

## **AUDIT COMMITTEE**

Draft Minutes: October 29, 2015, at 11:15 a.m.  
C.S.L.D. Building, Conference Room 128  
140 Friday Center Drive, Chapel Hill, North Carolina

### **OPEN SESSION**

The following committee members were present: Chair Roger Aiken, Mrs. Hannah D. Gage, Mr. Rodney E. Hood, Mr. Scott Lampe, and Mr. William Webb. Necessarily absent was Mr. Walter Davenport.

The following staff were present: Senior Vice President and Chief Operating Officer Charles E. Perusse, Senior Vice President and General Counsel Tom Shanahan, Vice President for Federal Relations Kimrey Rhinehardt, Vice President for Compliance and Audit Services Lynne Sanders, Chief Audit Officer Joyce Boni, other General Administration staff, Chancellors, and staff from the campuses.

1. The Open Minutes of September 17, 2015 were properly approved, and seconded.
2. Update on Risk Management and Compliance Program: Tom Shanahan reported that the Compliance and Risk Management Policy and Code update relating to jurisdiction for Audit Committee were sent to the campuses for comment. General consensus was support for the policy and code change; however, some suggestions were submitted for wording updates. Suggestions are being considered and updates will be made as deemed necessary and these two will go back to the BOG for approval at a later date.
3. Review of Summary of Campus Internal Audit Activities for FYE June 30, 2015: The internal auditors of the constituent institutions had updated their internal audit plans to meet the changing demands of their campuses and had provided actions taken during the year. Lynne Sanders summarized the activities during FY 2015.
4. Review and Approval of the Summary of Internal Audit Plans for FY 2016: In November 2005, the Board adopted the recommendations of the Best Financial Practices Task Force. As part of those recommendations, each campus would submit their Internal Audit Plans as approved by each Board of Trustees. The Audit Committee Charter required approval of a summary of the internal audit plans.

ECU Internal Auditor, Stacie Tronto, summarized examples of the ECU plans. She explained that at ECU, there were 36 projects on the list for FY 2015, but that 62 projects had actually been undertaken. Most projects/investigations were requested by the departments.

It was recommended that the university-wide Summary of Internal Audit Plans for FY 2016 be approved.

A vote was taken by the committee, which did pass.

5. The Cost of Federal Regulation in Higher Education: Kimrey Rhinehardt reported that all regulations impose costs, and fixed costs could hamper chancellors. Ms. Rhinehardt reported that 7-8% of an operating budget could be attributed to federal compliance alone. Committee members inquired about a review of the Board-imposed regulations to determine if any could be eliminated or stream-lined. It was agreed that further review would take place.

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 \*\*\*\*

There being no further business, the meeting was adjourned.

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Roger Aiken, Chair  
Audit Committee

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Rodney Hood, Secretary  
Audit Committee