



WINSTON-SALEM STATE UNIVERSITY

Audit Committee

Thursday, September 15, 2016

10:00 a.m.

Chancellor's Conference Room

200 Blair Hall

OPEN SESSION MINUTES

Board Members Present

Pradeep Sharma, Audit Committee Chair (teleconference)

Karen McNeil-Miller (teleconference)

Robert Clark

Jerry (Mike) Short

Debra Miller, Ex-officio

University Staff Present

Elwood Robinson, Ph.D., Chancellor

Shannon B. Henry, Chief Audit, Risk and Compliance Officer

Ivey Brown, Interim General Counsel

Dr. Brenda Allen, Provost

Dr. Randy Mills, Vice Chancellor of Finance and Administration

Frank Lord, Controller

George Knox, NCAA Compliance Officer

Aaron Leftwich, Director of Environmental Health and Safety

Rod Isom, Audit Manager

Carla Reaves, Internal Auditor

Sara Pinion, Internal Auditor

I. Call to Order

The meeting was called to order at 10:02 a.m. by Robert Clark. A quorum was confirmed.

II. Approval of Minutes

Robert Clark moved to approve the June 9, 2016 Open Session Minutes. Debra Miller seconded the motion and it was unanimously approved.

III. Discussion of External Audit/Reports

- Mrs. Henry stated the OSA Financial Statement Audit is underway – No issues to report at this time.
- Mrs. Henry discussed the university’s Letter of Certification regarding its annual self-assessment of internal controls
 - The Letter of Certification is the university’s attestation on its system of internal control and its responsibility to establish and maintain controls regarding:
 - i. Reliable financial reporting,
 - ii. Compliance with laws and regulations, and
 - iii. Efficient and effective operations
- Mrs. Henry identified the university’s associated entities and discussed UNC General Administration’s (UNC-GA) policy regarding the Required Elements of University-Associated Entity Relationships.
 - WSSU’s Associated Entities are as follows:
 - i. Simon Green Atkins (S.G. Atkins) Community Development Corporation
 - ii. Winston-Salem State University Foundation, Inc. and Subsidiary
 - iii. Winston-Salem State University National Alumni Association, Inc.
 - UNC-GA requires the following regarding Associated Entities:
 - i. Annual CPA Audit. The Associated Entity must provide copies of the audit report and any other communications such as management letters, to the Chancellor, BOT, UNC President and the BOG.
 - ii. Audit Findings. Must demonstrate within 90 days of the issuance of the audit report to the university’s Chancellor and CFO that satisfactory progress has been made toward implementing corrective action plans.
 - iii. Failure to comply may result in the Associated Entity losing its approved status.

IV. University Compliance Matters

Mrs. Henry informed the committee George Knox, NCAA Compliance Officer and Aaron Leftwich, Director of Environmental Health and Safety, have nothing to report to the committee at this time.

V. Completion of the 2015-2016 Internal Audit Plan (summary)

- Mrs. Henry informed the committee Internal Audit completed audits and advisory services resulting in reports with **22** findings that produced **44** written recommendations and **15** verbal recommendations for improvements in the following University Departments: Ticket Office, Admissions Office, Finance and Administration, Police and Public Safety, Registrar’s Office, Controller’s Office, Student Financial Aid, Athletics, Human Resources, Facilities, and Environmental Health and Safety.

- Reviews also included **2** written follow-ups on prior year reports with audit findings.
- Mrs. Henry reported further that management has resolved **64%** of previous Internal Audit findings and the university has implemented **71%** of Internal Audit's recommendations. This represents a slight increase from last year's 67% implementation rate and meets Internal Audit's target recommendation implementation rate of 70%.

VI. 2016-2017 Internal Audit Plan Activity Update (summary)

- Mrs. Henry also informed the committee that as of August 31, 2016, Internal Audit has completed audits and advisory services resulting in reports with **2** findings that produced **3** written recommendations and **3** verbal recommendations for improvements in the following University Departments: Purchasing, Facilities, the Office of Sponsored Programs, and Student Affairs.
- The Office has conducted numerous consults with University personnel that resulted in email or verbal communications in lieu of formal reports.
- Mrs. Henry provided that all vacancies have been filled; Internal Audit has a current staff of 5 full-time employees.
- Mr. Isom discussed the Title III Post Follow-Up Review. The review identified observations of noncompliance with federal rules related to federal suspension and debarment. Mr. Isom informed the committee that management is in the process of implementing corrective actions.
- Mrs. Henry discussed a review of the Homecoming Parade. Observations of control deficiencies related to the accounting for Homecoming Parade activities were identified and communicated to management. Mrs. Henry stated, management is in the process of implementing corrective actions.

VII. Approval of the 2016-2017 Risk Assessment and Internal Audit Plan

- Mrs. Henry requested the Audit Committee's approval of the 2016-2017 Risk Assessment and Internal Plan. Audits added to the plan for FY 2017 include:
 - i. HR-Payroll Processing
 - ii. Business Services - Risk Management
 - iii. IT Operations
 - iv. Fraud Risk Assessment.
- Robert Clark moved to approve the 2016-2017 Internal Audit Plan. Pradeep Sharma seconded the motion and it was unanimously approved.

VIII. Other Business

Mrs. Henry presented to the committee the university's approach to implementing Enterprise Risk Management (ERM). She discussed that the jurisdictions of the Audit Committee and the Internal Audit Office have been expanded to include ERM and compliance monitoring. She will be establishing new charters for review and approval by the committee.

IX. Closed Session

Mike Short read the motion to go into closed session @ 10:41 a.m. to prevent the disclosure of privileged information under N.C.G.S. 143-318.11(a) (1) and internal auditor's work papers under Section 116-40.7 of the N.C.G.S. The motion was seconded by Robert Clark and unanimously approved.

X. Return to Open Session

Robert Clark moved and Karen McNeil-Miller seconded the motion to come out of closed session. The motion passed.

XI. Adjournment

Robert Clark moved and Karen McNeil-Miller seconded the motion to adjourn the meeting at 11:00 a.m.

The next WSSU Audit Committee meeting will be held on Thursday, December 8, 2016 at 10:00 a.m.

Submitted by:
Carla Reaves
Internal Auditor