



WINSTON-SALEM STATE UNIVERSITY

Audit Committee
Thursday, June 8, 2017
10:00 a.m.
Chancellor's Conference Room
200 Blair Hall
OPEN SESSION MINUTES

Audit Committee Members Present

Pradeep Sharma, Chair (phone)
Jerry M. Shortt
Karen McNeil-Miller
William Harris (ex-officio)

Audit Committee Members Absent

Robert C. Clark

University Staff Present

Elwood Robinson, Chancellor
Shannon B. Henry, Chief Audit, Risk, and Compliance Officer
Ivey Brown, General Counsel
Dr. Randy Mills, Vice Chancellor of Finance and Administration
Frank Lord, Controller
Camille Kluttz-Leach, Vice-Chancellor and Chief of Staff
Gordon Slade, Finance Director, WSSU Foundation
George Knox, NCAA Compliance Officer
Aaron Leftwich, Director of Environmental Health and Safety
Victor Bruinton, National Alumni Association
Randy Butt, Athletics
Rod Isom, Audit Manager
Sara Pinion, Internal Auditor
Austin Grier, Risk and Compliance Program Specialist

I. Call to Order

The meeting was called to order at 10:02 a.m. by Karen McNeil-Miller.

II. Approval of Minutes

William Harris moved to approve the March 16, 2017 Open Session Minutes. Jerry Shortt seconded the motion and it was unanimously approved.

III. Discussion of External Audit/Reports

A. WSSU National Alumni Association (NAA) Financial Statement Audit Report

The WSSU NAA audit report for the year ended June 30, 2016 found that the financial statements were presented fairly, but identified a significant deficiency of internal control. A significant deficiency is a deficiency, or a combination of deficiencies, in internal controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

- i. The audit reported that many disbursement vouchers were not properly authorized making way for the possibility that an unauthorized expense could be paid without proper approval.
- ii. GA policy requires associated entities to demonstrate to the chancellor and VC for Finance that satisfactory progress has been made to implement a corrective action plan within 90 days of the issuance of an audit report with findings. The failure to do so may result in the associated entity losing its approved status.
- iii. Victor Bruinton, the NAA president, addressed the steps taken to resolve the deficiency with the Audit Committee. Victor reported corrective actions such as, changes in leadership including the president and treasurer, institution of a Finance Committee, and annual training for staff.
- iv. The president also pointed out that no fraud was found in the review.

B. Statewide Federal Compliance Audit Report

The Statewide Federal Compliance Report for the year ended June 30, 2016 was issued by the Office of the State Auditor.

- i. The report followed up on three findings from the 2014 review of student financial aid. The report noted that the university had taken full corrective action and all three findings had been resolved.

IV. Matters of Compliance

A. Environmental Health and Safety

The Director of Environmental Health and Safety provided a report of internal inspection activity for the period, January 1, 2017 through June 1, 2017.

- i. Items reviewed in the report related to fire & life safety and occupational & health safety issues. The director indicated that all issues had been or could be remediated.

B. NCAA Compliance

The Associate Athletic Director for Compliance stated that the graduation rates for athletes were being finalized and would be made available to the Audit Committee upon certification by the NCAA.

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

A. Internal Audit's completed audits and advisory services for the 2017 fiscal year have resulted in reports with findings that produced **10** written recommendations and **4** verbal recommendations for improvements in the following University Departments:

Purchasing, Facilities, Office of Sponsored Programs, Student Affairs, Environmental Health & Safety, Athletics, and Legal Affairs.

- B. Overall, the university has resolved **68%** of previous Internal Audit findings and has implemented **75%** 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%**.
- C. Numerous consults with university personnel have been conducted.
- D. The following audits are in progress:
 - i. **10** investigations
 - ii. **1** planned review related to year-end testing
- E. The final audit report for an investigation concerning the Athletics Dept. has been issued and was discussed in closed session.

VI. Other Business

A. Memorandum of Understanding (MOU)

- i. The agreement with UNC School of the Arts (UNCSA) for audit services has been renegotiated.
- ii. The agreement has been expanded to include a full-time internal auditor dedicated to UNCSA and assistance with the establishment and implementation of the university's enterprise risk management program and compliance monitoring. This also includes implementation of the Ethics Committee of which the Chief Audit, Risk, and Compliance Officer is a part.
- iii. It is anticipated that the agreement will generate roughly 3,100 hours of internal audit, risk, and compliance services. 2,450 of these hours will be designated for planned audits and investigative or hotline reviews.

VII. Closed Session

Jerry Shortt read the motion to go into closed session @ 10:26 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 Pradeep Sharma and unanimously approved.

VIII. Return to Open Session

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

IX. Adjournment

Karen McNeil-Miller moved and Pradeep Sharma seconded the motion to adjourn the meeting at 11:15 a.m.

The next WSSU Audit Committee meeting will be held on September 14th.

Submitted by:
Austin Grier, Risk and Compliance Program Specialist