



**Board of Trustees
Committee Meeting
Rudolph Jones Student Center
Room 242**

**Committee on Legal, Audit, Risk and Compliance
Wednesday, September 25, 2024
11:45 am**

AGENDA

Call to Order	Glenn Adams, Committee Chair
Welcome and Opening Remarks	Glenn Adams
Roll Call	Karen Bussey
Approval of Minutes:	June 12, 2024

Information Items:

A. Internal Audit Update	Jesse Chroman <i>Director of Internal Audit</i>
B. Legal, Audit, Risk, and Compliance	Wanda L. Jenkins <i>General Counsel & VC for LARC</i>

Action Items:

LARC-1 Approval of 2024-25 Internal Audit Work Plan

Committee Members: Glenn Adams, Warren McDonald, John McFadyen, Frederick Nelson, Jerry Gregory, Kimberly Jeffries Leonard

Staff Liaison: Wanda Jenkins
Board Professional: Tamara Davis

For further information, please contact:
Wanda Jenkins
General Counsel and Vice Chancellor for Legal, Audit, Risk and Compliance
910.672.1145

COMMITTEE ON LEGAL, AUDIT, RISK, AND COMPLIANCE
Wednesday, June 12, 2024
11:25 a.m.

The Legal, Audit, Risk, and Compliance (LARC) Committee of the Fayetteville State University Board of Trustees convened Wednesday, June 12, 2024, at 11:30 a.m. in the Rudolph Jones Student Center, Multi-Purpose Room 242, and via Microsoft Teams. The meeting was called to order at 11:30 a.m., by Dr. Kimberly Jeffries Leonard.

ROLL CALL

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

APPROVAL OF MINUTES

It was moved by Trustee Kimbelry Jeffries Leonard and seconded by Trustee Frederick Nelson that the March 27, 2024, minutes be approved, as distributed. The motion carried.

LARC UPDATE

Vice Chancellor Jenkins introduced Dr. Elizabeth Hunt, Assistant Vice Chancellor for Risk and Compliance to provide an update on the mission of the Office of Risk and Compliance. The Office of Risk and Compliance provides resources, training, and oversight to ensure a safe, accessible, inclusive and welcoming University community. LARC periodically issues Compliance alerts to the campus community. These alerts provide information and guidance and ensure compliance with various policies, regulations and laws—such as updates on student accommodations, the Pregnant Workers Fairness Act, Title IX, first amendment and free speech annual notification, and the protection of minors on campus.

Hunt also discussed the Title IX regulations changes. On April 19, 2024, the U.S. Department of Education released its final rule revising the previously issued Title IX regulation. Campus changes must be made by August 1, 2024. LARC will work diligently this summer to update all FSU Title IX policies, procedures and materials. Additionally, LARC will provide training to FSU Campus to include Board of Trustees.

Deputy Chief Officer Clowney discussed the mission of the Police and Public Safety which included creating a safe and secure living and working environment through proactive engagement. The department consists of 8 divisions, including the Administrative/Records Unit, Communications Center, Patrol, Investigations, Property Security, Traffic and Parking Services, Clery Compliance, and Emergency Management.

The Police and Public Safety purchased several new pieces of equipment to enhance the safety and security activities, such as ATVs and Defender Tracks and enhanced mobile features. We are in the process of ordering the License Plate Recognition which will enable effective and efficient parking enforcement.

The New Patrol Substation will occupy a unit in Bronco Mid-town that will house DPPS patrol officers. Fayetteville Police Department and Cumberland County Sheriff's Department officers will also use the space. The substation will increase safety and security in the area and result in enhanced community relations with university members, business owners and community residents.

Trustee Glenn Adams asked about the visibility of the police office on the Murchison and Landon Road regarding the signs and the tractor trailers. Deputy Chief Clowney advised that these concerns are a priority for the department, and they have held previous meetings to address the safety concerns.

Mr. Jesse Chroman, Director of Internal Audit provided an update on the recent financial and investigative audit report issued by the NC Office of the State Auditor (OSA) on May 28, 2024. Mr. Chroman has developed a comprehensive corrective action plan in response to the recommendations provided by the Office of the State Auditor. FSU has until August 28, 2024, to respond to the NC OSA. No action is required of the board. Communication regarding the progress of implemented corrective actions and content of the University's response are forthcoming. Mr. Chroman is currently performing a risk assessment in the development of the FY25 Audit Plan, completing the Self-Assessment Security Model, and completing an audit of I-9 Compliance by year-end.

Trustee Glenn Adams made a recommendation to the Committee to meet intermittently to discuss progress on the action plan. Chancellor Allison also recommended that the University update the Board at each forthcoming meeting. It was moved by Trustee Glenn Adams and Seconded by Trustee Frederick Nelson to formally accept the recommendation to meet intermittently and be updated at each meeting. The motion carried.

ADJOURNMENT

The LARC Committee adjourned at approximately 11:55 a.m.

Respectfully submitted,

Glenn Adams, Chair
Tamara Davis, Recorder



BOARD OF TRUSTEES COMMITTEE ON LEGAL, AUDIT, RISK, AND COMPLIANCE

**Wanda L. Jenkins
General Counsel and Vice Chancellor
September 25, 2024**



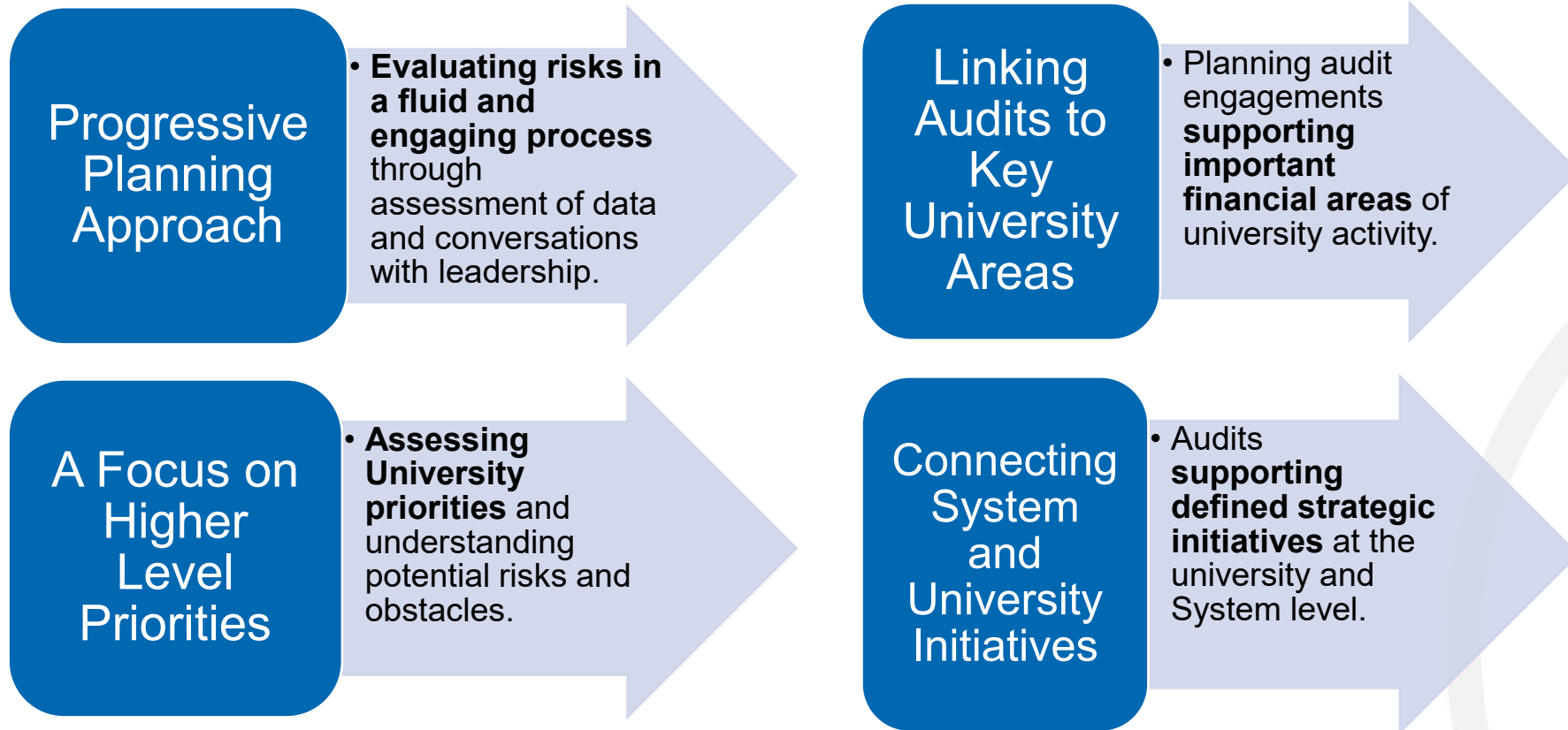
OFFICE OF INTERNAL AUDIT

Jesse Chroman
Director of Internal Audit
September 25, 2024

AUDIT PLANNING PROCESS

- **Required for compliance with NCGS § 143-746:**
 - (b) Internal Audit Standards. – Internal audits shall comply with current Standards for the Professional Practice of Internal Auditing issued by the Institute for Internal Auditors or, if appropriate, Government Auditing Standards issued by the Comptroller General of the United States. Each agency head shall annually certify to the Council that the audit plan was developed and the audit reports were conducted and reported in accordance with required standards.
- **IIA Standard 2010.A1 states:**
 - The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.
- **Required to submit the plan to the UNC System Office and NC Council of Internal Auditing**
- **Determines the priorities of Internal Audit based on assessment of risks that may affect FSU's ability to accomplish its objectives**
- **Coordinate with all compliance and risk units to avoid duplication of effort and ensure key risks are covered**

RISK ASSESSMENT & INTERNAL AUDIT WORK PLAN



RISK ASSESSMENT PROCESS



- Audit Universe - Completeness
- ERM Top Five Risks
- External Risk Scan
- Vision, Mission, Strategic Plan
- Recent Audits
- Financial Structure/Reporting
- Review Control Environment
- Topics of Concern from Senior Leaders
- Assess Risk Impediments to University Goals
- Topics of Concern from Senior Leaders
- Identify Potential Strategic Initiative Impediments
- Consider Regulatory and Industry Compliance
- Key Audit Engagements based on top-down approach
- Work Plan for Board of Trustees and Chancellor Approval
- Communicate the Approved Work Plan – Submission to System Office / OSBM

Internal Audit Work Plan Results

Project Description	Budgeted Hours	% of Total	Risk
Integrated/Internal Controls/Operational/Performance Audits:			
Mental Health and Student Safety	180	8.7%	High
Contracts and Grants	180	8.7%	High
	360	17.3%	
Compliance Audits:			
Human Resources	224	10.8%	High
Athletics	180	8.7%	Med
	404	8.7%	
Information Technology Audits:			
IT Asset Management	180	8.7%	High
	180	0.0%	
Investigative Reviews:			
Unplanned Investigations	400	19.2%	
	400	19.2%	
Follow-Up Reviews:			
Follow-ups as Deemed Necessary	40	1.9%	
	40	1.9%	
Consultations/Management Advisory Services			
Unplanned Routine Consultations	60	2.9%	
External Audit Assistance	20	1.0%	
	80	3.8%	
Other/Special Projects:			
Quality Assurance and Improvement Program	124	6.0%	
Annual Risk Assessment and Audit Plan Development	40	1.9%	
External Reporting Requirements (UNC System Office, CIA, OSBM)	20	1.0%	
Internal Control Questionnaire	16	0.8%	
	200	9.6%	
Total Direct/Chargeable Hours	1664	60.6%	
Indirect Hours:			
Administration	120	5.8%	
Leave/Holiday	256	12.3%	
Professional Development	40	1.9%	
Total Indirect Hours:	416	20.0%	
Grand Total Hours	2080	80.6%	

ACTION ITEM: APPROVAL OF 2024-25 INTERNAL AUDIT WORK PLAN

- Background:** One of the standards of the NC Internal Auditing Act requires that State agencies annually develop a plan that is based on a documented risk assessment. The Board of Trustees is responsible for reviewing and approving the annual Internal Audit Work Plan.
- Assessment:** The 2024-25 risk assessment and internal audit plan is being presented for approval by the Legal, Audit, Risk and Compliance Committee and the full Board of Trustees. Once approved, the Internal Audit Work Plan will be submitted to the UNC System and NC Council of Internal Auditing.
- Action:** A Motion authorizing the Committee on Legal, Audit, Risk, and Compliance to approve Internal Audit's Risk Assessment and Fiscal Year 2024 Internal Audit Work Plan for Fayetteville State University. Signatory approval to be documented by the Committee Chairman and the Chancellor.
- Motion:** Move that the University's 2024-25 Internal Audit Risk Assessment and Fiscal Year 2024 Internal Audit Work Plan be approved.

Update – FY24 Financial Audit Finding

- Request from System Office – 5/30/24
 - 90 Day Follow Up Required Per NC GS 116-30.1

- Response from FSU – 8/22/24
 - Auditor reviewed corrective actions and examined evidence
 - Review indicated remediation was substantially complete, however, corrective actions are still ongoing.

- Request from System Office – 9/16/24
 - System Office requests quarterly progress updates.
 - Satisfactory progress towards resolution of the issues reported.

Update – Investigation Findings

- Request from System Office – 9/16/24
 - 90 Day Follow Up Required Per NC GS 116-30.1

- Response from FSU – TBD – Due 12/15/24
 - Auditor will review findings and recommendations, the institution's response, and the corrective action plan.
 - Auditor will examine supporting documentation and records along with policies and procedures.
 - Review may also include interviews with University Management
 - Anticipate response to System Office in advance of due date due

Risk Assessment and Work Plan

QUESTIONS



LEGAL, AUDIT, RISK AND COMPLIANCE

Wanda L. Jenkins
General Counsel and Vice Chancellor
September 25, 2024

UNC System Regulation Regarding Internal Audit Reporting Relationships

- **UNC Policy 1300.7.1[R] (Adopted 8/13/2024)** – UNC President issued regulation intended to comply with the Institute of Internal Audit standards.
- **Reporting Relationships for Internal Auditors**
 - **FSU Board of Trustees Audit Committee**
 - The Director of Internal Audit is to functionally report to the Board of Trustees Audit Committee.
 - “Functional reporting” means an indirect reporting relationship lacking managerial authority.
 - Reviewing and approving the internal audit charter
 - Reviewing and approving the risk-based internal audit plan
 - Reviewing and approving the internal audit and resource plan
 - Receiving communications from the Director of Internal Audit on the internal audit activity’s performance relative to its plan and other matters
 - Approving decisions regarding the appointment, removal, and remuneration of the Director of Internal Audit
 - Determining whether there are scope or budgetary limitations that impede the ability of the internal audit activity to execute its responsibilities
 - Reviewing the results from the internal audit’s quality assurance and improvement program, including the direct review of the results of external quality assessment.

UNC System Regulation Regarding Internal Audit Reporting Relationships

➤ Reporting Relationships for Internal Auditors

➤ Senior Executive

- The Director of Internal Audit is to administratively report to a senior executive at the institution.
- “Administrative reporting” means the relationship within a constituent institution’s management structure that facilitates day-to-day operations of internal audit activity and provides appropriate interface and support effectiveness.

➤ UNC System Office and Other Entities

- Each audit committee shall ensure that the institution’s internal audit function complies with all reporting requirements of the NC Council of Internal Auditing and the UNC System Office’s Compliance and Audit Services, including any reporting requests outlined by the Chief Audit Officer at the UNC System Office.

- **Beyond approving the internal audit and resource plans, the senior executive, the audit committee, the chair of such committee, Board of Trustee members, or senior administrative leaders may not direct or dictate the day-to-day auditing work of the Director of Internal Audit.**

QUESTIONS

Agenda Item LARC-1

Executive Summary

MEETING DATE:	September 26, 2024
COMMITTEE:	Legal, Audit, Risk and Compliance
SUBJECT	Approval of 2024-25 Internal Audit Work Plan
BACKGROUND:	<p>The NC Internal Auditing Act requires State agencies to establish an internal auditing program that complies with the Institute of Internal Auditor’s Standards. One of the standards requires that internal audit annually develop a plan that is based on a documented risk assessment. The Board of Trustees is responsible for reviewing and approving the annual Internal Audit Work Plan.</p> <p>The 2024-25 risk assessment and internal audit plan is being presented for approval by the Legal, Audit, Risk and Compliance Committee and the full Board of Trustees. Once approved, the Internal Audit Work Plan will be submitted to the UNC System and NC Council of Internal Auditing.</p>
MOTION:	Move that the University’s 2024-25 Internal Audit Risk Assessment and Fiscal Year 2024 Internal Audit Work Plan be approved.

Supporting Document(s) Included: 2024-25 Internal Audit Work Plan

Prepared by: Wanda L. Jenkins
General Counsel and VC for Legal, Audit, Risk and Compliance
Date: 9/12/2024