



ANNUAL REPORT TO THE BOARD OF GOVERNORS
Committee on Audit, Risk Management, and Compliance
July 1, 2021, through June 30, 2022

DUTIES AND MEMBERSHIP

The Committee on Audit, Risk Management, and Compliance is responsible for recommending a committee charter for review and approval by the Board of Governors, addressing the UNC System's internal audit, enterprise risk management, and compliance functions; recommending for approval Systemwide policies regarding internal audit, enterprise risk management, and compliance; reviewing annual and other reports of the constituent institutions, UNC System Office, and affiliated entities; reviewing a summary of the internal audit plans and work of the audit committees of the constituent institutions; reviewing a summary of the annual financial audit reports and management letters on University Major Associated Entities; meeting with the state auditor annually; and taking such other actions as are necessary or appropriate to ensure that risks are identified and properly managed and to assure the integrity of the finances, operations, and controls of the System. This report summarizes the work of the Committee on Audit, Risk Management, and Compliance from July 2021 through June 2022.

The committee was composed of the following Board members: Pearl Burris-Floyd, James L. Holmes, Jr., Mark Holton, Terry Hutchens, Wendy Floyd Murphy, and Art Pope. Mr. Holton served as chair, Mrs. Burris-Floyd served as vice-chair, and Mr. Hutchens served as secretary.

Chancellor Darrell Allison (Fayetteville State University) Chancellor Sharon L. Gaber (University of North Carolina at Charlotte) also served on the committee.

ACTIONS

The Committee on Audit, Risk Management, and Compliance met in four regular meetings and one special meeting between July 1, 2021, and June 30, 2022. The major actions of the committee are summarized as follows:

Summary of Approval Actions	Month Approved
Approval of the CARMC Oversight Responsibilities and Operating Procedures a. Appendix A – Statutory and Policy Authority b. Appendix B – UNC System Office Internal Audit Charter	September 2021
UNC System Office Internal Audit 2020-21 Year-end Report	September 2021
Approval of the 2020-21 Committee on Audit, Risk Management, and Compliance Annual Report	September 2021
Approval of the UNC System Office 2021-22 Internal Audit Plan	September 2021
Establishment of an Internal Audit Internship Program	September 2021
Strengthening Campus Safety UNC Campus Police Departments reported declining staffing levels and difficulty in attracting qualified candidates to fill their vacancies. UNC System Office leadership initiated research and consulted with each campus Chief of Police to ascertain the status of their personnel vacancies and backfill issues. It became clear the negative	September 2021

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<p>impacts of the shifting national view of law enforcement were more pronounced at UNC System institutions. The four recommendations presented to and subsequently adopted by the Board of Governors as a strategic path for campus law enforcement are as follows:</p> <ol style="list-style-type: none"> 1. Eliminate the cap on tuition waivers for campus law enforcement officers 2. Enhance Career Ladder/Organizational Structure 3. Operational Readiness Training and Equipment 4. Dual Employment Between Campuses 	
Report on Implementation of Information Security Recommendations	September 2021
Summary of Audit Reports Issued by the Office of the State Auditor	September 2021
Approval of UNC System Internal Audit Plans for 2021-22	November 2021
<p>UNC System Enterprise Risk Management Report</p> <p>The committee received an update on top enterprise risks identified by the UNC System Office and the constituent institutions.</p>	November 2021
<p>Property Insurance Update</p> <p>In collaboration with risk managers at each institution, staff at the UNC System Office and the North Carolina Department of Insurance performed a System-wide evaluation to identify property that needs to have demotion value assigned so the proper adjustments could be made to property records and premiums for insurance coverage.</p>	November 2021
Summary of Annual Audit Reports of Major Associated Entities	November 2021
<p>Introduction of CIO Council and Information Security Council Chairs</p> <p>Mike Barker, chief information officer at the University of North Carolina at Chapel Hill, and chair of the CIO Council; and Joel McKenzie, chief information security officer at Western Carolina University, and chair of the Information Security Council were introduced to the committee.</p>	November 2021
Information Security in Higher Education	November 2021
2021 North Carolina Internal Audit Award of Excellence, Kara Hefner (UNC-CH)	February 2022
UNC System Office Internal Audit Update	February 2022
Audit Reports Issued by the Office of the State Auditor	February 2022
Information Technology Maturity Model – Progress, Momentum and Maturity of Information Security in the UNC System	February 2022
<p>Strengthening Campus Safety</p> <p>The University of North Carolina System and the Charlotte Field Office of the Federal Bureau of Investigation partnered to conduct a virtual symposium on higher education security issues.</p>	February 2022

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Information Technology Maturity Model – Recommendations UNC System Chief Information Officer Keith Werner provided the committee with a set of recommendations to improve and mature the information technology controls and information security posture for each institution.	May 2022
Report on Strategic Pathways for Campus Law Enforcement Personnel	May 2022
UNC System Office Internal Audit Update	May 2022
Annual Presentation of Audit Reports Issued by the Office of the State Auditor	May 2022