

**SPECIAL CALLED MEETING
COMMITTEE ON LEGAL, AUDIT, RISK, AND COMPLIANCE
Friday, February 14, 2025
11:30 a.m.**

The Committee on Legal, Audit, Risk, and Compliance (LARC) of the Fayetteville State University Board of Trustees convened on Friday, February 14, 2025, for a special called meeting. Committee Chair Glenn Adams called the meeting to order at 11:32 a.m.

ROLL CALL

The following trustees were in attendance in person: Mr. Glenn Adams, Dr. Warren McDonald, Mr. John McFadden, Mr. Frederick Nelson, Mr. Jerry Gregory, and Dr. Kimberly Jeffries Leonard.

Staff persons in attendance were Chancellor Darrell Allison, Vice Chancellor Wanda Jenkins, and Mr. Jesse Chroman.

EXTERNAL AUDIT UPDATE

Mr. Jesse Chroman, the Director of Internal Audit, discussed the results of the Office of State Auditors Exit Conference held on February 14, 2025. The State Auditors conducted three (3) audits.

- (1) Financial Statement Audit (Year End June 30, 2024): Issued on 12/10/2024, no findings were identified.
- (2) Title III: The report issuance date is to be determined and will be included in the statewide compliance report. There were no identified findings and no reportable conditions.
- (3) Student Financial Aid: The report issuance date is to be determined and will be included in the statewide compliance report. There were no identified findings and no reportable conditions.

The Office of State Auditors was very complimentary of FSU's staff on the relationships built and how they collaborated in collecting the necessary data needed to complete the audit.

Trustee Glenn Admas commented tremendous work on a clean audit conducted by the NC Office of State Auditor.

EXTERNAL COMPLIANCE REVIEW UPDATE

Mr. Chroman presented the findings from the external compliance review prepared by the NC Department of Administration. The Department of Administration now requires an External Compliance Review to recur every 18 months. This review covered all purchases

from July 1, 2023, through June 30, 2024. The January 31, 2025, report contained three (3) findings.

(1) Purchasing Flexibility Costs and Statewide Term Contracts

(2) Internal Purchasing Policy not followed

(3) No record keeping and maintenance of procurement files (related to the fraud that occurred in 2023).

Mr. Chroman noted that there has been satisfactory progress in enhancing policy and procedures to ensure that the identified findings do not happen again. FSU kept its previous rating of "Medium Risk."

Lastly, Mr. Chroman provided additional compliance updates. The Systems Office issued a new regulation (1300.7.2[R]) on November 7, 2024. Internal Auditors are now required to assess compliance. Upon assessing compliance with the new regulation, Mr. Chroman concluded that as of January 29, 2025, the University was not in compliance with the regulation. However, the University has made progress towards alignment. Full compliance is anticipated prior to the next scheduled review. FSU's certification was submitted to the Systems Office on January 31, 2025. Mr. Chroman informed the committee that this will be an ongoing process. FSU will be recertified every January 31st.

The Office of State Budget Management is requesting a Risk-Based Audit Plan Validation, which will include a review of FSU's risk assessment presented to the Board last summer. Mr. Chroman submitted the Risk-Based Audit Plan Validation to OSBM and is awaiting their response.

An External Quality Assessment Report is planned for the Fall of 2025. A review of multiple audits performed by the Director of Internal Audit will be conducted.

Chancellor Allison shared his excitement in having an internal auditor to assess our compliance with policies and to make corrections. Gone are the days to having only external controls. Trustee Glenn Adams commented on the quick turnaround from the November 7th issuance of Policy 1300.7.2[R] and that he is glad the University is making swift changes to comply. Trustee Kimberly Jeffries Leonard and Trustee Frederick Nelson also affirmed the work of the Internal Auditor.

ADJOURNMENT

The Committee on LARC adjourned at approximately 11:48 a.m.

Respectfully submitted,

Glenn Adams, Committee Chair

Tamara Davis, Recorder