



WINSTON-SALEM STATE UNIVERSITY

Audit Committee

Thursday, December 8, 2016

10:00 a.m.

Chancellor's Conference Room

200 Blair Hall

OPEN SESSION MINUTES

Board Members Present

Pradeep Sharma, Audit Committee Chair (teleconference)

Karen McNeil-Miller

Robert Clark

William Harris

University Staff Present

Elwood Robinson, Ph.D., Chancellor

Shannon B. Henry, Chief Audit, Risk and Compliance Officer

Ivey Brown, Interim General Counsel

Dr. Randy Mills, Vice Chancellor for Finance and Administration

Frank Lord, Controller

Camille Kluttz-Leach, Vice-Chancellor and Chief of Staff

Silvia Ramos, EEO/AA Officer

George Knox, NCAA Compliance Officer

Aaron Leftwich, Director of Environmental Health and Safety

Rod Isom, Audit Manager

Carla Reaves, Internal Auditor

Sara Pinion, Internal Auditor

I. Call to Order

The meeting was called to order at 10:05 a.m. by Karen-McNeil-Miller. A quorum was confirmed.

II. Approval of Minutes

Robert Clark moved to approve the September 15, 2016 Open Session Minutes. Karen McNeil-Miller seconded the motion and it was unanimously approved.

III. Discussion of External Audit/Reports

Mrs. Henry stated the WSSU Foundation Audit Report for 2016 had no issues to report.

- The prior year report included two minor control deficiencies which were found to be successfully rectified during this reporting period.

Mrs. Henry discussed the Office of the State Auditor's (OSA) information systems audit of WSSU's information technology risk assessment:

- OSA has decided to discontinue a review of the university's IT risk assessment processes as efforts were duplicating the work required to complete the full IT General Control (ITGC) audits planned for each of the 17 campuses during the next three years.
- The review was discontinued at each of the 17 UNC campuses.
- OSA plans to provide high level observations based on information from the IT risk assessment data and questionnaire responses.
- Results will be scored and based on each campus' maturity with IT standards.
- A conference call has been scheduled with OSA to discuss the risk assessment score for the university. Shannon Henry will participate in the call.

IV. Policies for Review and Approval

Mrs. Henry discussed the Audit, Risk and Compliance Committee Charter for BOT approval:

- The name of the audit committee has been changed to the Audit, Risk and Compliance (ARCC) Committee.
- The charter reflects the additional responsibilities of overseeing Enterprise Risk Management (ERM) and matters of compliance campus-wide.
- The ARCC's authority has been expanded to set the university's risk appetite.
- The role of the ARCC is expanded to include establishing safeguards to limit impairments in objectivity of the audit function.

Karen McNeil-Miller moved to approve the charter. Robert Clark second the motion and it was unanimously approved.

Mrs. Henry discussed the Internal Audit Charter for BOT approval:

- The Internal Audit Charter has been amended to reflect the expansion of the role of the Chief Audit Officer (CAO).
- The title of the CAO has been changed to the Chief Audit, Risk and Compliance Officer (CARCO).
- Roles have been defined to maintain objectivity and independence.

Robert Clark moved to approve the charter. William Harris second the motion and it was unanimously approved.

V. University Compliance Matters

Mrs. Henry informed the committee Aaron Leftwich, Director of Environmental Health and Safety, and George Knox, NCAA Compliance Officer, both have information to share for their respective areas.

Mr. Leftwich presented a new compliance inspection system designed and maintained by UNLV for use in an academic setting. The system handles inspection and compliance matters and tracks chemical inventories on campus. Implementation should be completed in the first quarter of calendar year 2017.

Mr. Knox stated Athletics is undergoing an NCAA financial audit that will end around February of 2017. He stated this is a standard audit for Division II schools and they will disclose the results at the next audit committee meeting.

VI. Enterprise Risk Management (ERM)

Mrs. Henry discussed the ERM Steering Committee Charter:

- A charter has been created for the ERM Steering Committee.
- The committee is officially responsible for overseeing the risk environment on campus.
- The ERM Steering Committee reports to the ARCC through Shannon Henry, CARCO.

Mrs. Henry discussed the ERM Governance Structure:

- The governance structure has been created and defines the roles and responsibilities from the risk owner to the Chancellor and ARCC.
- The Chancellor and ARCC are responsible for setting the risk appetite of the university.
- The risk appetite determines how aggressive or conservative the university will be in order to achieve its strategic goals.

VII. 2016-2017 Internal Audit Plan Activity Update (summary)

Mrs. Henry discussed updates to the internal auditing standards:

- The IIA recognizes that chief audit officers are being asked to take on expanded roles in the areas of risk and compliance and the standards have been updated to reflect such.
- The Board received a copy of the standards with highlighted changes.

Mr. Isom informed the committee that as of November 30, 2016, Internal Audit has completed audits and advisory services resulting in reports with **2** findings that produced **3** written recommendations and **3** verbal recommendations for improvements in the following University Departments: Purchasing, Facilities, Office of Sponsored Programs, and Student Affairs.

- The Office has conducted numerous consults with University personnel that resulted in email or verbal communications in lieu of formal reports.
- Mr. Isom stated **64%** of previous Internal Audit findings have been resolved and the university has implemented **71%** of Internal Audit recommendations. This

represents a slight increase from last year's **67%** implementation rate and meets Internal Audit's target recommendation implementation rate of **70%**.

- The following reviews are in progress: **10** unplanned reviews/investigations and **2** follow-up/reviews.

VIII. Other Business

Mrs. Henry had no other business to report.

IX. Closed Session

Ivey Brown read the motion to go into closed session @ 11:00 a.m. to prevent the disclosure of privileged information under N.C.G.S. 143-318.11(a) (1) and internal auditor's work papers under Section 116-40.7 of the N.C.G.S. The motion was seconded by Robert Clark and unanimously approved.

X. Return to Open Session

Robert Clark moved and Pradeep Sharma seconded the motion to come out of closed session. The motion passed.

XI. Adjournment

Karen McNeil-Miller moved and Pradeep Sharma seconded the motion to adjourn the meeting at 11:21 a.m.

The next WSSU Audit Committee meeting will be held on Thursday, March 16, 2016 at 10:00 a.m.

Submitted by:
Carla Reaves
Internal Auditor