MINUTES
State Board of Community Colleges
ACCOUNTABILITY AND AUDIT COMMITTEE
Thursday, July 14, 2022, at 9:30 a.m.

ACCOUNTABILITY AND AUDIT COMMITTEE MEMBERS

Mr. William Holder, Chair*	Mr. Andy Penry	Mr. Jerry Vaughan*
Ms. Lisa Estep, Vice Chair	Hon. Terry Van Duyn	Ms. Ann Whitford

*Attended via Zoom

OTHER STATE BOARD MEMBERS

Ms. Latasha Bradford, N4CSGA	Mr. Mark Merritt	Mr. Burr Sullivan
Mr. Bobby Irwin	Mr. Ray Russell	Ms. Sarah West
Mr. Thomas Looney	Ms. Julie Ryan	

*Attended via Zoom

OTHERS

Ms. Dawn Allen, N4CSGA	Ms. Debra Gill, N4CSGA	Ms. Tiffany Skouby, N4CSGA
Ms. Brandy Andrews	Dr. Kimberly Gold	Ms. Heather Spexarth, N4CSGA
Atty. Tawanda Artis	Ms. Tiffany Howell	Ms. Cameron Stewart, N4CSGA
Mr. Kennon Briggs	Ms. Judykay Jefferson	Ms. Emily Thomas, EdNC
Dr. Levy Brown	Dr. Bruce Mack	Ms. Amanda Tolar
Mr. Jason Cobb	Mr. Bryan Matthews*	Ms. Alexandra Versace, N4CSGA
Mr. Patrick Crane	Mr. Cody Peedin, N4CSGA	Mr. Trevares Womack, N4CSGA
Mr. Alex Fagg	Mr. Stephen Reeves	
Mr. Patrick Fleming	Ms. Halima Sharif	

*Attended via Zoom

CALL TO ORDER
Ms. Estep called the Accountability and Audit Committee meeting to order at 9:34 a.m.

ROLL CALL
General Counsel Artis called the roll of the Accountability and Audit Committee members.

ETHICS STATEMENT
Attorney Artis read the Ethics Awareness and Conflict of Interest Statement. No conflicts were noted.

APPROVAL OF THE AGENDA AND MINUTES
Ms. Estep requested a motion to approve the agenda. Ms. Whitford motioned to approve, seconded by the Hon. Terry Van Duyn, and approved by voice vote. Ms. Estep requested a

motion to approve the minutes from the June 7, 2022, meeting. Mr. Holder motioned to approve, seconded by the Hon. Terry Van Duyn, and approved by voice vote.

FOR ACTION

Secondary Employment Audit Report (Attachment AUD 01)

Mr. Matthews discussed Attachment AUD 01. He stated a review of the secondary and dual employment forms maintained by Human Resources from 2018 to 2021 indicated that ten (10) employees did not have the form completed. The auditor's recommendation was that Human Resources follow up with the ten (10) identified employees to get the form filled out. This form is required to be completed on an annual basis. There is a twelve (12) to eighteen (18) month follow up period to confirm the recommendation was applied. Ms. Estep requested a motion to approve the secondary and dual employment audit report. Mr. Holder motioned to approve, seconded by Mr. Sullivan, and approved by a voice vote.

FOR INFORMAITON

College Financial Audit Findings 5 Year Summary Update (Attachment AUD 02)

Mr. Briggs stated there were five (5) new audits completed since the last meeting. Of these recent audits, the only significant finding was with Piedmont Community College where a recording error of a new capital lease was detected in the 2019-2020 audit. The error resulted in a net understatement of capital. The corrective action plan is to implement procedures to rectify the error and prevent any future issues.

Mr. Briggs also addressed the issue of the cost of a private CPA firm versus the cost of the Office of State Auditor's staff to conduct the audits of community colleges. This question was raised in a previous meeting and needed to be researched. He stated all 58 colleges were surveyed on the use of the Office of State Auditor and a private CPA firm. Of the 58 colleges, 71% used the Office of State Auditor which cost about $1.6 million whereas the other 29% used a private CPA which cost about $570,000.00. The average cost per audit with the Office of State Auditor was $40,000.00 and $33,500.00 for a private CPA firm.

College Compliance Reviews 4 Year Summary Update (Attachment AUD 03)

Ms. Tolar discussed the update to the College Compliance Reviews 4 Year Summary previously presented to this committee. She stated that several reviews were completed since the last meeting. However, two (2) reviews were pending the final reports and expected to be completed by the end of Mr. Briggs's tenure at the System Office. Fayetteville Tech had a more significant finding so it will have another review next year to ensure compliance. Prior to the next review, training and coaching would also be provided to avoid a repeat of these finding.

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Internal Audit Charter (Attachment AUD 04)

Mr. Matthews stated he updated the Internal Audit Charter upon coming on board the System Office. The charter was included on the agenda as a for information item at this meeting, but its approval was pending the completion of the other committee charters. Once it was approved, it would then be sent to the Office of State Budget and Management.

Internal Audit Action Plan (Attachment AUD 05)

Mr. Matthews stated the previous audit plan lacked some needed documentation. He is working on adding audit programs and workpaper templates for consistency across the audits and to conform with standards. He was also working on a more reliable audit plan tied to availability based on a calculation of hours required for specific tasks. The QAR (Quality Assessment Review) was in the works for completion. A QAR request was submitted to OSBM, and this would require internal audit resources during the process of the review. The Risk Assessment was also in process and will focus on high-risk areas of the organization. An outside vendor had been contracted to complete the assessment with an anticipated completion date mid-August.

Cybersecurity Update

Mr. Patrick Fleming and Mr. Stephen Reeves provided an update on cybersecurity. The focus remains on students, business transformation, and shared vision. The Information Security Officers have conducted listening sessions with colleges regarding the adoption of the statewide information security manual. The Rural College Broadband Phase II was to improve technology infrastructure at the state's rural community college campuses. There is an allocation of $1.2 million to provide host improvement security audits of the 25 participating colleges. A third-party vendor will conduct an assessment which would gauge the colleges baseline and build from that point. The CIS to the Cloud Phase II included continuous improvement of the AWS hosting environment that 54 (fifty-four) of our colleges exist in today. The objective is to continuously improve the security posture and the correct configuration model for the colleges so that they may exist in a more secure environment. Mr. Fleming stated they were working on getting the remaining colleges on board with the AWS configuration as well.

NEW BUSINESS

No new business.

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ADJOURNMENT

Ms. Estep declared the meeting adjourned at 10:39 a.m.

Respectfully submitted,
Halima Sharif
Recording Secretary