AGENDA
Executive and Audit Committee
Board of Trustees Meeting
December 16, 2005

Report Items

Acted on by the Full Board since the last meeting:

--Request for Employment Contract Terms for Billy Godwin
--Request for Approval of Separation Agreement for Randy Mazey
--Approval of Meeting Dates for 2006

Acted on by the Executive and Audit Committee since the last meeting:

--None.

Discussion/Action Items

1) Approval of Minutes
   --September 30, 2005 (Full Board Meeting)
2) Amendment to the Charter of the Board of Visitors (Emeritus(a) Status of Former Chairs)
3) Bylaw change
4) Resolution in Support of Widening Hwy. 43 to Four Lanes from Paladin Drive to 264 Bypass
5) Non-teaching EPA Employment and Grievance Policy
6) Internal Audit Quarterly Report
   Internal Audit Reports (Stacie Tronto)
7) Chancellor’s Certification of Compliance with Management Flexibility and Internal Control Requirements
8) Strategic Planning Item
9) Between Meetings: Approvals by the Board of Trustees
MEMORANDUM

TO: Members of the ECU Board of Trustees

FROM: John Durham
Assistant Secretary to the Board of Trustees

DATE: October 28, 2005

RE: Employment Contract Terms for Billy Godwin

Chancellor Ballard has asked that I seek your approval of the proposed employment contract terms for Head Baseball Coach Billy Godwin. He recommends your approval.

Attached are a memorandum from the Chancellor and a summary of the principal terms of the contract.

Please call 252-328-6105 or fax this page to us at 252-328-0129 as soon as possible.

Please let me know if you have questions on this matter.

Check one:

_____ I approve the terms of the employment contract of Billy Godwin.

_____ I do not approve the terms of the employment contract of Billy Godwin.

________________________
Signature
TO: Members of the Board of Trustees
FROM: Steve Ballard, Chancellor
RE: Request for approval of the employment contract of Billy Godwin
DATE: October 28, 2005

Athletics Director Terry Holland has recommended that the University hire Billy Godwin as its permanent head baseball coach. Mr. Holland and Mr. Godwin have tentatively agreed upon the terms of Mr. Godwin’s contract, which are attached. I write to seek your approval of those contractual terms.

You will recall that Mr. Godwin was named interim baseball coach following the suspension of Randy Mazey earlier this month. Mr. Holland reports that in the interim period, the response of the baseball community has been overwhelming to Mr. Godwin and that the feedback continues to be extremely positive.

I agree with Mr. Holland that Mr. Godwin should be named the permanent head baseball coach, and I urge you to approve the terms of his contract. Thank you for your consideration of this matter. If you have any questions, please feel free to contact me or Mr. Holland.
BILLY GODWIN AGREEMENT

The most significant terms of the proposed contract between ECU and Coach Godwin are the following:

I. The contract will begin on October 28, 2005, and will terminate on June 30, 2008.

II. Coach Godwin’s annual base salary is as follows:
   A. $85,000 from October 28, 2005 through June 30, 2006 (prorated);
   B. $92,500 from July 1, 2006 through June 30, 2007; and
   C. $100,000 from July 1, 2007 through June 30, 2008.

III. Bonuses:
   A. If the men’s baseball team is invited to the NCAA Tournament,
      Coach Godwin will receive $5,000;
   B. If the men’s baseball team qualifies for the NCAA Super Regionals,
      Coach Godwin will receive an additional $5,000; and
   C. If the men’s baseball team qualifies for play in the College World Series, Coach Godwin will receive an additional $10,000.

IV. If the University terminates the contract without cause, the University will pay Coach Godwin $50,000 in a lump sum within 30 days following termination.

V. If Coach Godwin obtains other employment during the contract period, he will pay to the University $50,000 in a lump sum within 30 days following termination.
STATE OF NORTH CAROLINA
COUNTY OF PITT

AGREEMENT TO TERMINATE
EMPLOYMENT CONTRACT

THIS AGREEMENT is entered into this _______ day of _____________, 2005, by and between Mr. Randy E. Mazey and East Carolina University (hereinafter “UNIVERSITY”), a state-supported institution of higher education and constituent member of the University of North Carolina, acting by and through its authorized officials.

WHEREAS, Mr. Mazey has served as Head Men’s Baseball Coach pursuant to an employment contract with the UNIVERSITY dated July 12, 2002, and amended on August 5th, 2003; and pursuant to a subsequent employment contract with the UNIVERSITY dated August 9, 2004 (“the Contract”); and

WHEREAS, Mr. Mazey and the UNIVERSITY desire to terminate the Contract upon mutually acceptable terms and conditions;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, Mr. Mazey and the UNIVERSITY hereby agree to the following terms of settlement in full satisfaction of each and every claim and potential claim which has been, or could be, asserted by Mr. Mazey against the UNIVERSITY, The University of North Carolina, or any of their officers, agents or employees:

I. APPLICABLE LAW

This agreement is entered into in the County of Pitt, State of North Carolina, and is governed and construed in accordance with the laws of North Carolina, except that each party to the agreement will be viewed as an equal participant and there will be no presumption against the drafting party.

II. WARRANTIES

A. Each party warrants and represents to the other that it has been fully informed and has full knowledge of the terms, conditions and effects of this agreement.

B. Each party warrants and represents that it has had the opportunity to confer with legal counsel and that it signed this agreement freely and voluntarily and without coercion.

C. Each party warrants and represents to the other that no promise or inducement has been offered or made except as herein set forth, and that this agreement is executed without reliance upon any statement or representation by any other party or its agent.
III. OBLIGATIONS

A. Mr. Mazey and the UNIVERSITY agree to terminate Mr. Mazey’s employment with the University upon mutually satisfactory terms and conditions pursuant to Section XIII (E) of the Contract effective October 31, 2005. Mr. Mazey relinquishes all rights and privileges under the Contract.

B. The parties agree that they shall have no further claims, rights, obligations or privileges whatsoever to each other under the Contract (which is hereby terminated) or otherwise, and any such claims or other matters are hereby released.

C. Mr. Mazey agrees that he will vacate his office, surrender all UNIVERSITY property in his possession, and leave the UNIVERSITY on or before the close of the business day on November 11, 2005.

D. The UNIVERSITY agrees that Mr. Mazey will continue to be paid at his current annual salary of $100,000 from November 1, 2005 until December 31, 2005, without regard to whether Mr. Mazey secures subsequent employment. This salary will be payable in equal semi-monthly installments and shall be subject to payroll deductions required by State and federal law which include State and federal taxes and FICA withholding. From November 1, 2005 through December 31, 2005, Mr. Mazey will continue to receive benefits like other similarly-situated employees, including retirement and health care benefits.

E. The UNIVERSITY agrees that Mr. Mazey will be paid an annual salary of $50,000 from January 1, 2006 through June 30, 2008, without regard to whether Mr. Mazey secures subsequent employment. This salary will be payable in equal semi-monthly installments and shall be subject to payroll deductions required by State and federal law which include State and federal taxes and FICA withholding. From January 1, 2006 through June 30, 2008, Mr. Mazey will not receive benefits like other similarly-situated employees including retirement and health care benefits with the exception of any COBRA rights to which Mr. Mazey is entitled and/or any retirement benefits already vested on or before December 31, 2005.

F. It is specifically agreed that in exchange for the UNIVERSITY’s agreement to pay compensation as specified herein, Mr. Mazey waives any right to receive further compensation under the Contract, including but not limited to Parts V, VIII, and X (H) of the Contract. The UNIVERSITY agrees to pay Mr. Mazey any and all amounts actually earned under these Paragraphs of the Contract prior to termination.

G. It is agreed that all material or articles of information, including without limitation, personnel records, recruiting records, team information, films, statistics, or any other material or data furnished to Mr. Mazey while he served as Coach at the UNIVERSITY or developed by Mr. Mazey on behalf of the UNIVERSITY or at the UNIVERSITY’s direction for the UNIVERSITY’s use or otherwise in connection with the UNIVERSITY’s employment of Mr. Mazey, shall remain the sole property of the UNIVERSITY. Mr. Mazey shall cause any such materials in his possession or control to be delivered to the UNIVERSITY by November 11, 2005.
IV. RELEASE

With the exception of counterclaims or any other responsive pleading or assertion of any kind to any action initiated by or on behalf of any person in his/her individual capacity hereby released, Mr. Mazey hereby releases, acquits and forever discharges The State of North Carolina; The University of North Carolina and its Board of Governors; the UNIVERSITY and all current and former officers, agents and employees of the above-named entities from all claims, actions, causes of action, demands, rights, damages, costs, sums of money, accounts, covenants, contracts, promises, attorney fees and all liabilities of any kind or nature whatsoever at law, in equity, or otherwise, which Mr. Mazey ever had, now has, or may have, for all events and occurrences from the beginning of the world to the date of this agreement.

V. COMPROMISE OF DISPUTED CLAIMS

Each party understands and agrees that this settlement is in compromise of doubtful and disputed claims; that no covenant herein is to be construed as an admission of liability on the part of any party hereby released; that each party hereby released denies any liability for such claims; and that each party intends merely to avoid dispute resolution processes and fully and finally resolve such disputed claims.

VI. EFFECT OF AGREEMENT

This agreement shall be binding upon and inure to the benefit of the parties and their agents, officers, employees, successors, assigns, heirs, executors, and administrators.

VII. PUBLIC RECORD

It is agreed that this agreement is a public record which is subject to the public disclosure requirements specified in Chapter 132 of the General Statutes of North Carolina.

EXECUTED this the _______ day of ______________, 2005.

EAST CAROLINA UNIVERSITY

BY: ______________________________
    Stephen D. Showfety
    Chair, Board of Trustees

ATTESTED TO:

BY: ______________________________
    John Durham
    Assistant Secretary, Board of Trustees
BY: ____________________________
   Steve Ballard
   Chancellor

MR. RANDY E. MAZEY

____________________________________
Date: ___________________________________________________________________
MEMORANDUM

NOVEMBER 18, 2005

TO: Members of the Board of Trustees

FROM: John Durham
Assistant Secretary to the Board

RE: Approval of Meeting Dates

Mr. Showfety has asked that I seek your approval for Board meeting dates described below for the remainder of the current fiscal year.

Friday, February 24, with Liaison Group and some committee meetings on Thursday, February 23. Arts and athletics events occurring on campus during this period include baseball games Friday and Saturday, women’s basketball Friday, men’s basketball Saturday, and the touring production of “Unforgettable: The Nat King Cole Story” on Saturday.

Friday, May 5, with Liaison Group and some committee meetings on Thursday, May 4. The University’s spring commencement is Saturday, May 6.

Tuesday, June 20. This would be a supplemental meeting held jointly with the Board of Visitors prior to a University-sponsored Legislative reception. The meeting would be held in Raleigh and would begin at 2 p.m.

Please call 252-328-6105 or fax this page to us at 252-328-0129 as soon as possible.

Please let me know if you have questions. The next meeting of the Board is already set for Friday, December 16, with Liaison Group and some committee meetings on Thursday, December 15. Fall commencement is Saturday, December 17.

Check one:

[ ] I approve the proposed meeting dates.

[ ] I do not approve the proposed meeting dates.

______________
signature
Executive and Audit Committee Meeting
Summary of Discussion
September 30, 2005

Chairman Stephen D. Showfety convened the committee at 11:05 a.m. Also attending with Mr. Showfety were committee members Brody, Hill, Kelly and Ward. Mr. Greczyn had to leave for another engagement. All other Trustees attended.

Mr. Showfety asked Mr. John Durham, new Assistant Secretary to the Board, to offer a report to the Board.

Mr. Durham drew attention to the report items in the CDs/notebooks that were acted on since the last Board meeting and stated they would be read and noted in the full Board meeting.

Mr. Durham suggested the next item be approval of the minutes from the Executive and Audit Committee of July 19, 2005. Mr. Kelly moved approval and the minutes were approved as submitted.

Mr. Durham reminded the Board there were no meeting dates after today and the bylaws required three meetings during the year. It was suggested that the next date be December 16th, the day before the University’s fall commencement.

Mr. Showfety commented he had purposely been slow in establishing the future dates and reiterated that he encouraged the Trustees to participate in commencement(s). Chairman Showfety also requested that future dates coincide with other on-campus events whether they be cultural or other events such as performing arts. He stated he does not expect the work of the Board to be done during the Board meetings. The work of the group will be done at a committee level. He asked the committees to engage at a higher level to coincide with the Chancellor’s program of work and is asking the committees to set their own schedules and work on the individual items that each is assigned and to report that work at the full Board meetings.

Chairman Showfety asked Stacie Tronto, Internal Auditor, for her report. Ms. Tronto drew attention to the materials in the CDs/notebooks and asked for any questions. There were none.

Mr. Showfety commented that this department had taken on a very active role in the management duties of the administration of the University and the professionalism of the department has taken a higher profile over the last two years and the efforts were appreciated. The reports are sent to the Executive
and Audit Committee and unless it is a noteworthy item that needs the entire Board's attention you would not see the work that is being done on a daily level.

Ms. Tronto said they had been working for the last year on their first risk-based audit engagement plan to be presented to the Executive Council soon. This plan will be forwarded to the Trustees following that presentation.

The Trustees have taken a leadership role within the university system with the way the audit responsibilities are handled according to Mr. Showfety and part of this can be attributed to the former chairman, Jim Talton. Mr. Showfety further commented that we have been recognized for this initiative.

Chairman Showfety called on Austin Bunch for an update on the nomination for the ECU Board of Visitors. The CV of William Winslow Phipps was included in the Board materials and Dr. Bunch explained that there were two vacancies for the class of 2007 and one vacancy for the class of 2009. The person appointed to the class of 2007 would serve the remainder of that term and then be eligible for reappointment for a four year term. If appointed to the class of 2009, one four year term would be served by the individual and then the person would have to sit out for a year. This individual was sponsored by J. Craig Souza, former Board chair and current member of the Board of Governors under whom the Board of Visitors was formed. Formal action will be taken at the full Board meeting.

Mr. Showfety asked that a joint meeting of the Board of Visitors and the Board of Trustees be arranged for a number of reasons but specifically to ensure that these groups are on the same page. The BOV has taken a lot of responsibility for the marketing campaign for the University, which will be critically important going into our centennial campaign. The BOV will be meeting next Friday, October 7th, and Mr. Showfety said Chair Doug Byrd had extended an invitation to the Board members to attend. Mr. Byrd could not be here today and Mr. Showfety reiterated the invitation.

Mr. Showfety stated the BOV typically arrange a legislative meeting in the late spring and suggested this may be a good time for a joint meeting. He commented on the quality of this group and said several BOT members received their initial orientation to the University through the BOV. He would like for us to work more closely with this group.

Dr. Bunch announced that the National Advancement Network meeting would also be October 7th starting with coffee at 8:30-11:30 and the BOV meeting would follow with lunch, to be completed at 3:00 p.m.
Chairman Showfety asked Mr. Durham to address a pet peeve of Mr. Showfety's which is the multiple shades of purple/lavender on campus. Mr. Durham drew attention to a handout and stated in 1983 the athletic department chose an official purple for their uniforms, then another purple for the helmets. During 1993 the University appointed a committee to establish University-wide purples and to develop a new logo, which is the arches we use today. The bottom line is purples display differently on paper which is coated or uncoated and on material, such as athletic uniforms, aluminum or soccer balls. Purple shows up a difficult color when used electronically as well, as in watching the Pirates on television or on laptop screens. That purple looks black. Photography purple sometimes shows up blue. The color gold runs into much of the same problem.

Committees are being formed to look at institutional images and branding topics in connection with the centennial and Mr. Durham will bring those results back to the Board, which hopefully will be one color.

Mr. Showfety remarked that one of the critical issues of marketing is consistency of message and secondly, the Board has the authority to make decisions of this type. He said he understood LSU, Northwestern and TCU also had this unique problem.

Chairman Showfety asked Jim Smith to make the final report on the procedure for establishing new institutional centers and institutes to which Dr. Smith remarked that it was not at the point to bring to the Board. Mr. Kelly, as well as others, were interested in a Tourism Center and this would be brought back to the Board at the next meeting.

Mr. Showfety concluded the meeting of the Executive and Audit Committee and asked that the Board reconvene at noon.

Transcribed by Linda B. June-Fowler
Respectfully submitted by

APPROVED: Stephen D. Showfety
Chairman of the Committee

John Durham
Assistant Secretary to the Board of Trustees
Emeritus(a) Status of Former Chairs

Since its inception in 1994, four persons have served as chair of the ECU Board of Visitors – Janice Faulkner, Kelly King, Bob Greczyn, and Joel Butler. These four people served as members of the ECU Board of Visitors in addition to providing leadership through the development and enhancement of the body.

The request is to designate each former chair of the ECU Board of Visitors as an emeritus(a) member of the ECU Board of Visitors. In this capacity, the honorary member serves as an ex-officio member of the Board with all the rights and privileges of an ex-officio member.

The charter of the ECU Board of Visitors will require an amendment that must be approved by the ECU Board of Trustees. The proposed amendment is as follows:

4) Upon the conclusion of a term of service on the ECU Board of Visitors, any member who has served in the capacity of Chair will be designated as an emeritus(a) member. Members Emeritus(a) will serve in an ex-officio capacity of the ECU Board of Visitors in perpetuity. In the event the person is appointed to a subsequent term by regular appointment, emeritus(a) status will be held in abeyance pending conclusion of the regular term. This action will increase the total membership of the ECU Board of Visitors in accordance with the number of members holding emeritus(a) status.

Passed unanimously by members present at BOV meeting of October 7, 2005.
CHARTER

The Board of Trustees of East Carolina University by action at a meeting held on March 18, 1994, has approved this Charter providing as follows:

ARTICLE I: Organization and Duration

1. There is hereby created an unincorporated association to be known as the EAST CAROLINA UNIVERSITY BOARD OF VISITORS.

2. The association shall continue in existence at the pleasure of the East Carolina University Board of Trustees.

ARTICLE II: Purpose and Functions

1. The EAST CAROLINA UNIVERSITY BOARD OF VISITORS shall be a service organization of East Carolina University.

2. In this role, the association shall have the following functions:

   (a) to assist the Board of Trustees and the Chancellor in maintaining and improving the excellence and effectiveness of East Carolina University;

   (b) to advise and assist the Board of Trustees and the Chancellor in conveying to the people of North Carolina the mission, programs, accomplishments, and aspirations of East Carolina University;

   (c) to assist in informing the Board of Trustees and the Chancellor of the attitudes, beliefs, concerns, and expectations of the people of North Carolina with respect to East Carolina University; and

   (d) to advise and assist the Board of Trustees and the Chancellor with respect to the developmental activities of East Carolina University.
ARTICLE III  Membership

1. The EAST CAROLINA UNIVERSITY BOARD OF VISITORS shall consist of fifty elected members, to include the President of the Alumni Association, the President of the Parents’ Council, the Chairman of the ECU Foundation, the President of the Educational Foundation, the Chairman of the Medical Foundation, the Mayor of the City of Greenville or his/her designee, the Chairman of the Pitt County Commissioners or his/her designee, and, for liaison purposes, a member of the Board of Trustees and the Chancellor or his designee, all of the latter who shall serve as EX OFFICIO members with full participatory privileges.

2. There shall be but one qualification for membership in the association: a willingness to help East Carolina University fulfill its general, educational, research, and service missions.

3. Members shall be elected to the association by the Board of Trustees by such a process as it may determine, on nomination by the Chancellor and the Executive Committee of the Board of Trustees.

4. As terms expire, members shall be elected annually at the July meeting of the Board of Trustees. After the initial formation of the association with eight members having a 1 - year term, eight having a 2 - year term, eight having a 3 - year term, and seven having a 4 - year term, each subsequently elected member will serve one 4 - year term ending June 30th of the appropriate year. Any person initially elected for less than a 4 - year term is immediately eligible for re-election to a 4 year term. Any person who has served one 4 - year term shall be ineligible for re-election for a period of one year. Any vacancy that occurs in the membership shall be filled for the balance of the unexpired term in the manner specified in paragraph 3 of this Article.

5. Vacancies in membership may be declared by the Board of Trustees for any cause determined by the Board at their discretion.

ARTICLE IV: Officers

1. There shall be a Chairman, a Vice Chairman, and a Secretary of the Association.

2. The officers of the association shall be elected each July by the Board of Trustees by such process as it may determine, on nomination by the Chancellor and the Executive Committee of the Board of Trustees.

3. Such officers shall serve until June 30 of the year following their election as officers. An officer may be re-elected for an unlimited number of terms. Any vacancy in an office shall be filled for the balance of the unexpired term in the manner specified in paragraph 2 of this Article.
ARTICLE V: Meetings

1. Meetings of the association shall be called by its Chairman in consultation with the Chancellor and shall normally occur twice a calendar year.

2. Such meetings may be held at any time and place specified in the call of the meeting.

3. Members of the Board of Trustees and the Chancellor or the Chancellor’s delegate may attend and participate fully in all meetings of the association.

ARTICLE VI: Amendments

1. This Charter may be amended at any time by action of the Board of Trustees.

2. Amendments may be made by the Board of Trustees on its own initiative or in response to suggestions made by the Chancellor or by the association.

AMENDMENTS MADE TO THE BYLAWS

1) The East Carolina University Board of Visitors be expanded by ten members and set appointments be made at the next appointment cycle.

   Approved by the Board of Trustees on December 6, 1996.

2) Article III, 4. changed. The word “ten” deleted and the sentence read, “As terms expire, members shall be elected annually at the July meeting of the Board of Trustees.

   Authorized by Dr. James LeRoy Smith, Assistant Secretary, East Carolina University Board of Trustees February 1, 1999.

3) The suspension of the Board of Visitors Charter stipulation that Board of Visitors be elected in July so that we can conduct that election today and also that we hereby modify that charter to indicate that such elections take place prior to July 1st of each year.

   Approved by the Board of Trustees on May 14, 1999.
The following description of the newly combined Advancement and Naming Committee is proposed to replace the description of the University Advancement Committee in the Bylaws of the Board of Trustees. Article I, Section 103. F.

F. ADVANCEMENT AND NAMING COMMITTEE. The Chancellor shall consult with the Advancement and Naming Committee on policies related to advancement activities including but not limited to fund raising, relationships with the University’s tax exempt affiliates, and alumni affairs. The Committee shall make recommendations to the full Board regarding these policies. The Chancellor also may seek the advice of the Committee relating to issues involving advancement. The Committee also shall advise the Chancellor and the full Board in confidence with respect to proposal to name or change the name of university facilities or activities consistent with the procedures and guidelines established in the Board of Trustees Policy on Naming University Facilities and Activities.
BYLAWS OF THE BOARD OF TRUSTEES

OF

EAST CAROLINA UNIVERSITY

Adopted - 7/8/93

ARTICLE I.
ORGANIZATION

Section 101. Membership. (A) EAST CAROLINA UNIVERSITY shall have a Board of Trustees composed of thirteen (13) persons chosen as follows: (i) eight (8) elected by the Board of Governors of The University of North Carolina, (ii) four (4) appointed by the Governor, and (iii) the President of the Student Government Association ex officio.

(B) In every odd-numbered year, the Board of Governors shall elect four (4) persons to the Board of Trustees and the Governor shall appoint two (2) persons to the Board of Trustees; and the term of office of all such elected or appointed trustees (excluding the ex-officio trustee) shall commence on July 1 of such odd-numbered year and shall be for four (4) years and until the successor is elected or appointed.

(C) Whenever any vacancy occurs in the membership of the Board of Trustees among those appointed by the Governor, it shall be the duty of the Secretary of the Board of Trustees to inform the Governor of the existence of such vacancy, and the Governor shall appoint a person to fill the unexpired term, and whenever any vacancy occurs among those elected by the Board of Governors, it shall be the duty of the Secretary of the Board of Trustees to inform the Board of Governors of the existence of the vacancy, and the Board of Governors shall elect a person to fill the unexpired term. If for any reason other than ill health or service in the interest of the State or nation, a member fails to be physically present for three (3) successive regular meetings of the Board of Trustees, his/her place as a member shall be deemed vacant.

(D) Any person who has served two (2) full four-year (4) terms in succession as a member of the Board of Trustees shall be ineligible, for a period of one (1) year, for election or appointment to the Board but may be elected or appointed to the Board of another institution.
(E) No member of the General Assembly or officer or employee of the State or of any constituent institution of The University of North Carolina or spouse of any such member, officer or employee shall be eligible for election or appointment as a member of the Board of Trustees. Any trustee who is elected or appointed to the General Assembly or who becomes an officer or employee of the State or of any constituent institution of The University of North Carolina or whose spouse is elected or appointed to the General Assembly or becomes such officer or employee shall be deemed thereupon to have resigned as a member of the Board of Trustees.

(F) No person may serve simultaneously as a member of the Board of Trustees and as a member of the Board of Governors. Any trustee who is elected or appointed to the Board of Governors shall be deemed to have resigned as a trustee effective as of that date that his/her term commences as a member of the Board of Governors.

Section 102. Officers. (A) At the first meeting after June 30 of each year, the Board of Trustees shall elect from its membership a Chair, a Vice Chair and a Secretary, each of whom shall serve for a term of one (1) year and until his/her successor is elected. If the Chair’s term on the Board of Trustees expires on June 30 of that year, the Vice-Chair will serve as Chair until elections are held. If the terms of the Chair and the Vice-Chair on the Board of Trustees both expire on June 30 of that year, the Secretary will serve as Chair until elections are held. If the terms of the Chair, the Vice-Chair, and the Secretary all expire on June 30 of that year, the Assistant Secretary of the Board will notify the Executive Committee prior to June 30 of that year and the Executive Committee will nominate a trustee to serve as Chair from July 1 until elections are held. The Executive Committee’s nominee will be approved by the Board prior to June 30 of that year.

(B) If a vacancy occurs in the office of Chair during a term, the Vice Chair shall succeed to the office of Chair for the remainder of the unexpired term. Vacancies in the office of Vice Chair, Secretary or member at large of the Executive Committee during their terms shall be filled by election by the Board of Trustees, and persons so elected shall serve for the remainder of the unexpired term. No trustees shall serve for more than two (2) elected terms in succession in the same office.
(C) The Board of Trustees may also elect an Assistant Secretary from among the members of the Chancellor’s staff. Copies of all minutes, papers and documents of the Board of Trustees may be certified by its Assistant Secretary with the same force and effect as though such certification were made by the Secretary of the Board.

Section 103. Committees. The Board of Trustees shall create the following standing committees and shall delegate to such committees the power and duties enumerated:

A. EXECUTIVE AND AUDIT COMMITTEE. The Executive and Audit Committee shall be composed of the Chair, the Vice Chair, the Secretary and three (3) other members of the Board appointed by the Chair.

The Committee shall meet upon the call of the Chair, and a majority of the members of the Executive and Audit Committee shall constitute a quorum for the transaction of business.

The Chancellor shall consult with the Executive and Audit Committee on appointments of all Vice Chancellors, and other senior administrators as defined by the Board of Governors, and, in addition, on appointments of the Director of Athletics and the head coaches of basketball and football. The Executive and Audit Committee shall make its recommendations to the full Board concerning the Chancellor’s proposed appointments for such positions and on all personnel matters which require action by the Board of Governors. However, the Executive and Audit Committee may act for the Board between meetings of the Board with regard to recommendations from the Chancellor for the appointment of faculty and staff which require approval of the Board of Governors, and the approval of degree candidates recommended by the faculty and Chancellor. In addition, between meetings, the Committee may act for the Board in emergency situations when the Chancellor and the Chair jointly decide that it is impracticable for the full Board to act. The Executive and Audit Committee, however, cannot take any action which is inconsistent with the existing policies of the Board of Governors or the Board of Trustees.

The Chancellor shall also consult annually with the Executive and Audit Committee at the Board’s October meeting concerning East Carolina University’s efforts to assure the adequacy of management staff

Minutes of the meetings of the Executive and Audit Committee shall be distributed promptly after each meeting to each member of the Board of Trustees. Further, the Committee shall report on all meetings and actions taken by it to the full Board at regular meetings.

B. ACADEMIC AFFAIRS AND STUDENT LIFE COMMITTEE. The Chancellor shall consult with the Academic Affairs, and Student Life Committee on policies relating to academic programs and public service activities. The Committee shall make recommendations to the full Board regarding these policies. The Committee shall review all appeals from faculty members to the Board and make recommendations to the full Board.

The Chancellor shall consult with the Academic Affairs and Student Life Committee on matters relating to student life policies, including student financial aid. The Committee shall make recommendations to the full Board regarding such policies. The Chancellor also may seek the advice of the Committee on matters relating to student self-government.

C. RESEARCH, ECONOMIC DEVELOPMENT, AND COMMUNITY ENGAGEMENT COMMITTEE. The Chancellor shall consult with the Research, Economic Development, and Community Engagement Committee on policies relating to research, economic development, local activities, and technology transfer. The Committee shall make recommendations to the full Board regarding these policies. The Chancellor also may seek the advice of the Committee on matters relating to the research office and technology transfer program.

D. HEALTH SCIENCES COMMITTEE. The Chancellor shall consult with the Health Sciences Committee on policies relating to academic programs, admissions, clinical affiliations and agreements, community and public service activities, public relations, development and foundations. The Committee shall make recommendations to the full Board regarding these policies. If practical, in the discretion of the Chair of the Board of Trustees, the Chair of the Academic Affairs Committee may be appointed to the
Health Sciences Committee and the Chair of the Health Sciences Committee may be appointed to the Academic Affairs Committee.

E. **FINANCE AND FACILITIES COMMITTEE.** The Chancellor shall consult with the Committee concerning budget policy and preparation. The Committee shall: Make recommendations to the Chancellor and the full Board concerning budget policy; maintain for the Board a master plan for the physical development of East Carolina University; and advise and assist the Chancellor and submit recommendations to the Board with respect to real property transactions and other capital transactions within the jurisdiction of the Trustees. The Committee is authorized to: Act for the Board of Trustees in the selection of architects or engineers for buildings and improvements requiring such professional services; and act for the Board in approving all proposals involving the acquisition of disposition of any interest in real property provided that said transactions involving interests in real property valued at $50,000 or more are recommended to the full Board of Trustees for its approval and forwarded to the Board of Governors. Subject to the prior approval of the Chancellor, the Vice Chancellor for Business Affairs is authorized to act on behalf of the Board of Trustees to approve building plans and specifications and to certify final acceptance of completed building and projects.

F. **UNIVERSITY ADVANCEMENT COMMITTEE.** The Chancellor shall consult with the Institutional Advancement Committee on policies relating to advancement activities including but not limited to fund raising, relationships with the University’s tax exempt affiliates, and marketing the University in the public domain. The Committee shall make recommendations to the full Board regarding these policies. The Chancellor also may seek the advice of the Committee relating to issues involving advancement activities.

G. **ATHLETICS COMMITTEE.** The Chancellor, who is specifically charged with the responsibility for the establishment and supervision of the institution’s program of intercollegiate athletics, shall consult with the Committee on Athletics on matters relating to intercollegiate athletics, including the appointments of the Athletic Director and head coaches for football and basketball. The Committee shall make
recommendations to the Board of Trustees regarding institutional policy on personnel, operating budgets, and long-range plans for intercollegiate competition.

The Board of Trustees may create ad hoc committees and delegate to such committees the powers and duties it deems appropriate.

The members of all standing committees shall serve one-year terms. With the exception of the officers serving on the Executive Committee, the members of all other committees shall be appointed by the Chair.

Section 104. Endowment Fund Board. The Trustees of the Endowment Fund Board shall consist of six (6) members, one (1) of whom shall be the Chair of the Board of Trustees who shall serve as the ex-officio Chair of the Endowment Fund Board; one (1) of whom shall be the Chancellor; one (1) of whom shall be the [Vice Chair of the Board of Trustees or the Chair of the Institutional Advancement Committee]; and three (3) of whom shall be elected by the Board of Trustees. The terms of the three (3) elected members of the Endowment Fund Board shall be initially for one (1), two (2), and three (3) years each. All elections thereafter shall be for a regular term of three (3) years, except that any person elected by the Board of Trustees to fill a vacancy created otherwise than by expiration of a term shall be elected to serve the term of the person whom he or she succeeds.

The Trustees of the Endowment Fund Board shall make decisions concerning the receipt and administering of Endowment Fund gifts and property bequests, exclusive always of monies received through State appropriations and from tuition and fees.

The Endowment Fund Board shall function in accordance with North Carolina General Statute 116-36 and regulations of the Board of Governors of the University of North Carolina.

ARTICLE II.

POWERS AND DUTIES

Section 201. General Powers and Duties. The Board of Trustees shall promote the sound development of East Carolina University within the functions prescribed for it, helping it to serve the people
of the State in a way that will complement the activities of the other institutions and aiding it to perform at a high level of excellence in every area of endeavor. The Board of Trustees shall serve as advisor to the Board of Governors on matters pertaining to East Carolina University and shall also serve as advisor to the Chancellor concerning the management and development of the institution.

Section 202. Other Powers and Duties. The Board of Trustees shall have such other powers and duties, not inconsistent with provisions of The Code of The University of North Carolina or as defined and delegated by the Board of Governors.

ARTICLE III.

MEETINGS

Section 301. Regular Meetings. There shall be not fewer than three (3) regular meetings of the Board of Trustees each year. At each regular meeting a tentative date shall be announced for the next regular meeting. The Chair of the Board, in consultation with the Chancellor, is authorized to change the date if necessary because of schedule conflicts and to give immediate notice to the members of the Board. A notice specifying the time and place of each regular meeting of the Board shall be mailed by the Secretary of Assistant Secretary to each member of the Board at least seven (7) days in advance of the meeting date. Any matter of business may be considered at a regular meeting of the Board.

Section 302. Special Meetings. A special meeting of the Board of Trustees may be called by the Chair, and shall be called by the Secretary or Assistant Secretary upon the written request of not fewer than six (6) members of the Board. A special meeting called by the Secretary or Assistant Secretary shall be held within ten (10) days of receipt by the Secretary or Assistant Secretary of the sixth written request for such special meeting. A notice specifying the time and place of a special meeting of the Board shall be mailed by the Secretary or Assistant Secretary to each member of the Board at least seven (7) days in advance of the meeting date, but 48 hours notice may be given by telephone or telegram when, in the opinion of the Chair, an emergency exists. Any matter of business may be considered at a special meeting of the Board.

Section 303. Agenda. (A) At least seven (7) days prior to each regular meeting of the Board of
Trustees, a copy of the agenda, including (insofar as is practicable) copies of all reports and other written materials to be presented to the meeting, shall be mailed to each member of the Board by the Secretary or Assistant Secretary. Insofar as is practicable, a copy of the agenda of each special meeting of the Board shall be mailed to each member of the Board at least four (4) days in advance of the special meeting; however, if such advance mailing is not practicable, the agenda for a special meeting may be presented to the members of the Board as the first order of business at the meeting.

(B) The agenda for every meeting of the Board shall be prepared by the Chancellor or his staff after consultation with the Chair. Every request for inclusion of an item on the agenda of a meeting shall be put in writing and filed, together with any supporting documents, with the Chancellor sufficiently far in advance of the meeting to permit a determination to be made by the Chancellor with respect to the propriety and practicability of including that item on the agenda for the meeting.

(C) Any member of the Board of Trustees may present to any meeting of the Board any item whether or not the same is on the agenda of the meeting.

Section 304. Conduct of Business. (A) A quorum of the Board of Trustees or of its several committees shall consist of a majority of the members of the Board or of its several committees.

(B) The Chair shall preside over all regular and special meetings of the Board of Trustees. In the absence of the Chair, the Vice Chair shall preside. In the absence of both the Chair and the Vice Chair, a presiding officer shall be elected by and from the membership of the Board of Trustees.

(C) All members of the Board of Trustees may vote on all matters coming before the Board for consideration. No member may vote by proxy.

(D) Except as modified by specific rules and regulations enacted by the Board of Trustees, Robert’s Rules of Order Newly Revised (latest edition) shall constitute the rules of the parliamentary procedure applicable to all meetings of the Board of Trustees and its several committees.

Section 305. Minutes. (A) The Secretary or Assistant Secretary shall keep minutes of all meetings of the Board of Trustee; shall file, index, and preserve all minutes, papers, and documents pertaining to the
business and proceedings of the Board; shall be custodian of all records of the Board; and, when required, shall attest the execution of all legal documents and instruments of East Carolina University.

(B) Within thirty (30) days and after each meeting of the Board of Trustees, the Secretary or Assistant Secretary shall transcribe the minutes of the meeting and mail a copy to each member of the Board.

Section 306. Executive Session. By the vote of a majority of the members present during any regular or special meeting when a quorum is present, the Board may hold an executive session, consistent with State Law.

Section 307. Keeping Board of Governors Informed. The Secretary of the Board of Trustees shall keep the Board of Governors, through the Secretary of The University of North Carolina, fully and promptly informed concerning activities of the Board of Trustees, including notice of any changes in the membership of the Board or its committee structure or Bylaws, notices of meetings and a copy of the minutes of all meetings.

ARTICLE IV.

RELATIONSHIP OF THE CHANCELLOR TO THE BOARD OF TRUSTEES

Section 401. Relationship of the Chancellor to the Board of Trustees. (A) It shall be the duty of the Chancellor to attend all meetings of the Board of Trustees and to be responsible for keeping the Board of Trustees fully informed on the operation of the institution and its needs.

(B) As of June 30 of each year the Chancellor shall prepare for the Board of Trustees a detailed report on the operation of the institution for the preceding year. The Chancellor shall also submit such additional reports to the Board of Trustees as he/she may deem wise or as the Board may require. He/she shall seek the counsel of the Board of Trustees concerning the affairs of the institution.

(C) The Chancellor shall be responsible to the Board of Trustees for enforcing all policies, rules and regulations of the Board of Trustees.

(D) The Chancellor shall be the official medium of communication between the Board of Trustees and all individuals, officials, agencies and organizations, both within and without the institution.
ARTICLE V.

AMENDMENT OF BYLAWS

Section 501. Amendment of Bylaw. These Bylaws may be amended at any regular or special meeting of the Board of Trustees by an affirmative vote of a majority of the members of the Board if the substance of the amendment has been filed in writing with the Secretary or Assistant Secretary and a copy has been mailed to each member of the Board at least seven (7) days prior to the meeting at which the amendment is to be voted upon.

ARTICLE VI.

SUBORDINATION TO UNIVERSITY CODE

Section 601. Subordination to University Code. To the extent that any of these Bylaws may be inconsistent with The Code of The University of North Carolina, as the same may be amended from time to time, said Code shall control.

ARTICLE VII.

HONORARY DEGREES, AWARDS AND DISTINCTIONS

Section 701. Authority to Confer Honors. The Board of Trustees shall be responsible for approving the names of all individuals on whom it is proposed that an honorary degree or any other honorary or memorial distinction be conferred by East Carolina University. Examples of such degrees or honorary or memorial distinctions include, but shall not be limited to, (a) all honorary doctorates and other degrees of every kind, (b) the naming of buildings or rooms or other portions of buildings, streets and other campus property or facilities, or any unit or other organization within the University, and (c) honorary alumni (excluding those certain distinctions provided for in the existing Bylaws of the ECU Alumni Association and the ECU Educational Foundation). Trustee resolutions honoring members of the administration, faculty, alumni and friends of East Carolina University, and the awarding of emeritus status to faculty members is hereby delegated to the Chancellor.

Section 702. Nominations for Honorary Degrees. Nominations for the conferral of an honorary
degree shall be made in accordance with the following policy and procedure:

(A) The Honorary Degrees, Awards, and Distinctions Committee shall be constituted as follows:
Dean of the Graduate School, Chair, ex-officio voting; five (5) faculty members selected by the Faculty Senate; and five (5) trustees selected by the Chair of the Board of Trustees.

The Faculty Senate shall establish terms to be served by their representatives, and the Chair of the Board of Trustees shall establish the terms for representatives of the Board.

(B) The Honorary Degrees, Awards, and Distinctions Committee shall receive nominations each academic year and otherwise identify persons to be nominated for honorary degrees. Nominations for honorary degrees may be made to the Committee by any interested person or organization.

(C) The honorary degrees to be awarded by East Carolina University are:

Doctor of Letters (Litt.D.)

Doctor of Science (D.Sci.)

In exceptional circumstances, other designated degrees may be awarded or a different honorary or memorial distinction designated by the Board of Trustees.

(D) Eminent achievement in scholarship, public affairs, service to the University, service to the State or Nation, or in activities recognized as significant in the educational world, shall constitute the primary basis for an honorary degree from East Carolina University.

(E) Honorary degrees shall be limited to no more than three (3) per year, except as otherwise recommended by the Board of Trustees.

(F) No person shall be eligible to be awarded an honorary degree or other honorary or memorial distinction by East Carolina University while that person is serving as a member of the Board of Governors of The University of North Carolina or of the Board of Trustees of any one (1) of the constituent institutions or as a member of the faculty, staff or administration of The University of North Carolina or of any one (1) of its constituent institutions; and no such person shall be eligible for such an award until after the second academic year after the termination of any such relationship with The University of North Carolina or any of its constituent institutions.
its constituent institutions.

(G) The Honorary Degrees, Awards, and Distinctions Committee shall submit names of nominees approved by it, with supporting documentation, to the Chancellor for review. The Chancellor shall forward the names of the nominees approved by him/her to the Executive Committee of the Board of Trustees. The Executive Committee, in turn, shall review and evaluate each such recommendation, coordinate its action with the Chancellor, and then make its written recommendation to the full Board for action at a regular or special meeting. Each member of the Board shall be given notice of the recommendation of the Executive Committee either by telephone or by mail at least seven (7) days prior to the date of the meeting at which the recommendation is to be voted upon.

(H) The Board shall consider the recommendations and take action thereon in Executive Session. The Chancellor, after consulting with the Chair of the Board of Trustees, shall make appropriate public disclosure of all recommendations approved by the Board after acceptance of the invitation for conferral of an honorary degree by the person so nominated.

(I) Persons nominated for honorary degrees by the Honorary Degrees, Awards, and Distinctions Committee to the Chancellor and who are not thereafter approved either by the Chancellor or the Executive Committee or the Board of Trustees shall not thereafter be eligible for nomination; provided, however, the Chancellor shall have the authority to extend invitations to nominees approved by the Board to accept the University’s honorary degree at such time or times and in such order as he/she may deem appropriate in his/her discretion.

Section 703. Nomination for Other Honors. The policy and procedure for nominations for the conferral of an honorary degree shall be as provided in Section 702. The policy and procedure for nominations for the conferral of all other honorary or memorial distinctions, as defined in Section 701 above, shall first be made by the Chancellor, individual trustees, or a subcommittee consisting of those members of the Board of Trustees designated by the Chair to serve on the Honorary Degrees, Awards, and Distinctions Committee to the Executive Committee in writing at least thirty (30) days prior to the next regularly
scheduled meeting of the Board at which action on such recommendation is desired. The Executive Committee, in turn, shall review and evaluate each such recommendation, conferring and coordinating its action with the Chancellor and appropriate standing Committees, and then make its recommendation to the full Board for action at a regular or special meeting. The recommendations of the Executive Committee shall be mailed to each member of the Board at least seven (7) days prior to the date of the meeting at which the recommendations is to be voted upon. The Board shall consider recommendations and take action thereon in executive session. The Chancellor, after consulting with the Chair of the Board of Trustees, shall make appropriate public disclosure of all recommendations approved by the Board.

_______________________________________
J. Craig Souza
Chairman of The Board of Trustees

_______________________________________
William P. Furr
Secretary to The Board of Trustees
1) Academic Affairs and Student Life Committee expended to include Research and Graduate Studies. Full name of committee is now Academic Affairs, Research, Graduate Studies, and Student Life Committee.

   Approved by the Board of Trustees on September 27, 1996.

2) Section 102, Officers. Election and Terms of.

   Approved by the Board of Trustees on March 7, 1997.

3) The name of Executive Committee of the Board be changed to the Executive and Audit Committee and that the By-laws of the Board of Trustees be amended by inserting the following between the third and fourth paragraphs:

   The Chancellor shall also consult annually with the Executive and Audit Committee at the Board’s October meeting concerning East Carolina University’s efforts to assure the adequacy of management staff and the existence of sufficient fiscal controls to administer additional authorities authorized under G.S. 116-30.2, 116-30.4 and 143-51.1.

   Approved by the Board of trustees on October 9, 1998.

4) That the Institutional Advancement Committee be added to the Board – see Section 103 E.

   That the Endowment Fund Board be revised – Section 104.

   Approved by the Board of Trustees on December 10, 1999.

5) The Notice of a Special Meeting of The Board of Trustees be changed from three (3) days to a 48 hours notice to be consistent with the Open-Meetings Law – see page 9 line 3.

   Approved by the Board of Trustees on March 16, 2001.

6) The Academic Affairs, Research, Graduate Studies, and Student Life Committee was split into the Academic Affairs and Student Life Committee and the Research, Economic Development and Community Engagement Committee with appropriate changes to the Bylaws to be developed accordingly.

   Approved by the Board of Trustees on July 23, 2002.

7) Section 103.B of the Bylaws, formally Academic Affairs, Research, Graduate Studies, and Student Life Committee was split into two divisions with descriptive changes developed approval: Academic Affairs and Student Life Committee, and the Research, Economic Development and Community Engagement Committee, to coincide with the Bylaw amendment that was approved on July 23, 2002.

   Approved by the Board of Trustees on October 18, 2002.
8) The name of Institutional Advancement Committee of the Board was changed to the University Advancement Committee.

Approved by the Board of Trustees on July 30, 2003.

9) 101.C of the Bylaws now states that “. . . . If for any reason other than ill health or service in the interest of the State or nation, a member fails to be physically present for three (3) successive regular meetings of the Board of Trustees, his/her place as a member shall be deemed vacant.

Approved by the Board of Trustees on May 7, 2004.
NORTH CAROLINA:
PITT COUNTY:

RESOLUTION IN SUPPORT OF WIDENING
HIGHWAY 43 TO FOUR LANCES
FROM PALADIN DRIVE TO 264 BYPASS

Whereas, the Board of Trustees of East Carolina University supports the continued development of critical corridors that promote commerce between towns and cities in eastern North Carolina; and

Whereas, the growth of the Brody School of Medicine at East Carolina University and Pitt County Memorial Hospital will increase traffic flow on Highway 43; and

Whereas, we support improved access to East Carolina University for the many students and adult learners that attend for day and evening classes; and

Whereas, reconstructing Highway 43 would provide an appropriate gateway to downtown Greenville and tie into the redevelopment planned for West Greenville;

Now, Therefore, Be It Resolved that the Board of Trustees of East Carolina University hereby supports widening Highway 43 to four lanes from Paladin Drive to the 264 Bypass.

ADOPTED this the 16th day of December, 2005

EAST CAROLINA UNIVERSITY BOARD OF TRUSTEES

By: ________________________________
    Stephen D. Showfety, Chairman

ATTEST:

_______________________________
   Secretary
I. Scope and Applicability of Employment Covered by These Policies

A. Scope of Category

Employment positions within East Carolina University that are covered by these policies (hereinafter "covered positions") are those positions that are not subject to most provisions of the State Personnel Act (General Statutes Chapter 126). This policy is adopted by the East Carolina University (hereinafter referred to as “ECU”) Board of Trustees pursuant to policies entitled “Senior Academic and Administrative Officers” (300.1.1) and “Employees Exempt from the State Personnel Act” (300.2.1) adopted by the University of North Carolina (hereafter referred to as “UNC”) Board of Governors. If there is any discrepancy between provisions of this policy and UNC policies as originally adopted or periodically revised, UNC policies supersede this policy.

1. The following positions are covered by this policy, except as otherwise stated herein:

   a. Senior Academic and Administrative Officers (as defined in Section I.B. and governed by Section III of the UNC policy 300.1.1, “Senior Academic and Administrative Officers”) in the following positions: associate and assistant vice chancellors; associate and assistant deans; and other administrative positions within the University that have been approved by the Board of Governors as Senior Academic and Administrative Officers.

   b. Positions within the “instructional and research staff” category under G.S. 126-5 and subject to UNC Policy 300.2.1, “Employees Exempt from the State Personnel Act.” that have been designated and approved by either the UNC Office of the President or East Carolina University.

2. The following positions are otherwise categorized and are not covered by this policy:

   a. All faculty positions which are subject to the ECU Faculty Manual
   b. Positions within Senior Academic and Administrative Officers (as defined in Section I.A. of the UNC 300.1.1, “Senior Academic and Administrative Officers”) category of employment subject to G.S. 116-11(4), G.S. 116-11(5), or G.S. 116-14
   c. Positions within the "physicians or dentists" category under N.C.G.S. §126-5 with faculty appointments
   d. University students who are employed incident to their status as students, as in graduate teaching assistantships or work-study positions.
B. Applicability of Policies

Except as otherwise stated, these policies apply to all permanent covered positions.

C. Administration

The Chancellor shall be responsible for the implementation of these policies and may delegate his or her authority to other identified officers of East Carolina University as he or she deems appropriate.

II. Appointments to Covered Positions

A. Every appointment to a covered position within East Carolina University shall be made by the Chancellor or the Chancellor’s designee, by means of a letter of appointment that fulfills the requirements of this section.

B. Letters of appointment

Every letter of appointment to a covered position shall include the following:

1. The title of the position;
2. The initial salary;
3. Provision for periodic review of compensation;  
4. Provisions consistent with Sections II.C. and II.D.2., below, if contingencies based on availability of funding are applicable;
5. The annual leave entitlement of the employee;
6. a. Senior Academic and Administrative Officers. Notice that the employment conferred is "employment at will" and subject to continuation or discontinuation at the discretion of the Chancellor;

b. Instructional or Research Positions. Notice that the employment conferred is either for a stated definite term or “employment at will” subject to continuation or discontinuation at the discretion of the Chancellor;
7. Notice that the employment is subject to these policies, as originally adopted and as they may be periodically revised;
8. A copy of this policy shall be attached to all letters of appointment.

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1 Subject to any compensation policies adopted by the Board of Governors or the Board of Trustees.
9. The anti-fraudulent statement as adopted by the UNC Board of Governors and as stated in the UNC Policy Manual under policy 300.2.3[R], “Regulations Governing Fraudulent Job Applications”;

10. The Criminal Background Disclosure statement; a copy of the Criminal Background Check Authorization shall be attached to the letter of appointment and

11. Senior Academic and Administrative Officer (as defined in Section I.B. and governed by Section III of the UNC policy 300.1.1, “Senior Academic and Administrative Officers”) appointees only: notice that employment is subject to “East Carolina University Policy on Administrative Separation and/or Retreat to a Faculty Position”; a copy of this policy shall be attached to the letter of appointment.

C. Source of Funding

When a covered position is funded in whole or substantial part from sources other than continuing state budget funds or permanent trust accounts, the letter of appointment shall state that continuation of the employee's service in that position is contingent upon the continuing availability of funds from such other sources to support that position, shall specify the source of such funds, and shall state that the effect of such contingency may apply without the additional notice otherwise required by Sections IV.A, IV.B, and IV.C; provided, that the affected employee shall be informed at the earliest possible practicable date of the occurrence of such a funding contingency.

D. Multiple Appointment Relationships

1. When an employee is to serve simultaneously in both a covered position and a position of University employment not covered by this policy, with the result that two different prescriptions may appear to obtain with respect to a particular condition of employment or a right or responsibility of the employee, one position shall be designated in writing as the base position to determine the conditions of employment and the rights and responsibilities of the employee. If appointment to a covered position occurs subsequent to an appointment to a position not covered by this policy, the letter of appointment to the covered position shall embody the required designation of base employment; conversely, if appointment to a covered position precedes appointment to the other category of University employment, the letter of appointment or contract establishing the second employment shall embody the required designation of base employment. In either case, the designation of base employment shall specifically describe the different rights, duties, and compensation for each position and the relationship, if any, between the two positions.

2. Any funding contingency of the type referred to in Section II.C shall be set forth separately for the covered position and for the other position, since the operation of any such contingencies may be independent.

3. When an appointment to a covered position also includes a faculty appointment that is intended to be nominal or honorary, or to create a faculty affiliation not entailing significant duties or compensation, the term "adjunct", or similar nomenclature, shall
be used to identify the faculty appointment. Such nominal or honorary (courtesy) faculty appointments do not confer any right or privileges for promotion and/or tenure.

III. Evaluation of Performance

Any employee in a position covered by these regulations shall receive an annual written review using an evaluation instrument approved by the appropriate vice chancellor, athletics director or equivalent officer. The written evaluation will be discussed with the employee before being placed in the personnel file. The employee should sign the evaluation instrument to indicate that the evaluation has been provided and discussed. An employee’s signature does not imply agreement with the evaluation.

IV. Discontinuations of Employment in Covered Positions

A. Discontinuation of appointment, with notice or severance pay

Employment within a covered position that is established by the letter of appointment to be an employment at will is subject to discontinuation at any time at the discretion of the Chancellor or the Chancellor’s designee; provided, that such a discontinuation (as distinguished from discharge for cause, Section IV.D) shall be subject to advance timely notice of discontinuation or the payment of severance pay, in calendar days, as follows:

1. During the first year of service, not less than 30 days prior to discontinuation of employment or the payment of severance pay for 30 days;

2. During the second and third years of service, not less than 60 days notice prior to discontinuation of employment or the payment of severance pay for 60 days; and

3. During the fourth and all subsequent years of continuous service, not less than 90 days notice prior to discontinuation of employment or the payment of severance pay for 90 days.

The Chancellor may provide the employee with a combination of notice and severance pay that totals the required number of days. The determination of whether the employee shall receive notice of discontinuation of the appointment or severance pay or a combination of the two, shall be in the sole discretion of the Chancellor.

B. Termination of employment due to financial exigency, program curtailment, or program elimination

Employment within a covered position that is established by the letter of appointment to be for a stated definite term may be terminated prior to expiration of the stated term because of:

1. Demonstrable, bona fide, institutional financial exigency; or

2. Major curtailment or elimination of program.
"Financial exigency" is defined to mean a significant decline in financial resources of the University that compels a reduction in the University’s budget. The determination of whether a condition of financial exigency exists or whether there will be a major curtailment or an elimination of a program shall be made by the Chancellor, with advance notice to and approval by the President and the Board of Governors. If the financial exigency or curtailment or elimination of a program is such that the contractual obligation to an employee within a covered position cannot be met, the employment of the individual may be terminated, subject to the following notice requirements in calendar days:

a. During the first year of service, not less than 30 calendar days notice prior to termination;

b. During the second and third years of employment, not less than 60 calendar days notice prior to termination; or

c. During the fourth and all subsequent years of service, not less than 90 calendar days notice prior to termination.

C. Discharge for Cause

Any employee occupying a covered position may be discharged for stated cause. Discharge for cause is to be distinguished from discontinuation with notice (Section IV.A), automatic expiration of term (Section IV.B), and termination (Section IV.C). Stated causes for discharge shall include, but not necessarily be limited to, incompetence, unsatisfactory performance, neglect of duty, or misconduct that interferes with the capacity of the employee to perform effectively the requirements of his or her employment. Discharge for cause is to be preceded by written notice of intent to discharge and is subject to invocation by the affected employee of the grievance procedures of Section V of this policy. When an employee occupying a covered position has been notified of the intention to discharge him or her for cause, the Chancellor may suspend the employment at any time and continue the suspension until a final University decision concerning discharge has been reached by the procedures prescribed below; such suspension during this time period shall be with full pay. For employees subject to UNC Policy 300.2.1, the power to suspend shall be invoked only in exceptional circumstances. If the final University decision is to discharge the employee, then the employee may be discharged without further pay without regard as to whether or not there is an appeal to the Board of Governors in accordance with Section 609 C of The Code of the University of North Carolina [hereafter referred to as “The Code”].

D. Expiration of Term Appointment

1. Senior Academic and Administrative Officers. Employment within an SAAO position covered by this policy that is established by the letter of appointment dated prior to December 1, 2004, to be for a stated definite term expires automatically at the conclusion of the stated term; however such an appointment may be renewed at the option of the employer on an employment at will basis, by a new letter of appointment satisfying the requirements of Section II., above.
2. Instructional and Research Staff. Employment within a covered position that is established by the letter of appointment to be for a stated definite term expires automatically at the conclusion of the stated term; such an appointment may be renewed at the option of the employer, by a new letter of appointment satisfying the requirements of Section II., above.

If the employer intends not to renew the employment, the following pertains:

a. To an employee with a term of one year or less, no notice of intent not to renew shall be required;

b. To an employee with a term of more than one year but less than four years, notice of intent not to renew shall be transmitted in writing at least 60 calendar days prior to the expiration date of the term; or

c. To an employee with a term of four years or more, notice of intent not to renew shall be transmitted in writing at least 90 days prior to the expiration date of the term.

Failure to provide written notice as required in subsections b. and c. shall result in the automatic extension of employment for a period, respectively, of either 60 days or 90 calendar days, beyond the scheduled expiration date of the term.

V. Review of Employment Decisions and Grievances

Grievances for employees in covered positions shall be conducted in accordance with the ECU Grievance Procedures for EPA Non-faculty Employees. Decisions reached pursuant to such grievance procedures concerning the discontinuation of employment may be appealed to the Board of Governors in accordance with the provisions of Section 609 C of The Code.

VI. Equal Employment Opportunity

It is the policy and intention of East Carolina University that there be equal employment opportunity and freedom from unlawful discrimination in all employment within East Carolina University. There shall be no discrimination in covered positions on the basis of race, color, national origin, gender, religion, disability, age,\(^2\) honorable service in the armed forces of the United States, or sexual orientation\(^3\). Employment in covered positions shall be conducted in accordance with all provisions of state or federal law or regulations prohibiting any such discrimination, and in accordance with applicable affirmative action plans.

\(^2\) Bona fide occupational qualifications or other exceptions to those general prohibitions, specifically provided by state or federal law, may be applied to covered positions.

\(^3\) See the UNC Policy on Discriminatory Conduct for the complete equal opportunity statement.
VII. Political Activity

Employment in covered positions shall not be adversely affected by the exercise of rights guaranteed by the First Amendment to the United States Constitution or by Article I of the North Carolina Constitution; provided, that employees in covered positions shall be subject to any limitations on political activity established by Article 5 of G.S. Chapter 126. The Board of Governors' policy, "Political Activities of University Employees," as adopted on January 16, 1976, and as may be revised from time to time, shall apply to covered positions.

VIII. Holiday and Leave Entitlement

A. Holidays

Employees in positions covered by these regulations shall be subject to the same State-prescribed holidays given ECU employees subject to the State Personnel Act.

B. Annual Leave

1. Basic Leave Policy

The amount of annual leave to which a permanent full-time employee (1.00 FTE) in a position covered by these regulations shall be entitled to accrue is 24 workdays per year. Annual leave is accrued at a monthly rate and is adjusted proportionately for permanent part-time employees who work halftime or more (.50 - .99 FTE). The monthly earnings amount is equal to one-twelfth of the annual rate for each month the employee works or is on approved leave with pay. Monthly leave is earned when an employee works or is on approved leave with pay at least half the working days of a month. The scheduling of an employee’s annual leave shall be subject to the approval of the employee’s supervisor. With respect to an incumbent employee who is earning more than 24 days per year as of the date this policy becomes effective, such employee shall be entitled to continue to earn leave at their current rate.

The maximum number of unused days of annual leave that may be accrued and carried forward from one year to the next shall be 30 workdays. Annual leave in excess of 30 days will be automatically converted to sick leave at the end of the calendar year.

2. Transfer of Accrued Annual Leave

Upon discontinuation of employment from the employing institution, the employee may either elect a payout of accrued annual leave [see subsection 4., below] or

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4 Effective July 1, 2001.
5 "Year" is defined as a calendar year (January 1-December 31).
6 In the case of an employee who has been denied from using annual leave by his or her supervisor (due to scheduling conflicts or other job-related reasons) and, as a result, the employee has over 30 days of leave accrued, the HR Director of Employee Relations, in consultation with the employee and supervisor, shall decide whether to 1) allow the employee to carry forward any such days, 2) allow the days to convert to sick leave (if allowable under employee’s retirement program), or 3) pay out the employee for all or a portion of the unused leave.
transfer the remaining balance of any unused annual leave to another State or local governmental agency, subject to the receiving agency’s approval.

Upon appointment to ECU, an employee may request to transfer the remaining balance of any unused annual leave, subject to a maximum of 30 days, from another UNC constituent institution or State or local governmental agency. The approval of the request to transfer leave is subject to the employing department’s acceptance of the fiscal responsibility.

3. Advancement of Annual Leave

Subject to the approval by the employee’s supervisor, an employee may be advanced the amount of leave that can be accrued during the remainder of the calendar year. If an employee separates from the University and has taken more annual leave than has been accrued, the University will determine the amount of leave that the employee must repay to the University and make deductions from the employee’s final salary check accordingly.

4. Payout of Accrued Annual Leave

An employee in a covered position who has accrued unused annual leave upon discontinuation of employment from the University and who either does not elect or is not eligible to transfer such accrued leave to another State or local governmental agency, shall be paid for such unused annual leave. The amount paid to an employee who has been employed an aggregate of 24 months or less by one or more State or local governmental agencies is equal to one day for each month worked less the number of days of annual leave taken during the employment period. An employee who has been employed for more than 24 months shall be paid subject to a maximum of 30 such days. EPA employees who change employment status to a non-leave earning position not covered by this policy shall receive a payout of accrued annual leave.

C. Sick Leave, Family and Medical Leave, Family Illness Leave Act, Civil Leave, Military Leave, Community Service Leave, and Special Annual Leave Bonus

Employees in positions covered by these regulations shall be subject to the same policies concerning sick leave, family and medical leave, family illness leave, civil leave, military leave, community service leave, and special annual bonus leave as may be prescribed for employees subject to the State Personnel Act. With respect to sick leave, subject to approval by the employee’s supervisor, an employee may be advanced the amount of sick leave that can be accrued during the remainder of the calendar year.

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7 When such an employee with accrued annual leave is separating from the University, he or she may be required to use all or some portion of his or her accrued leave rather than receive a full leave payout at the discretion of his or her supervisor.
D. Leave of absence without pay

Employees in covered positions may request leave of absence, without pay, subject to approval of such leave by the Chancellor or his or her designee.

E. Educational entitlement

Employees in positions covered by these regulations may be offered the same educational entitlements as may be prescribed for employees subject to the State Personnel Act, including tuition waivers and the Academic Assistance Program.

F. Voluntary Shared Leave

Permanent employees with appointments of three-quarter (.75 FTE) or more shall be subject to the same provisions concerning shared leave as are applicable to employees subject to the State Personnel Act with the exception that the donation and acceptance of such leave shall be computed on the basis of days rather than hours.

IX. Statutory and Other Rules of Employment

A. Privacy of personnel records

Employees in covered positions enjoy the protections of and are subject to the provisions of Article 7 of G.S. § 126, entitled "The Privacy of State Employee Personnel Records."

B. Employment preference for veterans

Employees in covered positions enjoy the protections of and are subject to the provisions of G.S. § 128-15, which provide for preference in employment for veterans of United States military service and their spouses and widows or widowers.

C. Employment of related persons

Employees in covered positions are subject to the UNC policy concerning employment of related persons, Policy § 300.4.2 as it may be revised from time to time.

D. Retirement

Employees in covered positions may retire in accordance with the provisions of Chapter 135 of the North Carolina General Statutes ("Retirement System of Teachers and State Employees").

X. Effective Date

These policies will be become effective upon approval by the Chancellor and the ECU Board of Trustees. The policies may be revised from time to time, with subsequent changes to selected portions of the policies effective on the dates indicated herein.
PREAMBLE

East Carolina University is committed to fair and equitable treatment for all employees. Within this context of equity and fair treatment, the University administration is charged by law with the responsibility of managing and directing its human resources, including determining workforce size, recruitment, training, work assignments, hours of employment, promotion, demotion, transfer, or dismissal, all according to State and University policies.

Where there are concerns or problems related to employment, employees, their co-workers and their supervisors are strongly encouraged to find informal means of resolving them. Employees are strongly encouraged to talk over any workplace concerns, problems, or grievances with supervisors. All reasonable efforts should be made to solve work-related problems at the lowest level of authority as is possible.

ECU is in the process of developing a program that provides for mediation and other means of alternate dispute resolution to assist employees with the resolution of interpersonal disputes. The program will provide consensual resolution alternatives as an addition to the other complaint or grievance procedures available through the University. Once the program is fully implemented, it is expected that ECU employees will utilize this service prior to pursuing a formal grievance. In the event that an informal resolution cannot be reached, the employee may pursue a formal grievance in accordance with university policies and procedures dealing with specific employee complaints (such as racial or sexual harassment) and in accordance with sections II –III below.

I. General Considerations:

A. The University has established this Grievance Process and Procedures for those grievable actions stated in II.C. below that are unresolved through discussions and/or other informal means.

B. Employees have the right to use these grievance procedures free from threats or acts of retaliation, interference, coercion, restraint, discrimination, or reprisal. Employees may not be retaliated against for participating in a grievance as an employee, a witness, an employee assistant, or as a Grievance Committee member.

C. At any point during a grievance, an employee may have assistance with his/her grievance as outlined in Section III.A.3 and Section III.B.6, respectively of this document.

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1 For purposes of this process, “Employees Exempt from the State Personnel Act” includes Senior Academic and Administrative Officers as defined in Section I.B and governed by Section III of the UNC policy 300.1.1, and employees designated within the non-teaching EPA Instructional or Research category under G.S. 126-5, and as defined in UNC Policy 300.2.1.
II. The EPA Non-Faculty Grievance Committee

A. Composition of the Committee

The Chancellor\(^2\) shall appoint five (5) regular committee members and three (3) alternate members representing EPA non-faculty employees from within each of the divisions of the university. Initial regular appointments to the committee shall be made as follows: one member shall be appointed to a one-year term; two members shall be appointed to two-year terms; and two members shall be appointed to three-year terms. Subsequently, regular members of the committee will be appointed to three-year terms in order to maintain continuity on the committee.

All regular and alternate members of the committee must be subject to the *ECU Employment Policy for EPA Non-Faculty Employees Exempt from the State Personnel Act* (hereinafter referred to as "Policy"). No division shall have more than one representative on the committee at a given time.

The initial five regular members of the committee will be appointed from among the following current divisions: Academic Affairs; Administration and Finance; Advancement; Athletics; Chancellor’s Division; Health Sciences; Research and Graduate Studies; and Student Life. In addition to the five regular members of the committee, three (3) alternates will be appointed to fill the unexpired terms of regular members or to serve in the event that a regular member is not available to serve or must recuse himself/herself because of a conflict of interest or if the employee is a member of the committee member's department.

Alternates will initially be appointed to represent the remaining divisions not represented by the five regular appointees. Initial alternate member appointments to the committee shall be made as follows: one alternate will be appointed to a one-year term; one alternate will be appointed to a two-year term; and one alternate will be appointed to a three-year term.

Upon expiration of a regular member’s term, a new member of the committee will be appointed from among the three alternates and a new alternate will be appointed to represent the division where the regular member's term has expired. This process will be continued in like manner as regular members’ terms expire.

The committee’s membership year is July 1 through June 30. New appointees assume membership on July 1 and expiring terms end on June 30 of each year.

A committee member may not participate in the review of an appeal he or she brings on his or her own behalf or in any case in which he or she has been involved.

\(^2\) The Chancellor may designate an individual to fulfill this responsibility if he or she chooses to delegate this assignment.
B. Appointments to the Committee

For initial appointments, and subsequently on an annual basis in May, the Chancellor shall send a memorandum to the heads of the divisions noted above requesting nominees to fill vacancies which occur when a regular or alternate member’s term on the committee expires. The Chancellor sends a letter of appointment to the selected individuals to fill the expired terms of regular and alternate members. Members are eligible to serve more than one term; however, appointees may not serve more than two consecutive three-year terms. A member may be reappointed by the Chancellor after waiting at least three years from the expiration of his or her second consecutive three-year term.

When a vacancy occurs during a regular or alternate member's term due to inability to continue through the remainder of the unexpired term, the Chancellor will solicit a nomination from the head of the division represented by that regular or alternate member. The Chancellor will send a letter of appointment to the individual(s) selected to fill the unexpired term of the regular or alternate member(s).

The chair of the committee will be elected annually in July from among the regular members. The committee will also elect a vice chair, who will preside in the event that the chair is unable to fulfill the requirements of this position.

C. Roles and Responsibilities of the Committee

The Committee hears grievances brought by EPA Non-Faculty employees covered by the Policy. Committee members are conscious of their responsibility to each EPA Non-Faculty employee, and have pledged themselves to consider every grievance submitted to them with fairness and impartiality.

The Committee has jurisdiction to hear grievances concerning discharge for cause or other disciplinary action, or of grievances concerning the interpretation and application of any provision of the Policy; provided, however, that grievances concerning discontinuations or terminations of employment with notice, pursuant to Sections IV(A)-(B), and (D) of the Policy, may only be brought upon allegations of violations of the applicable notice requirements or violations of any provision of Section VI (Discrimination Prohibited) or Section VII (Political Activity) of the Policy.

III. EPA Non-Faculty Grievance Procedures

A. Grievances concerning discontinuation of employment with notice pursuant to Section IV(A) of the Policy or non-reappointment pursuant to Section IV(B) of the Policy or allegation of violation of Section VI or VII of the Policy.

1) Written Statement of Grievance Required. A formal grievance may be filed only after the employee has attempted to resolve the grievance with his or her Department Chair, Dean, or Administrative Official most directly empowered to make adjustments or an appropriate official as identified in applicable University policy. If the employee then wishes to file a formal grievance, a written grievance statement

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(hereinafter Statement) must be filed with the chair of the Grievance Committee. The Statement must include the following:

a. The specific nature of the grievance;
b. The identity of all parties against whom the grievance is filed;
c. The resolution being sought;
d. The identity of the employee assistant, if any, and whether or not the employee assistant is an attorney. "Attorney" is defined as anyone with a Juris Doctorate, or other recognized law degree, regardless of whether or not that person is licensed to practice law in the State of North Carolina and/or whether or not that person is "representing" the employee; and
e. The specific steps that have been undertaken to try and resolve the grievance prior to filing a formal Statement of Grievance.

Absent exceptional circumstances, the signed, written Statement shall be submitted within twenty (20) working days of the decision cited in the grievance or within twenty (20) working days from the last attempt at informal resolution to the grievance cited in the Statement. The deadline for submitting the Statement may be extended only if, in the judgment of the committee chair, there are significant extenuating circumstances. The act of filing a grievance does not extend employment.

2) Convening the Grievance Committee. Upon receipt of the Statement, but no later than ten (10) working days after receipt of the Statement, the Chair shall convene the committee for its initial meeting. At this meeting the Chair shall provide the members of the committee with an orientation covering the role and responsibilities of the committee and a review of the grievance process. After the orientation, the Chair shall review the grievance Statement and the Committee shall determine whether the matter as stated falls within the jurisdiction of the Committee or if the grievance should be dismissed if the grievance as stated is not a grievable issue or falls outside the purview of the Committee. Relevant considerations include, but are not limited to, the employment status of the employee, the subject matter of the grievance and the timeliness of the grievance.

If the matter is not properly grievable, the committee may:

   a. Allow the employee to amend the grievance statement in writing within five (5) working days of the committee meeting; or

   b. Dismiss the grievance in writing for failure to state a grievance that was properly grievable.

If the matter is properly grievable, the chair shall, within ten (10) working days, forward a copy of the grievance Statement to the person(s) against whom the grievance is filed (the respondent(s)), together with notice that a written response to the grievance must be provided to the chair and the employee within ten (10) working days. A copy of the Grievance Statement must also be submitted to the University Attorney and the appropriate vice chancellor.

3) Attorneys and Employee Assistants. Although active participation by legal counsel during the grievance hearing is not allowed, the employee is entitled to have one third-
party assistant of the employee’s choice present. A third-party assistant may be an
attorney; however, the attorney, like other assistants, may not participate in the hearing
process. A third-party assistant is someone who accompanies the employee to meetings
and/or assists the employee in preparing for meetings, etc.

The Office of the University Attorney may provide an attorney to advise and act as an
assistant for respondent(s) if the employee has an assistant who is an attorney. Any
attorney from the Office of the University Attorney who advises a party on the merits of
the grievance may not advise the Chancellor or the Board of Trustees on any appeal of
that grievance.

The Office of the University Attorney may designate an attorney to provide procedural
advice to the committee upon request. Any attorney who assists the committee may not
discuss the merits of the case with any party, observer, or other attorney and shall not act
as an advocate for or against any party when advising the committee on procedure. This
attorney may advise the Chancellor or/and Board of Trustees on any appeal of that

4) Grievance Hearings - Timing and Information Exchange.

a. Only if the committee chair is aware of significant extenuating circumstances shall
   the starting date of the hearing be delayed beyond four weeks from the date the
   respondent(s) submits his/her/their written response. The Chair shall notify the
   employee and the respondent(s) in writing of the dates and location of the hearings.

b. The committee Chair may require the parties to exchange witness lists and copies of
   exhibits the parties wish to introduce at the hearing, and the committee Chair may
   specify that the exchange occur a certain number of days in advance of the hearing.
   If a party wishes to introduce documents or witnesses at the hearing that were not
   included in a pre-hearing exchange, the committee chair shall decide whether there is
   a good reason for accepting such evidence. Any pre-hearing exchange of proposed
   exhibits shall be between the parties only, and in no case shall information be
   provided to the committee prior to the hearing. Exhibits must be numbered
   sequentially and identified by the party. References to the documents during the
   hearing should be by exhibit number with page references as applicable.

5) Guidelines for the Conduct of Grievance Hearings.

a. Notices of Meetings. The chair of the grievance committee shall send notices of the
   scheduled meetings to all committee members, the employee and respondent(s)
   participating in that meeting. The chair must notify all parties of any amendment to
   the grievance.

b. Committee Participation. Hearings shall be conducted with the chair and all five
   committee members present. If the membership of the Committee is for any reason
   inappropriate in a particular case in the judgment of the membership, then a
   representative of the committee may submit a written recommendation to the
   Chancellor that changes in membership are necessary to ensure objective and timely
   review in that case. Upon such request, the Chancellor shall have the discretion to
   make any changes to the committee, including replacement of the committee chair,
   that are necessary to have it function effectively. A request to temporarily alter the

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membership of the committee and the decision of the Chancellor regarding the disposition of such a request must be in writing and be included in the Official Record.

A committee member may not participate in the review of an appeal he or she brings on his or her behalf or in any case in which he or she has been involved.

c. **Control of Hearings.** The chair shall be the chief decision maker over all stages of the hearings, and over pre-hearing matters. Consistent with the principles of impartiality and equity, the committee chair shall determine, among other things:

i. The order of testimony presentation if it deviates from the standard order described in III.A.5)f., below;

ii. Any additional information or documentation that should be requested;

iii. The order and procedure for questioning the parties and witnesses;

iv. The admissibility of all questions, evidence, and compliance with procedures; and

v. Who may be allowed to attend the hearing. With the exception of persons specifically designated as third-party observers, grievance hearings are not open to the public.

d. **Relevance of Evidence.** The chair of the committee may admit any information determined to be pertinent and the committee shall have access to any available information relevant to the case. The committee chair shall determine whether information or testimony is material and relevant to the issues involved in the grievance and may rule that certain presentations not be considered. All materials submitted to the committee as evidence, including any printed documents, photographs, audio recordings, and video-materials, shall be retained by the committee until its final report is complete, at which time both the evidence and material excluded from evidence shall be incorporated into the Official Record and forwarded to the Chancellor along with the final report. If material is excluded from evidence, the chair shall make a record of the reasons.

e. **Testimony.** Parties shall have the right to testify, to present testimony of witnesses and other evidence, to hear and question witnesses, and to examine all documents and other information considered by the committee. If a witness cannot or will not appear, and the committee chair determines that testimony of the witness should be admitted into evidence, the committee chair shall identify the witness, disclose the statement of the witness and, if possible, provide for questions. So long as it does not substantially delay the hearings process, the committee chair may, at his or her discretion, call a recess so that reasonable time is provided for the examination of all evidence and for the preparation of appropriate responses.

f. **Order of presentation.** In the standard order of presentation, the employee makes an opening statement, and then the respondent(s) makes an opening statement if desired. Next, the employee presents his or her case through the employee’s own testimony, exhibits and witnesses. If the committee decides that the employee’s evidence is insufficient to support a grievable matter justifying remedial action that would shift the burden of presenting evidence to the respondent(s), then the committee shall dismiss the grievance. If the committee decides that the employee’s evidence is
sufficient to state a grievable matter justifying remedial action, then the committee chair will ask the respondent(s) to present evidence through the testimony of parties, exhibits, and witnesses. Additional testimony from the employee and from the respondent(s) then may be permitted by the committee.

If the entire grievance is dismissed following the employee’s case, a report shall be prepared in accordance with this policy and the report and the record of the proceedings forwarded to the Chancellor. If the grievance is dismissed only in part, the final report shall address all allegations, including those dismissed after presentation of the employee’s case.

After all evidence has been presented, the employee may make a closing statement, followed by the respondent(s), and a last statement by the employee. The committee chair should set a time limit for opening and closing statements, and should prohibit the discussion of any new information in closing statements. The order of presentation may be modified at the committee chair’s discretion so long as each party gets an opportunity to testify and ask questions of other parties and witnesses.

g. **Questioning of Witnesses.** Following each party’s and witness’s testimony, the committee chair should allow questions from the other parties. The committee members may ask questions of the parties and witnesses at any time. The committee chair shall have the prerogative to determine the appropriateness of all questions and the method of questioning. The committee chair should not allow any questioning that is irrelevant, immaterial, unduly repetitious, or abusive.

h. **Confidentiality.** Members of the grievance committee, parties and witnesses shall maintain strict confidence concerning all aspects of the grievance process. This is generally required by state law as well as university policy. Any breach of confidentiality, which in the judgment of the committee compromises or substantially affects the process, may result in a committee decision to terminate the grievance process. In this event, the committee shall advise the Chancellor as to whether or not another grievance committee should be formed to hear the case. Access to material placed in evidence and to any records of proceedings shall be strictly limited for the duration of the hearings procedure to members of the committee, persons who have a need to know as part of the process (witnesses, observers, etc.) and the parties.

i. **Hearings Records.** The chair of the committee shall arrange to record through a court reporter, all hearings and maintain such other written records, as he/she considers appropriate. The expense of the court recorder shall be borne by the University. No other recordings of the hearings will be allowed. At any stage prior to submission of the Official Record to the Chancellor, any party to the grievance shall be granted, under supervision of the committee chair, access to the tapes and other committee records. After the Official Record is delivered to the Chancellor, access shall be determined in accordance with state personnel records law. Once the Official Record has been delivered to the Office of the Chancellor, or a grievance is terminated, committee members must destroy extra copies of documents comprising the Official Record. Any other or unique records pertaining to the grievance, including personal notes of committee members, must be retained in accordance with state public records law and sent to the Chancellor's Office as part of the Official Record.
A written transcript of all proceedings shall be kept; upon request, a copy thereof shall be furnished to the employee at the University's expense.

j. **Withdrawal of Grievance.** At any time prior to submission of the committee’s final report, the employee shall have the right to withdraw the grievance by submitting a written request to the committee chair. Receipt of this request shall cancel the proceedings, and the Official Record of the hearings shall consist only of the following:

   i. Names of committee members and its chair;
   ii. Date committee was formed;
   iii. Dates of any grievance hearings;
   iv. Date of withdrawal;
   v. The withdrawal request; and
   vi. The grievance Statement.

The committee chair shall promptly transmit the Official Record and all other documents to the Chancellor, who shall in turn discharge the grievance.

k. **Amendment of Grievance.** Once the grievance hearings begin, the employee shall not have the right to amend the grievance without the unanimous vote of the committee. If any amendment to the grievance is allowed, the committee chair must promptly notify all parties of this action and defer subsequent proceedings until the other parties have had the opportunity to respond to this revision. A respondent shall have at least two (2) weeks to respond to any amended grievance.

l. **Prompt Action.** The committee shall attempt to complete its task within six (6) weeks after the first hearing, excluding the initial meeting of the committee.

6) **Deliberations and Report of the Grievance Committee.**

   a. Upon the conclusion of the grievance hearing, the grievance committee shall deliberate and decide whether to sustain all or any part of the grievance. The chair of the committee shall be present during the committee’s deliberations and may instruct the committee regarding its jurisdiction and other grievance related matters. The chair may participate in the discussions but may not vote or veto the decision of the committee.

   b. The committee’s decision must be based solely on material presented in the grievance. The committee should be careful not to simply substitute its judgment for that of the respondent(s). Rather, the committee should decide if the decision being grieved was reached for improper or unfair reasons (e.g., was it based on irrelevant factors such as age or race or political views, or were personnel procedures violated to the prejudice of the employee). The burden is on the employee to establish by a preponderance of the evidence that the employee has experienced an injury that would entitle the employee to relief and that such injury is remediable.

   c. The chair of the grievance committee shall be responsible for ensuring that a written report of the committee’s findings and recommendations is prepared. The report should state a separate finding for each particular issue of the grievance, make findings that resolve the material issues of fact that have been disputed, address any
minority views and provide a recommendation for disposition of the grievance. Prior to finalizing the report, the chair will provide a copy of the report to members of the committee for review, comment, and approval. Any member who does not concur in the report may submit a separate minority report, which shall be appended to the committee’s report.

d. The chair of the grievance committee shall transmit the committee’s report and the Official Record as follows:

If the committee’s recommended decision determines that an adjustment in favor of the employee is appropriate, the chair of the committee shall send the report first to the employee and respondent(s). If the recommended adjustment, or a different adjustment satisfactory to the employee, is not made by respondent(s) within twenty (20) working days of receipt of the report, the chair of the grievance committee shall forward the report to the Chancellor, together with the Official Record of the grievance. If a mutually agreed upon adjustment is made within twenty (20) working days of receipt of the report, the respondent(s) shall provide written notice to the chair of the grievance committee with a copy to the employee. Upon receipt of the written notification from respondent(s), the chair shall notify the committee, and the Chancellor, that the grievance has been resolved by mutual agreement of the parties and forward the Official Record of the grievance to the Chancellor. The Chancellor shall thereupon officially discharge in writing the grievance.

If the committee’s recommended decision determines that no adjustment in favor of the employee is appropriate, the chair of the committee shall send the committee’s report, along with the Official Record of the grievance to the Chancellor. A copy of the report shall be sent to the parties.

The committee may write a separate report to the Chancellor recommending any changes within the university that might prevent similar grievances in the future, or any proposed improvements in the grievance procedure.

7) Response of the Chancellor to the Report of the Committee

Upon receipt of the committee’s report, the Chancellor may accept or reject any or all findings and recommendations of the grievance committee, may remand the matter to the committee for further consideration of the grievance, or may seek clarifying information from the committee. The Chancellor shall notify the employee of the final decision by registered mail within twenty (20) working days, return receipt requested. Copies of the decision shall be sent to the respondent(s) and members of the grievance committee.

8) Official Record

a. The Official Record of a grievance hearing shall consist of all correspondence pertaining to the grievance and every item, piece of information, document and exhibit that was either submitted to or given consideration by the committee, along with the court reporter’s transcript of the hearing. All documentation relevant to the committee’s procedural rulings, factual findings, recommendations, and any other aspects of its final report should be included in the Official Record.
b. If the committee decided that certain information offered by a party or witnesses should be excluded from consideration, the decision to exclude should be recorded for the record and the excluded information should be kept as part of the Official Record but segregated from the information that was accepted as evidence.

c. The Official Record should include a table of contents so that every document and record can be easily identified and located. The Official Record should be forwarded to the Chancellor along with the committee’s final report.

9) Appeals from the Decision of the Chancellor.

If the Chancellor concurs in a recommendation of the Committee that is favorable to the employee, his or her decision shall be final. If the Chancellor declines to accept a committee recommendation that is favorable to the employee or concurs in a Committee recommendation that is unfavorable to the employee, the employee may appeal the Chancellor’s decision to the Board of Trustees. The appeal shall be transmitted through the Chancellor and be addressed to the Chair of the Board of Trustees.

Notice of Appeal shall be filed within ten (10) working days after the employee receives the Chancellor’s decision. The appeal to the Board of Trustees shall be decided by the Board of Trustees. However, the Board may delegate the duty of conducting a review to a standing or ad hoc committee of at least three (3) members. The Board of Trustees, or its committee, shall consider the appeal on the record. In all cases, review shall be limited to the question of whether the Chancellor committed clear and material error in reaching his or her decision. The Board of Trustees’ decision shall be made within 60 calendar days after the Chancellor has received the employee’s request for an appeal to the Trustees. The decision shall be final except that the employee may, within ten (10) working days after receiving the Trustees’ decision, file a written Statement for review with the Board of Governors if he or she alleges that one of more specified provisions of The Code of The University of North Carolina have been violated. All such Statements to the Board of Governors shall be transmitted through the President.

B. Grievances Concerning Discharge for Cause

1) The penalties of discharge or suspension may be imposed only in accordance with the procedures set forth in this section. When an employee has been notified of the University’s intention to discharge the employee, the Chancellor may suspend the employee at any time and continue the suspension until a final decision concerning discharge has been reached by the Chancellor. Suspension shall be with full pay.

2) The Executive Officer of the employee’s division (i.e., appropriate Vice Chancellor or Director if there is no appropriate Vice Chancellor) shall send the individual by certified mail, return receipt requested, a written statement of intention to discharge or suspend the individual. The statement shall include notice of the individual’s rights, upon request, to both written specification of the reasons for the intended action and a hearing.

3) If, within five (5) working days after the employee receives the notice of intent to discharge, the employee makes no written request for either a specification of reasons or a hearing, he or she may be discharged without recourse to any University grievance or appellate procedure.
4) If, within five (5) working days after he or she receives notice, the employee makes written request, by certified mail, return receipt requested, for a specification of reasons, the Executive Officer shall supply such specification in writing by certified mail, return receipt requested, within five (5) working days after receiving the request. If the employee makes no written request for a hearing within five (5) working days after he or she receives the specification, the employee may be discharged without recourse to any University appellate procedure. If the employee makes written request for a specification of reasons and if upon receipt of the specification, wishes to appeal the specification of reasons for discharge, then the employee must make a formal request for appeal within five (5) working days from receipt of the specification.

5) If the employee makes a timely written request for a hearing within five (5) working days, a hearing shall be accorded before the Grievance Committee. The hearing shall be on the written specification of reasons for the intended discharge. The hearing committee shall accord the employee ten (10) working days from the time it receives his or her written request for a hearing to prepare for the hearing. The Committee may, upon the employee's written request and for good cause, extend this time by written notice to the employee and to the Chancellor.

If the membership of the Committee is for any reason inappropriate in a particular case in the judgment of the membership, then a representative of the committee may submit a written recommendation to the Chancellor that changes in membership are necessary to ensure objective and timely review in that case. Upon such request, the Chancellor shall have the discretion to make any changes to the committee, including replacement of the committee chair, that are necessary to have it function effectively. A request to temporarily alter the membership of the committee and the decision of the Chancellor regarding the disposition of such a request must be in writing and be included in the Official Record.

A committee member may not participate in the review of an appeal he or she brings on his or her behalf or in any case in which he or she has been involved.

6) The hearing shall be closed to the public. The employee shall have the right to have an employee assistant present during such hearing who may advise the employee, but who may not otherwise participate. The employee may present the testimony of witnesses and other evidence, confront and cross examine adverse witnesses, and examine all documents and other adverse demonstrative evidence. The admissibility of evidence shall be determined by the chair of the hearing committee. A written transcript of all proceedings shall be kept; upon request, a copy thereof shall be furnished to the employee at the University's expense.

The employee must submit to the Chair of the Greivance Committee within three (3) working days of his/her request for hearing the identity of his/her request for hearing the identity of his/her employee assistant, if any, and whether or not the employee assistant is an attorney. “Attorney” is defined as anyone with a Juris Doctorate or other recognized law degree, regardless of whether or not the person is licensed to practice law in the State of North Carolina and/or whether or not that person is “representing” the employee.

7) The burden of proof shall be on the Executive Officer, or the Executive Officer’s designee of the employee’s division, and they may participate in the hearing to present evidence, cross-examine witnesses, and make arguments. The Executive Officer may be
accompanied by an employee assistant who may advise the Executive Officer at the hearing, but who may not otherwise participate.

8) In reaching decisions on which its recommendations to the Chancellor shall be based, the Committee shall consider only the evidence presented at the hearing and such written and oral arguments as the Committee, in its discretion, may allow. The Committee shall make its written recommendations to the Chancellor within ten (10) working days after its hearing concludes.

Upon receipt of the Grievance Committee’s recommendations, the Chancellor may accept or reject any or all findings and/or recommendations of the Committee, may remand the matter to the Committee for further consideration of the grievance, or may seek clarifying information from the Committee. The Chancellor's decision shall be in writing and shall be sent to the employee certified mail, return receipt requested, with copies to the respondent(s) and members of the Committee.

9) Appeals

a. If the Chancellor concurs in a recommendation of the Committee that is favorable to the employee, the Chancellor’s decision shall be final. If the Chancellor either: (1) does not accept a Committee recommendation that is favorable to the aggrieved employee; or, (2) concurs in a Committee recommendation that is unfavorable to the aggrieved employee; or, (3) reaches a decision not to advise adjustment in his or her favor, the aggrieved employee may appeal the Chancellor’s decision to the Board of Trustees. The aggrieved employee must file written notice of appeal with the Board of Trustees by submitting such notice to the Chancellor within fifteen (15) working days of receipt of the Chancellor’s decision. The appeal to the Board of Trustees shall be decided by the Board of Trustees. However, the Board may delegate the duty of conducting a review to a standing or ad hoc committee of at least three (3) members. The Board of Trustees, or its committee, shall consider the appeal on the record. In all cases, review shall be limited to the question of whether the Chancellor committed clear and material error in reaching his or her decision. The Board of Trustees’ decision shall be made within 60 calendar days after the Chancellor has received the aggrieved employee’s request for an appeal to the Trustees.

b. The aggrieved employee may, within ten (10) working days after receiving the Trustees’ decision, file a written Statement for review with the Board of Governors if he or she alleges that one or more specified provisions of The Code of The University of North Carolina have been violated. All such Statements to the Board of Governors shall be transmitted through the President.

Questions concerning the provisions of this process should be directed to the Chair or any member of the EPA Non-Faculty Grievance Committee, to the Associate Vice Chancellor for Human Resources, or to the Office of the University Attorney.
INTRODUCTION

The Office of Internal Audit and Management Advisory Services is committed to the mission of the University and assisting management in the effective discharge of their responsibilities and duties. With that in mind, the Internal Audit team has committed themselves to a very aggressive annual audit plan and strategic plan. The Internal Audit team is also committed to the four core values or principles considered essential to the effective practice of internal auditing: integrity, objectivity, confidentiality, and competency.

The following pages summarize the progress of our commitment to the annual audit plan and other internal audit activities for the period July 1, 2005 to September 30, 2005.
For the quarter ending September 30, 2005, we completed and/or initiated the following engagements, follow-ups, and special reviews for a total of 1528 staff auditor hours, which is 53% of total staff auditor hours for this period. Please note that actual auditor hours of the completed engagements will not equal the total auditor hours for the period because an engagement may have been initiated in the previous fiscal year or quarter. The complete annual audit plan for fiscal year 2006 can be found in Appendix A. The completed engagements are highlighted in yellow. The annual audit plan is a dynamic document that may change during the fiscal year as circumstances dictate. Requests from management and changes in the University’s organization or operations may result in changes to the plan and priorities.

COMPLETED ENGAGEMENTS, FOLLOW-UPS, AND SPECIAL REVIEWS

Compliance:

**Immigration Reform and Control Act of 1986 (IRCA)**
Issued: 04/05/05  
Budgeted Hours: 256  
Actual Hours: 442

This engagement reviewed the University's compliance with the Information Reform and Control Act of 1986 (IRCA). Overall, the system of internal control to ensure compliance with the IRCA was found to be insufficient to mitigate the risks of non-compliance with the IRCA. Management is currently addressing the system of internal control.

**Misuse of State Property**
Issued: 04/16/05  
Budgeted Hours: 100  
Actual Hours: 252

As part of the management flexibility certification, the Office of Internal Audit is required to review the institutional policies and procedures regarding the reporting of misuse and ensure that all instances of noncompliance are resolved. A review of compliance with the University policy and NCGS § 114-15.1, which requires the reporting of misuse of State property to the North Carolina State Bureau of Investigation found some instances of noncompliance with the policy. These non-compliance issues are being addressed by management.
SUMMARY OF COMPLETED AND PENDING ENGAGEMENTS

University Fixed Assets
Issued: 04/26/05
Budgeted Hours: NA
Actual Hours: NA

While conducting a review of the University’s compliance with the reporting misuse of State property, the Office of Internal Audit also reviewed how fixed assets were deemed lost versus stolen. There were several instances noted whereby University departments were not following the University Fixed Assets policy for surplusing equipment. Management is currently addressing the noncompliance issues.

Disaster Recovery Hot Site Test 2005
Issued: 09/26/05
Budgeted Hours: 100
Actual Hours: 93

Each year the Office of Internal Audit participates in the testing of the University’s disaster recovery plan. The purpose of this participation is to observe and document the hot site recovery test and provide feedback about the strategies and procedures of the University’s documented recovery capability. For the test year 2005, the IDX system was successfully restored to operability; however, the DB2 production database was not successfully recovered based on the documented recovery procedures. The recovery team is currently working on recovery procedural changes with regard to the DB2 production database.

Special Reviews:

Diving Water and Safety – Cell Phone
Issued: 08/01/05
Budgeted Hours: 100
Actual Hours: 42

The Office of Internal Audit and the North Carolina Office of the State Auditor received a complaint alleging that an employee in Diving and Water Safety was utilizing their University issued cell phone for personal reasons. It was determined the employee did not owe any reimbursement for the use of the University issued cell phone and is aware of the University policy that prohibits the personal use of the University issued cell phones.
PAS – Computer Use
Issued: 08/16/05
Budgeted Hours: 100
Actual Hours: 13

The North Carolina Office of the State Auditor referred an anonymous allegation they received via telephone to the Office of Internal Audit. The anonymous caller alleged that a non-university employee accessed university computer systems to perform work on behalf of another university employee. It was confirmed that a manager did allow a former university employee to access the computer systems and perform data entry functions. The appropriate personnel action was taken by management.

Alumni Relations
Issued: 08/26/05
Budgeted Hours: 100
Actual Hours: 15

In June of 2005, an allegation was referred to the Office of Internal Audit concerning a misappropriation of travel funds and abuse of employee timekeeping. The Office of Internal Audit found no evidence to support the misappropriation of travel funds and abuse of employee timekeeping.

Pharmacology – Transfer of Equipment
Issued: 09/19/05
Budgeted Hours: 256
Actual: 195

Management requested the assistance of Internal Audit with regard to the transfer of equipment, furniture, and supplies of an employee leaving State service. No discrepancies were found with regard to the transfer of the aforementioned items.

Other

The Office of Internal Audit also assisted management with the review of several personnel related issues during this reporting period.
Follow-Up Reviews:

SCT Banner Implementation  
Issued: 09/29/05  
Budgeted Hours: 100  
Actual Hours: 68

The primary purpose of this follow-up was to verify compliance with the recommendations and management responses and to assess the adequacy of the corrective actions taken with regard to the operational engagement issued in March of 2005. In summary, each of the seven recommendations made during the original engagement were satisfactorily addressed.

PENDING ENGAGEMENTS, FOLLOW-UPS, AND SPECIAL REVIEWS

The following is a list of engagements, follow-ups, and special reviews that have been initiated but not yet completed:

Operational:
DEC - Pediatrics  
Joyner Library  
Patient Revenue Cycle  
Expert Witness

Compliance:
Chancellor’s Discretionary Account 2004-2005  
Chancellor’s Discretionary Account 2005-2006  
SRCI Management Flexibility 2004-2005  
State Audit Reports 2004-2005  
HIPAA Security Review

Information Technology:
SCT Banner

Special Reviews:
Campus Living  
Clinical Skills Assessment  
Physics  
Landscaping Contracts  
Misuse of State Vehicle  
Suzuki Music Review  
CASE Review  
PI Leaving State Service  
Foundation
SUMMARY OF COMPLETED AND PENDING ENGAGEMENTS

Campus Living Time Reporting
Financial Aid Review
Bank Account Review
NSABP Allegations
Friends of Joyner Library
Art Enthusiasts
Agromedicine
Besides performing engagements, follow-ups, and special reviews, the Internal Audit department is also involved in other activities that supports the mission of the University, adds value to the University, and assists management in the effective discharge of their responsibilities and duties. A complete list of internal audit activities by category and the percentage of time expended on each category can be found in Appendix B. The following provides more detail of these activities:

INTERNAL AUDIT STRATEGY

The internal audit profession is undergoing a significant transformation. Issues facing the profession and risks confronting the University must be understood. Because of this transformation an effective internal audit strategy driven by the Standards for the Professional Practice of Internal Auditing is essential. Therefore, a five year internal audit strategy has been developed for the Office of Internal Audit for fiscal years 2003 through 2007. The Internal Audit Strategy along with the approximate and actual completion dates can be found in Appendix D. This is a dynamic document that may change as circumstances dictate.

For this period, the Office of Internal Audit has received special training in computer forensics and developed "Incident Response" policies and procedures. These policies and procedures are considered best-practices and will help facilitate the investigations conducted by the Office of Internal Audit.

CONSULTATIONS

Internal Audit provides consultation and management advisory services to administrative and academic units. For this period, we provided 25 consultations for a total of 238 hours or 7% of total auditor hours to a variety of departments. A complete list of consultations for this quarter can be found in Appendix C.

PROFESSIONAL DEVELOPMENT/TRAINING

The Internal Audit department is committed to continuing education. We continue to provide staff development and career counseling to all members of the Internal Audit team to ensure that each person is in the process of becoming certified in at least one audit-related discipline and can consistently provide the level of service expected by the University. For this quarter, the Internal Audit team expended a total of 161 hours towards professional development, which includes on-line research, reading periodicals and textbooks, and attending training events.
COMMITTEES

It is very common and highly encouraged that internal auditors sit on key management and project committees as ad-hoc, nonvoting members who participate in the meetings by offering commentary and insights. Hopefully, by building rapport with senior management, Internal Audit will be invited in the future to sit on key management committees. Currently, the Internal Audit department is represented on the following committees:

- Information Systems Steering Committee
- Information Resources Coordinating Council
- Banner Steering Committee
- HIPAA Oversight Committee
- HIPAA Security Implementation Committee
- Brody School of Medicine Risk Management and Compliance Committee
- Chancellor’s Cabinet

This concludes our report for the quarter ending September 30, 2005. If you should have any questions or comments, please contact the Office of Internal Audit at 252-328-9025.
## Appendix A
Annual Audit Plan FY 2005-2006
1QFY06
As of 09/30/05

<table>
<thead>
<tr>
<th>Description</th>
<th>Management Requested</th>
<th>Budget Status</th>
<th>Actual Status</th>
<th>Budgeted Hours</th>
<th>% of Total</th>
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<td>Mail Services</td>
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<td>State Audit Reports - 2004/2005</td>
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<td>HIPAA Security Review</td>
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<td>Regulatory Compliance Program - BSOM</td>
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<td>CASE Review</td>
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<td>Morrison - PI Leaving State Service</td>
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<td>Foundation</td>
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## Annual Audit Plan FY 2005-2006
### As of 09/30/05

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<th>Actual Status</th>
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<th>% of Total</th>
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<td>Current Year</td>
<td>Inactive</td>
<td>40.00</td>
<td></td>
</tr>
<tr>
<td>ECU Police (A05005)</td>
<td>Current Year</td>
<td>Inactive</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Follow-Up Review Audit Hours</strong></td>
<td></td>
<td></td>
<td>1120</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Special Projects:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incident Response Team Guide</td>
<td>Work in Progress</td>
<td>Active</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Implement Risk Based Audit Plans</td>
<td>Work In Progress</td>
<td>Active</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Special Project Hours</strong></td>
<td></td>
<td></td>
<td>440</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Total Audit Hours</strong></td>
<td></td>
<td></td>
<td>9898</td>
<td>100%</td>
</tr>
</tbody>
</table>
# Internal Audit Activities

**1QFY06**  
07/01/05 - 09/30/05

<table>
<thead>
<tr>
<th>Description</th>
<th>Staff Hours</th>
<th>% of Total Staff Hours</th>
<th>Director Hours</th>
<th>% of Total Director Hours</th>
<th>Total Hours</th>
<th>% of Total Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration(1)</td>
<td>386</td>
<td>13%</td>
<td>22</td>
<td>4%</td>
<td>408</td>
<td>12%</td>
</tr>
<tr>
<td>Audits, Special Reviews, and Follow-Ups</td>
<td>1528</td>
<td>53%</td>
<td>146</td>
<td>26%</td>
<td>1674</td>
<td>49%</td>
</tr>
<tr>
<td>Consultations</td>
<td>63</td>
<td>2%</td>
<td>175</td>
<td>32%</td>
<td>238</td>
<td>7%</td>
</tr>
<tr>
<td>External Auditor Assistance and Year-End Work</td>
<td>125</td>
<td>4%</td>
<td>10</td>
<td>2%</td>
<td>135</td>
<td>4%</td>
</tr>
<tr>
<td>Leave Time</td>
<td>556</td>
<td>19%</td>
<td>56</td>
<td>10%</td>
<td>612</td>
<td>18%</td>
</tr>
<tr>
<td>Professional Development/Training</td>
<td>159</td>
<td>6%</td>
<td>2</td>
<td>2%</td>
<td>161</td>
<td>5%</td>
</tr>
<tr>
<td>Routine Tasks(Misc. Meetings, Committee Meetings, Etc.)</td>
<td>40</td>
<td>1%</td>
<td>41</td>
<td>7%</td>
<td>81</td>
<td>2%</td>
</tr>
<tr>
<td>Special Projects</td>
<td>29</td>
<td>1%</td>
<td>103</td>
<td>19%</td>
<td>132</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2886</td>
<td>100%</td>
<td>555</td>
<td>102%</td>
<td>3441</td>
<td>100%</td>
</tr>
</tbody>
</table>

(1) Currently Internal Audit does not have an Administrative Assistant dedicated to performing administrative duties such as ordering supplies, maintaining leave records, filing, etc. The staff auditors are currently performing these duties.
### Appendix C
Consultations
1QFY06
07/01/05 - 09/30/05

<table>
<thead>
<tr>
<th>SECTION</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin &amp; Finance</td>
<td>Blackberry Device</td>
</tr>
<tr>
<td></td>
<td>SCT Banner Finance Process Controls</td>
</tr>
<tr>
<td></td>
<td>Agency Rep Letter</td>
</tr>
<tr>
<td>BSOM</td>
<td>Conflict of Interest - BOT</td>
</tr>
<tr>
<td>Chancellor</td>
<td>Chancellor's Discretionary Account</td>
</tr>
<tr>
<td>ITCS</td>
<td>Enterprise Backup Process Change</td>
</tr>
<tr>
<td></td>
<td>IDX Team Access Agreement Form</td>
</tr>
<tr>
<td></td>
<td>Network Vulnerability Scans and User Account Management</td>
</tr>
<tr>
<td></td>
<td>State IT Audit Summary</td>
</tr>
<tr>
<td></td>
<td>Student Help Desk/Password Resets by Student Employees</td>
</tr>
<tr>
<td>Joyner Library</td>
<td>Negative Leave Balances</td>
</tr>
<tr>
<td>LWCC</td>
<td>Wright Student Assistance Fund Application</td>
</tr>
<tr>
<td>Materials Management</td>
<td>Purchase of Cell Phone/PDA</td>
</tr>
<tr>
<td>Office of State Auditor</td>
<td>ECU Police Department and Special Olympics</td>
</tr>
<tr>
<td>Police Department</td>
<td>ECU PD - Camera Access</td>
</tr>
<tr>
<td></td>
<td>Inventory Controls</td>
</tr>
<tr>
<td></td>
<td>Parking Meter Collections Escort</td>
</tr>
<tr>
<td>SECC/Internal Audit</td>
<td>Proposed Raffle</td>
</tr>
<tr>
<td>Student Health Services</td>
<td>Hurricane Relief Effort</td>
</tr>
<tr>
<td>Student Life</td>
<td>Check Distribution - Mendenhall Student Center</td>
</tr>
<tr>
<td></td>
<td>Vendor Tickets</td>
</tr>
<tr>
<td></td>
<td>Windows on the World</td>
</tr>
<tr>
<td>Student Stores</td>
<td>Business Continuity Plan Assistance</td>
</tr>
<tr>
<td></td>
<td>Petty Cash Increases</td>
</tr>
<tr>
<td></td>
<td>Surplus items</td>
</tr>
</tbody>
</table>
## Appendix D
### Internal Audit Strategy Matrix
#### FY 2003 - 2007
#### As of 09/30/05

<table>
<thead>
<tr>
<th>Task Number</th>
<th>Action Plan</th>
<th>Status</th>
<th>Approximate Completion Date</th>
<th>Actual Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Develop and implement evaluation plan for the Chief Auditing Executive and Internal Audit Function.</td>
<td>Complete</td>
<td>2Q05</td>
<td>2Q05</td>
</tr>
<tr>
<td>2</td>
<td>Restructure Internal Audit department staff.</td>
<td>Complete</td>
<td>3Q05</td>
<td>3Q05</td>
</tr>
<tr>
<td>3</td>
<td>Revise Internal Audit Website.</td>
<td>Complete</td>
<td>3Q05</td>
<td>3Q05</td>
</tr>
<tr>
<td>4</td>
<td>Recruit an IT auditor.</td>
<td>Complete</td>
<td>3Q05</td>
<td>2Q05</td>
</tr>
<tr>
<td>5</td>
<td>Training in computer forensics and the evaluation of ENCASE along with the development of &quot;Incident Response&quot; policies and procedures.</td>
<td>Complete</td>
<td>1Q06</td>
<td>1Q06</td>
</tr>
<tr>
<td>6</td>
<td>Implement risk based audit plans. (Annual audit plan will be risk-based beginning July of 2005.)</td>
<td>Active</td>
<td>1Q06</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Obtain internal stakeholders' input on their expectations of the Internal Audit Department and build rapport with each group.</td>
<td>Active</td>
<td>1Q06</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Request a system-wide restudy of internal audit positions by the Office of State Personnel in order to align these positions with private industry.</td>
<td>Active</td>
<td>1Q06</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Develop and implement a yearly Internal Audit Activities report.</td>
<td>Inactive</td>
<td>1Q06</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Develop and implement an internal quality assurance assessment for internal audit.</td>
<td>Inactive</td>
<td>1Q06</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Evaluate and implement audit automation software.</td>
<td>Inactive</td>
<td>2Q06</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Request a quality assurance review from an external source. (Should be performed every 5 years.)</td>
<td>Inactive</td>
<td>3Q06</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Strive to obtain the Institute of Internal Auditor's Quality Improvement Award.</td>
<td>Inactive</td>
<td>4Q06</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Address the application of Sarbanes-Oxley</td>
<td>Inactive</td>
<td>4Q06</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Develop and implement fraud awareness plan for the University.</td>
<td>Inactive</td>
<td>1Q07</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Implement internal control guide and provide internal control training to business units.</td>
<td>Inactive</td>
<td>1Q07</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Develop and implement customer satisfaction surveys.</td>
<td>Complete</td>
<td>2Q03</td>
<td>2Q03</td>
</tr>
<tr>
<td>18</td>
<td>Develop and implement project tracking system.</td>
<td>Complete</td>
<td>3Q03</td>
<td>3Q03</td>
</tr>
<tr>
<td>19</td>
<td>Develop and implement workpaper standards.</td>
<td>Complete</td>
<td>3Q03</td>
<td>3Q03</td>
</tr>
<tr>
<td>20</td>
<td>Implement the software package ACL along with utilization of Date Warehouse.</td>
<td>Complete</td>
<td>3Q03</td>
<td>3Q03</td>
</tr>
</tbody>
</table>
## Appendix D
### Internal Audit Strategy Matrix
**FY 2003 - 2007**  
As of 09/30/05

<table>
<thead>
<tr>
<th>Task Number</th>
<th>Action Plan</th>
<th>Status</th>
<th>Approximate Completion Date</th>
<th>Actual Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>Group membership to the Institute of Internal Auditors (IIA) for the Internal Auditing (IA) staff. (Membership renewal required each year.)</td>
<td>Complete</td>
<td>3Q03</td>
<td>3Q03</td>
</tr>
<tr>
<td>22</td>
<td>Develop and implement follow-up tracking mechanism to ensure recommendations are implemented timely and accurately.</td>
<td>Complete</td>
<td>4Q03</td>
<td>4Q03</td>
</tr>
<tr>
<td>23</td>
<td>Develop and implement a quarterly internal audit activities report.</td>
<td>Complete</td>
<td>1Q04</td>
<td>1Q04</td>
</tr>
<tr>
<td>24</td>
<td>Change reporting structure of Internal Audit Department to report functionally to the Audit Committee of ECU Board of Trustees and administratively to the Chancellor.</td>
<td>Complete</td>
<td>2Q04</td>
<td>2Q04</td>
</tr>
<tr>
<td>25</td>
<td>Revise the current Internal Audit Charter to reflect the new definition of Internal Audit and the reporting structure.</td>
<td>Complete</td>
<td>2Q04</td>
<td>2Q04</td>
</tr>
<tr>
<td>26</td>
<td>Develop and implement an Audit Committee Charter.</td>
<td>Complete</td>
<td>2Q04</td>
<td>2Q04</td>
</tr>
<tr>
<td>27</td>
<td>Change the title of department from “Office of the Internal Auditor” to “Office of Internal Audit and Management Advisory Services.”</td>
<td>Complete</td>
<td>2Q04</td>
<td>2Q04</td>
</tr>
<tr>
<td>28</td>
<td>Implement Institute of Internal Auditor’s Professional Practices Framework. (Annual review of compliance required each year.)</td>
<td>Complete</td>
<td>3Q04</td>
<td>4Q04</td>
</tr>
<tr>
<td>29</td>
<td>Develop and implement Internal Audit Activities Manual.</td>
<td>Complete</td>
<td>4Q04</td>
<td>4Q04</td>
</tr>
<tr>
<td>30</td>
<td>Revise audit reporting formats and evaluate the potential to deliver reports electronically.</td>
<td>Complete</td>
<td>3Q04</td>
<td>4Q04</td>
</tr>
<tr>
<td>31</td>
<td>Encourage professional development among staff members by attending local IIA sponsored meetings, reading internal auditing publications, and attending conferences and seminars.</td>
<td>Ongoing</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>32</td>
<td>Market the services provided by the Internal Audit department through presentations and brochures.</td>
<td>Ongoing</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>33</td>
<td>Continuously review industry best practices as it relates to Internal Audit and determine if applicable to the University.</td>
<td>Ongoing</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>34</td>
<td>Encourage staff to obtain a certified/professional designation such as CIA, CPA, CISA, or CFE.</td>
<td>Ongoing</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>
October 5, 2005

President Molly Corbett Broad
UNC-General Administration
P. O. Box 2688
Chapel Hill, North Carolina 27515-2688

Dear President Broad:

In accordance with the "Special Responsibility Constituent Institution" internal financial control and management staff requirements outlined in G. S. 116-30.1, as amended by the General Assembly in 1996, by memorandum dated February 11, 1997, and the August 11, 2000 Board action, I confirm to the best of my knowledge and belief that East Carolina University is in compliance with the following (any exceptions must be identified and explained in an accompanying statement):

1. All statewide policies and procedures promulgated by the North Carolina Office of the State Controller (i.e. financial reporting guidance, accounting guidance, tax compliance and cash management).

2. All policies and procedures promulgated by the University Board of Governors and the memorandums from the UNC-Office of the President.


4. All guidelines established for financial aid and various contracts and grants (i.e., state & federal).

5. East Carolina University has at least one position that is designated 50% internal auditor and that position reports to the Chancellor or the Chancellor's designee.

6. The June 30 Internal Control Questionnaire, issued by the North Carolina Office of the State Controller, has been completed by divisional and departmental managers and reviewed by the institution's internal auditor. All identified weaknesses have been addressed.

7. The Board of Trustees has an audit committee comprised only of trustees.
8. The Chancellor attended all exit conferences conducted by the North Carolina Office of the State Auditor.

9. All areas of concern identified by the Office of State Personnel have been satisfactorily resolved.

10. All areas of concern identified by the Division of Purchase and Contract have been satisfactorily resolved.

11. The Chancellor received and reviewed the internal auditor’s report on flexibility expenditures.

12. The Internal Auditor reviewed the institutional policies and procedures regarding the reporting of misuse of property and all instances of noncompliance have been resolved.

13. The audit plan of East Carolina University’s internal auditor included on-going monitoring of any previous year audit findings identified by the North Carolina Office of the State Auditor, on-going monitoring of any previous year internal audit findings, and some level of testing of institutional compliance with applicable policies and procedures.

14. All weaknesses outlined in reports issued by the institution’s internal auditor have been or are in the process of being resolved to the satisfaction of the internal auditor and management.

Steve Ballard  
Chancellor  
East Carolina University