



Compliance, Audit, Risk Management and Legal Affairs (CARL) Committee
February 4, 2025
10:15 a.m.

DRAFT MINUTES

COMMITTEE MEMBERS PRESENT: Anita Bachmann (Committee Chair), Margaret Benjamin, George Hoyle, Dale Phipps, Dean Priddy

COMMITTEE MEMBERS ABSENT: None

OTHERS PRESENT: Chancellor Franklin Gilliam; Jerry Blakemore, Vice Chancellor for Institutional Integrity and General Counsel, Liaison; Kristen Bonatz, Deputy General Counsel; Casey Forrest, Associate Vice Chancellor for Enterprise Infrastructure and Chief Technology Officer; Donna Heath, Vice Chancellor for Information Technology Services; Bob Shea, Vice Chancellor for Finance and Administration; Katherine Skinner, Director of Internal Audit; Zach Smith, Associate Vice Chancellor for Campus Enterprises and Risk Management; 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 and staff.

PROCEEDINGS:

Chair Bachmann called the meeting to order at 10:15 a.m. She 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 of Trustees or the Committee needed to be raised at that time. None were identified.

Quorum was confirmed through roll call.

Approval of the Minutes of the October 29, 2024 Meeting

Chair Bachmann called for a motion to approve the minutes of the October 29, 2024, meeting as presented. Trustee Hoyle made the motion, which was seconded by Trustee Phipps. The motion carried unanimously.

Discussion Items:

CARL-1 Internal Audit Report

Director of Internal Audit Katherine Skinner provided the Committee with a copy of the University's financial statement audit report for the year ended June 30, 2024, issued by the State

Auditor's Office. Skinner noted that there were no findings, and the State Auditor's Office indicated in its report that the University's financial statements are presented fairly, in all material respects.

CARL-2 Enterprise Risk Management Annual Update

Associate Vice Chancellor Zach Smith presented the annual update on the University's Enterprise Risk Management (ERM) Program. He began his presentation with highlights of 2024 program initiatives and accomplishments, which included:

- The activation of a new ERM Committee composed of representatives from across the institution who will assist with the evaluation and mitigation of risk.
- The establishment of an ERM framework that outlines the University's approach to managing risk, including the delegation of responsibilities to risk owners.
- Continuing utilization of ERM software to streamline risk management processes.
- An ongoing partnership with the UNC System that enables the University to coordinate with the System Office and other institutions to evaluate risks that affect all institutions.

Smith also reviewed each of the University's top five risks for 2024, which were:

- #1 Enrollment,
- #2 Business Processes Sustainability,
- #3 Information Technology,
- #4 Recruitment and Retention of Faculty and Staff (Talent Management), and
- #5 Campus Health and Safety.

Smith then reviewed the University's top five risks for 2025, which are the same as 2024, but the ranking of the risks has changed. Most notably, information technology has risen to second on the list, mostly due to the evolution of artificial intelligence, and talent management has moved down the list to fifth as a result of effective risk mitigation efforts related to recruitment and retention of faculty and staff.

The UNC System's aggregated top risks from across the System for 2025 were also reviewed. They are cybersecurity, talent management, student retention, financial, public safety, mental health, facilities management, regulatory compliance, and business continuity.

CARL-3 Information Technology Services Update

Vice Chancellor Donna Heath provided a brief update on the University's search for a new Chief Information Security Officer. She indicated that a verbal offer has been accepted, and formal approval from the System Office is pending.

Associate Vice Chancellor Casey Forrest updated the Committee on Information Technology Services projects. He provided an update on phishing and malware activity and the status of the annual information security awareness training for faculty and staff. He also reported that:

- A third-party vendor has recently completed a Microsoft Copilot readiness assessment. Their report will provide guidance on best practices for protecting the University's infrastructure and systems from risks related to artificial intelligence (AI).

- ITS has developed an “AI Use Statement” that will be added to certain University policies to ensure that AI products and services adhere to existing policies related to data privacy and information security and are thoroughly reviewed and approved by ITS if they will be using any data that is above the “Public” data classification.

Forrest concluded his report by providing an update on the University’s newly formed AI Oversight Committee. This committee, which is chaired by Forrest and composed of representatives from across the institution, has been charged by the Chancellor with providing oversight, governance, and strategic input for how safe AI use will be embraced and encouraged at the University. Its recommendations will be presented to the Chancellor’s Council.

Information Item:

CARL-4 Internal Audit Quality Assurance and Improvement Program

Lastly, the Committee was provided with an informational update on the Internal Audit Quality Assurance and Improvement Program, which included program results and annual attestations from the University’s internal auditors regarding their objectivity, independence, and ethics and professionalism.

With no further business before the Committee, the meeting was adjourned at 11:25 a.m.

Respectfully submitted,

Kelly Harris
Assistant Secretary to the Board of Trustees