



INTERNAL AUDIT & COMPLIANCE SERVICES

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Audit Committee
Winston-Salem State University Board of Trustees
Minutes

Thursday, March 17, 2016
10:00 – 11:00 a.m.
Chancellor's Conference Room
200 Blair Hall

Board Members Present

Pradeep Sharma, Audit Committee Chair
Debra Miller, Ex-officio
Kelvin Farmer

Audit Committee Members Absent

Karen McNeil-Miller
Robert Clark
Jerry (Mike) Shortt

University Staff Present

Elwood Robinson, Chancellor
Shannon B. Henry, Chief Audit Executive (CAE)
Camille Kluttz-Leach, General Counsel
Dr. Randy Mills, Vice Chancellor of Finance and Administration
Lester Arnold, Associate Vice Chancellor and Chief Human Resources Officer
Frank Lord, Controller
Robert Muhammad, Director of Financial Aid
Joel Lee, Assistant Vice Chancellor for Enrollment Services
Derrick Murray, Assistant Provost and Chief Information Officer
George Knox, NCAA Compliance Officer
Gordon Slade, Finance Director, WSSU Foundation
Rod Isom, Internal Audit Manager
Carla Reaves, Internal Auditor
Javon Lee, Internal Auditor

I. Call to Order

The meeting was called to order at 10:03 a.m. by Pradeep Sharma. A quorum was confirmed.

II. Approval of Minutes

Pradeep Sharma read the motion to approve the minutes for the September 17, 2015 meeting. Debra Miller seconded the motion and it was unanimously approved.

III. Discussion of External Audit/Reports

- Shannon Henry, Chief Audit Executive (CAE) shared the university's financial statement audit for the year ended June 30, 2015 as completed by the Office of the State Auditor. Mrs. Henry reported it was a clean audit with no findings.
- Mrs. Henry shared the WSSU Foundation Financial Statement Audit Report for the year ended June 30, 2015. There were no issues identified with the presentation of the financial statements, however, the following deficiencies in internal controls were identified:
 - Check sequence is not being tracked; and
 - No independent review of bank statements and reconciliations.

Gordon Slade reported that control measures have been put in place since the audit.

- Mrs. Henry shared an IT matter that came as a result of a General Controls Information System Audit performed at NC Central University and Fayetteville State University (completed by the Office of the State Auditor). WSSU was referenced in the report as 1 of 4 schools that had not submitted their IT risk assessments and GAP analysis to UNC-GA. Derrick Murray provided that the gap analysis report was submitted to UNC-GA on 3/16/16. According to Mr. Murray, there was a general assumption that the documents had already been submitted and he was unsure as to what happened.
- Mrs. Henry also shared the Audit Report of Financial Assistance provided by the State of NC for the 2013-2014 academic year completed by NCSEAA (North Carolina State Education Assistance Authority). Mrs. Henry noted there was one finding: *need to improve internal controls for Student Eligibility requirements*. The finding resulted in \$5,921 being owed back to the State Education Authority. Mrs. Henry noted, according to the audit report, the Education Authority acknowledged receipt of the funds as of 1/19/16. NCSEAA also recommended the University implement training for the staff. Robert Muhammad provided that the staff is being trained and that they've hired a new Associate Director of Financial Aid and Compliance to assist with matters of compliance.

IV. University Compliance Matters

Mrs. Henry introduced the NCAA Compliance Officer for Athletics, George Knox. Mr. Knox stated that they will be requesting a Compliance Blue Print Review from the NCAA this coming fall to ensure they are operating in compliance.

V. Discussion of Internal Audit Reports

Mrs. Henry shared Internal Audit's report on Human Resources – Employee Relations. Mrs. Henry stated, since the review, the HR department is under new leadership. Mrs. Henry provided that the audit resulted in the observation of deficiencies in the following areas: management training, performance development, disciplinary actions, grievances, safeguarding and confidentiality, and the EAP (Employee Assistance Program). Mrs. Henry also stated there was a management letter issued regarding the handling of complaints.

Rod Isom discussed Internal Audit's risk monitoring memo sent to management suggesting that they put a risk management program in place.

Lester Arnold stated they are in the process of implementing corrective measures.

Mrs. Henry stated Internal Audit will follow-up on corrective measures at a later date.

VI. 2015-2016 Internal Audit Plan Activity Update (summary)

Mrs. Henry informed the committee that since the beginning of the 2016 fiscal year Internal Audit has completed audits and advisory services resulting in reports with **20** findings that produced **40** written recommendations and **11** verbal recommendations for improvements in the following University departments: Ticket Office, Admissions Office, Finance and Administration, Police and Public Safety, Registrar's Office, Controller's Office, Student Financial Aid, Athletics and Human Resources.

VII. Other Business

Mrs. Henry mentioned UNC-GA's new policies concerning an enterprise risk management (ERM) and compliance function within the UNC system. Mrs. Henry stated the new policies impose new demands and expectations to which the University will need to be responsive. Mrs. Henry provided a proposal for WSSU ERM to Chancellor Robinson for further consideration. Mrs. Henry also stated that the proposal includes the University having an ERM policy in place within six months.

VIII. Closed Session

Pradeep Sharma read the motion to move into closed session to hear or investigate a complaint, charge or grievance against a public officer or employee under N.C.G.S. 143-318.11(a)(1). The motion was seconded by Debra Miller and unanimously approved.

IX. Return to Open Session

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

X. Adjournment

Pradeep Sharma moved and Debra Miller seconded the motion to adjourn the meeting.

The next WSSU Audit Committee meeting will be held on Thursday, June 9, 2016 at 10:00 a.m.

Submitted by: Carla Reaves
Internal Auditor