



WINSTON-SALEM STATE UNIVERSITY

MEETING OF THE BOARD OF TRUSTEES
Audit, Risk, and Compliance Committee
Thursday, December 7, 2018
10 – 11:30 AM

OPEN SESSION MINUTES

Winston-Salem State University
Chancellor's Conference Room
200 Blair Hall
Winston-Salem, NC 27110

TRUSTEES PRESENT

Robert C. Clark (Chair), Jerry M. Shortt, Kathleen Kelly, William Harris (ex-officio)

TRUSTEES ABSENT

Kelvin Farmer

COMMITTEE STAFF PRESENT

Shannon B. Henry (Chief Audit, Risk, and Compliance Officer), Ivey Brown (General Counsel), Austin Grier, Staff

OTHERS STAFF PRESENT

Elwood Robinson (Chancellor), Dr. Randy Mills (Vice Chancellor for Finance and Administration), Camille Kluttz-Leach (Vice Chancellor and Chief of Staff), Rod Isom (Audit Manager), Sara Pinion (Internal Auditor), Kam So (Internal Auditor), Pilar Horne-Davis (Internal Auditor), Dr. Carolyn Berry (Interim Provost), Joel Lee (Assistant Vice Chancellor for Enrollment Services), Kerwin Graham (Director of Admissions), George Knox (Associate Athletic Director for Compliance), Derrick Murray (Associate Provost and Chief Information Officer), Raisha Cobb (Director of Communications, Technology and Security), Alan Ireland (Director of Purchasing), Jesse Batten (Assistant Vice Chancellor for Business and Auxiliary Services), Aishah Casseus (EEO Director/Title IX Coordinator), Carol Davis (Executive Director for S.G. Atkins Community Development Corp.)

CONVENE MEETING AND CONFIRM QUORUM

Robert Clark convened the meeting at 10:05am. A quorum of board members was confirmed.

APPROVAL OF MINUTES

William Harris made the motion to approve the minutes from the June and September meetings. This motion was seconded by Jerry Shortt and unanimously approved.

EXTERNAL AUDIT REPORTS

Shannon Henry presented the following external audit reports to the committee:

A. Office of the State Auditor Financial Statement Audit Report:

The university's annual financial statement audit report for the year ended June 30, 2017 was issued and found that the financial statements were presented fairly.

- i. The clean opinion means that the information in the financial statements can be relied on.
- ii. No control deficiencies were noted in the report.
- iii. At the request of State Auditor, Beth Wood, Ms. Henry emphasized that a financial statement audit is not ubiquitous in scope and does not assure that there are no instances of waste, fraud, abuse or performance issues.

B. WSSU Foundation Financial Statement Audit Report

The annual financial statement audit report for the Foundation, an associated entity of WSSU, was released for the year ended June 30, 2017 with a clean opinion.

- i. No control deficiencies were noted in the report.

C. S.G. Atkins Community Development Corporation Financial Statement Audit Report

- i. The annual financial statement audit report for the S.G. Atkins Community Development Corporation, an associated entity of WSSU, was issued for the year ended June 30, 2017.
- ii. A management letter was also issued addressing a control deficiency identified during the audit related to the cash disbursements process.
 - a. At the time of the audit, the external CPA signs the checks that he prepares.
 - b. Carol Davis addressed the issues found in the financial statement audit report. According to Carol, the necessary action to rectify control deficiencies will be taken. The finance committee and Board of Directors have a meeting scheduled on December 15, 2017 to adopt corrective measures to enhance controls.

D. Division of Purchase and Contract Compliance Review

- i. The State of North Carolina Division of Purchase and Contract completed a compliance review of the WSSU Purchasing Department activities for the period June 1, 2016 through July 31, 2017.
- ii. Three findings were identified in the report involving:
 - Not purchasing from the Statewide Term Contract;
 - Not seeking competition for purchases over \$5,000; and
 - Using a charge card other than the procurement card (P-card).
- iii. Alan Ireland noted that all issues found in the compliance review have been adequately addressed by purchasing.

MATTERS OF GOVERNANCE, RISK, AND COMPLIANCE

A. Environmental Health and Safety

The Director of Environmental Health and Safety reported on the fire and life safety inspection recently conducted by the State Fire Marshall covering both residential and non-residential buildings on campus.

- i. The inspection was the first since 2014 due to the retirement of the previous fire marshal.
- ii. The Director expects the report to be lengthier than previous reports due to the lapse in time between inspections.
- iii. The report should be issued before year end but issues identified during the inspection are being proactively addressed. The age of buildings and limited resources for repairs and renovations is a contributing factor for some issues identified.

B. UNC-GA Information Governance and Security

UNC-GA's Draft of an Information Governance and Security Policy was shared with the committee.

- i. The policy requires that each UNC school establish an information governance and security infrastructure that includes policies, risk assessments, strategies to address risks, and incident response and notification.
- ii. The policy requires the designation of a senior officer with information governance and security responsibility that is accountable to the Chancellor and BOT.
- iii. The policy tasks each UNC school's Audit Committee with oversight authority for Information Governance and Security.
- iv. WSSU's Director of Communications, Technology and Security is also the Chairperson for the UNC Security Council.

C. Business Services – Risk Management

Mr. Jesse Batten discussed insurance as an approach to risk management. The department evaluates insurance products and handles claim administration to best provide protection against key risks in order to limit exposure to the university. Insurance for the university is through the State of North Carolina.

INTERNAL AUDIT

- A. The committee approved the revised Internal Audit Hotline Policy, presented by Ms. Henry, which updated the departmental name, address, and website.
- B. The committee approved the annual Internal Audit Plan. Added to the audit plan were projects related to Title IX Compliance, IT Strategy, Operations, and Performance, Construction Contracting, and Fiscal Management within Student Affairs.

- a. The annual audit plan is developed each year based on results from the university-wide risk assessment.
- C. Mr. Isom provided a summary of internal audit reports released during the current fiscal year:
 - a. Follow-up – Internal Audit review concerning Athletics
 - b. Academic Affairs – 3 reports
 - c. Finance & Administration – 1 report
 - d. CDI – 1 report
- D. Mr. Isom provided a summary of Internal Audit’s activities.
 - a. Internal Audit’s completed audits and advisory services for the fiscal year have resulted in reports with findings that produced **18** written recommendations and **1** verbal recommendation for improvements in the following university departments: Enrollment Management, Academic Affairs, Facilities, Campus Police, and Environmental Health & Safety.
 - b. Overall, the university has resolved **71%** of previous Internal Audit findings and has implemented **77%** of Internal Audit recommendations. This represents a slight increase from last year’s **75%** implementation rate and meets Internal Audit’s target recommendation implementation rate of **70%**.
- E. The following audits are in progress:
 - a. **11** Investigations
 - b. **1** Planned Review related to year-end testing

OTHER BUSINESS

A. Office Charters and Annual Certifications

- i. Ms. Henry presented the WSSU Board of Trustees Audit, Risk, and Compliance Committee Charter to the committee and explained that it defines its roles and responsibilities. The committee sets the overall tone at the institution for quality financial reporting, effective internal control, risk management, compliance, and ethical behavior.
- ii. Ms. Henry presented the WSSU Internal Audit Charter to the committee and explained that it defines the mission, scope and independence of the function along with accountability, responsibilities, and roles of the Chief Audit, Risk, and Compliance Officer beyond internal auditing.

B. Memorandum of Understanding (MOU)

- i. Ms. Henry explained the MOU between WSSU and UNCSCA. WSSU provides internal audit services on an annual basis and facilitates the establishment of enterprise risk management and compliance monitoring for UNCSCA.

CLOSED SESSION

Robert Clark read the motion to go into closed session at 11:15 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 Jerry Shortt and unanimously approved.

RETURN TO OPEN SESSION

William Harris moved and Kathleen Kelly seconded the motion to come out of closed session. The motion passed.

ADJOURNMENT

Robert Clark moved and Kathleen Kelly seconded the motion to adjourn the meeting at 11:15 a.m.

The next WSSU Audit, Risk, and Compliance Committee meeting will be held on March 15, 2018 at 10:00am.

Submitted by: Austin Grier, Risk and Compliance Program Specialist