



INTERNAL AUDIT & COMPLIANCE SERVICES

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Audit Committee
Winston-Salem State University Board of Trustees
Thursday, December 5, 2013
10:00 a.m. – 11:30 a.m.
Chancellor's Conference Room

Audit Committee Members Present

Karen McNeil-Miller
Keith Vaughan
Victor Johnson
Pradeep Sharma

Members Absent

N/A

Other Board Members Present

Debra Miller, BOT Chair

Staff Present

Shannon B. Henry, Chief Audit Officer
Dr. Randy Mills, Interim Vice Chancellor for Finance and Administration
Camille Kluttz-Leach, General Counsel
Frank Lord, Controller
Anthony Bennett, NCAA Compliance Officer
Aaron Leftwich, Director of Environmental Health and Safety

Call to Order

The meeting was called to order at 10:09 a.m. by Karen McNeil-Miller.

The Audit Committee approved the minutes of September 5, 2013.

Introductions

The attendees individually introduced themselves and welcomed new Winston-Salem State University Board of Trustees member Mr. Pradeep Sharma. Also new to the committee were Mr. Victor Johnson who serves as vice chair of the WSSU BOT.

Mrs. Henry explained that as Chief Audit Officer she communicates with the compliance officers on campus as part of the University's implementation of Enterprise Risk Management. She communicates quarterly with the following compliance areas: Environmental Health and Safety, NCAA Compliance, Student Financial Aid, and Research Compliance.

University Compliance Matters

I. Environmental Health & Safety

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Mr. Leftwich updated the committee on the State's recent decision to begin doing oversight visits for all Universities in the UNC system. WSSU is scheduled for a review during the mid to latter part of the upcoming year. The auditors are looking to ensure the University is in compliance with OSHA and ensuring we have appropriate policies in place. Mr. Leftwich also discussed his recent trip to India in May 2013. He was asked to participate in a Professional Delegation of Safety Professionals in India. The delegation consisted of 8 individuals representing 6 states. The group was made up of individuals with backgrounds in the following fields: risk management, insurance, safety and health practices, manufacturing and academia. Mr. Leftwich was the only participant from academia to attend the trip. This trip was sponsored by the American Society of Safety Engineers. The mission and goal of the trip was to interact with the government entities to see how they are doing safety and how we can interface and help move their programs moving forward.

II. NCAA Compliance

Mr. Anthony Bennett shared information regarding the University hiring an independent auditor to review the revenues and expenses of the Athletics department, as mandated by the NCAA. NCAA mandates that division II schools have an audit every three years. Mr. Bennett reported that the audit is in process. The projected completion date is January 15th. The final report will be addressed to Chancellor Reaves. Mr. Bennett also shared that on January 15th representatives from Athletics will be traveling to San Diego for an NCAA Conference. At this conference, newly proposed rules and regulations will be shared with all institutions. There will be a myriad of proposals discussed, one of which may require WSSU to change its recruitment strategy. Mr. Bennett discussed the recent events with WSSU and the cancellation of the CIAA football championship game. He highlighted the potential revenue that was lost (i.e. man hours, gate receipts, parking, vending) as well as the academic impact moving forward.

Discussion of External Audit Reports

WSSU Foundation Audit Report:

1. The WSSU Foundation received a clean audit for this academic year.

OSA Investigative Report:

- An allegation was received by the investigative unit of the Office of the State Auditor regarding the misuse of University Vehicles in the Facilities department.
- The University responded to the complaint and Internal Audit is in the process of following up to determine if the University has complied with the NC general statute requiring that the University make satisfactory progress toward resolving the findings in a 90 day period.

2013-2014 Internal Audit Plan Activity Update & Completion (summary)

1. Computer Accountability Audit Report

- a. The report identified deficiencies in the University's internal control structure related to the identification and tracking of computer equipment assets.
 - b. The audit findings and recommendations were shared with the committee.
 - c. University management responded to each deficiency and identified corrective measures.
2. Cash Count
- a. The Draft 2013 Cash Count Audit Report has been completed and sent to University Management for a response.
 - b. Efforts have been made by the University to improve the control environment; however, aspects of the findings have been reported by Internal Audit for four consecutive years. The committee requested that management in charge of the areas with findings ensure that corrective measures be implemented immediately.
 - c. Ticket Office – surprise cash count and high-level review of internal controls revealed that the Ticket Office is still printing and selling their own tickets, as noted in the previous year.
 - A new Associate Vice Chancellor for Business Services has been hired. He is in the process of developing policies and ensuring that the issues that have been reported in the past are alleviated.
 - d. Billings and Receivables – Internal Audit noted multiple employees using the same log in to receipt cash. With that, there is no individual accountability.
 - e. Cash handlers need to be trained and are not, in all cases, aware of the appropriate internal controls and accountability measures.

Review and Approval of Internal Audit Policies

1. An updated and revised version of the audit committee charter was presented for review.
 - a. Mr. Vaughan made a motion for this item to be presented to the full board for review and approval. The motion was seconded by Mr. Sharma.
2. University Management Control Policy
 - a. The policy clarifies the roles and responsibilities for implementing an effective internal control structure on campus.
3. Internal Audit Quality Assurance & Improvement Program Policy
 - a. Reviewed and recommended to be presented to full board for approval.

Closed Session

Dr. Karen McNeil- Miller made a motion to go into executive session under N.C.G.S. 143-318.11(a)(6) to hear or investigate a complaint, charge, or grievance by or

against a public officer or employee. The motion was seconded by Mr. Pradeep Sharma.

Dr. McNeil-Miller motioned to come out of executive session, seconded by Mr. Pradeep Sharma.

Supplemental Notes

Entire meeting was recorded via audio cassette tape.

Adjournment

The meeting adjourned at 11:35 a.m.

The next WSSU Audit Committee meeting will be held on Thursday March 20, 2014 at 10:00 a.m.

Chair, Keith Vaughan

Recorder, Deidra R. Gilliard