

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

February 18, 2022

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**MINUTES**

The Risk Management, Audit & Compliance Committee of the Board of Trustees (BOT) convened on Friday, February 18, 2022 at 12:03 pm. The meeting was held via Zoom. Chair William Dudley called the meeting to order and reminded all members of the committee that the meeting would be conducted pursuant to the amendments to the Open Meetings Act, which establishes that all votes be taken by roll-call vote. The Chair also advised committee members that all chats, instant messages, texts, and other written communication between members of the BOT regarding public business during a remote meeting are deemed public record.

Chair Dudley asked the committee members to read the conflict of interest statement and reminded them of their duty under the State Government Ethics Act to avoid conflicts of interest and appearances of such. The Chair asked the Committee members if there were any conflicts or appearances of conflicts of interest and there were none noted.

Roll Call revealed the following:

Present:                   Mr. Mark Copeland  
                                  Mr. William Dudley, Chair  
                                  Ms. Venessa Harrison  
                                  Judge Paul Jones  
                                  Mr. Verdant Julius

Others Present:         Mr. Travis Auman, Director of Emergency Management  
                                  Ms. Sheena Cobrand, Deputy General Counsel  
                                  Ms. LaShonna Frederick, Recorder  
                                  Ms. Erin Hart, Chief of Staff  
                                  Ms. Melissa J. Holloway, General Counsel & VC for DLARC  
                                  Mr. Tom Jackson, VC for Information Technology Services/CIO  
                                  Ms. Mindy Sanders, Director of Internal Auditing  
                                  Ms. Veronica Sills, VC for Human Resources/CHRO  
                                  Mr. Marcus Worsley, Auditor

The committee members present constituted a quorum.

Chair Dudley called for a motion to approve the minutes of the meeting held on November 12, 2021. The motion was offered by Mr. Mark Copeland and seconded by Ms. Venessa Harrison. The motion was unanimously carried, and the minutes were approved by roll call vote.

Chair Dudley yielded the meeting to Ms. Cathy Clark from the North Carolina Office of the State Auditor for an update.

### **Office of the State Auditor Update**

Ms. Cathy Clark supervised the Fiscal Year 2021 financial statement audit for North Carolina A&T State University. The objective was to render an opinion on the basic financial statements for the university and that opinion provides reasonable assurance that the statements are free from material misstatements whether that may be due to fraud or error. Limited procedures were also performed on the required supplementary information, which included management discussions and analysis, as well as pension schedules that are reported along with the financial statements. The audit was conducted in accordance with both generally accepted auditing standards, as well as the generally accepted government auditing standards. The purpose of the audit was to provide the university with independent assurance that university management presented a true and fair presentation of the financial performance of the university in order to facilitate sound decision-making by users of the financial statements.

The financial statement audit report was issued on December 8, 2021 with a clean, unmodified opinion. There were no audit findings. The staff was great to work with and the audit went smoothly. A concluding letter was provided to Chair Dudley on January 25, 2022 that provided the results discussed today.

There were no questions.

Chair Dudley yielded the meeting to Ms. Mindy Sanders, Director of Internal Auditing, for the Internal Audit Update.

### **Internal Audit Update**

#### *Self-Assessment Update*

Ms. Mindy Sanders provided background information on the self-assessment conducted by the Office of Internal Auditing (OIA) for FY 2020-21. The results, which were presented at the September meeting, identified potential gaps and areas of improvement. Effective December 31, 2021, all corrective actions have been implemented for the areas that needed improvement. Mr. Copeland asked whether artificial intelligence (AI) has been embedded in the audit process to reduce labor hours. Ms. Sanders responded that the Office of Internal Auditing does not use AI, but does use basic data analytics (i.e. excel, Tableau). The IT Auditor, when hired, would help develop this area and the OIA will be able to implement some continuous monitoring. Mr. Copeland commented that it seems that it should not be developed at the institutional level, but at the UNC System level where it can be pushed across the institutions in a cost effective manner. There were no further questions.

#### *Dashboard – Internal Audit Activity*

The internal audit activity period is November 1, 2021 to January 31, 2022. The OIA completed two audits and three investigations during the period. All audit reports were sent to the committee members,

with the exception of the Information Technology General Controls Follow-Up Audit report, which contained sensitive information. The results of that audit will be provided to the committee verbally in closed session. The OIA has three audits and three investigations in progress.

#### *FY 2021-22 Annual Audit Plan Revision*

Auditing standards require the OIA to evaluate progress made on the annual audit plan midway through the year. As of January 2022, the OIA has completed 37% of the audit plan and 33% is in progress. Approximately 30% is still outstanding. After determining what audits were outstanding, reviewing the labor hours needed to complete those audits, and evaluating the risks associated with them, the OIA proposed to defer two audits – Protection of Minors on Campus and Title IX. Ms. Sanders presented the engagements and special requests that had been added to the audit plan, as well as the recent activity for the audits proposed for deferral. Mr. Copeland wanted to know what types of summer camps were being held on campus. Ms. Sanders responded that academic camps and sports camps were held on campus. Mr. Copeland also wanted to know how many hours per year does the OIA typically have to spend to handle OSA hotlines and the UNC System referrals. Ms. Sanders responded that the OIA averages 500-600 hours, but the average is actually about 1,000 hours. This fiscal year, the number of those type of engagements has drastically increased. The OIA has had an influx of allegations. Mr. Copeland commented that he did not think that the trend would decrease and it comes down to the headcount that the OIA team needs, so it does not have to keep deferring other areas to be able to handle the one offs that continue to come in.

There were no further questions, so Chair Dudley invited a motion to approve the revised annual audit plan for FY 2021-22 as presented by Ms. Sanders. The motion was offered by Ms. Venessa Harrison and seconded by Mr. Mark Copeland. The motion was unanimously carried, and the revised FY 2021-22 annual audit plan was approved by roll call vote.

Chair Dudley thanked Ms. Sanders for the update and yielded the meeting over to Ms. Melissa Holloway, General Counsel and Vice Chancellor for Legal Affairs, Risk, and Compliance for the Compliance Update and Mr. Travis Auman, Director of Emergency Management, for the COVID-19 Update.

#### **Enterprise Risk Management & Compliance/COVID-19 Update**

Ms. Holloway provided an update on the Enterprise Risk Management efforts. Prior to 2022, the university worked to identify the risks and conducted a risk rating and assessment. The results of the process was a risk register identifying a key list of risks. The key list was expansive and difficult to manage. It was too large to perform any meaningful assessment and measure the mitigation efforts. The university will model what was used to submit the university's top five risks to the UNC System Office. The university will determine the top ten risks, rank the risks, and identify how to best mitigate the risks. Ms. Holloway will deploy a survey to the cabinet members on the top ten risks and update the risk register based on the survey results. There will be a more robust monitoring of a manageable list of risks. The university will work with policy development and review to tie together the risk and compliance activities. The risk assessment tool will be used on an annual basis. Ms. Holloway discussed enterprise risk management versus strategic risk management and how the university would be taking the strategic risk management approach going forward.

Next, Emergency Management Services Director, Travis Auman, presented the COVID-19 Update. Mr. Auman presented the COVID-19 metrics on the positivity rate, number of cases, isolation numbers, and quarantine numbers. The numbers have fallen, so the university has started discussions on moving towards an endemic. Mr. Auman commented that COVID-19 does not look like it is going anywhere anytime soon, so discussions should be had on how to live with COVID-19. Mr. Auman also presented the current vaccination rate. Mitigation efforts are continuing and include: PCR and rapid testing; changing isolation strategy; COVID-19 vaccines; wastewater surveillance; and KN95 masks for faculty, staff, and students.

There were no questions. Chair Dudley thanked Ms. Holloway and Mr. Auman for the updates and yielded the meeting to Mr. Tom Jackson, Vice Chancellor for Information Technology Services/CIO, for the Information Technology update.

### **Information Technology Update**

Mr. Jackson provided updates on various ITS projects. The Enterprise Endpoint Management project is moving into the next phase. This is a critically important project whose goal is to ensure the integrity and security of laptops, desktops, tablets, and other user-orientated devices. ITS is also upgrading the university's network core with new fabric capabilities. This new technology offers improved security and performance. Mr. Jackson told the committee that ITS is on track to implement a Security Information and Event Management solution and a new network scanning system by June 2022.

After there were no questions, Chair Dudley reminded the committee that the closed session would be held via Zoom in the breakout room. Ms. Holloway read the language for closed session, so that Ms. Sanders could discuss the results of the Information Technology General Controls Follow-Up audit. Ms. Harrison made a motion to go into closed session and Judge Paul Jones seconded. Chair Dudley reminded the committee that they would return to open session via Zoom once closed session concluded.

Following the discussion, Chair Dudley called for a motion to return to open session and reminded the committee to return to the meeting afterwards. Mr. Copeland made the motion and it was seconded by Judge Jones.

The committee returned to open session via Zoom. With no further business, Chair Dudley called for a motion to adjourn the meeting. Ms. Harrison made the motion. It was seconded by Mr. Copeland and approved by roll call vote.

The meeting adjourned at 1:23 pm.

Respectfully Submitted by:

*LaShonna Frederick*