

## **AUDIT COMMITTEE**

Minutes: October 23, 2014 at 12 p.m.  
Spangler Center, Conference Room C, Chapel Hill, North Carolina

### **OPEN SESSION**

The following members were present: Mr. Rodney Hood, Mr. Marty Kotis, Mr. Ed McMahan, and Mrs. Anna Nelson. Necessarily absent was Mr. Roger Aiken.

The following staff was present: Chief Operating Officer Charles Perusse, Vice President for Legal Affairs and General Counsel Tom Shanahan, Vice President for Compliance and Audit Services Lynne Sanders, other General Administration staff, Chancellors, and other faculty/staff from the universities.

1. On the motion from Mrs. Nelson, seconded by Mr. Kotis, the minutes of the September 11<sup>th</sup>, 2014 meeting were approved.
2. Mrs. Sanders presented the Annual Report on Internal Audit Activities for FYE June 30, 2014. She showcased the Internal Audit Activities and highlighted several items from the Report such as the number of issued reports, total recommendations presented to management, and the status of implementation of recommendations from the internal audit shared services study that was completed in December 2013. In addition, discussion was held on Planned vs Actual Audit Assignments as well as other areas of University operations where internal audit provides value added services. Committee members discussed the use of hotlines and at the request of the Committee more information will be presented at the next meeting about use of third party hotlines.

Mrs. Sanders also welcomed and introduced Chief Audit Officers Stacie Tronto (ECU), Kelley Horton (UNCP) and Phyllis Petree (UNC-CH). To showcase some of the internal audit collaborative efforts across the University Mrs. Tronto spoke about Memorandum of Understanding arrangements between ECU and ECSU and ECU and UNCP. ECU assisted ECSU with its annual risk assessment process which resulted in completion of the 2014-15 internal audit plan. Mrs. Tronto and Ms. Horton presented the collaborative work between ECU and UNCP. ECU assisted UNCP with investigative audit work by performing forensic analyses of computers utilizing software called EnCase. EnCase is a forensic software to investigate alleged employee misconduct.

3. The 2014-2015 University-wide Summary of Internal Audit Plans was presented and discussed with the Committee by Mrs. Sanders. The committee discussed the summary, and questions were answered. On the motion from Mr. Hood, seconded by Mrs. Nelson, the Summary of Internal Audit Plans was approved.

On the motion of Mr. McMahan, seconded by Mr. Kotis, the Committee went into closed session "to prevent the disclosure of privileged information under North Carolina General

Statute 116-40.7(c) and to consult with our attorney to preserve the attorney-client privilege under North Carolina General Statute 143-318.11(a)(3).”

CLOSED SESSION

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On the motion of Mr. Kotis, seconded by Mrs. Nelson, the meeting was adjourned.

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Mr. Ed McMahan  
Chair of the Audit Committee

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Mr. Marty Kotis  
Secretary of the Audit Committee