



Compliance, Audit, Risk Management and Legal Affairs Committee
September 22, 2020
MINUTES

MEMBERS PRESENT: Brad Hayes (Acting Chair), Betsy Oakley, Dean Priddy, Linda Sloan

MEMBERS ABSENT WITH NOTICE: Mona Edwards

OTHERS PRESENT: Chancellor Franklin Gilliam; Jerry Blakemore, General Counsel, Liaison; Dr. Julia Jackson-Newsom, Associate Vice Chancellor for Strategy and Policy, Liaison; Bob Shea, Vice Chancellor for Finance and Administration, Liaison; Don Skeen, Internal Auditor, Liaison; Waiyi Tse, Chief of Staff; Kelly Harris, Associate Chief of Staff and Assistant Secretary to the Board of Trustees; and other members of the administration, staff, and general public.

PROCEEDINGS:

Acting Chair Hayes called the meeting to order at 9:45 a.m.

Mr. Hayes reminded the Committee members of their duty under the State Government Ethics Act to avoid conflicts of interest and advised that any conflict of interest or appearance thereof with respect to any matter before the Board or the Committee needed to be raised at that time. None were identified.

Quorum was confirmed through roll call.

Approval of the Minutes of November 19, 2019 Meeting

Mr. Hayes called for a motion to approve the minutes of November 19, 2019 as presented. Betsy Oakley made the motion, which was seconded by Linda Sloan. On roll call vote, the motion carried unanimously.

Discussion Items:

Proposed 2020-2021 CARL Committee Work Plan (CARL-1)

The Committee had an opportunity to review the Work Plan for the academic year. A critical component of the Committee's framework, it included duties that are required by law such as discussion of annual audit requirements and approvals, and matters that the Committee and/or Chancellor have determined are necessary for Committee understanding and review, such as a COVID-19 update at each meeting. This year's work plan also explicitly included opportunities for the Committee to be briefed on matters where there are legal or regulatory changes that impact the CARL Committee charge.

Audit Review for Board of Trustees (CARL-2)

Director of Internal Audit Don Skeen presented a summary of the Internal Audits performed regarding Athletics, Purchasing, Cleary Act Compliance, Weatherspoon Arts Foundation, and the Childcare Education Program. No exceptions were noted in these audits.

Internal Auditor Skeen discussed the external audit of the University's financial statement for the fiscal year ended June 30, 2019 (report of the North Carolina Office of the State Auditor). The exit conference was held December 3, 2019, and the report released on the State Auditor's website on November 29, 2019 with no reportable findings. The Independent Auditor's Report expressed the opinion that the financial statements were presented fairly in all material respects. The Independent Auditor's Report on Internal Control and Compliance stated that the audit did not identify any deficiencies in internal control or instances of noncompliance.

COVID-19 (CARL-3)

CARL-3 was a multi-faceted update on COVID-19 as it relates to areas within the purview of the CARL Committee. The Committee heard last November about the top five risks identified for this campus, which included cyber security/data integrity, regulatory compliance, and financial status – all areas uniquely impacted by COVID-19.

Associate Vice Chancellor for Strategy and Policy Julia Jackson-Newsom and Director of Emergency Management Zack Smith provided an overall briefing on the critical components and the guiding principles that were developed and implemented for the University's response to COVID 19. An extensive network of teams working collaboratively across all levels of the University, powerful adaptive web-based tools, strong partnerships with outside agencies and other IHEs, and supportive leadership have contributed to the effort that has allowed UNCG to open for this fall. We remain vigilant and hopeful that all the necessary precautions that have been taken will prevent another closure.

Committee members and the Chancellor commented on the exemplary work done at all levels of the University to allow the University to open for our students this Fall semester. The Chancellor reported that students have advised him that they are pleased to have been able to return.

Vice Chancellor for ITS Donna Heath and Associate Vice Chancellor for Enterprise Infrastructure Jeff Whitworth reported on the challenges to our IT Infrastructure presented by the move to more online learning as well as more staff working and meeting from home. UNCG was better poised to move in this direction than some campuses due to our efforts to move to more cloud-based technology. Jeff shared some of the projects ITS has underway to further this effort as well as produce cost savings for the University.

Vice Chancellor for Enrollment Management Tina McEntire presented an update on the guiding principles and distribution of the CARES Act funding: total of amount of funds spent, a breakdown of the number of undergrad and grad students who received the funding, and the methodology developed for awarding funds at each level. UNCG was out of the gate early in awarding CARES Act funds and students were pleased with the timeliness and the application process. All funds have been awarded unless new funding becomes available.

Board Chair Oakley asked if students who received the CARES funding paid their outstanding spring balances and if they enrolled for summer classes to stay on track for graduation. That information will be researched and provided.

Vice Chancellor for Finance and Administration Bob Shea elaborated on the financial risk assessment associated with COVID-19 as it relates to enrollment management. He provided a breakdown of the federal and state aid that has been awarded to the University. UNCG is facing a \$24.2 million cut for FY 20-21. Of that number, \$8 million will come from federal CARES Act funding, \$5 million from state funds, and \$11.2 million will be cut from non-state funds. He emphasized increased headcount growth, unrestricted endowments, and disciplined spending as recommended revenue growth potential.

Action Item

Adoption of the 2020-2021 CARL Committee Work Plan (CARL-4)

Acting Chair Hayes called for a motion to approve the proposed 2020-21 CARL Committee Work Plan presented in agenda item CARL-1. On roll call vote, the motion carried unanimously.

Information Items

Supplementary Audit Documents Provided to The System Office (CARL -5)

Internal Auditor Skeen provided information items related to reporting required by the Board of Governors. Pursuant to those requirements, we submit an annual summary of the work performed by the audit committee (Compliance, Audit, Risk Management, and Legal), including a summary of the annual internal audit plan for the campus and a report of the work of the campus internal auditor. The documents provided to the UNC System Office are the following: Internal audit plan for fiscal year 2021, Internal audit summary for fiscal year 2020, Board of Trustees Committee on

Audit, Risk Management, and Compliance certification letter, Director of Internal Audit certification letter.

With no further business to come before the Committee, the meeting was adjourned at 11:25 AM.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kelly Harris". The signature is written in black ink and is positioned above the typed name and title.

Kelly Harris
Associate Chief of Staff