

MINUTES
State Board of Community Colleges
ACCOUNTABILITY AND AUDIT COMMITTEE
Virtual Meeting
Tuesday, June 07, 2022, at 10:00 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

Mr. Mark Merritt*	Mr. Burr Sullivan*	Mr. Nathan Vasquez*
Mr. Ray Russell*		

*Attended via Zoom

LIAISONS

David Heatherly, President, Coastal Carolina Community College*

*Attended via Zoom

OTHERS

Mr. Brett Altman*	Mr. Patrick Fleming*	Mr. Stephen Reeves*
Ms. Brandy Andrews*	Dr. Kimberly Gold*	Ms. Halima Sharif*
Ms. Tawanda Artis*	Ms. Tiffany Howell*	Pres. Thomas Stith, NCCCS*
Dr. Levy Brown*	Ms. Judykay Jefferson*	Ms. Amanda Tolar*
Mr. Patrick Crane*	Mr. Bryan Matthews*	

*Attended via Zoom

CALL TO ORDER

Mr. Holder called the Accountability and Audit Committee meeting to order at 10:00 a.m.

ROLL CALL

Mr. Holder called the roll of the Accountability and Audit Committee members.

APPROVAL OF THE AGENDA AND MINUTES

Mr. Holder requested a combined motion to approve the February 17, 2022, meeting minutes and the agenda. Ms. Lisa Estep motioned to approve, seconded by Ms. Ann Whitford, and approved by a roll call vote.

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ETHICS STATEMENT

Mr. Holder read the Ethics Awareness and Conflict of Interest Statement. No conflicts were noted.

FOR INFORMATION

College Financial Audit Findings 5 Year Summary (Attachment AUD 01)

Mr. Brett Altman discussed the findings of Attachment AUD 01. Colleges are required to have financial audits every two (2) years either by a private CPA or the State Auditor's Office. There were thirty (34) audits expected to be completed by the July or August committee meeting. Ms. Estep suggested an outline of the audit process as well as a comparison of the cost of an audit by a private CPA versus the State Auditor's Office at the July meeting.

College Compliance Review 4 Year Summary (Attachment AUD 02)

The findings of the compliance reviews were provided in a four (4) year summary submitted as Attachment AUD 02. Compliance Examiners are to conduct periodic reviews of college records. The reviews look at a sample of course records from the prior year to identify any direct violations of State law. The examiners also provide training and guidance to the college staff. The reviews have three results: clean, minimal material finding and material finding. The colleges have thirty (30) days to respond to the compliance review reports. Mr. Altman completes the final review of the compliance reports. Mr. Altman confirmed most of the reviews for this fiscal year will be wrapped up by the end of June. Two reviews currently in process are expected to wrap up by mid-July or early August.

Compliance Trainings (Attachment AUD 03)

Mr. Altman stated Attachment AUD 03 was summarized into twelve (12) issues that may generate a minimal or a material finding for colleges. This year training was available at the colleges and regional trainings are contemplated for the future. Ms. Estep recommended a collaboration of the IT department and Compliance Services to avoid the repeat findings in the new Enterprise Resource Planning (ERP) system. Attorney Artis noted there is currently an on-going proof of concept for proposed future ERP system. Thus, a collaboration between IT and Compliance Services should follow once there is a go decision at the end of the proof of concept.

Ms. Tolar stated the consultative aspect of the reviews has been successful in that it allowed more one on one communications with college staff, and it improved the relationships between the System Office and college staff. Mr. Merritt inquired about any open positions in internal audit. President Stith confirmed the internal audit team is a single person unit, but he was open to review the role with an eye toward additional resources, if needed. Ms. Whitford raised concerns that a team of four compliance examiners may not be sufficient to complete the work needed. Dr. Gold recognized that having a one-man team for internal audit was not ideal, but the issue was present with many of the state offices

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Update for Internal Annual Audit Plan

For the 2021–2022-year, work was completed on our EAGLE (Enhancing Accountability in Government Through Leadership and Education) audit items by an internal auditor on loan from the Department of Insurance. The EAGLE audit requirements include risk assessment, narratives that go along with documenting work processes and workflows, and testing and performance measures. In preparation for revising the audit plan for the 2022-2023 conducting a risk assessment may be warranted. An outside auditor is recommended to conduct the risk assessment and quotes are being submitted by vendors. The one-time cost of an outside vendor includes completing the risk assessment and taking Mr. Matthews through the process with them. Ms. Estep suggested that a secondary person in Finance and IT follow along to have another pair of eyes on the process. Mr. Matthews stated one of the things that was the main priority when he came on board was the risk assessments along with a QAR (Quality Assessment Review). The last QAR was completed in 2017, with the requirement of completion every five (5) years.

Cybersecurity Discussion

Mr. Patrick Fleming and Mr. Stephen Reeves discussed cybersecurity issues with the committee. Mr. Fleming shared his presentation on the NCCCS Cybersecurity Program with the Committee. He stated his team worked off a set of guiding principles focused on serving students first, business transformation, and shared vision. Prevention and response are the keys to the current Information Security Program. Leveraging common security framework was also a theme associated with the Information Security Program and served as the baseline for the program. Mr. Reeves discussed the timeline of recent cybersecurity incidents. The first attack occurred in 2019. After that incident, leadership became more focused on this issue and prompted the funding for the information security officer positions. The System Office partnered with MCNC to bring certain services that would allow the enhancement of security at each of the colleges. Mr. Fleming stated they have received two (2) rounds of funding totaling \$26,000.00 for forty (40) colleges to apply infrastructure and cybersecurity improvements to these rural community colleges. Training for the end users as well as the technology team was essential in getting ahead of the cybersecurity crimes.

Mr. Sullivan inquired about the lessons learned after a response to a ransomware attack and restoration to the system. Mr. Reeves stated information was shared to other colleges to help mitigate any potential damages for future cybersecurity attacks. Continuous threat assessments were completed around the evolution of the cybersecurity threats and this information was shared with IT leadership and other IT departments across the college system. Mr. Fleming commented that staffing was an issue in managing the cybersecurity information coming through daily. Some colleges do not have sufficient staffing to support the cybersecurity threats existing today. The focus is to train current staff and attract qualified potential staff to counter the cybersecurity incidents. Mr. Holder inquired if preventing a cybersecurity attack was more work than recovering from an attack. Mr. Reeves stated either

MINUTES
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situation would require a lot of time and effort from the IT department, but he cannot confirm one being worse than the other. Mr. Fleming advised more on cybersecurity would be discussed at the next Strategic Planning Committee. Mr. Fleming commented that they were in the process of working on three (3) significant technology projects including the new ERP system. To date, there had not been a new enterprise level technology solution for the 58 community colleges in the past seventeen (17) years.

New Business

President Stith disclosed there was a current lockdown in place at Southwestern Community College due to a security risk. Ms. Whitford noted the System Office and State Board should look at what the 58 community colleges offered for campus security and open a discussion on this topic. Mr. Holder quoted Dr. Martin Luther King, Jr., "Wars are poor chisels for carving out peaceful tomorrows." He stated that Dr. King's hope was that one day this world would realize that violence would not get us any closer in agreement with each other.

Attorney Artis noted Mr. Vaughan was not present at roll call but had arrived.

ADJOURNMENT

Mr. Holder declared the meeting adjourned at 11:46 a.m.

Respectfully submitted,
Halima Sharif
Recording Secretary