

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

November 11, 2022

MINUTES

The Risk Management, Audit & Compliance Committee of the Board of Trustees (BOT) convened on Friday, November 11, 2022 at 12:00 pm in the Alumni-Foundation Event Center, Executive Board Room. Chair William Dudley called the meeting to order.

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

Others Present: Ms. LaShonna Frederick, Interim Director of Internal Auditing
 Ms. Erin Hart, Chief of Staff
 Ms. Melissa J. Holloway, General Counsel & VC for DLARC
 Mr. Tom Jackson, VC for Information Technology Services
 Ms. Hilda Pinnix-Ragland, Chair - BOT
 Mr. Marcus Worsley, Recorder

The committee members present constituted a quorum.

Chair Dudley called for a motion to approve the minutes of the meeting held on April 22, 2022. The motion was offered by Ms. Venessa Harrison and seconded by Mr. Mark Copeland. The motion was unanimously carried, and the minutes were approved.

Chair Dudley acknowledged receiving and reviewing the committee charter and wanted to make sure that all members had familiarized themselves with it. The charter, which was revised in September 2021, outlines the purpose, authority, and responsibilities of the committee. There were no questions or comments about the charter or the expectations as a committee.

Chair Dudley yielded the meeting to Ms. LaShonna Frederick, Interim Director of Internal Auditing, for the Internal Audit Update.

Internal Audit Update

FY 2021-22 Internal Assessment

Ms. Frederick provided a summary of the results of the annual internal assessment and the dashboard of the Self-Assessment Maturity Model (SAMM). The objectives of the internal assessment were to: (1) assess conformance with the Internal Auditing Standards (Standards) and Code of Ethics; (2) evaluate the effectiveness in carrying out its mission; and (3) identify opportunities to enhance internal audit processes and provide more value to the university. SAMM, which has to be completed annually, was developed by the NC Office of State Budget & Management. It is used as a framework for assessing the capabilities of the internal audit function against professional standards and good practices. The results of the SAMM showed that the Office of Internal Auditing (OIA) generally conforms to the Standards and Code of Ethics.

FY 2021-22 Annual Report

Ms. Frederick briefly went over the FY 2021-22 annual report for the OIA. The annual report provides an overview of the internal audit function, productivity for the fiscal year, personnel information, service to state and profession, and community service.

FY 2021-22 Summary of Internal Audit Activity & Dashboard

The summary of internal audit activity included the period of July 1, 2021 to June 30, 2022. The OIA completed nine audits and eight investigations, resulting in twenty-three audit findings. The OIA will perform follow-up work this fiscal year for those findings. As of June 30, 2022, there were eight audits and two investigations in process. The FY 2021-22 annual report also highlights this information in the productivity section.

The summary of internal audit activity since the last committee meeting covered the period April 1, 2022 to October 31, 2022. There were five audits and three investigations completed during this period. The audit reports were distributed to the committee members when they were issued. There were five audits and three investigations in process.

NC Office of the State Auditor Investigative Audit Update

The NC Office of the State Auditor (OSA) issued a letter on October 5, 2022. NC OSA received four allegations through its hotline concerning the purchasing of services without contracts in violation of university policy. The letter included one audit finding which stated that from July 2019 to June 2021, the university purchased painting services without seeking competition. It appeared that the purchases may have been split to avoid the threshold for requesting quotes or formal bids. The OSA made recommendations and the university responded with its corrective action plan. The OIA will perform a 90-day follow-up review to determine the progress made on the corrective actions.

Chair Dudley thanked Ms. Frederick for the detailed update and yielded the meeting over to Ms. Melissa Holloway, General Counsel and Vice Chancellor for Legal Affairs, Risk, and Compliance for the Enterprise Risk Management Update.

Enterprise Risk Management Update

Ms. Holloway provided an enterprise risk management (ERM) update. She began with the ERM Process and the need to understand, identify, and manage the large risks that may have a significant impact on the university's strategic priorities. Those risks have to be assessed and mitigated. UNC Policy outlines the requirements for doing such, as well as gives the President the responsibility for the system-wide ERM process.

Each institution submits their top 5 risks to the UNC System Office annually. Ms. Holloway discussed the university's top five risks submitted to the UNC System Office in 2021 and 2022 and how those risks changed in just one year. She also discussed the top risks on the UNC System Risk Register. Cybersecurity, Talent Management, Student Retention, and Financial risks ranked at the top of the risk register.

Ms. Holloway shared with the committee that the Historically Minority-Serving Institutions (HMSI) Committee met in October to take a deeper dive into the top risks at their respective institutions. The HMSI Committee consists of the five HBCU's and UNC Pembroke. The Chancellors were asked to focus on one of their top five risks and determine what was needed to help mitigate and address the risk. They will continue to have conversations about these risks.

There were no questions. Chair Dudley thanked Ms. Holloway for the ERM update and asked her to read the language for closed session, so that Mr. Tom Jackson could discuss the Annual Information Security Report. Judge Jones made a motion to go into closed session and Ms. Harrison seconded.

Following the discussion, Chair Dudley called for a motion to return to open session. Ms. Harrison made the motion and it was seconded by Judge Jones.

The committee returned to open session and with no further business, Chair Dudley called for a motion to adjourn the meeting. Judge Jones made the motion. It was seconded by Ms. Harrison.

The meeting adjourned at 1:10 pm.

Respectfully Submitted by:

LaShonna Frederick