The Board of Trustees met in regular session in Harvey Hall of the Murphy Center on Friday, May 5, 2006, at 8:00 a.m. Mr. Stephen D. Showfety, Chair, presided and called the meeting to order and asked Secretary Kelly to call the roll.

Roll Call

Members present:

Bruce N. Austin    Michael W. Kelly
David S. Brody  Robert V. Lucas, Jr.
Joel K. Butler  E. David Redwine
Robert J. Greczyn, Jr.  Stephen D. Showfety
Robert O. Hill, Jr.  Mark E. Tipton
M. Cole Jones

Members absent:

William H. Bodenhamer, Jr.  Margaret C. Ward

Chairman Showfety confirmed with Secretary Kelly that we had a quorum and informed the newer Board members of the attendance policy passed by the Trustees a few years ago. Mr. Showfety then asked Chancellor Ballard for his remarks.

CHANCELLOR’S REPORT

Thank you, Mr. Showfety and good morning everyone. I would like to briefly address today some additions to our leadership team and to talk about the importance of graduation which we understand in general but I would like to talk specifics about it, our centennial campaign and the audit function for just a minute.
I am very pleased today to announce two significant appointments to the chancellor’s leadership team – one we have been working on for virtually the entire time of my stay here at East Carolina University and it has come to a great fruition.

The first announcement is someone most of you met last night, Michael Dowdy, who will be the vice chancellor for university advancement and Michael and Lynn Dowdy, we are extremely pleased you will be joining the ECU community. I see you have your purple pirate tie on and you are ready to go. I’m sorry that Lynn couldn’t join us this morning but we are very happy to have you here.

Michael has served with distinction at the Medical College of Virginia Foundation as President and CEO for the last 13 years. He has demonstrated success in all functions and all aspects of university advancement. He has significantly demonstrated success related to capital campaigns and his colleagues attest to two characteristics that really said a lot and had a lot to do with our ultimate decision of whom to appoint to this position. One is that Mickey Dowdy is a team builder and we need a team in advancement to those across this entire institution of everybody working together. Mickey has shown the ability to do that and secondly, Mickey has a quiet resolve and gets results. Those two things will be extremely important to whomever we have in advancement. I will say a little more about one of Mickey’s challenges in just a few minutes but if everyone will just help me welcome again Mickey Dowdy.

I am also very happy to announce an interim appointment to the Chancellor’s Executive Council. The interim chief diversity officer Virginia Hardy. Virginia Hardy is the interim senior associate dean of the Brody School of Medicine. I’m not sure if the dean of that school will ever forgive me but oh well….vice chancellor Lewis, please help her get over that if you would.

Virginia is a licensed professional counselor with an appointment in the department of family medicine and has been a successful administrator in two significant roles at the Brody School of Medicine. Her colleagues also attest to her character and her integrity which are two things which will be very important in her service as interim chief diversity officer. I also know from many references that Virginia is an excellent team builder. She is one of those people that has a degree from Chapel Hill and in all likelihood we saved her at the masters level with a degree from ECU. I won’t say where she got her doctorate. Virginia, would you please stand and receive our appreciation.

One other appointment of a person that could not be here is Dr. Patrick Pellicane – did I get that right? He will join ECU as dean of the graduate school. This is a search that vice chancellor Mageean has been engaged in for some time and we are very happy that Dr. Pellicane will be joining us. This is another significant appointment at the dean’s level, an excellent person who is
currently at Colorado State University with an excellent background, an accomplished faculty member for over 20 years and currently serves as the graduate dean at Colorado State University. Dr. Mageean is bringing another excellent national leader into our leadership team.

As is often the case, this is both the best of times and the worst of times. The worst of times is referencing the loss of Dr. Garrie Moore who is vice chancellor for student affairs. We are very very sorry to lose Garrie. Garrie is moving onward and upward as the vice president in the CUNY university New York system, a substantial national position. Garrie knows that he will always be a pirate and will always be a member of our team. We wish him the best. He has been an excellent member of my leadership team, a strong leader for this university, someone who has taken on the most difficult tasks and when you get a chance I would appreciate the Board members, if you would, to thank Garrie for his great service here not just at ECU but to the pirate community and region of eastern North Carolina. Garrie is simply an excellent leader and we will miss him. I am in the process of identifying a possible interim appointment to the position of vice chancellor for student affairs and will move forward just as quickly as we possibly can to accomplish that within the next few weeks.

I would like to talk for a minute now about graduation and student success. Tomorrow we celebrate one of the most important days of the year or the most important day of the year, our graduation ceremonies and the commencement for our students to the next phase of their lives. Nothing is more important in anything we do. We have a complex mission of a public university and nothing is more important than ensuring that our students have great opportunities to be successful.

Student success, of course, means much more than graduation. Student success also must include the competencies that our students receive, the self-confidence that we know they have when they graduate, the tremendous service learning, engagement and practical experience they are afforded here at East Carolina University and increasingly and perhaps most importantly the leadership development opportunities that our faculty, staff, deans, and vice chancellors are giving to our students in programs such as the BB&T Leadership Center and dozens and dozens of courses and programs across the university.

But as we celebrate graduation, let’s just stop for a moment and look at some of the things we have and must be proud of as we think about the contributions of East Carolina University.

Over the past six years, 89% of our graduates have entered the work force, which includes graduate school. This academic year (2005-2006) 62 doctorates were awarded, an indicator of the national stature and the
comprehensive doctoral nature of our university. We expect this number of doctorates to double within three academic years.

In the field of medicine, 68 medical degree doctors will be awarded this year with 348 MD degrees having been awarded over the past five years. We lead all state medical schools in the percentage of doctors who stay in North Carolina and practice here. We lead all of the state medical schools in that important indicator of retention.

In terms of business education, over the past five years we have over 1300 students who have earned degrees through distance education courses. The proportion of DE degrees awarded was about 11% of all our degrees and of course we lead all 16 constituent universities of the University of North Carolina in our distance education program as President Bowles has said repeatedly.

In terms of teaching preparation and the teacher crisis, probably the most important public need that we have in this state, ECU has produced the largest number of teachers currently employed in North Carolina schools. We enrolled nearly 1000 candidates in various programs to prepare teachers and school administrators. Dr. Sheerer, congratulations to all of the people that contribute to that.

The Wachovia Partnership East is recognized as a national model for inter-institutional cooperation to address the teacher preparation shortage. The Wachovia partnership graduated its first cohort of 16 students this past fall and 26 more graduates will receive their diplomas tomorrow. This is a significant accomplishment because of the great cooperation that Wachovia Partnership East represents.

Another similar state issue is the nursing shortage and ECU’s production of nurses through the bachelor’s and master’s programs are the highest of any school in the state. Eighty percent of our bachelor’s nursing students are North Carolina residents. We are doing more than our part in the nursing shortage.

In construction management, one of our gold star programs, 138 graduates will receive their degrees tomorrow and these graduates have received cumulatively 214 offers of employment with an average starting salary of $46,000. Dr. Smith and Dr. Ralph Rogers need more faculty in those programs to teach more students. What a significant workforce preparation program we have going in construction management. It’s not just the numbers that we produce but it’s how we educate and what we do for our students.
Let me talk for a minute about the EC Scholars Program under the direction of Dr. Michael Bassman, a national quality honors program. To date we have 98 EC Scholars who have graduated with the following accomplishments:

- 4 were selected “outstanding senior”
- 8 were awarded the Robert H. Wright Award
- 3 were awarded Phi Kappa Phi fellowships
- 3 were awarded Fulbrights
- 43 were accepted to BSOM
- 11 were accepted to other medical schools
- 3 were accepted to dental school and we expect that number to go up in the future.

Even more important than these graduation rates is the readiness of our students for success in the workforce and professional schools as lawyers and doctors so let’s look for a moment at one indicator of the quality of the education that our students are getting. I recently received a letter from an ECU Scholar on what our honors program has meant to that student. Let me read you just a few quotes from that letter:

“I am currently a second year student, holding a 3.947 gpa. I have participated in the Walter and Marie Williams Leadership Program; completed over 150 volunteer hours recently; served as a Jones Hall resident advisor and academic tutor for athletes; been active in undergraduate research. When I arrived at the University I never expected the program to be as wonderful as I have experienced. My most unforgettable experience was being able to finish a project that I started my senior year at high school at the Brody School of Medicine. This past year I submitted the project, and it was accepted for publication. In October of 2005, I presented a poster presentation at the 66th Annual Assembly of the American Academy of Physical Medicine and Rehabilitation conference.”

This is a second year student just reflecting on the range of experiences that that student already had and the readiness we think that student will have for whatever she wants to do in the future.

So let’s all celebrate graduation tomorrow with a great sense of pride in what East Carolina University is doing for our students and for our society.

Let me say a little about the capital campaign. We are honored as I said to have Mickey and Lynn Dowdy join our university and the timing is perfect. One of Mickey’s very first tasks will be to structure, define and move forward a major capital campaign. He has the experience and capability to make a huge difference in that that will provide the margin of excellence for the funding that this university needs.
Pursuant to that campaign we are very happy today and proud to announce a $1 million gift from James Maynard which will go entirely to scholarships for teachers in the eastern part of the state. We congratulate Dr. Sheerer for moving that gift forward for really initiating our campaign in many respects and showing people that this is the kind of contribution we can get that will make a difference to the funding needs that we have to, in this case, really make a difference in teacher preparation.

As we move forward in the capital campaign we will have four or five major priorities. We won’t define them all today but I will pay particular attention to student access and increasing the percentage of students that we are able to provide financial support for. We currently provide 62% of the demonstrated financial needs of our students and we are committed to moving that figure to 75%. We will continue to ensure that our resources are first devoted to this important aspect of student access.

We will also prioritize the opportunities for the future and two of those opportunities will certainly be endowed chairs for our faculty and increasing leadership programs because of the importance of leadership to the student experience and to their readiness for success.

Currently we only have 12 endowed professorships and our goal is to increase that endowment over time to 50 endowed professorships because that will make all of the difference in the vital area of high quality faculty as we move these programs forward. This is one of the most vital areas of competitiveness and we are serious about being a part of that.

In athletics we will certainly make a priority of that as we move the capital campaign forward carrying the volume shown in the Circle of Excellence. We have really stepped up our efforts there. His whole staff has been extremely successful and we will continue to prioritize that in the capital campaign and furthermore, we will look for priorities in the capital campaign to make a difference in our region and our state.

One of those will certainly be the metabolic center to take advantage of the great expertise of Dr. Walter Pories and all of the people in the Brody School that are researching clinical services and diabetics forward to a national competition. Dr. Pories is close to understanding protein and the proteomic and metabolic causes of this disease which accounts for 25% of our health care dollars to go directly to trying to deal with diabetes and we will make a priority in moving that forward because we lead the nation in the quality of our research in that area.

Finally, let me say a word about an important action item for the Board today. I strongly support the need to pursue best practices related to internal
auditing. We have a first rate director of auditing, Stacie Tronto, who deserves this support and certainly we need to be in line with the Board of Governors and national best practices to ensure that our structure is the best practice and moves the institution forward.

At the same time, I encourage the Board in whatever fashion the chairman thinks best to review our committee structure so that we are not committing or creating too many committees which may perhaps divert our attention in some respects away from the most important functions of the Board. If we can make improvements here, our administration is happy to support that in whatever way you so desire but the functions that we certainly must concentrate on include budgeting and auditing, athletics, integrated planning and facilities, about which we spend significant time in academic and student affairs, and I think we can enhance the way that we organize ourselves over time so that we are concentrating on the critical questions that align with those four functions.

Chairman Showfety and all the Board, thank you for your time. It’s good to see you and it’s a great time for commencement and graduation for East Carolina.

Mr. Showfety: Thank you Chancellor. I would like to note that we did consolidate two committees at the beginning of this year to improve our efficiency and that has worked very well. Any questions for the Chancellor?

Hearing none, Chairman Showfety said on behalf of the Board he would formally like to welcome Mickey to our family. He has already shown great wisdom by sitting beside Dean Sheerer and hoped that by osmosis he absorbs some of her energy and I’m sure he will be tremendously successful.

Chairman Showfety asked that the record reflect the arrival of three Board members who were not at the table when roll was called. They are Mr. Butler, Mr. Jones and Mr. Brody.

Chairman Showfety then asked Mr. Greczyn to present a motion.

Mr. Greczyn moved that the Board go into Closed Session to:

1. consult with our attorney and to preserve the attorney-client privilege and to consider and give instructions concerning judicial claims entitled:
   a) William Svart v. East Carolina University;
   b) Frank Salamon v. East Carolina University, et. al.; and
   c) Cabana’s LLC v. East Carolina University, et. al.
2. prevent the disclosure of privileged information under N.C. General Statutes #126-22 to #126-30;
3. consider the qualifications, competence, performance, character, fitness, or conditions of appointment of prospective employees and employees;
4. establish or instruct concerning the position to be taken by or on behalf of the University in negotiating the price and other material terms of a contract or proposed contract for the acquisition of real property by purchase, option, exchange, or lease; and
5. to prevent the disclosure of confidential information under NC General Statues #116-40.

Mr. Tipton seconded the motion and it passed by a voice vote with no negative votes.

Upon returning from Closed Session, the Trustees began their committee meetings at approximately 10:00. Following the Academic Affairs and Student Life Committee report, Chairman Showfety asked the secretary, Mike Kelly to report on the items discussed on Closed Session for consideration.

Mr. Kelly moved that permanent tenure be approved for Joanne Bath and Dr. Thomas Bruce Ferguson, Jr.

Mr. Butler seconded the motion and it was approved by a voice vote.

At the conclusion of the committee meetings at 10:45 a.m. the Board met in regular session for the full Board meeting. Chairman Showfety called the meeting to order and reminded the Board that the Chancellor had given his report earlier and asked for a motion to approve the minutes of the full Board meeting of February 24, 2006.

Approval was moved and seconded. The motion was approved by a voice vote with no negative votes.
Mr. Showfety called on Doug Byrd to make brief comments on behalf of the Board of Visitors and John Hudson for his comments regarding the Pirate Club. (A transcript of these remarks is available from the Office of the Assistant Secretary to the Board.)

Mr. Tipton offered a recap of the recent foundation board meeting in Charleston, SC.

Mr. Showfety called on Catherine Rigsby for the Chair of the Faculty Report. (Please access the following website to read the comments in their entirety www.ecu.edu/cs-acad/fsonline/speeches/bot.cfm).

Chairman Showfety thanked Dr. Rigsby and expressed his appreciation for her comments and her service not only to her constituents but to the Board and the university. He then recognized Professor Henry Ferrell for his historical perspective of the university.

HISTORICAL MOMENT BY UNIVERSITY HISTORIAN

Professor Ferrell thanked Chairman Showfety and said the charge of completing two books for the centennial had been completed and asked that copies of the covers be distributed. (Attachments A and B)

The first cover, No Time for Ivy, is a pretty good title for East Carolina. We are always in a hurry. Very little ivy grows here and even when it does the old goats used to eat it anyway so it didn’t matter. That is an illustrated history of 100 years. It’s around 280 pages and has 104 images so if you don’t want to read it, you can look at it. This was taken mostly from our archives and we are very fortunate that in the past the leadership was quite conscious of the necessity to take time to save time. This book will be available in November. There will be a portion of them produced for presentation purposes. They will be in slip covers with the university seal on the outside and names could be printed as such. If you wish to reserve a few for your purposes, they’ll be sold in the student store.

The second one is a text history and is about 400 pages and it runs with a nice title, too, Promises kept. Lots of times institutions talk about promises to keep. In East Carolina’s case, since 1980 it’s kept a lot of promises and it’s delivered as well as any institution in the state. This is done by a variety of writers/authors on taking the characteristic of the university and breaking it down. We even have a – I guess – a diary of student activities both good and interesting, which if you graduated in 1981 or whenever – you
may see yourself there. There is a portfolio in the middle. Mr. Forrest Croce put that together and that too will be handled in the same fashion as the other publication.

This was a three year project. When I walked into Chancellor Muse’s office in the spring three years ago he said we want you to write two books and I responded, “Two Books?!” I suddenly decided I was not going to write two books but I did agree to gather up a host of people who could write it. If I knew then what I know now, I might have said, “thank you sir” and gone to watch some soap opera somewhere because it has been an exciting journey. I must say, however, at every turn wherever I went crossing through administrative standards and circumstances, I have been greeted very well. I have been supported and sustained very well by Austin Bunch and Jim Smith, who in many way probably the reasons these two works were completed.

Now, so what. Not many universities do this and when they do, it’s not done very well. We are very fortunate to have a very good publisher and she has done an outstanding job – Barbara Williams of Durham of BWA press. If you look closely, you may find yourself in there. Of course, things have changed since that picture was chosen but you may find this a wonderful collection of institutional memories.

Now, you know where that is (cover of *Promises Kept*) and we thought we would pick that to state that education is still a solitary thing. There is a lot of noise and running back and forth, a lot of cell phones – you can walk across campus and the percentage of cell phones by people that pass you is about 70% -- but there are no cell phones there. She is by herself because that is where she is. We are always caught up in the castle of ourselves and she’s coming through the library arch.

This is the cover for the illustrated history. We picked our own purple. John, you may get into this because we had 45 different colors to choose from. The problem is that purple is not a primary color and you can fade it either way. We think we have a good purple here. That clock is near Wright and you can see the original campus – it’s not too clear on this projection but you can see it better on your handouts. This will not be a big floppy book. It is a book that you can sit on your knees and your grandchildren can write on it.

This was a difficult book to produce but I’m not even going to get into that. It’s just part of the job that historians do.

Are there are any questions or comments?

Mr. Kelly thanked Dr. Ferrell for his commitment.
Dr. Ferrell responded that after you commit yourself to an institution for a lifetime, it was a wonderful chance to draw this up and put it together.

Mr. Greczyn commented that he should have started the process in 1973 instead of 1980. Dr. Ferrell stated history started the day you are born and ends the day you die.

Mr. Showfety asked if the picture of the original campus was a rendering and Dr. Ferrell responded yes and began identifying the buildings and stating that for the first six years of his administration President Wright roomed in the boys’ dormitory.

Dr. Ferrell stated that the campus was relatively small – 47 acres – which would be doubled in the early ’20s and in the ‘50s the hill would be acquired as well as the property that the stadium stands on.

Dr. Ferrell recognized Archivist Suellyn Lathrop as a wonderful source whose knowledge of the details of the past and the archives was quite useful. He stated that he was instructed to write the truth so this is not a marketing device – this is history.

Former Trustee chairman Talton had charged Dr. Ferrell to put together a Trustees mace case and he discovered in one of his reports that the original name of the mace was the “Trustees Mace” and it was first used in 1982. Over time the name was lost. The Trustees contributed to the silver and material items for it and the case has been received through Jim Smith’s office and perhaps you would like to make a “to do” about it in the fall – renaming it – the intention is to put it on display in front of Joyner so the students and alumni can see it more than twice a year.

Dr. Ferrell then asked for a favor – that the Trustees consider giving their papers to the University and said a poet had written “history takes place in small rooms” and cited the example of Eisenhower charging the beaches of Europe but that’s not history. A historian has to take those events and circumstance and trade them in from chaos to order and use the evidence and observations at the time and we are in danger of losing our time here, now. For example, digital cameras – which are wonderful things – are causing us to lose our photographic base. It will take great effort and discipline to preserve these photographs.

In the case of the Trustees, even though there is expanded use of email, letters and statements could be used for archives. They can be held in private in Archives until a designated time in which they would be public. The contributions of the Trustees are so significant that he encouraged them to think about it.
Chairman Showfety asked Dr. Jim Smith to introduce Dean Sheerer for the Dean’s report.

COMMENTS FROM DEAN MARILYN SHEERER

It will be very brief. I always think of these tasks as what do you, as a Board of Trustees, want to know when you are out there in the world answering questions about the university and in this case, the College of Education. So that’s what I’ve done today – simply put together for you a couple of slides to say this is where we are right now but before I do that, I want to recognize two people today.

We have had a challenge here at East Carolina getting our full compliment of teaching fellows. We have 60, Carolina has 60, Appalachian has 60 – most of the others have far lower. This year we have 61 students choosing East Carolina as number one so we will be getting 61 teaching fellows with their $26,000 state scholarship and we have a waiting list and that is very good. One of the reasons for that is the director, Mary Beth Corbin, who is with us today and if I could just recognize her, please.

The second person I would like to recognize when I go quickly through these slides. The Chancellor mentioned to you Wachovia Partnership East. It’s a very important thing for you to know about because, first of all, Wachovia continues to give us money for that model. The first gift was $1.25 million; we are meeting with them this summer and fully expect to get that amount again. Why? Because we are actually producing teachers through that network and that’s what they want to see – the impact/the product. The director of the Wachovia Partnership East program is Chris Locklear – Chris, please stand and be recognized.

Wachovia Corporation actually threatens to hire him away from East Carolina because they are so pleased with the job he’s done and it’s one of the reasons that I’ve been able to do the work I’ve done this year – because we have this kind of leaders in the College of Education.

Now quickly, I want to talk about Erskine Bowles and the College of Education. First, he is serious about what his challenges are for us out there and we are trying to respond to that. It’s not that hard for East Carolina to respond because we’ve been doing most of what he’s asking. (A copy of her PowerPoint presentation is on file in the office of the Assistant Secretary to the Board.)

These are the challenges that Erskine has put out there for us. To entice more qualified people into teaching and school administration and keep them there, improve the quality of this workforce through professionalism and
improve working conditions and improve student learning out there and graduation rates and decrease dropout rates.

Where are we? This shows you that over the course of time from 2000-2005, that’s the most current data I have, that undergraduate and graduate degrees awarded in terms of teachers’ education has increased and this year will be even higher. Now Catherine commented today that we shouldn’t be just about the number of teachers that we produce but let me say in response to that, the reason that is important is there is a crisis in the shortage of teachers in the state and it is our job – I think – to increase that supply and to try to promote retention. So, when you are asked who is producing the most professional educators in the state it is still East Carolina.

These top 10 systems are where most of our people are employed but two years ago the Department of Public Instruction put out the state map and they inventoried all of the employees across the state. We have East Carolina graduates from Manteo to Murphy and if I had that map – I wasn’t able to get it for you – East Carolina still comes out number one. We have produced more people for the state of North Carolina when it comes to professional educators. Now whether or not we remain in first place is not as important as is, are we meeting the need in the state of North Carolina?

What are the challenges? When you are out there, you can’t be naïve about the challenges. It’s hard work. There are low performing schools, particularly here in the east, we have low teachers’ salaries, we have the highest turnover in the state east of 95, we have limited technology out there, and inactivity, which hinders some of what we do.

The private and corporate monies are what we need and we are going to continue to go after them because without them we can’t really entice people into the profession. Salaries are low. The teaching fellows scholarships work for a reason. They provide $26,000 scholarships. Wachovia has given us $1.5 million and they are ready for us to come to the table with our next proposal. We have individual donors right now who have just given about $1.3 and more on the horizon. We want to complete other scholarship endowments because what we have to do underneath those teaching fellows scholarships is offer more money.

When the parents come to campus – and you need to be aware of this – they come to our recruitment day for teaching fellows and they catch me afterwards and say, “If my child doesn’t get the scholarship, do you have any money for us?” A lot of these students are still in need of support from this university to enter the teaching profession.

We have expanded what we call the Latham Clinical Schools Network. The clinical schools network was endowed by Dr. Brian Latham, that’s where I
was last evening. He was here from Florida recognizing the students who are outstanding in that network. He has given us money to continue to do work. This is the network where we have gone from 19-24 school systems. That’s with whom we work in eastern North Carolina.

So there it is. All of the counties that we have to travel around in. We are piling. This is in response to Erskine Bowles, induction and mentoring programs for the three counties, Bertie, Halifax and Perquimans. Bertie and Halifax are two of the most challenging counties here in the east and our job is to try to mentor teachers and administrators so that we can keep our graduates out there working.

Wachovia Partnership East – all of those counties right now are involved. We are going to expand – guess where – out that way. The new home site will be at Beaufort Community College. We are reaching out to Dare, Roper, we are reaching out to lots of places where we are going to work very closely with the community colleges and that model is to grow our own. Grow people who live in those areas so they will indeed remain employed there.

Those are the enrollment projections from Wachovia Partnership East. You can see how we are going to continue to increase our graduation through that model.

And finally – this is an important one for Erskine. The President is a big supporter of distance education. We are creating a virtual hub site meaning that we will put students together virtually and create a model that all people can access which then will mean that anyone in the state of North Carolina would be able to access the 2+2 model through Wachovia Partnership East. This requires a lot of technology but I think we have it.

I presented this chart – you can’t read it – but it’s only to show you that we are doing a variety of initiatives that I think we’re going to continue to get increased funding for through Erskine Bowles’ initiatives and our own private funding but our point is that we have to keep at it and we will.

I think you should feel pretty good about what is happening. We are producing what the state needs. We just have a lot more work to do.

Chairman Showfety asked if there were questions for Dr. Sheerer.

Chairman Showfety then addressed the meeting locations. He stated he knew the Board wanted to move the meetings around to try to understand a little more about our campus. That challenge is a little greater than you might think. To accommodate our meeting with technical support --- something that our university does that learned from his experience from
visits to other universities and their meetings of the Board of Trustees. We electronically record our Board of Trustees meetings so that the information would be accurately available for future reference. I did not find that to be the case when I visited NC State’s board meeting. So that creates some challenges as we move to other locations around campus to meet. Also the available facilities are not that great. So we are looking for suggestions. Obviously we have a new building coming on line at the medical campus and we look forward to visiting that campus in the future. That may well be the next stop we make. If you have any other suggestions, I would appreciate hearing from you.

Mr. Showfety said the next item was the committee reports and asked John Durham to read the report items that had taken place since the last meeting.

**COMMITTEE REPORTS and RECOMMENDATIONS**

**EXECUTIVE and AUDIT COMMITTEE REPORT**

Mr. Durham stated the full Board approved the request for tenure for Dr. Evelyn C. Brown, Associate Professor of Engineering, and Dr. Saeed Maoveni, Professor and Associate Dean for Academics, College of Technology and Computer Science; and Dr. Joseph C. Buddo, Director and Professor, School of Music. Also approved and noted earlier was a request for the initial appointment of Mickey Dowdy, Vice Chancellor for University Advancement. Dr. Andrew Best was also approved to receive the Jarvis medal posthumously at tomorrow’s commencement.

Chairman Showfety asked Board secretary, Mike Kelly for motions considered in the committee meeting and Mr. Kelly responded he had three motions.
Mr. Kelly moved approval of the bylaw change that will create a separate Audit Committee and a new Audit Committee Charter as presented in the Board materials. (See Attachment C.)

Mr. Greczyn seconded the motion and it was approved by a voice vote.

Mr. Kelly moved that the automobile allowances be approved for Chancellor Ballard and Vice chancellors Moore, Seitz and Sheerer in the amounts specified and retroactive to the dates specified in the Board materials. (See Attachment D.)

Mr. Showfety seconded the motion and it was approved with no negative votes.

Mr. Kelly moved approval to the revision of Part Seven of Section Two of the ECU Faculty Manual as presented in the Board materials. (See Attachment E.)

Mr. Greczyn seconded the motion and it passed unanimously.

Chairman Showfety asked for any other items and Mr. Durham stated the policy of the UNC Board of Governors requires that the Chancellor reports annually that the University is in compliance with the policy on employment of related persons. The report is included under the Executive and Audit Committee Board materials.

ACADEMIC AFFAIRS and STUDENT LIFE COMMITTEE REPORT

Mr. Showfety called for action items from this committee.
Mr. Greczyn moved that the candidates for degrees, as approved by the Faculty Senate, be authorized for conferral on Saturday, May 6, 2006 at the annual Spring commencement.

Mr. Butler seconded the motion and it passed with no negative votes.

FINANCE and FACILITIES COMMITTEE REPORT

Mr. Showfety asked Committee Chair Kelly for his action items.

Mr. Kelly moved that the Board approve the Stipend Policy for Non-Teaching EPS employees as outlined in the Board materials. (See Attachment F.)

The motion received unanimous approval by a voice vote.

Mr. Kelly moved that the Board approve the purchase of the house located at 610 East Tenth Street from the ECU Real Estate Foundation as outlined the Board materials.

Mr. Greczyn seconded the motion and it was approved by a voice vote.

HEALTH SCIENCES COMMITTEE REPORT

Committee Chair Hill reported that there were no action items.

Mr. Showfety stated there was a good meeting of the liaison committee yesterday and he was pleased with how this group was moving the combined effort forward with the hospital.

RESEARCH, ECONOMIC DEVELOPMENT and COMMUNITY ENGAGEMENT REPORT

Mr. Showfety asked Committee Chair Greczyn for any action items. There were none but Mr. Greczyn stated there was a two-hour meeting yesterday which was very informative. He did announce three new
appointments: Dr. Paul Gemperline, Associate Vice Chancellor, Dr. Pellicane and a new director of the office of sponsored programs, Richard Best.

ATHLETICS COMMITTEE REPORT

Chairman Showfety asked Mr. Nick Floyd to come forward and make any comments in the absence of Committee Chair Ward.

Mr. Floyd remarked that the women’s golf team captured the Conference USA championship for the first time. The tournament was hosted in Greenville at Ironwood. They will now participate in the NCAA regionals in Greensboro. This is the third regional in the last four years for this program.

Fifty student-athletes will be participating in commencement tomorrow which will represent nineteen of the twenty sports. A reception will be held for the students and their families from 11:30-1:00 and anyone who wishes to drop by will be welcome.

Mr. Floyd reiterated a point John Hudson made regarding season ticket sales which is we are well ahead of any recent years (over the 11,000 mark) and approaching the $2 million mark in revenue.

He concluded by saying they are looking to keep the momentum going through the rest of spring and summer heading into the fall.

Mr. Floyd also mentioned there were baseball games this weekend and how we preformed would determine if we would get an invitation to the NCAA tournament.

Chairman Showfety remarked that the new arrangement with ISP could not be understated. This was a progressive move on the part of the
administration to develop this alliance which should pay great dividends for
the University in the future.

NEW BUSINESS

Chairman Showfety stated there were several items of New Business
and explained the term for one of the members on the Endowment Fund
Board was due to expire at the end of June. This position has been held by
Mrs. Ward. He asked if there was any interest serving on this Board, to notify
him.

Mr. Showfety asked that a meeting date of July 24/25
(Monday/Tuesday) be considered and asked for a motion.

Mr. Kelly moved that July 25 be announced as our next meeting date.
This motion was seconded by Mr. Greczyn and approved by a voice vote.

Chairman Showfety appointed a nominating committee to bring forth a
slate of officers for consideration at the July Board meeting and asked John
Durham to give a brief historical report on this topic for the new Board
members.

Mr. Durham stated other institutions within the UNC system had been
contacted for their procedures and said there were no universal standards.
Some Boards have written a Nominating Committee into their bylaws—some
have not—as well as the number of members varying between 3 and 5. Most
of these committees bring their reports back in July, although some bring
them in September. Some institutions have officers that serve for two-year
terms. Mr. Durham’s conclusions were that there was no need to make significant changes in the way this Board chooses their officer nominations.

ECU had typically acted on the Board chair’s directive to assign three or four persons to a Nominating Committee in May to bring the slate of candidates to the July meeting. Our officers serve a one-year term.

Chairman Showfety remarked when he visited NC State they had a practice in place whereby their chair had served a six year term. Their Board opted to modify that process and now they serve a maximum of two-years.

Mr. Showfety asked Mr. Kelly to again chair that committee and asked him to solicit and/or appoint members of this committee. He stated if anyone wanted to serve, to contact Mr. Kelly directly since the report would have to come back at the July meeting. Mr. Showfety asked that there be no less than three members and no more than five.

Mr. Kelly responded that he would solicit the members this week and save the communication for the University Historian!

Chairman Showfety reminded the Board nominations would also be taken from the floor. He then asked for comments from the remaining Board members.

Mr. Austin formally offered his congratulations to the graduates and stated he was looking forward to participating in graduation tomorrow.

Mr. Tipton echoed those comments, thanked Garrie Moore for his service and wished him the best of luck in his future endeavors.
Mr. Kelly said Dr. Moore had provided invaluable assistance in difficult times and has been very accessible and for that he was very grateful. He then asked what types of documents were routinely provided to archives and what additional items would be needed. His last point was regarding University Day – for some type of visual item to set ECU apart from the others.

Mr. Greczyn gave his best wishes to Dr. Moore and a thank you to Marilyn Sheerer for her wonderful work in the filling of interim roles. He then thanked Dr. Rigsby for her service and said this continues to be an exciting time to be a pirate and thought ECU had a very bright future but it would take some work to get there.

Mr. Hill also thanked Dr. Moore and reminded the Board to stay on task with the dental school. We have a way to go but are headed in the right direction.

Mr. Redwine echoed the sentiments of the Board with regard to Dr. Moore, the graduates, and the dental school.

Mr. Butler commented that by the time we got around to his side of the table it had all been said but added his appreciation to Dr. Moore and said he would be missed. Dr. Rigsby’s reports will be missed as well and extended a welcome to Mickey Dowdy. It is a great time to be a Pirate.

Mr. Lucas echoed the sentiments of the other Board members.

Chairman Showfety offered the last word to the Chancellor who responded he had no comment.
Mr. Durham stated box lunches were available for those who wished to eat.

Hearing no further business, Chairman Showfety announced that the next full meeting of the Board would be Tuesday, July 25, 2006.

The meeting was adjourned at 12:00 noon.

_____________________________________
Stephen D. Showfety, Chairman

_____________________________________
Michael W. Kelly, Secretary

Minutes of the committee meetings are on file in the Office of the Assistant Secretary to the Board of Trustees and shall be retained for the term of this administration.
Promises Kept

EAST CAROLINA UNIVERSITY,
1980–2007

Edited by Henry C. Ferrell, Jr.
POSSIBLE SEPARATE AUDIT COMMITTEE
Executive and Audit Committee
May 5, 2006

Background:

- Situations at the UNC School of the Arts led to a 2005 BOG best financial practices task force.
- That task force recommended formation of a separate BOG audit committee.
- That BOG committee has now been formed (see BOG committee charter attached)
- That task force made Trustee committee-related recommendations (see attachment)
- At the February meeting, Trustees agreed to consider a separate BOT audit committee.

Recommendation:

Because ECU has been a leader in establishing proper reporting lines to the Trustees for internal auditing, because of the leadership shown by the Board of Governors in its task force recommendations and in forming its own audit committee, because of the national climate regarding best accounting practices (Sarbanes-Oxley), because of the basic fiduciary responsibility of the Board of Trustees to ensure compliance with General Statutes 116-30.2, 116-30.4, and 143-53.1 and to ensure an effective and independent internal audit function regarding which Trustees have understanding and oversight, the Administration recommends your study of background Attachments A, B and D and your review and discussion of Attachments C and E for any appropriate revisions and additions in preparation for final action on these matters at the July Trustee meeting.

Attachments:

A: Appendix U of the BOG February, 2006 Minutes: BOG Audit Committee Charter
B: BOG Financial Practices Task Force Recommendations
C: Draft ECU Trustee By-laws Revisions
D: Current ECU BOT Audit Committee Charter
E: Draft revised ECU Audit Committee Charter
Audit Committee Charter of the University of North Carolina Board of Governors

I. Background

All constituent institutions of the University of North Carolina, including UNC General Administration, are required by State law to have their financial audit conducted by the North Carolina Office of the State Auditor. Historically, the Office of the State Auditor has not performed non-audit services, including those prohibited by the Sarbanes-Oxley Act. The Office of the State Auditor determines staff assignments for individual audits, including rotation of Audit Managers for each audit client.

II. Purpose

To assist the UNC Board of Governors in fulfilling its responsibilities related to: ensuring that each constituent institution has an effective and independent internal audit function; ensuring that each constituent institution has an appropriate focus on ethical standards; ensuring compliance with General Statute 116-30.1; and ensuring compliance with UNC Board of Governors mandated requirements related to University-Affiliated Entities.

III. Organization

The Audit Committee shall be a standing committee of the UNC Board of Governors. The Chairman of the Board of Governors will select members of the Committee. There shall be a minimum of six (6) members. Each Committee member must be independent of management and free of any relationship that would impair such independence. Members may not receive consulting, advisory, or other fees from any of the constituent institutions or UNC General Administration.

If practicable, at least one member of the Committee should be a financial expert. A financial expert is someone who has an understanding of generally accepted accounting principles and financial statements, preferably relative to higher education; experience in applying such principles; experience in preparing, auditing, analyzing, or evaluating financial information; experience with internal controls and procedures for financial reporting; or an understanding of the audit committee function. If feasible, the role of financial expert will be rotated on an annual basis.

IV. Meetings

The audit committee shall meet no fewer than four (4) times a year. The Committee will invite representatives of the constituent institutions, external and internal auditors, representatives of the Office of the State Auditor, legal counsel, and others to attend the meetings and to provide pertinent information as requested.
V. **Duties and Responsibilities**

The following shall be the principal duties and responsibilities of this Committee:

- Monitor the internal control, management staffing, and audit finding resolution requirements set out in General Statute 116.30.1.

- Review the annual financial audits of the constituent institutions and other significant audit related communications from the State Auditor’s Office or other external audit groups.

- Request an annual overview from the State Auditor or a designated representative.

- Review and approve an annual summary of the internal audit plans submitted by each constituent institution’s and UNC General Administration’s Director of Internal Audit.

- Review an annual summary of the work performed by the Audit Committee of each institution’s Boards of Trustees. This summary should incorporate a summary report of the audits, reviews, investigations or special assignments completed by each constituent institution’s and UNC General Administration’s internal audit department. This report should also contain identified material reportable conditions and how they were resolved.

- Be available to meet during the year with the State Auditor or his staff for consultation purposes or to discuss the Auditor's judgments about the quality, not just the acceptability, of any accounting principles and underlying estimates in the preparation of a constituent institution’s or UNC General Administration’s financial statements.

- Serve as the Audit Committee for the UNC General Administration Internal Auditor.

- Review an annual report on University-Affiliated Entities.

- Develop and maintain a system-wide code of ethics.

- Participate, when necessary, in training sessions related to system-wide internal controls and internal/external audit issues.

- Request, as needed, that the State Auditor rotate the Audit Manager assigned to a constituent institution or UNC General Administration financial statement audit.

- Consult with the UNC General Administration Legal Counsel to review any legal matters that may have a significant impact on a constituent institution’s or UNC General Administration’s financial statements, overall financial performance, or compliance with applicable state, local or federal statutes.
The Committee may modify or supplement these duties and responsibilities as needed.

The Committee shall have the authority to engage, in accordance with state rules and regulations, independent counsel or other advisors as necessary to carry out its duties. UNC General Administration shall provide appropriate funding, as determined by the Committee, for payment to advisors employed by the Committee.

The Committee, with the assistance of the appropriate Vice President, should periodically review and assess the adequacy of the Audit Committee Charter.
The Task Force on Best Financial Practices makes the following recommendations.

Establishment of a Board of Governors’ Audit Committee
The Board of Governors should form a permanent Audit Committee that would meet four times a year. The Audit Committee must contain at least one member with significant financial knowledge and experience. The Audit Committee would be responsible for the following.

- Developing and maintaining a system-wide code of ethics. The Audit Committee should ensure that each constituent institution annually reminds each employee of the code of ethics and provides continuing education to ensure adherence to ethical standards.
- Developing a charter to define roles and responsibilities.
- Reviewing the annual financial reports prepared by the State Auditor for each of the sixteen constituent institutions and affiliated entities of the University.
- At the beginning of the audit cycle, reviewing and approving a summary of the annual internal audit plans for the sixteen constituent institutions and providing guidance, through the Vice President for Finance, to campus internal auditors on specific issues that should be incorporated in their audit programs.
- Reviewing an annual summary of the work performed by the Audit Committees of the institutional Boards of Trustees, including a report of the work of the campus internal auditor which indicates any identified material reportable conditions and how they were addressed.
- Reviewing an annual report on University-associated entities.
- Reviewing an annual financial report for the entire University.
- Meeting with the State Auditor or a designated representative annually.
- Participating in training sessions to better understand aspects of University finances.

Audit Committees of Boards of Trustees
The Task Force on Best Financial Practices recommends that the Board of Governors require that each campus Board of Trustees have an active Audit Committee, or alternatively a committee with the word “audit” in its title, that reports to the Board of Trustees and the Board of Governors annually on its activities. This Committee would be responsible for the following.

- Meeting with representatives of the State Auditor’s office to review the institution’s annual audit report and discuss corrective actions if needed.
- Reviewing audit reports of University-associated Entities.
- Receiving quarterly reports from the University’s internal auditor.
- The internal auditor will report to the chancellor but will also have a reporting relationship to the chair of the Audit Committee to enable the auditor to freely discuss professional issues with the Committee chair.
- Developing a charter to define roles and responsibilities. One of the responsibilities is the assurance that the institution is performing self assessments of operating risks and evaluations of internal controls on a regular basis.
• Internal audit functions will be carried out in a way that meets professional standards.
• At the beginning of the audit cycle, reviewing and approving a summary of the annual internal audit plan for the campus. At the end of the cycle, reviewing a comparison of the plan advanced to the internal audits performed.
• Prepare and forward to the Board of Governors an annual summary of the work performed by the Audit Committee, including a report of the work of the campus internal auditor which indicates any identified material reportable conditions and how they were addressed.

It will be the responsibility of the Board of Governors to insure that trustee appointments on each campus include individuals who understand financial data and can serve on the Audit Committee.

University-associated Entities
An internal working group with representatives from six campuses and the Office of the President has, under the leadership of Vice President and General Counsel Leslie Winner, drafted a set of required elements that should exist in the relationships between the University and university-associated entities. The Task Force on Best Financial Practices endorses the work of this internal working group and recommends that the President issue regulations to ensure that the constituent institutions adhere to the required elements (Attachment A).

Background Checks for Senior Officers
The Task Force on Best Financial Practices believes that senior officers in the university should be offered positions contingent upon successful criminal background investigations. Campuses should adopt guidelines to prevent them from hiring senior officers whose background indicates that they cannot be relied on to maintain the fiscal integrity of the institution.

Personal Loans
The Task Force on Best Financial Practices believes that neither campuses nor university-associated entities should make personal loans to trustees or executive officers regardless of the funding source. Any loans to other employees should only be from funds restricted for that purpose by donors. Loans to employees should be monitored by the Chief Financial Officer of the campus even if the loan is from a University-Associated Entity.
DRAFT BYLAWS REVISION

CURRENT BYLAWS:

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 and the existence of sufficient fiscal controls to administer additional authorities authorized under G.S. 116-30.2, 116-30.4, and 143-53.1.

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.
PROPOSED REVISIONS FOLLOW:

Paragraph 4 of the current Executive and Audit Committee section would be deleted and made the last paragraph of the newly written Audit Committee section, which could be called B (see below), with all other committee letters being advanced by one throughout this section.

B. AUDIT COMMITTEE. The Audit Committee shall be composed of the Chair, the Vice Chair, and the Secretary and three (3) other members of the Board appointed by the chair. If practicable, at least one member of the Committee should be a financial expert. A financial expert is someone who has an understanding of generally accepted accounting principles and financial statements.

The duties and responsibilities of the Committee are: meeting with representatives of the State Auditor’s office to review the institution’s annual audit report and discuss corrective actions if needed; reviewing audit reports of University-associated entities; receiving quarterly reports from the University’s internal auditor. Developing a charter to define roles and responsibilities, including the assurance that the institution is performing self assessments of operating risks and evaluations of internal controls on a regular basis; assuring that internal audit functions will be carried out in a way that meets professional standards; at the beginning of the audit cycle, reviewing and approving a summary of the annual internal audit plan for the campus; at the end of the cycle, reviewing a comparison of the plan advanced to the internal audits performed; preparing and forwarding to the Board of Governors an annual summary of the work performed by the Audit Committee, including a report of the work of the campus internal auditor which indicates any identified material reportable conditions and how they were addressed.

The internal auditor will report to the chancellor but will also have a reporting relationship to the chair of the Audit Committee to enable the auditor to freely discuss professional issues with the Committee chair.

The Committee shall meet upon the call of the Chair and a majority of the members of the Audit Committee shall constitute a quorum for the transaction of business. The Committee shall meet no fewer than four (4) times a year.

The Chancellor shall consult with the Audit Committee regularly concerning all matters related to the Committee’s responsibilities and annually at the Board’s fall 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 143-53.1.
Audit Committee Charter

Purpose
The primary purpose of the Audit Committee is to assist the Board of Trustees in fulfilling its oversight of the university system of internal control, the audit process, compliance with laws and regulations, and accounting practices.

Committee Membership
The Audit Committee will consist of the Chairman, Vice Chairman, Secretary, and three other members of the Board of Trustees.

Meetings
The Audit Committee will meet at least four times a year and hold additional meetings, as circumstances require. The committee will invite members of management, auditors, legal counsel, and others to attend meetings and provide pertinent information as necessary. It will also hold private meetings with the Director of Internal Audit if deemed necessary. Meeting agendas will be prepared and provided in advance to committee members, along with appropriate briefing materials. Minutes of the meeting will be maintained.

Responsibilities
Responsibilities of the Audit Committee will include the following:

- Approve the annual internal audit plan and monitor progress quarterly.
- Review and accept internal audit reports when issued.
- Periodically review and revise the internal audit charter as needed.
- Confirm and assure the independence of the internal audit function.
- Review and concur in the appointment, replacement, or dismissal of the Director of Internal Audit and the compensation package.
- Review and assure the internal audit function has appropriate budget and staff resources.
- Meet privately with the Director of Internal Audit as deemed necessary.
- Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors’ Standards for the Professional Practice of Internal Auditing.
- Resolve disagreements between internal audit and management concerning audit findings and recommendations.

Approved by Board of Trustees 10/24/03
Background

All constituent institutions of the University of North Carolina (UNC) are required by State law to have their financial audit conducted by the North Carolina Office of the State Auditor. Historically, the Office of the State Auditor has not performed non-audit services, including those prohibited by the Sarbanes-Oxley Act. The Office of the State Auditor determines staff assignments for individual audits, including rotation of Audit Managers for each audit client.

Purpose

To assist the East Carolina University Board of Trustees in fulfilling its oversight responsibilities for (1) the integrity of the University’s financial statements, (2) the University’s compliance with legal, regulatory, and ethical requirements, (3) the performance of the University’s internal audit function, and (4) the University’s compliance with the Best Financial Practices Guidelines adopted by the UNC Board of Governors in November of 2005.

Organization

The Audit Committee shall be a standing committee of the ECU Board of Trustees and will consist of the Chairman, Vice Chairman, Secretary and three other members of the ECU Board of Trustees. Each Committee member must be independent of management and free of any relationship that would impair such independence.

If practicable, at least one member of the Committee should be a financial expert. A financial expert is someone who has an understanding of generally accepted accounting principles and financial statements; experience in applying such principles; experience in preparing, auditing, analyzing, or evaluating financial information; experience with internal controls and procedures for financial reporting; and an understanding of the audit committee function. If feasible, the role of financial expert will be rotated on an annual basis.

Meetings

The audit committee shall meet at least four times a year and hold additional meetings as circumstances require. The Committee will invite representatives of management, auditors, legal counsel, and others to attend meetings and provide pertinent information as necessary. It will also hold private meetings with the Director of Internal Audit if deemed necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes of the meetings will be prepared.
Duties and Responsibilities

The following shall be the principal duties and responsibilities of this Committee:

Per UNC-BOG:

- Meet at least quarterly during the year.
- Review the results of the annual financial audit with the North Carolina State Auditor or his designated representative.
- Discuss the results of any other audit performed and report/management letter (i.e. information system audits, investigative audits, etc.) issued by the North Carolina State Auditor with either the State Auditor or his staff, the Director of Internal Audit, or appropriate campus official.
- For any audit finding contained within a report or management letter issued by the State Auditor, review the institution’s corrective action plan and receive a report once corrective action has taken place.
- Discuss the results of any audit performed by independent auditors and, if there were audit findings, review the institution’s corrective action plan and receive a report once corrective action has taken place.
- Review all audits and management letters of University Associated Entities as defined in section 600.2.5.2[R] of the UNC Policy Manual.
- Receive quarterly reports from the Director of Internal Audit that, at a minimum, reports material (significant) reportable conditions, the corrective action plan for these conditions and a report once these conditions have been corrected.
- The Director of Internal Audit reports to the Chancellor with a clear, recognized reporting relationship to the chair of the BOT Audit Committee.
- Receives, reviews, and approves the annual audit plan for the internal audit department, which is based upon the results of an institutional risk assessment, testing of internal controls and audits as outlined by the UNC General Administration. The audit tests or worked required by UNC-GA includes:
  - A review of the Internal Control Questionnaire issued by the North Carolina Office of the State Controller and completed by the divisional and departmental managers.
  - An audit of institutional flexibility expenditures for the year and a report forwarded to the Chancellor for their review.
  - Audit work related to compliance with the misuse of state property statute (G.S. 114-15.1).
  - Some level of testing of institutional compliance with state and federal rules and regulations.
  - Some level of testing of receipts and expenditures.
  - Some level of testing of information and network systems general internal controls.
- Ensure that all internal audits were conducted in accordance with professional standards.
• Receive and review an annual summary of audits performed by the internal audit department.
• Forward copies of both the approved audit plan and summary of internal audit results to UNC General Administration in the prescribed format.

Other:
• Review and concur in the appointment, replacement, or dismissal of the Director of Internal Audit and the compensation package.
• Meet privately with the Director of Internal Audit as deemed necessary.
• Review and assure the internal audit function has appropriate budget and staff resources.
• Review and accept internal audit reports when issued.
• Periodically review and revise the internal audit charter as needed.
• Resolve disagreements between internal audit and management concerning audit findings and recommendations.

The Committee, with the assistance of the Director of Internal Audit should periodically review and assess the adequacy of the Audit Committee Charter.
I. Purpose:

To establish a comprehensive automobile policy for East Carolina University, its Colleges, departments, and affiliated organizations in accordance with Section J of East Carolina University's Plan for Management Flexibility to Appoint and Fix Compensation, entitled "East Carolina University Policy on Non-Salary Compensation for Employees Exempt from the State Personnel Act (hereinafter referred to as "ECU Non-Salary Compensation Policy")."

II. Automobile Allowances:

The automobile allowance for the Chancellor must be approved by the President and the allowance for Vice Chancellors must be approved by the Chancellor and the ECU Board of Trustees.

Associate Vice Chancellors, Deans, Foundation Presidents, and other designated staff who routinely travel representing the university and its affiliated organizations may also receive an allowance in accordance with the ECU Non-Salary Compensation Policy.

The automobile allowance will be based on the typical monthly lease payment for a fleet vehicle, plus insurance and taxes. A mileage allowance will be included to eliminate the need to keep a mileage log. The allowance will be adjusted to cover incremental tax liability. The allowance will be paid in equal semi-monthly installments via payroll. An attached schedule shows the recommended car allowance rates. (These rates will be periodically reviewed and adjusted). Funding for automobile allowances is to be made from Institutional Trust Funds or Foundation accounts. Any exceptions to the allowances on this schedule must be approved by the Vice Chancellor of Administration and Finance, the Chancellor and, when appropriate, by the Board of Trustees.
III. Leased or Purchased Vehicles:

The University, its colleges, departments, organizations, and foundations may not lease or purchase a passenger vehicle for the use of any individual or group of employees who travel on university business. Passenger vehicles to support athletics or other university programs may be an exception to this policy, with the prior written approval of the Vice Chancellor of Administration and Finance.

IV. Motor Pool Vehicles:

Associate Vice Chancellors, Deans, Foundation Presidents, and other key employees who routinely travel at least 1,000 miles per month may have a vehicle from the motor pool assigned to them for their business travel, with the prior written approval of the appropriate Vice Chancellor, with a copy to the Vice Chancellor for Administration and Finance.

V. Courtesy Cars

Car dealers often support University affiliated organizations through ECU affiliated Foundations by providing courtesy cars. Each employee receiving a courtesy car must establish a written reasonable basis for needing the car and the appropriate Vice Chancellor must approve it in writing with a copy to the Vice Chancellor for Administration and Finance. It is understood that the Pirate Club has a courtesy car program established with certain Pirate Club donors and that this program will continue. In all cases, employees will be required to maintain a mileage log for reimbursement of travel miles, and for the determination of business and personal miles traveled, for IRS reporting requirements.
**EAST CAROLINA UNIVERSITY**  
**AUTOMOBILE ALLOWANCE RATES**  
*(Effective July 1, 2005)*

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### BASIS FOR AUTOMOBILE ALLOWANCE:

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### Proposed Automobile Allowances

**Effective January 1, 2005**

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**Effective July 1, 2005**

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<td>Sheerer</td>
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Note: The Chancellor’s allowance is based on 10,000 miles per year. The Vice Chancellors’ are based on 5,000 miles per year.
FACULTY GOVERNANCE COMMITTEE REPORT

Proposed revisions to the ECU Faculty Manual,
Part VII. Research Information, Section II. Patent Procedures of East Carolina University

The Faculty Governance Committee proposes the following new text for Part VII., Section II. replacing all of the old text.

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East Carolina University Faculty Manual

PART VII.
RESEARCH INFORMATION

II. PATENT PROCEDURES OF EAST CAROLINA UNIVERSITY

A. General
1. As defined by the patent and copyright policies of the Board of Governors, to which these procedures are expressly subject, East Carolina University has an interest in all inventions of University personnel (Disclosing Party) that are conceived or first actually reduced to practice as a part of or as a result of University research, activities within the scope of the Disclosing Party’s employment by the University, or activities involving the use of University time, facilities, staff, materials, University information not available to the public, or funds administered by the University.
2. The University may also have an interest in inventions under the terms of contracts, grants, or other agreements. Faculty, staff, and students whose inventions are made on their own time and without University facilities, materials, or resources and which inventions are, therefore, their exclusive property as specified by the patent and copyright policies may avail themselves of the opportunity to submit the invention to the University for consideration of possible patenting and/or commercial exploitation and management under terms to be agreed between the Disclosing Party and the University.
3. The provisions of the patent procedures are subject to any applicable laws, regulations, or specific provisions of the grants or contracts, which govern the rights in inventions made in connection with sponsored research.
4. Under the terms of certain contracts and agreements between the University and various agencies of government, private and public corporations, and private interests, the University is or may be required to assign or license all patent rights to the contracting party. The University retains the right to enter into such agreements whenever such action is considered to be in the best interest of the University or the public. Ordinarily the University will not agree to assign rights in future inventions to private corporations or businesses.

B. Responsibilities of University Personnel

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1. University personnel who, either alone or in association with others, make and/or conceive an invention within the scope of their University employment, in which the University has or may have an interest, shall disclose such inventions in a timely manner on forms provided for this purpose by the Office of Technology Transfer [http://www.research2.ecu.edu/ott/inventors/inventors1default.htm](http://www.research2.ecu.edu/ott/inventors/inventors1default.htm). The Office of Technology Transfer will promptly acknowledge its receipt of completed disclosure forms and will distribute such forms as soon as practicable to the University Patent/Intellectual Property Committee (Committee) for consideration. The Committee will strive to preserve the right to timely publication by faculty.

The Committee will review each written disclosure promptly. The Disclosing Party or his or her representative shall be allowed to examine all written materials submitted to the Committee in connection with his or her disclosure and to make a written and, where practical, oral presentation to the Committee. The Committee will decide on the proper disposition of the invention to secure the interest of the University, the Disclosing Party, the sponsor, if any, and the public. The Committee's decision may include, but is not limited to, one or a combination of the following:

- to submit the disclosure for review by a patent or invention management firm;
- to make inquiries of potential licensees that may have an interest in the invention, including the financing of a patent application, where applicable;
- to study the practicality of applying for a patent with available University resources;
- in proper cases, to release its rights to the Disclosing Party subject to an agreement to protect the interests of the University, the sponsor if any, and the public, including an obligation to pay to the University a percentage of future royalties; and
- to dedicate the invention to the public.

The Committee will strive to review and consider the merits of each disclosure as soon as practicable given the circumstances surrounding the disclosure, but not longer than within three months from the time of disclosure to the University. The Disclosing Party will be notified in writing of the decision of the Committee on (1) the equities involved including financial participation, (2) whether the University plans to file a patent application, or (3) whether the University will accept assignment of the invention for patenting, licensing and/or commercial handling as applicable. If the University chooses neither to file a patent application or otherwise make available commercially nor to dedicate to the public an invention in which it asserts its rights, the invention, at the Committee's discretion, may be released in writing to the Disclosing Party, with the permission of the sponsor, if any.

If, after the University has filed a patent application, it decides to abandon the patent, the Disclosing Party will be promptly notified in writing, and all rights at the Committee's discretion may be released by written agreement to the Disclosing Party, with the permission of the sponsor, if any.

In those cases in which the University has obtained a patent without obligation to sponsors and, if no arrangement has been made for commercial development within a reasonable period from the date of the issuance of the patent, the Disclosing Party may request in writing a release of the University's patent rights. The Committee will promptly either grant the request or will advise the Disclosing Party of the University's plans for the development of the invention.
As to any invention in which the University has an interest, the Disclosing Party, upon request, shall execute promptly all contracts, assignments, waivers, or other legal documents necessary to vest in the University or its assignees any or all rights to the invention, including complete assignment of any patents or patent applications relating to the invention.

2. University personnel may not:
   a. sign patent agreements with outside persons or organizations which may abrogate the University's rights and interests as stated in the patent policy or as provided in any grant or contract funding the invention or
   b. without prior authorization use the name of the University or any of its units in connection with any invention in which the University has an interest.

C. Publication and Public Use

The University strongly encourages scholarly publication of the results of faculty and student research. Though the patent and copyright policies do not limit the right to publish, except for short periods of time necessary to protect patent rights, publication or public use of an invention constitutes a statutory bar to the granting of a United States patent for the invention unless a patent application is filed within one year of the date of first publication or public use. Publication or public use also can be an immediate bar to patent ability in many foreign countries.

In order to preserve rights in unpatented inventions, it shall be the duty of the Disclosing Party, or of his or her supervisor, if the Disclosing Party is not available to report immediately to the Office of Technology Transfer any publication, submission of manuscript for publication, sale, public use, or plans for sale or public use, of an invention. All disclosures of a University invention or unpublished research data supporting an invention to non-University individuals or organizations shall be preceded first by execution of a confidentiality agreement and/or materials transfer agreement through the Office of Technology Transfer. In all instances a written record shall be maintained containing the date and extent a disclosure was made, the name and address of the person to whom the disclosure was made, and the purpose of the disclosure.

After disclosure to the Committee, the Disclosing Party shall promptly notify the Office of Technology Transfer of the acceptance for publication of any manuscript describing the invention or of any sale or public use made or planned by the Disclosing Party.

D. Requests for Waiver of University Rights by the Disclosing Party

If the Disclosing Party believes that the invention was made outside the general scope of his or her University duties and does not choose to assign the rights of the invention to the University, the Disclosing Party shall, in the invention disclosure, request that the Committee determine the respective rights of the University and the Disclosing Party in the invention and shall also include in the disclosure information on the following points:

1. the circumstances under which the invention was made and developed;
2. the employee's official duties at the time of the making of the invention;
3. whether he or she requests waiver or release of any University claims or acknowledgment that the University has no claim;
4. whether he or she wishes a patent application to be prosecuted by the University, if it should be determined that an assignment of the invention to the University is not required under the patent and copyright policies; and
5. the extent to which he or she would be willing voluntarily to assign domestic and foreign rights in the invention to the University if it should be determined that an assignment of the invention to the University is not required under the patent and copyright policies.

E. Revenue Sharing

1. The University shall share revenue, which it receives from patents or inventions with the Disclosing Party. As noted in the section above, specific provisions of grants or contracts may govern rights and revenue distribution regarding inventions made in connection with sponsored research; consequently, revenues the University receives from such inventions may be exclusive of payments of revenue to sponsors or contractors. Moreover, the University may contract with outside persons or organizations for the obtaining, managing, and defending of patents, and any revenue contractually committed to such persons or organizations may be deducted before revenues accrue to the University, unless a license agreement otherwise specifies reimbursement of such expenses by the licensee.

2. The Office of Technology Transfer shall strive to require the licensee to pay for all past, present, and future patent expenses, in addition to negotiate fees and/or royalties for each invention. All remaining revenues after payment of these expenses (net income) (per the preceding paragraph) shall be distributed to the disclosing party in a manner consistent with the University License Income Distribution Policy, which can be found at http://www.research2.ecu.edu/ott/inventors/incomedistrib.htm but in an amount no less than a distribution of 50 percent of the first $100,000 net and 25 percent net thereafter. Applicable laws, regulations or provisions of grants or contracts may, however, require that a lesser share be paid to the Disclosing Party. In no event shall the share payable to the Disclosing Party in the aggregate by the University be less than 15 percent of gross revenues received by the University.

3. To the extent practicable and consistent with State and University budget policies, the remaining revenue received by the University from an invention will be dedicated to research purposes, including research in the Disclosing Party’s department or unit, if approved by the Chancellor upon recommendation of the Committee.

F. Administration

1. The University recognizes that the evaluation of inventions and discoveries and the administration, development, and processing of patents and licensable inventions involve substantial time and expense and require talents and experience that may not be available within the University, therefore the University may contract with non-University third party experts in technology licensing.

2. The Committee shall be represented by at least one representative from each academic school or college. Administrative oversight shall be provided by the Vice Chancellor for Research and Graduate Studies. The Committee shall review and recommend to the Chancellor or his or her delegate changes in these procedures, decide upon appropriate disposition of invention disclosures, resolve questions of invention ownership, recommend to the chancellor the expenditure of license revenues, and make such recommendations as are deemed appropriate to encourage disclosures and assure prompt and effective handling, evaluation, and prosecution of invention opportunities and to protect the interests of the University and the public."
Approved: pending
Faculty Senate Resolution #06-15

Established: UNC Board of Governors, March 1984
II A. ECU Supplemental Pay Policy for Employees Exempt from the State Personnel Act (NT-EPA)

General Administration's management flexibility guidelines require each campus to develop a supplemental pay (stipend) policy. The attached was developed by a campus committee and approved by the Executive Council. We are using this an interim policy until the Board of Trustees provides final approval.
(INTERIM)

ECU SUPPLEMENTAL PAY POLICY

FOR

EMPLOYEES EXEMPT FROM THE STATE PERSONNEL ACT (NT-EPA)

I. Introduction

East Carolina University (hereinafter “ECU”) recognizes that certain circumstances may warrant the award of additional temporary compensation (supplemental pay) to Non-teaching EPA (NT-EPA) employees (note: for purposes of this policy non-teaching EPA employees occupy those positions that are not subject to the State Personnel Act and are classified in one of three categories: 1) NT-EPA Instructional or Research, 2) Senior Academic Administrative Officer Tier-I, or 3) Senior Academic Administrative Officer Tier-II). The policies governing additional compensation for teaching faculty is contained in Part VI.I, General Personnel Policies of the ECU Faculty Manual. The objective of this regulation is to set forth the conditions under which a non-teaching EPA employee may receive additional temporary compensation and the approval process that must be followed.

II. Scope

The Supplemental Pay Policy is intended to address two situations:

A. Temporary increases in responsibility during the employee’s normal work hours or contract period.
B. Extra duties performed outside the employee’s job description and outside of normal work hours or that add extra work hours in addition to those spent on normal job duties.

Supplemental pay is not a bonus for performance. Employees who are eligible for overtime under FLSA regulations must not be given supplemental pay in lieu of overtime.

This regulation applies to additional temporary compensation paid to NT-EPA employees of ECU from all sources. It does not cover any benefit-related compensation that may be received by the employee (i.e. annual leave payout, car allowances, etc.). Also, this policy does not cover pay for external activities. The policies covering Faculty and Professional Staff income derived from external activities for pay are governed by Part VI-V of the Faculty Manual.

III. Eligibility

NT-EPA employees are occasionally assigned administrative duties that are not associated with their existing appointment, nor anticipated to become regular assignments on a permanent basis. In these cases, additional temporary compensation, which may also take the form of a temporary stipend, may be appropriate. Examples include, but are not limited to, assignments of one year or less as coordinators of undergraduate, graduate, or special programs. Interim appointments to a higher level of administrative responsibility, such as interim director or head of a unit may also justify additional temporary compensation for a limited period of time.
Additional compensation is not authorized for activities and assignments that are reasonable expectations of the individual's current appointment on a temporary basis, such as special projects, task forces, campus committee assignments, etc.

No temporary assignment should exceed twelve (12) months. Justification for an extension request must be presented through the normal approval request process outlined in this policy.

**Eligibility by category is listed below:**

**SAAO Tier I** – Tier I Senior Academic and Administrative Officers do not typically receive additional temporary compensation. However, should there be a compelling reason to adjust a Tier I officer’s salary for a short duration, such as due to an “acting capacity”, it should be accomplished by following the approval process as outlined in the ECU Management Flexibility Plan (Attachment C-2).

**SAAO Tier II & NT-EPA, Instructional or Research** - Additional temporary compensation to employees in this group may be considered only under exceptional circumstances, and must have the recommendation of the provost or the division vice chancellor, review by the Director of EPA Administration and the prior approval of the Chancellor or his/her designee.

**IV. Definitions**

A. **Compensation Within the Employee's Contract/Appointment Period**: A NT-EPA employee's regular annual salary represents the full compensation for duties to be performed within the scope of the contract/appointment paid to the employee during the period of time the employee is under contract with ECU. This is the regular annual salary that is stated in an employee's contract letter.

B. **Additional Compensation**: Compensation paid to an employee by the university from ECU sources, including foundations, in excess of the employee's regular annual salary for the performance of administrative duties beyond the scope of the employee's contract/appointment. Such compensation may be within or outside of the employee's contract/appointment period.

1. **Additional Compensation within the Employee's Contract/Appointment Period**: Compensation paid by ECU to a NT-EPA employee from any source that is approved and is in addition to the employee's regular annual salary as stated in the employee's appointment/contract letter.

2. **Additional Compensation Outside of an Employee's Contract/Appointment Period**: Compensation received by a NT-EPA employee from ECU sources that is received outside of the stated contract period and is in addition to the employee's regular annual base salary as stated in the employee's contract letter (NOTE: there is no outside of contract period for 12-month employees).

**V. Approval Request Process**

Requests for additional compensation must be approved in writing prior to the time the NT-EPA employee is to begin performing the additional duties.

The following steps must be completed and documented before supplemental pay can be authorized:

A. A written request stating the justification for supplemental pay in advance of the start of the special assignment must be approved by the employee’s supervisor.
B. The request must clearly identify the activities covered, the relationship of the activities to the employee's regularly assigned job responsibilities, the expected duration, and the basis for determining payment.

C. The request must be made to the appropriate administrator (Department Head, Dean, Provost/Vice Chancellor, etc.)

D. If approved by the Provost/Vice Chancellor, the request should be forwarded to the Director for EPA Administration for review and forwarding to the Chancellor for final decision by the Chancellor or his/her designee.

E. Documentation of supplemental compensation payments must be maintained in the employee's personnel file.

VI. Limits on Additional Compensation (Maximum Amounts Allowable)

Limits on additional temporary compensation represent the maximum amount a NT-EPA employee may be paid from all ECU sources and are based upon the employee’s annual salary rate as stated in the contract letter. The limit differs depending on whether the employee receives the additional compensation within or outside of their contract/appointment period.

A. Limits on Additional Compensation Paid Within the Contract/Appointment Period

The maximum additional compensation that may be received during an employee's contract/appointment period is limited to 25% of the annual salary rate earned during the specified period unless extraordinary compelling justification is provided and approval is obtained from the appropriate Vice Chancellor and/or the Chancellor for an exception.

B. Limits on Additional Compensation Paid Outside of Contract/Appointment Period

Total additional compensation that may be received outside of an employee's contract/appointment, (i.e. three months for a 9-month employee), would be equal to the annual salary divided by the number of contract/appointment months multiplied by the number of non-contract months. For example, a 9-month NT-EPA employee with a full-time annual salary of $36,000 would have an outside-of-contract-period salary cap of $12,000 ($36,000/9 = $4,000 x 3 = $12,000). This section does not apply to 12-month employees, since there is no outside period of employment for 12-month employees.

VII. Record Retention

Original supporting documentation for the additional compensation approved and paid to a NT-EPA employee must be retained in the hiring unit’s personnel file for a period of five years from the additional compensation payment date and in the Human Resources Office files permanently since this documentation constitutes an item contained in the official personnel file. If documentation is in support of expenditures charged to a contract and/or grant account, the documentation must be retained for 5 years after termination of the contract and/or grant.

Approvals:

Chancellor/Executive Council: February 15, 2006