AGENDA
ECU Board of Trustees
Audit Committee Meeting
East Carolina Heart Institute
Room 1340
February 26, 2009

I. Approval of November 20, 2008 Minutes  Action

II. Research Compliance Officer Report  Information

III. BSOM Compliance Officer Report  Information

IV. Associate Entities – Audit Reports  Information

V. Internal Audit Activities Dashboard Report  Discussion

VI. Update on Follow-Up of State Auditor’s IT Report  Information

VII. Other Business
Minutes from ECU BOT Audit Committee  
November 20, 2008  
Mendenhall Student Center  

Committee members present:  Joel Butler-Chair, Bruce Austin, Carol Mabe, Robert Greczyn  
Executive Council Members present:  Donna Payne, Kevin Seitz  
Others Present:  Stacie Tronto, Steve Duncan, Andrew Griffin, Gregg Hassler, Joan Kavuru, David King-UNC GA  

Chairman Butler convened the meeting at 10:35 a.m. and read the conflict of interest provisions as required by the State Government Ethics Act. Mr. Butler asked if anyone would like to declare a conflict of interest. Hearing none, he asked for the approval of the minutes for the September 25, 2008 Audit Committee meeting. The minutes of the September 25, 2008 meeting were approved with one amendment. Donna Payne asked that the minutes be updated to include that the Audit Committee went into closed session on September 25, 2008.  

Next on the agenda was the approval of the 2008-2009 Annual Audit Plan. Stacie Tronto explained that the annual audit plan total budget was 12,000 hours; however, there were only approximately 7,600 audit hours available due to the size of the current Internal Audit staff. Ms. Tronto explained the audit plan was overbudgeted because Internal Audit is giving priority to providing ECU management assurance with regard to the best practices and internal controls that were identified by the UNC System assessment that was performed by Ernst and Young. However, there are other items that must be included in the plan such as follow-ups and special investigations, which results in an overbudget of audit hours. The 2008-2009 Annual Audit Plan was approved by the Audit Committee.  

As required by UNC-GA policy, Ms. Tronto provided a copy of the audit reports for the East Carolina University Foundation, Inc. and East Carolina University Alumni Association, Inc. There were no findings with regard to the audits performed by the external audit firm.  

Mr. David King, Associate Vice President for Finance at UNC General Administration, was introduced by Chairman Butler. Mr. King was invited by Chairman Butler to discuss his role with regard to the UNC System and the Internal Audit functions in the UNC System. Mr. King explained the responsibilities of the UNC Board of Governors Audit Committee and that there is a statutory requirement that the President of the UNC System follows up on audit findings from the North Carolina Office of the State Auditor, which is done through Mr. King. He stated that he reviews the audit reports received from each Audit Director and summarizes those reports and presents to the UNC Board of Governors. He also receives a copy of the audit plans from each university in the
system and presents to the UNC Board of Governors Audit Committee. Mr. King also addressed the responsibilities of the audit committee and the reporting relationship of Internal Audit. He passed out a booklet to each ECU Audit Committee member regarding audit committee responsibilities.

Joan Kavuru, the BSOM Compliance Officer, reported on the compliance efforts at the Brody School of Medicine. Areas of discussion included contract/new venture reviews; provider documentation reviews; Medicare CERT and Medicaid PERM reviews; the DHHS OIG inquiry regarding Medicare payments; the compliance policy regarding Medicare requirements; continued work on the Identity Theft Protection Committee regarding social security numbers and red flag rules; compliance education that had been provided; and HIPAA privacy overview.

Other business that was discussed included an update with regard to the Office of the State Auditor IT Audit. David King discussed the findings with the audit committee. Stacie Tronto passed out two brochures to the audit committee entitled, “The Audit Committee Internal Audit Oversight” and “Getting Serious About Board-level Scrutiny”.

With there being no other business, the meeting adjourned at 11:30 a.m.

Respectfully submitted by Stacie Tronto
MEMORANDUM

To: ECU BOT Audit Committee

From: John Chinn  
Director, Office of Research Compliance Administration

Re: 2008 ECU Conflicts of Interest Reporting

February 2, 2009

The Office of Research Compliance Administration (ORCA) was tasked with compiling the unit reports on conflicts of interest (COI) for 2008. ORCA's findings on unit COI reporting and the current COI disclosure process at ECU are:

- ECU's COI disclosure policy and process as found in Appendix I of the Faculty Manual are in compliance with the UNC system policies and requirements.
- All ECU's units are compliant with the ECU COI policy for disclosure of COI.
- ECU’s COI disclosure process can be improved by supplementing with additional disclosures to be made by those faculty members submitting for external funding.

Recommendations to reinforce the ECU COI disclosure process are:

- A supplemental COI disclosure and review process should be developed for those submitting proposals for external funding.
- COI training and educational materials should be made available for unit leaders and EPA faculty and staff.
- The current forms used for reporting should be modified to address situations that are more likely to occur in a university with a medical component. Copies of the revised forms are attached.
FORM A

EAST CAROLINA UNIVERSITY

ANNUAL FACULTY/STAFF DISCLOSURE FORM

OF

POTENTIAL CONFLICTS OF COMMITMENT OR INTEREST ACTIVITIES OR RELATIONSHIPS

Completion of the following questions and associated report forms are required of all faculty and other EPA employees for compliance with the University Conflict of Interest & Commitment Policies.

This conflict evaluation form contains information that may have a direct bearing on your employment, and completing and filing this form is a condition of your employment. The form, therefore, will be included in your personnel file. As a part of the personnel file, the form will be considered strictly confidential. The information disclosed in the form is available only to individuals duly charged with the responsibility for review, and the information may be released only in accordance with and as required by North Carolina law or lawful court order.

Name __________________________ Title & Rank __________________________

Depart/Unit __________________________ Campus Address & Phone __________________________

College/School __________________________

REPORT OF ACTIVITIES AND RELATIONSHIPS WITH ENTERPRISES (COMPANIES) SPONSORING UNIVERSITY ACTIVITIES OR DOING BUSINESS WITH THE UNIVERSITY

1. Do you or a member of your immediate family serve on the Board of Directors or any Advisory Board of a company that sponsors research, outreach, extension, testing, service projects, or clinical care at the University in which you are a participant or with which the University has a license agreement relating to an invention or software where you are an inventor or author?  
   Yes ☐  No ☐

2. Are you or a member of your immediate family an employee of or are serving in an executive officer position of a company that:
   a. Sponsors research, outreach, extension, testing, service projects, or clinical care in which you are a participant; or
   b. The University has a license agreement relating to an invention or software where you are an inventor or author; or
   c. Engaged in commercial activities related to your University responsibilities?
      Yes ☐  No ☐

3. Do you or a member of your immediate family have any ownership equity or interest/expectancy or other significant financial interest in a company that:
   a. Sponsors research, outreach, extension, testing, service projects, or clinical care at the University;
   b. The University has a license agreement relating to an invention or software where you are an inventor or author; or
   c. Engaged in commercial activities related to your University responsibilities?
      Yes ☐  No ☐

4. Are you or a member of your immediate family engaged in external professional activities for pay or an employee of, or otherwise receiving compensation or gratuities from, a company that sponsors research, outreach, extension, testing, service projects, or clinical care in which you are a participant or with which the University has a license agreement relating to an invention or software where you are an inventor or author?
   Yes ☐  No ☐

5. Do you supervise, select, or evaluate services provided to the University by a company or do you refer University business to a company in which you or a member of your immediate family have an ownership or other significant financial interest?
   Yes ☐  No ☐

6. Do you participate in University clinical research on a technology developed by you or a member of your family?
   Yes ☐  No ☐

If the answer to any of Questions 1 to 6 above is “Yes”, then complete Form B

Page 1 of 2

Updated 11/08
If assistance is needed in completing this form, contact ECU Compliance Officer
REPORT OF POTENTIAL CONFLICTS OF INTEREST RELATED TO
STUDENTS' ACTIVITIES WITH EXTERNAL ENTERPRISES

7. Do you supervise any students or University personnel who work for a company in which you are on the board of directors, an officer, have ownership interest, or receive compensation for external professional activities?  
   Yes ☐  No ☐

8. Do you employ or supervise any students or University personnel in your external professional activities for pay or in a company in which you hold ownership/equity interest/expectancy?  
   Yes ☐  No ☐

If the answer to Questions 7 or 8 above is “Yes”, then complete Form C

REPORT OF CONFLICTS OF INTEREST RELATED TO TEACHING
AND OWNERSHIP OF INTELLECTUAL PROPERTY

9. Are you or a member of your immediate family the author of a textbook, course pack, lab manual or other material for which you or your family member receives royalties or other compensation from sources other than the University, that is required for any class that you teach?  
   Yes ☐  No ☐

10. Are there any intellectual property (i.e., patent, trademark, copyright, or trade secret) owned by you (and not by the University) that is used or licensed for use by the University?  
    Yes ☐  No ☐

11. Are there intellectual property developed by you as a University employee that the University has formally declined interest and has contractually released the invention to you through an Invention Release Agreement?  
    Yes ☐  No ☐

If the answer to Questions 9 or 10 or 11 above is “Yes”, then complete Form D

ACKNOWLEDGEMENT

I hereby acknowledge that I have read and understand the Policy on Conflicts of Interest and Commitment and that the aforementioned facts and situations indicate all potential conflicts of interest and commitment with regard to my position at East Carolina University according to the standards and guidelines of the Policy. If I have none, I have so indicated in the spaces provided.

I acknowledge that I have a continuing obligation to file an updated form prior to filing the next annual report if changes arise that I believe either: (a) give rise to a potential conflict of interest, or (b) eliminate a conflict previously described or (c) changes this disclosure.

________________________________________  
Signature

________________________________________  
Date

ADMINISTRATIVE REVIEW AND APPROVAL

To the best of my knowledge and judgment and according to the standards and guidelines of the Policy:

☐ No actual or potential conflict of interest or commitment exists.
☐ An actual or potential conflict of interest or commitment may exist, but does not appear to be significant. (Attach explanation.)
☐ An actual or potential conflict of interest or commitment may exist that warrants further review.

________________________________________  
Dept. Chair/Supervisor  
Signature / Date

________________________________________  
Dean / Senior Supervisor  
(if Approval Is Required According to the Policy)  
Signature / Date

________________________________________  
Vice Chancellor (if applicable)  
Signature / Date

Updated 1/8
If assistance is needed in completing this form, contact ECU Compliance Officer
FORM B

Report Of Activities And Relationships With Enterprises (Companies)
Sponsoring University Activities Or Doing Business
With The University

Faculty responding affirmatively to one or more of Questions 1-6 on the Annual Faculty/Staff Disclosure Form must complete the reporting process by providing the information requested below. If additional space is needed attach separate sheets labeled "Report Of Activities And Relationships With Enterprises (Companies) Sponsoring University Activities Or Doing Business With The University Continued" and note the answer number for which additional information is provided. A separate form should be used to report relationships with each company or corporation.

<table>
<thead>
<tr>
<th>Name</th>
<th>Department</th>
<th>College/School</th>
<th>Report Period</th>
</tr>
</thead>
</table>

If reporting for an immediate family member, give his or her name and relationship.

<table>
<thead>
<tr>
<th>Company/Corporation Name</th>
<th>Complete Address</th>
</tr>
</thead>
</table>

Primary Business of Company/Corporation

1. Are there any plans or mechanisms that would change or affect your equity interest or ownership in this company? ___Yes ___No

2. Do any of your University activities sponsored by this company involve technology developed at the University and which is now owned by or contractually obligated to this company? ___Yes ___No (If Yes, respond to item 7).

3. Type of board, board committee, executive position, or other employed relationship held by you or your immediate family member.

4. Describe the responsibilities of this employed relationship.

5a. Describe the University activities funded by this company/corporation in which you are a participant.

5b. Describe the invention and/or software which is licensed or the company and how it relates to your work for the company and for the University.

5c. Specify the type of funding, gifts, gratuities, consulting fees, royalties or other compensation (direct or deferred) received by you or your immediate family member (other than occasional meals, complimentary copies of textbooks, etc.) from the company or corporation during the last 12 months.
6. If you answered YES to Q3 (Form A), complete the following and respond to item #7.
   a. Describe the nature of your financial interest in the company or corporation.

   b. If you have an ownership interest, is it less than $10,000 per annum of equity, salary, fees or other continuing payments or which represents 5% or less ownership interest for any one company or entity when aggregated for the investigator and his/her family. (See complete definition of significant financial interest, Section VIII., subsection 4.)

   c. What is the duration of the sponsored research, outreach extension, testing or service?

7. If you answered YES to Q5 (Form A), complete the following and respond to item #8.
   a. Describe the University Position you hold in which you supervise, select or evaluate services provided to the University by the company or corporation.

   b. List the services involved.

   c. Does the company or corporation compete with services provided by the University?
      ___Yes    ___No  If Yes, describe these services.

8. Provide a discussion of the activities and actions or safeguards you will take to prevent your activities from affecting your objectivity as a University employee or will otherwise protect the University's interest.

SIGNATURES:
I certify that all of the above information is correct and that I will update this information promptly as changes occur.

__________________________________________  __________________________
Employee Signature                           Date

Reviewed by:

__________________________________________  __________________________________
Department Head                             Dean

Updated 11/08
If assistance is needed with completion of this form, contact ECU Compliance Officer
Form C

Report Of Potential Conflicts Of Interest Related To Students' Activities
With External Enterprises (Companies)

Faculty responding affirmatively to one or more of Questions 7-8 on the Annual Faculty/Staff Form of Potential Conflict of Interest Activities or Relationships (Form A) must complete the disclosure process by providing the information requested below. If additional space is needed attach separate sheets labeled "Report Of Potential Conflicts Of Interest Related To Students' Activities With External Enterprises Continued" and note the answer number for which additional information is provided. A separate form should be used to report relationships with each company or corporation.

<table>
<thead>
<tr>
<th>Employee Name</th>
<th>Department</th>
<th>College/School</th>
<th>Reporting Period</th>
</tr>
</thead>
</table>

If reporting for an immediate family member, give his or her name and relationship.

<table>
<thead>
<tr>
<th>Company/Corporation Name</th>
<th>Complete Address</th>
</tr>
</thead>
</table>

Primary Business of Company/Corporation

**Complete ITEMS 1-3 if you answered YES to Question 7 on the Annual Faculty/Staff Disclosure Form (Form A).**

1. Describe the number and levels of the students involved, your relationship with the company, and how this relationship involved the students.

2. Describe the nature of the relationship of this company with the University.

3. Discuss the actions or safeguards you will take to prevent your relationship with this company from affecting your responsibilities as a University employee for supervising these students.
Complete ITEMS 4-5 if you answered YES to Question 8 on the Annual Faculty/Staff Disclosure Form (Form A).

4. Describe the numbers of students, their status and the nature and scope of the duties for which they are employed.

5. Discuss the actions or safeguards you will take to prevent your relationship with this company from affecting your responsibilities as a University employee for supervising these students.

Signatures:

I certify that all of the above information is correct and that I will update this information promptly as changes occur.

Employee Signature

Reviewed by: Approved by:

Department Head

Dean

Date Date

Page 2 of 2

Updated 11/0
If assistance is needed in completing this form, contact ECU Compliance Officer
Form D
Report Of Potential Conflicts Of Interest Related To Teaching
And Ownership Of Intellectual Property

Provide the following information and discussion pertaining to Questions 9 or 10 answered with a "YES" on the Annual Faculty/Staff Disclosure Form (Form A). If additional space is needed for listing multiple entities or information, attach separate pages labeled "Report Of Potential Conflicts Of Interest Related To Teaching And Ownership Of Intellectual Property Continued" and noting the answer number for which additional information is provided. Send a copy of this form to the Office of Technology Transfer, Greenville Center.

<table>
<thead>
<tr>
<th>Employee Name</th>
<th>Department</th>
<th>College/School</th>
<th>Reporting Period</th>
</tr>
</thead>
</table>

If you answer YES to Question 9 on the Annual Faculty/Staff Disclosure Form (Form A), provide the information requested by items 1-3. Here textbook refers to any textbook, course pack, lab manual, or other course material required for a class that you teach and is authored by you or a member of your immediate family (spouse and children).

1. Textbook title or nature of specific course material:

2. List the course (number and title) for which this textbook is required:

3. Describe the process used and the basis by which this textbook was chosen for this course instead of other comparable textbooks or materials.

If you answered YES to Question 10 on the Annual Faculty/Staff Disclosure Form (Form A), provide the information requested in items 4-9a.

4. Describe the intellectual property owned by you that is used by the University or that has been released to you in a fully executed Invention Release Agreement.
5. How was this intellectual property selected for use by the University?

6. Do you receive any compensation of any type whatsoever as a result of the use of such intellectual property by the University?

7. Does the University's use of this intellectual property affect or potentially affect your objectivity as a University employee?  
   ___Yes___No  Why or why not?  If your answer is YES, then explain what safeguards exist.

8. Did you receive financial compensation for any intellectual property invented by you that is used or licensed for use by the University?  ___Yes  ___No

9. Is there IP developed by you as a University employee that has been contractually released to you?  ___Yes  ___No

9a. If “Yes” then describe the intellectual property that has been released to you in a fully executed Invention Release Agreement.

9b. If “Yes” then describe any University resources that have been used by you since the invention was released to you (i.e. laboratory facilities, staff time, supplies, etc) are you using University resources to develop the released IP?

9c. If you have received compensation for use or development of the released invention, then does such compensation comply with University policies and/or the terms of the Release Agreement?  ___Yes  ___No  If you answer is “No”, then explain why the compensation does not comply with University policies or the terms of the Release Agreement.

SIGNATURES:

I certify that all of the above information is correct and that I will update this information promptly as changes occur.

______________________________  __________________________
Employee Signature  Date

Reviewed by:  Approved by:

______________________________  __________________________
Department Chair  Date  Dean  Date

Updated 11/08  
If assistance is needed in completing this form, contact ECU Compliance Officer
Annual Report of Faculty/Staff Compliance with the ECU Conflict of Interest (COI) and Commitment Policy
Faculty Manual, Appendix I

Per ECU policy, please provide this report to the ECU Research Compliance Administration through the Vice Chancellor for Research and Graduate Studies. Please list each faculty or EPA staff member in your unit in either the Compliant or Not-Yet-Compliant categories. For the Compliant group, indicate if a conflict of interest has been disclosed. If disclosed, if a management plan is in place. For the not-yet-compliant group, please provide a short explanation of the designation. The following definitions should be used to classify the faculty and EPA staff.

**Compliant:** Faculty/staff person must have satisfied BOTH of the following conditions:
- a) Provided you with a complete annual disclosure form for the current year plus associated supplements, where required, AND,
- b) In your judgment, the person has no actual or potential conflicts of interests and if a COI exist has a conflict management plan in place reviewed by the research compliance office.

**Not-Yet-Compliant:** Faculty/staff must have met one of the following conditions:
- a) Condition (a) or (b) above have not been met, OR
- b) Approval of a management plan is still pending, OR
- c) Issues involving the faculty/staff disclosure are review by the research compliance office or under consideration by the ECU Research Ethics Oversight Committee or will soon be referred to that group, OR
- d) Has been judged by the Committee (with the concurrence of the Chancellor) to be noncompliant.

<table>
<thead>
<tr>
<th>Chair/Unit Supervisor or Dean</th>
<th>Signature /Date</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Unit: _______________________</th>
<th>Was a Conflict of Interest Disclosed?</th>
<th>Is a Management plan for COI in place?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliant Faculty and EPA Staff</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Not-Yet Compliant Faculty and EPA Staff</td>
<td>(Please include a brief explanation for each individual listed)</td>
<td></td>
</tr>
</tbody>
</table>
I. Introduction

A Conflict of Interest (COI) may take various forms, but arises when a faculty or staff member is or may be in a position to influence the university business, research, or other decisions in ways that could lead to any form of personal gain for the faculty or staff member or the faculty or staff member’s family, or give improper advantage to others to the university’s detriment.

Effective July 1, 1995, all EPA faculty members and other professional staff of East Carolina University are subject to revised policies concerning conflicts of interest and conflicts of commitment affecting University employment and external professional activities. This policy covers all EPA faculty and non-faculty employees regardless of their percent of employment insofar as their University responsibilities are concerned, and EPA faculty and EPA non-faculty employees who are on leave if the leave is funded at least partially from University sources. The revised ECU policies are based on policies and guidelines adopted by the UNC system Board of Governors and federal agency requirements. Any questions regarding these procedures or the Board of Governors’ policies upon which they are based should be directed to the University Compliance Officer. Phone: 252-328-9473 or email: jchinn@ecu.edu

II. Important Definitions:

**Conflict of Interest:** A conflict of interest is situation where from the perspective of an independent observer, there is the possibility that an individual’s private, financial interests, or his or her family’s interests, may influence the individual’s professional actions, decisions, or their judgment.

**Enterprise:** Any corporation, partnership, sole proprietorship, firm, franchise, association, organization, holding company, joint stock company, receivership, business or real estate trust, or any legal entity organized for profit or charitable purposes. University and university related entities are excluded. (see 'Significant Financial Interest' below for further exclusions.) The text of the ECU Policy of Conflict of Interest and Commitment uses the term 'business' rather than enterprise.

**Significant Financial Interest:** Significant Financial Interest means anything of monetary value, including but not limited to, salary or other payments for services (e.g., consulting fees or honoraria); equity interests (e.g., stocks, stock options or other ownership interests); and intellectual property rights (e.g., patents, copyrights, license agreements, and royalties from such rights).

The term does not include:

1. Salary, royalties, or other remuneration from East Carolina University to its faculty or staff;
2. Income from seminars, lectures, or teaching engagements sponsored by public or nonprofit entities;
3. Income from service on advisory committees or review panels for public or nonprofit entities;
4. An equity interest that when aggregated for the faculty/staff and the faculty/staff’s immediate family, meets both of the following tests: Does not exceed $10,000 in value as determined through reference to public prices or other reasonable measures of fair market value, and does not represent more than a five percent (5%) ownership interest in any single entity;
5. Salary, royalties or other payments that when aggregated for the faculty/staff and the faculty/staff’s immediate family over the next twelve months, are not expected to exceed $10,000 from any one source.
6. Mutual, pension, investment or other funds over which the employee or the University does not exercise direct control.

III. Summary of Activities that DO NOT Usually Require Reporting in the Annual Faculty/Staff Disclosure Form:

1. Receiving royalties for published scholarly works and other writings or for inventions pursuant to the University's Patent and Copyright Policies (Faculty Manual, part VII, section II). However, textbooks and other teaching aids, materials, equipment, etc. written or invented by the employee or his/her immediate family that are recommended or required for use for University classes or programs must be disclosed.
2. Membership in and service to professional associations and learned societies; membership on professional review or advisory panels; presentation of lectures, papers, concerts or exhibits; participation in seminars and conferences; reviewing or editing scholarly publications and books; and service to accreditation bodies. These activities usually do not need to be reported on the annual disclosure form even if they involve a nominal honoraria or reimbursement of expenses. However, a "Notice of Intent to Engage in External Professional Activity" may be required pursuant to ECU's Policy Statement on External Professional Activities (Faculty Manual, part VI, section V).

See Faculty Manual, Appendix I for complete details.

For categories and examples of potential conflicts of interest see http://www.ecu.edu/cs-acad/aa/upload/Categories_and_Examples_of_Potential_Conflicts_of_Interest.pdf

For examples of real, apparent and easily managed COI of ECU Faculty see http://www.ecu.edu/cs-acad/aa/upload/ExamplesCOIs.pdf
Independent Auditor’s Report

To the Board of Directors
East Carolina University Educational Foundation, Inc.
Greenville, North Carolina

We have audited the accompanying statement of financial position of East Carolina University Educational Foundation, Inc. ("Foundation") as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year’s summarized comparative information has been derived from the Foundation’s 2007 financial statements and, in our report dated December 6, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Carolina University Educational Foundation, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

New Bern, North Carolina
November 20, 2008
Independent Auditor's Report

To the Board of Directors
East Carolina University Medical & Health Sciences Foundation, Inc.
Greenville, North Carolina

We have audited the accompanying statement of financial position of East Carolina University Medical & Health Sciences Foundation, Inc. ("Foundation") as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from the Foundation's 2007 financial statements and, in our report dated December 14, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Carolina University Medical & Health Sciences Foundation, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

New Bern, North Carolina
November 17, 2008

McGladrey & Pullen, LLP is an independent member firm of RSM International, an affiliation of independent accounting and consulting firms.
To the Audit Committee  
East Carolina University  
Medical and Health Sciences Foundation, Inc.  
Greenville, North Carolina  

This letter includes comments and suggestions with respect to matters that came to our attention in connection with our audit of the financial statements of East Carolina University Medical and Health Sciences Foundation, Inc. for the year ended June 30, 2008. These items are offered as constructive suggestions to be considered as part of the ongoing process of modifying and improving the Foundation’s practices and procedures.

During the year ended June 30, 2008, the Gift Records department identified an irrevocable charitable remainder unitrust agreement entered into during 1988 naming the Foundation as a beneficiary; however, the agreement had never been recorded as a trust on the Foundation’s books. We recommend that the Foundation implement the following procedure: when a new irrevocable trust is received, gift records will provide a copy of the trust to the Foundation’s accounting staff. The Foundation’s accounting staff should also agree trust records to gift record reports and to notes in the One system on at least an annual basis in order to ensure completeness of records. Additionally, the Foundation’s Investment Committee should adopt a policy on the acceptance of charitable remainder trusts.

This letter is intended solely for the information and use of the Audit Committee, management, and others within the Foundation and is not intended to be and should not be used by anyone other than these specified parties.

New Bern, North Carolina  
November 19, 2008  

McGladrey & Pullen, LLP  

McGladrey & Pullen, LLP is a member firm of RSM International, an affiliation of separate and independent legal entities.
Internal Audit Activities Dashboard Report
Discussion

Introduction: I am exploring strategies for developing a performance scorecard and/or dashboard for the internal audit function. The Internal Audit function at ECU has reached a pivotal point in its maturity and I want to make sure that we are meeting the needs of the University and the Audit Committee. I would like to solicit feedback from the Audit Committee to determine if there are certain performance measures or other information you would like to see at each Audit Committee meeting in the form of a dashboard report.

Current Inventory of Reports and Performance Measures Provided to the Audit Committee:

1. Copy of each audit report issued.
2. Quarterly report of internal audit activities to include:
   a. Chart of Percentages of Budgeted Hours vs Actual Hours for each type of audit (ie. operational, compliance, IT, special reviews, follow-ups, and special projects).
   b. Summary of each completed engagement for that quarter along with budgeted hours vs Actual Hours.
   c. Percentage of Staff and Director Hours for direct and indirect audit hours by category (ie. admin, audits, consults, year-end work, leave time, training, routine tasks, and special projects).
   d. Summary by type of audit to included budgeted hours vs actual hours and the number of observations.
   e. List of consultations performed.
3. Annual report of internal audit activities to include:
   a. Financial expenditures comparing three years.
   b. Productivity percentages based on direct hours and indirect hours.
   c. Summary of audit services provided to include number completed, staff hours, and number of observations.
   d. Percentage of Audit Plan Completed.
   e. List of audits completed that included budgeted hours, actual hours, risk ranking, and number of observations.
   f. Percentage of audit observations implemented by division.
   g. Summary of risk based processes by division and core business processes.
   h. Summary of consultation provided to management.