ms. LaShonna Frederick, Interim Internal Audit Director
 Ms. Erin Hill Hart, Chief of Staff
 Ms. Melissa J. Holloway, General Counsel
 Mr. Tom Jackson, VC for Information Technology Services/CIO
 Mr. Marcus Worsley, Recorder

A motion for the approval of the minutes of the meeting held on April 26, 2019 was offered by Judge Paul Jones and seconded by Ms. Venessa Harrison. The motion was unanimously carried, and the minutes were approved.

Mr. Dudley yielded the meeting to Ms. LaShonna Frederick for the Internal Audit Update.

Internal Audit Update

Quality Assessment Review

An external peer review team completed a Quality Assessment Review (QAR) of the internal audit function as required every five years by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing. The Office of Internal Auditing (OIA) received a rating of "Generally Conforms", which is the highest of the ratings. The peer review team identified some Gaps to Conformance and Opportunities for Improvement. The OIA responded to their recommendations and a final report was issued. The final report was sent to the committee members.

Mr. Dudley asked Ms. Frederick to report on one or two of the areas that needed improvement. Ms. Frederick stated that one of the areas was the absence of a Quality Assurance Improvement Program. (QAIP) The OIA has had a QAR every 5 years, but that was the only aspect of a QAIP that was being done. The peer review team recommended that the OIA implement more items of the program. They

wanted the OIA to perform an internal assessment each year and to begin using performance metrics that the OIA could be measured by. As for opportunities for improvement, the peer review team recommended that the OIA store files and workpapers on a shared drive versus individual drives. The OIA has instituted this change.

Certifications

Each year, the UNC System Office requires the Director of Internal Auditing and the Audit Committee Chairperson to confirm compliance with certain actions for the fiscal year. This is done through certification letters that they provide to each institution. Both the Director of Internal Auditing and the Audit Committee Chairperson have signed their FY 2018-19 certification letters and submitted them to the UNC System Office.

Dashboard – Summary of Internal Audit Activity for FY 2018-19

Ms. Frederick presented the dashboard of the summary of internal audit activity for FY 2018-19. There were thirty-five projects planned for the year and three were added during the year, giving a total of thirty-eight projects. Twenty-five projects were completed; six projects are in process; five projects carried over to FY 2019-20; and two were deferred.

Ms. Frederick discussed the internal audit activity for the period April 16, 2019 to August 31, 2019. During that period, the OIA completed three audits and one investigation. These reports were distributed to the committee. The committee did not have any questions about the completed audits. There were three audits and three investigations in progress.

FY 2019-20 Annual Audit Plan

The FY 2019-20 annual audit plan was provided to the committee for their review. There were no questions about the audit plan. Ms. Harrison made a motion to approve the FY 2019-20 annual audit plan. It was seconded by Judge Paul Jones. The FY 2019-20 audit plan was approved.

Mr. Dudley thanked Ms. Frederick for the update and yielded the meeting over to Ms. Melissa Holloway, General Counsel, for the Enterprise Risk Management/Compliance Update.

Enterprise Risk Management /Compliance Update

Ms. Holloway presented the results of a survey conducted by the National Association of College and University Attorneys (NACUA). NACUA asked attorneys about the areas they thought were high-risk in a university setting. The top risks from the 2013 survey were identified as Human Resources, Financial Aid, Athletics, Title IX, and Information Security. The 2018 survey showed that there was a shift in the top risks – Title IX, Information Security, Human Resources, Financial Aid, and Athletics. The shift was due to changes in the Title IX regulatory environment, and numerous data breaches, ransomware instances, and mobile computing devices.

In FY 2018-19, a set of priority risks were identified by Cabinet– information security, faculty/staff recruitment and retention, rapid enrollment growth, campus safety, compliance, emergency preparedness, brand reputation/social media, and legislative policies. The next steps for FY 2019-20 are to: work with cabinet to review existing mitigation strategies related to the FY 2018-19 priority risks; determine whether the risk or opportunity is acceptable; confirm impact and likelihood; and remove or reprioritize risks. Next would be to identify new or continuing risk priorities for FY 2019-20; ongoing

monitoring and communication; continuous policy development and review; and enhanced training efforts.

Ms. Holloway gave the committee an update on the recruitment efforts for positions in her office. There are three positions in the Office of Legal Affairs that are in the recruitment stage – the Deputy General Counsel, the Director of Compliance/Enterprise Risk Manager, and the Title IX Coordinator. All positions are posted, and Ms. Holloway hopes that when they are filled, the Office of Legal Affairs will become a more proactive than reactive office.

Ms. Harrison commended Ms. Holloway for the work that she has done since coming on board. It has been very consistent, detailed, and thorough. Ms. Harrison appreciated the energy that Ms. Holloway brings with her.

Mr. Dudley thanked Ms. Holloway for the update and yielded the meeting over to Mr. Tom Jackson for the Annual Security Report and Plan.

Annual Security Report and Plan

Since there was a new member of the committee, Mr. Jackson gave a little background information about the annual security report and plan. About two years ago, the UNC System approved new policies related to Information Technology. One of those policies required the Vice Chancellor for Information Technology to provide an annual security report to this committee.

Mr. Jackson discussed the information security requirements, the information security assessments and results, penetration testing, and the information security plans for FY 2018-19 and FY 2019-20. He also discussed the audit preparation strategy. There is still a lot of work to be done around information security. Judge Jones asked whether there was a personnel shortage in IT. Mr. Jackson stated that one of his key positions has been hard to fill, but they are continuing to work on it.

There were no additional questions.

With no further business, Judge Jones made the motion to adjourn the meeting and it was seconded by Ms. Harrison. The meeting ended at 12:48 pm.

Recorded by:

LaShonna Frederick