THE
UNIVERSITY OF
NORTH CAROLINA
SYSTEM

MEETING OF THE BOARD OF GOVERNORS
Committee on Audit, Risk Management, and Compliance

January 16, 2020 at 2:00 p.m.
University of North Carolina System Office
Center for School Leadership Development, Room 119
Chapel Hill, North Carolina

AGENDA

OPEN SESSION

THE UNIVERSITY OF NORTH CAROLINA SYSTEM

DRAFT MINUTES

November 14, 2019
Elizabeth City State University
K.E. White Graduate Center, Room 130
Elizabeth City, North Carolina

This meeting of the Committee on Audit, Risk Management, and Compliance was presided over by Chair James L. Holmes, Jr. The following committee members, constituting a quorum, were also present: Carolyn Coward, Mark Holton, and Robert A. Rucho. The following committee member was absent: Thomas H. Fetzer.

Chancellors participating were Sheri Everts and Interim Chancellor Brian Cole.

Staff members present included Lynne Sanders, Thomas Shanahan, and others from the UNC System Office.

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1. Call to Order and Approval of OPEN Session Minutes (Item A-1)

The chair called the meeting to order at 1:15 p.m., on Thursday, November 14, 2019, and called for a motion to approve the open session minutes of September 19, 2019.

MOTION: Resolved, that the Committee on Audit, Risk Management, and Compliance approve the open session minutes of September 19, 2019, as distributed.

Motion: Robert A. Rucho
Motion carried

2. Summary of UNC System-wide Internal Audit Activities for 2018-19 (Item A-2)

The chair called on Lynne Sanders to present item A-2. Ms. Sanders presented to the committee a summary of the Annual Report on Internal Audit Activities, which highlighted the work and accomplishments of the internal audit departments across the UNC System for the period July 1, 2018, through June 30, 2019.

This item was for information only.

3. Approval of UNC System-wide Internal Audit Plans for 2019-20 (Item A-3)

The chair called on Ms. Sanders to present item A-3. Ms. Sanders presented to the committee a summary of the 2019-20 internal audit plans submitted by the constituent institutions for review by the Committee on Audit, Risk Management, and Compliance per Chapter 100.1 of the UNC Policy Manual – Section 301 of *The Code*.

MOTION: Resolved, that the Committee on Audit, Risk Management, and Compliance approve the UNC System-wide Internal Audit Plans for 2019-20 and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Mark Holton
Motion carried

4. Adjourn

There being no further business, the meeting adjourned at 1:30 p.m.

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Carolyn L. Coward, Secretary

AGENDA ITEM

A-2.   UNC System Public Safety Training Center Pilot .... Tom Shanahan and Brent Herron

Situation: The UNC System, in partnership with the Department of Public Safety (DPS) Samarcand Training Academy, will offer a series of training courses and activities for public safety personnel from UNC System institutions.

Background: Each university in the UNC System maintains a public safety department staffed by sworn officers and headed by a police chief. In addition to performing traditional law enforcement functions, University law enforcement officers require specialized training and skills to work in and meet the unique public safety needs of the academic communities in which our students, faculty, and staff collaborate and interact. A UNC System study conducted during 2019 identified joint training programs as one area of potential collaboration between and among UNC System public safety departments. The DPS Samarcand Training Academy provides excellent facilities in a central location that would appear to be conducive to conducting joint training programs.

Assessment: Working in partnership with the Samarcand Training Academy staff, the UNC System will hire a temporary training coordinator and take steps necessary to offer a series of three to five joint training courses or programs during 2020. At this time, five possible areas of instruction are being considered: civil disturbance training; advanced sexual assault investigation for law enforcement; community policing with focus on impartial policing and non-biased policing; firearms training/active assailant, specialized subject control and arrest techniques (SCAT); and crisis intervention and de-escalation techniques for law enforcement. The results of the pilot project will be evaluated and reported to the committee and to the Board of Governors.

Action: This item is for information only.

AGENDA ITEM

A-3.   UNC System Office Internal Audit Update ....Joyce Boni

Situation:	The chief audit officer is to provide periodic updates on the UNC System Office's internal audit activities.
Background:	In accordance with the committee charter and *International Standards for the Professional Practice of Internal Auditing* (*Standards*) issued by The Institute of Internal Auditors, the committee is to receive periodic updates on the UNC System Office's internal audit activities. This allows the committee to assess internal audit's performance relative to the annual audit plan.
Assessment:	The attached document identifies the current status of the 2019-2020 internal audit projects that were initially approved by the committee in September 2019, as well as any significant changes to the approved plan.
Action:	This item is for information only.

UNC System Office Internal Audit Plan Update
Fiscal Year 2019-2020

Description	Status as of 01/10/20
Prior Year Carry Over	
Annual Risk Assessment/2020 Audit Plan Development	Completed (Sept 2019)
Follow-up of OSA 2017 IT Audit of Banner Hosted Services	Completed (issued 8/8/19)
Follow-up of 2018 Internal Audit of End User Data Storage and Security Awareness	Completed (issued 8/29/19)
Security Review of the Data Mart Database (assisted by external audit firm)	Completed (issued 9/23/19)
Investigation of Noncompliance and Misuse of Federal Funds	Completed (issued 12/10/19)
Assurance Engagements	
UNC-TV: Review of Compliance with Payment Card Industry Data Security Standards (for security of donor card data)	In Progress
UNC System Office: Review of the Contracting Process	In Progress
Follow-up Engagements	
Develop a new Follow-up Tracking, Monitoring, and Reporting Process	In Progress
Conduct Various Follow-up Monitoring (added)	In Progress
Investigations	
Unplanned/Various as occurs: Investigations of Fiscal 2020 Internal/External Hotline Reports and Similar Investigations	Not Started
Special Projects/Consultations	
Consult: Design of UNC-TV Procurement/Purchasing Process	Not Started
Assist a Quality Assurance Review Team (assisting NC Office of Internal Audit)	Completed (Nov 2019)
Annual Risk Assessment/FY2021 Audit Plan Development	Not Started
Technical Assistance/Other Audit Services	
Advisory Services to Information Technology: Policy and Procedure Updates	In Progress
Advisory Services to Human Resources: Updates to Onboarding Procedures and Learning Management Implementation	Not Started
Advisory Services to Strategy and Policy: Innovation Lab Internal Procedures	In Progress
Advisory Services to UNC-TV: Repair and Renovation Budgeting Process	Not Started
Board Meetings, Unit Oversight, Staff Hiring, MOU updates, and Marketing	In Progress
Other Services/Committees: Other Routine Advisory Services; Re-design Hotline Site; Assist External Auditors; Charter Updates; Annual Certifications; CAO/OIA Committee Meetings; QAIP Work; and Other Projects to be determined	In Progress
MOU/Audit Services to NCSSM and NCSEAA	In Progress

Red font denotes updates to the approved audit plan.

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AGENDA ITEM

A-4. Enterprise Risk Management Update .... Lynne Sanders

Situation:	The purpose of this item is to provide the Committee on Audit, Risk Management, and Compliance an update on enterprise risk management and compliance processes.
Background:	In adopting the policy on University Enterprise Risk Management and Compliance, the Board of Governors provided for the establishment of UNC System-wide and institution-based enterprise risk management and compliance processes. The policy aims to address risks related to compliance with laws and ethical standards at the System level, and to complement and support the risk management and compliance processes and activities of the constituent institutions.
Assessment:	In May 2019, the committee was provided with results of the first iteration of a UNC System risk register. Major enterprise risk categories were identified with the goals of the University's Strategic Plan in mind. The committee will receive an update on University-wide risk management efforts organized by the System Office.
Action:	This item is for information only.

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UNC System ERM Topics – December 31, 2018

- IT Governance/Data Security/Cybersecurity

- Human Resources – Recruitment, Retention, Compensation

- Financial Stability/Funding Model Issues

- Deferred Maintenance

- Enrollment

- Campus Safety and Security

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Campus Safety and Security

- Emergency preparedness
- Perceptions of crime
- Mental health
- Substance abuse
- Disruptive behavior
- Minors on campus
- Sexual misconduct and interpersonal violence
- Sufficiency of resources

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Minors on Campus

- UNC Policy 1300.10

- Policy implementation survey – risk landscape

- System-wide risk management efforts
  - Protection of Minors on Campus Conference
  - Follow-up workshops
  - Routine communication across the System

Looking Ahead

- Updated top enterprise risks – December 2019

- Opportunities for System-level risk management efforts to continue

- Information technology risks

THANK YOU