Present
Joe L. Price, Chair
Catherine P. Bessant
Martin L. Brackett
Theresa J. Drew
Karen A. Popp

Staff /Guests in Attendance
Philip Dubois, Chancellor
David Broome, Legal Affairs
Kendra Cooks, Business Affairs
Betty Coulter, Business Affairs
David Graham, ACE Fellow
Beth Hardin, Business Affairs
Art Jackson, Student Affairs
Hank James, Business Affairs
Jeff Jensen, Legal Affairs
Jane Johansen, Business Affairs
Joan Lorden, Academic Affairs
Krista Newkirk, Chancellor’s Office
Katie Thigpen, Office of the State Auditor
Thomas York, Internal Audit
Jennifer Ward, Chancellor’s Office

Mr. Price called the meeting to order and reminded Committee members of their duty to avoid conflicts of interest and appearances of conflicts of interest under the State Government Ethics Act, in accordance with Chapter 138A of the North Carolina General Statutes, and advised the Committee members to notify him immediately if anyone should become aware of a conflict of interest or the appearance of a conflict of interest during the meeting. No conflicts were reported.
Approval of Minutes. Mr. Price requested action on the minutes of the December 5, 2013, Audit, Compliance, and Enterprise Risk Management Committee Meeting.

Action. On a motion by Ms. Popp, seconded by Ms. Bessant, the Committee approved the December 5, 2013, minutes.

Internal Audit Update. Mr. York introduced Katie Thigpen, Assistant State Audit Supervisor for the North Carolina Office of the State Auditor, who joined the meeting via conference call. Ms. Thigpen stated that the Office of the State Auditor had recently completed the fiscal year 2013 financial statement audit of the University of North Carolina at Charlotte. Ms. Thigpen described the auditing process and stated that the audit reviewed the University’s financial statements but did not express an opinion on the effectiveness of the University’s financial controls. Ms. Thigpen stated that the Office of the State Auditor also had reviewed audits of the UNC Charlotte Foundation, the UNC Investment Fund, and the UNC Charlotte Facilities Development Corporation but had not performed those audits. Ms. Thigpen reported that the Office of the State Auditor had found the University’s financial statements to be fair in all respects and that no findings resulted from the audit, and she complimented the strength of the University’s financial reporting team. Ms. Thigpen indicated that she had sent a letter describing the results of the financial statement audit to Audit, Compliance, and Enterprise Risk Management Committee Chair Joe Price. Ms. Cooks stated that her team is very confident that they can continue to improve every year, and she thanked the Office of the State Auditor’s team for their work. Mr. Price asked Ms. Thigpen her opinion of the UNC Charlotte team, and Ms. Thigpen commended the team for its excellent work.

Mr. York presented audit reports for the Athletic Foundation and Ventureprise and noted that none of the affiliated entities’ audits resulted in findings. Ms. Johansen stated that a management letter resulting from the UNC Charlotte Foundation audit noted improvements that should be made to improve reports by University Advancement, and Ms. Johansen said that Financial Services is working with University Advancement to make those improvements. Mr. York stated that a management letter resulting from the Ventureprise audit was not unexpected because of the organization’s small staff size.

Mr. York briefed the Committee on the Annual Audit Plan for Fiscal Year 2014. Mr. York presented a Summary of Internal Audit Reports issued since the December 2013 Board of Trustees meeting and discussed one finding that resulted from a misinterpretation of new Board of Governors regulations after procedures in response to the new Board of Governors policy were implemented. Mr. York explained that the University of North Carolina at Charlotte is the first university in the North Carolina system to assess how internal functions have adapted to these new regulations and indicated that the finding has been corrected. Mr. York also addressed how Information and Technology Services is responding to findings resulting from an internal security audit.

Mr. York presented an Internal Audit Status Report of Active Findings, a status report for the Quality Assurance Review 2013 Corrective Actions, and an update on Board of Governors Certification Tasks. Mr. York also presented an Audit Committee Institute article titled “The Evolving Higher Education Audit Committee Agenda.”
Compliance Update. Mr. Broome updated the Committee on UNC Charlotte’s director of compliance search and reported that the search committee expects to select a candidate in March. Mr. Broome described the interview process and presented a list of interviewers. Mr. Broome stated that Charles Bowman of Bank of America also has been involved in the search process and will provide feedback on the candidates.

Enterprise Risk Management Update. Chancellor Dubois reported on an American Association of State Colleges and Universities presentation on organizational structures for the enterprise risk management function. Chancellor Dubois discussed the recommendations of Janice Abraham, CEO of the United Association of Risk Managers, for assigning risk monitoring and mitigation plan development responsibilities. Chancellor Dubois indicated that he will further evaluate these recommendations and will make a report on enterprise risk management at the August 2014 Board of Trustees retreat.

Special Committee Recommendations—Status Update. Ms. Newkirk presented a benchmark chart listing the recommendations of the Board of Trustees Special Committee on Compliance and Risk Management and reviewed the status of the University’s actions in response to the recommendations.

Legal Affairs, Administrative Actions, and Litigation Management (Orientation). Mr. Broome presented an overview of the structure and functions of the Office of Legal Affairs. Ms. Bessant asked how the number of litigated cases at UNC Charlotte compares to that of other campuses; Mr. Broome indicated that UNC Charlotte has relatively few cases that go to court. Ms. Newkirk stated that many cases are resolved and many issues never rise to administrative or legal action because of cooperation between Legal Affairs and other University departments, including Human Resources.

University Insurance and Its Limitations. Mr. James introduced Ms. Coulter, and Ms. Hardin noted that Mr. James and Ms. Coulter have played a significant role in establishing the University’s insurance program over the last few years. Mr. James and Ms. Coulter reviewed risk management and insurance program administration, the University’s liability insurance structure and potential uninsured liabilities, sovereign immunity and the North Carolina Tort Claims Act, University property insurance policies, the State of North Carolina property fire insurance fund, the State of North Carolina’s master automobile insurance policy, and other insurance programs covering the University’s affiliated entities. Mr. Broome noted that Legal Affairs is very confident in the work of Risk Management and Insurance to ensure that contracts between the University and other parties require an appropriate level of insurance. Ms. Coulter also noted several areas of potential liability, including excess liability, workers’ compensation, cyber liability, and non-student minors on campus. Ms. Coulter noted that a training module for the University’s minors on campus policy is being developed and will be available to any employee who, as part of his or her job responsibilities, will come into contact with non-student minors.
Motion to Convene in Closed Session. Mr. Price requested a motion to convene in closed session. Action. On a motion by Ms. Bessant, seconded by Mr. Brackett, the Committee convened in closed session pursuant to the following General Statutes of the State of North Carolina:

a. Pursuant to N.C.G.S. §143-318.11(a)(1), to prevent the disclosure of information that is privileged or confidential pursuant to the laws of this State or of the United States, or not considered a public record within the meaning of Chapter 132 of the General Statutes, such privilege or confidentiality arising under the Family Educational Rights and Privacy Act (20 U.S.C. §1232g) or N.C.G.S. Ch. 126, Art. 7;
b. to consult with and receive advice from counsel pursuant to N.C.G.S. §143-318.11 (a)(3); and
c. to consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual, public officer or employee, or prospective public officer or employee pursuant to N.C.G.S. §143-318.11 (a)(6).

Mr. Price excused everyone except Trustees, Chancellor Dubois, Mr. Broome, Mr. Graham, Mr. Jackson, Ms. Newkirk, Mr. York, and Ms. Ward.

Closed Session

Closed session minutes are filed in the office of the Assistant Secretary of the Board of Trustees.

Public Session

Adjournment. There being no further business before the Committee, Mr. Price adjourned the meeting.

Submitted: ________________________________

Krista L. Newkirk Date
Assistant Secretary to the Board
UNC Charlotte Board of Trustees

Approved: ________________________________

Joe L. Price Date
Vice Chair
UNC Charlotte Board of Trustees