AGENDA
ECU Board of Trustees
Audit Committee Meeting
December 1, 2011

I. Approval of September 22, 2011 Minutes  
   Action

II. BSOM Update – Dr. Nick Benson  
   a. Meaningful Use Requirements  
   Information  
   b. ICD-10  
   Information

III. BSOM Compliance Office Report – Ms. Micki Jernigan  
   a. Compliance Work Program  
   Action

IV. Enterprise Risk Management Report – Mr. Tim Wiseman  
   Information

V. Internal Audit Report – Ms. Stacie Tronto  
   Information

VI. Other Business
Minutes from ECU BOT Audit Committee  
September 22, 2011  
ECHI

Committee members present: Ken Chalk (Chair), Joel Butler, Deborah Davis, Steve Jones, and Carol Mabe

Others present: Steve Ballard, Phyllis Horns, Rick Niswander, Donna Payne, John Chinn, John McGough, Micki Jernigan, and Stacie Tronto

Ken Chalk convened the meeting at 3:30 p.m. and read the conflict of interest provisions as required by the State Government Ethics Act. Mr. Chalk asked if anyone would like to declare a conflict of interest. Hearing none, he asked for the approval of the minutes for the April 14, 2011 committee meeting. The minutes of the April 14, 2011 were approved with following two changes noted: (1) Micki Jernigan stated that she was present at the April 14, 2011 committee meeting and was not listed in the attendance section of the minutes, and (2) Micki Jernigan also requested that the position title be changed in the minutes from Regulatory Compliance Specialist to Healthcare Regulatory Specialist.

Mr. Chalk asked for a motion to go into closed session at 3:35 p.m. Joel Butler read the closed session motion and it was seconded by Deborah Davis. The Audit Committee returned to open session at 3:55 p.m.

Rick Niswander updated the Audit Committee on the legislation that had been passed, which allows the University to use an external firm to conduct East Carolina’s University’s financial audit if it so chooses. In the past, only the North Carolina State Auditor’s Office (OSA) could conduct the University’s financial audit. It has been decided that it is most efficient and effective to continue to utilize OSA to conduct ECU’s financial audit.

Stacie Tronto reported on the activities of Internal Audit. Ms. Tronto presented the Internal Audit plan for 2011-2012 and requested approval from the Audit Committee. A motion was made and seconded to approve the Audit Plan. A dashboard report of year-end benchmarks for fiscal year 2011 was discussed next. The dashboard report included a summary of observations by category for the past five years; the completion rate of the 2010-2011 audit plan; the productivity ratio of the Internal Audit staff; and the implementation rate of management’s corrective actions. It was noted that the benchmarks have increased over the past three years. The most notable benchmark is that management implemented 100% of the corrective actions that were followed-up on in 2010-2011. Next, Ms. Tronto reported that the certification requirements with regard to UNC Board of Governor’s Best Financial Practices had been sent to UNC General Administration and that all requirements had been met.
Chancellor Ballard introduced the next topic, which was the reporting of significant audit findings each year to the UNC Board of Governors. There seems to be some differences of opinion among the universities in the UNC system as to what is considered a significant audit finding and should be reported. For fiscal year end 2011, ECU reported six significant findings, Western Carolina reported one, and the other universities in the UNC system reported none. It was decided that Ms. Tronto and Mr. Chalk would meet with Jeff Henderson from UNC General Administration to discuss the reporting requirements for significant audit findings.

As required by the Guidelines for the Audit Committee, the Chancellor and Vice Chancellor for Administration and Finance certified that ECU has performed an annual review of the system of internal control and the results of that assessment. Lastly, Ms. Tronto reported on other projects that Internal Audit is in the process of completing, which includes: (1) updating the internal audit website, (2) the development of an internal control manual, and (3) the recruitment of the IT auditor position.

Tim Wiseman could not be present for the Audit Committee meeting but provided an information paper to the Audit Committee on significant enterprise risk management activities for the past three months and planned activities for the next three months. Ms. Tronto, at the request of Mr. Wiseman, reminded the Audit Committee that ECU was going to host an ERM Higher Ed e-Symposium on October 12, 2011 and invited all Audit Committee members to attend if their schedules would permit.

Micki Jernigan updated the Audit Committee on the Brody School of Medicine Compliance activities. Ms. Jernigan stated that she hoped to present the Compliance Work Plan at the next committee meeting. Ms. Jernigan discussed the difficulty they were having in recruiting for the Healthcare Regulatory Specialist position and stated the position may need to be restructured. She also stated that she was working on long-term staffing needs and is currently recruiting for a vacant coder/reviewer position. Ms. Jernigan reported that in the next few months, Compliance will be implementing HIPAA role-based training that will be annual and mandatory. Deborah Davis asked for an update on the status of the University’s implementation of ICD-10 requirements. After some discussion, it was suggested by Ken Chalk that in the near future a joint meeting with the Health Sciences Committee be held and that Ms. Jernigan present an update to both committees on the implementation of ICD-10.

John Chinn provided a report on the Office of Research Compliance Administration activities. Specifically, Mr. Chinn reported on the 2011 Conflict of Interest Disclosures Report. He stated that for 2011, all EPA employees completed their disclosure online. For 2011, disclosures that reported a conflict will be reviewed and triaged according to risk. Those with the highest risk will be
prioritized and Research Compliance will help the employees develop a conflict of interest management plan.

With there being no further business, the Audit Committee meeting was adjourned at 5:00 p.m.

Respectfully submitted by Stacie Tronto
INFORMATION PAPER

SUBJECT: Enterprise Risk Management (ERM) Update for the BOT-A Committee

1. Purpose. To advise BOT-A committee members of significant ERM and Chief Risk Officer (CRO) activities from the past three months and those planned or anticipated for the next three months.

2. Facts.

a. Significant ERM/CRO Activities from the Past Three Months:

   • ECU Hosted ERM in Higher Ed eSymposium – Oct 12th
   • ERM Committee Quarterly Meeting – Title IX/Compliance Training Focus
   • Conducted Risk Consultations and Inquiries/ Process Reviews
     o Athletics Issues – Various
     o ADA Accommodation Issue
     o Cash Deposit Courier Issues
     o Other Miscellaneous ERM Consults
   • Presented at Risk and Insurance Mgmt Society (RIMS) Regional Conference
   • Attended Federal/Governmental ERM Summit

b. Significant ERM/CRO Activities Next Three Months:

   • Format, Finalize and Publish 1st ERM Annual Activity Report (’10-’11)
   • Prioritize and Assess Annual Top Risk Survey Results
   • Draft ERM Regulation
   • Annual Chief Risk Officer Office Calls/Interviews w/ Exec Council Members, Deans, and ERMC Members (Risk Sensing Sessions)

ACTION OFFICER:
Tim Wiseman
Assistant Vice Chancellor for ERM/Chief Risk Officer
252-737-2803
Spilman Bldg, Room 207B
## Completion of Audit Plan: Completed vs. Planned Audits

<table>
<thead>
<tr>
<th>Status of Audit Plan</th>
<th>Number of Audits</th>
<th>Percent of Total Plan</th>
</tr>
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<tbody>
<tr>
<td>Completed</td>
<td>8</td>
<td>16%</td>
</tr>
<tr>
<td>In Process</td>
<td>20</td>
<td>39%</td>
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<tr>
<td>Pending</td>
<td>23</td>
<td>45%</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>51</strong></td>
<td><strong>100%</strong></td>
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## Staff Utilization: Direct vs. Indirect Hours

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<thead>
<tr>
<th>Hours Type</th>
<th>Percentage</th>
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<tbody>
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<td>Direct Hours</td>
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<tr>
<td>Indirect Hours</td>
<td>21%</td>
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</tbody>
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As of 11/10/11