

February 25, 2020

University of North Carolina School of the Arts
Kilpatrick Townsend & Stockton, LLP
1001 West Fourth Street
Winston-Salem, NC 27101

COMMITTEE MEMBERS:

Stephen Berlin, Chair
Anna Folwell
Rob King
Ralph Womble, ex officio

COMMITTEE STAFF:

Shannon B. Henry, Chief Audit, Risk, and Compliance Officer
David Harrison, Vice Chancellor for Institutional Integrity and General Counsel
Jim DeCristo, Vice Chancellor for Economic Development and Chief of Staff
Michael Smith, Vice Chancellor for Finance and Administration
Amanda Balwah, Secretary of the University
Martha Golden, Faculty Council Representative
Sharon Fogarty, Staff Council Representative
Marquetta Smith, Staff Council Representative

AGENDA

OPEN SESSION

1. Call to Order and Confirm QuorumChairman Berlin
2. Approval of Minutes from the December 3, 2019 Meeting.....Chairman Berlin
3. Matters of Governance, Risk and Compliance.....Shannon Henry & Others
 - a. Enterprise Risk ManagementJim DeCristo
 - Discussion of Risk #1Karin Peterson
 - b. Information Governance and Security.....Greg Gleghorn
4. Discussion of Internal Audit's Reports, Open Projects, and Plans.....Shannon Henry & Others
 - a. Activity Summaries and Reports.....Rod Isom
 - b. External Quality Assurance Review Results.....Shannon Henry

**Additional information related to this item or any internal audits or reviews released prior to the meeting will be provided at the meeting.*

CLOSED SESSION

- 5. Approval of Minutes from the December 3, 2019 MeetingChairman Berlin
- 6. Discussion of Special Items, Reviews and Investigations (*if any*)Shannon Henry & David Harrison

OPEN SESSION

- 7. Other Business...Committee Members & Staff
- 8. Adjourn...Chairman Berlin

Action Items**

OPEN SESSION MINUTES

December 3, 2019

University of North Carolina School of the Arts
Kilpatrick Townsend & Stockton, LLP
1001 West Fourth Street
Winston-Salem, North Carolina 27101

TRUSTEES PRESENT

***denotes voting committee members**

Steve Berlin (Chair)*, Rob King, Anna Folwell (phone) and Ralph Womble (ex officio)*

ADMINISTRATION & STAFF PRESENT

Shannon Henry (Chief Audit, Risk, and Compliance Officer), David Harrison (VC and General Counsel), Karin Peterson (Interim Executive Vice Chancellor and Provost), Michael Smith (VC for Finance & Administration), Amanda Balwah (AVC and Secretary of the University), Cindy Liberty (Executive Director of the UNCSA Foundation), Valerie Thelen (Chief Compliance Officer and Director of Title IX), Greg Gleghorn (Director of Information Security), Rod Isom (Audit Manager), Lisa McClinton (AVC and Controller), Marquette Smith (Staff Council Representative), Martha Golden (Faculty Council Representative), Sharon Fogarty (Staff Council Representative), Frank Brinkley (Chief of Campus Police), Kam So (Auditor), Corey Billings (Auditor), Jane Kamiab (Director of Financial Aid), Karen Beres (Vice Provost and Dean of Academic Affairs)

CONVENE OPEN SESSION AND CONFIRM QUORUM

Committee Chair Steve Berlin convened the December 3, 2019 Meeting of the University of North Carolina School of the Arts Audit, Risk, and Compliance Committee at 4:00 p.m. A quorum was present.

APPROVAL OF OPEN SESSION MINUTES

Motion: Ralph Womble moved to approve the open session minutes from April 23rd, July 30th, and September 24th, 2019 as presented. Rob King seconded and the motion was unanimously approved.

MATTERS OF GOVERNANCE, RISK, AND COMPLIANCE

Enterprise Risk Management (ERM)

Michael Smith, Vice Chancellor for Finance and Administration, presented an update of UNCSA's Enterprise Risk Management (ERM) work, with a focus on Risk #4, which is related to the

condition of facilities and residence halls. Risk #4 specifically addresses the declining condition of facilities and residence halls, which can have a detrimental effect on the recruitment and retention of students. Mr. Smith shared the results of a bow-tie assessment to determine the root cause of the risk, potential consequences, preventative responses, reactive responses, and financial implications. He also provided an update on the new residence hall construction project.

Emerging Risks in IT Security

Greg Gleghorn, Director of Information Security, provided an update regarding Emerging Risks in IT Security. UNCSA has a cloud-first approach, so as this model matures, the risks may increase without proper controls. One of the primary ways to mitigate this emerging risk is to gain greater visibility and control of UNCSA data, applications, and services held in the cloud. We are currently investigating a brokerage relationship with vendors that provide cloud access security brokerage services known as CASB. Once UNCSA settles on the right CASB partnership, this should improve the School's visibility and control over UNCSA's cloud architecture.

Another emerging information security risk is disaster recovery and business continuity. While UNCSA does have disaster recovery and business continuity processes in place, the digital transformation will demand more from this area. Addressing this risk will become a priority during the first quarter of 2020.

Annual Security Report & the Clery Act

Valerie Thelen, Chief Compliance Officer and Director of Title IX, and Frank Brinkley, Chief of Police, discussed the release of the Annual Security Report related to the Clery Act. Mr. Brinkley also reported that the Campus Police Department is currently going through the accreditation process.

DISCUSSION OF EXTERNAL AUDITS & REVIEWS

Cindy Liberty, Executive Director of the UNCSA Foundation, shared this year's financial statement audit report for the Semans Art Fund. It was a clean audit.

Lisa McClinton, Associate Vice Chancellor for Finance, presented the following external audit reports to the committee. All were clean audits with no findings to report:

- UNCSA Financial Statement Audit for Fiscal Year 2019
- UNCSA Housing Corporation Financial Statement Audit 2019
- UNCSA Program Support Corporation Financial Statement Audit 2019

Ms. McClinton reminded all committee members that a clean financial statement audit means that stakeholders can place reliance on the reported number, and that there are no material misstatements. While clean annual Financial Statement Audits are a good thing, they do not give insight into whether or not there is fraud, waste, or abuse, or if the School and/or Foundation uses its resources efficiently.

The NC Office of the State Auditor completed its 2019 federal compliance audit related to federal financial aid. UNCSA received a management letter with no issues to report. The final report will be issued in spring 2020, when the State's single audit report is scheduled to be released.

Jane Kamiab, Director of Financial Aid, reported that the North Carolina State Education Assistance Authority (NCSEAA) recently completed a program review for four years (2014-15,

2015-16, 2016-17, and 2017-18) with one observation related to the completion of student withdrawal forms. No liability for NCSEAA programs was identified as a result of the audit.

DISCUSSION OF INTERNAL AUDIT'S REPORTS, OPEN PROEJCTS, AND PLANS

Shannon Henry, Chief Audit, Risk and Compliance Officer, and Rod Isom, Audit Manager, presented updates on Internal Audit Projects and Reports.

Environmental Health & Safety:

This review resulted in 6 findings and 12 recommendations. The following findings were identified:

- Lack of Comprehensive and Effective Safety Management Plan;
- Insufficient Health and Safety Training Plan;
- No Safety Committee;
- Ineffective Information and Communication about EHS Services;
- No Risk Management Process; and
- Campus Perception of EHS.

Fiscal Year 2020

Internal Audit completed audits and advisory services resulting in reports with findings that produced 15 written recommendations for Human Resources, the Controller's Office, and Environmental Health and Safety.

Quality Assurance Review Update

Internal Audit is due for its External Quality Assessment Review and is in the process of performing a self-assessment that will be validated by the North Carolina Office of State Budget and Management for conformance with the Institute of Internal Auditors' International Standards for the Professional Practices of Internal Auditing. The qualifications of the external validators from OSBM were shared with the committee. They are highly qualified reviewers and will be on-site in January to perform their independent validation of the office's findings.

Revised Office Charter

The Charter was revised to recognize and clarify the full scope and responsibility of the Office of Audit, Risk, and Compliance (OARC) and each of its operations, to document incorporation of the function into the University's new Division of Institutional Integrity, and to ensure the mandatory standards of audit practice were appropriately recognized.

MOTION: Rob King moved to approve the revisions to the Office Charter as presented. Ralph Womble seconded and the motion was unanimously approved.

Internal Audit Award of Excellence

Ms. Henry and Mr. Berlin announced that the Internal Audit Team was selected to receive the 2019 North Carolina Internal Audit Award of Excellence. This was awarded by the North Carolina Council of Internal Auditing, and decided upon by the State Auditor, the State Controller, the State Budget Officer, and the State's Secretary of Revenue. It is a competitive process and the award is given to the office deemed most worthy of recognition for their commitment and dedication to further the profession of internal auditing within the North Carolina State Government.

Closed Session

MOTION: Rob King moved that the Audit, Risk, and Compliance Committee go into closed session to prevent the disclosure of information that is privileged or confidential pursuant to the Privacy of State Employee Personnel Records Act, Article 7 of Chapter 126 of the North Carolina General Statutes, to prevent the disclosure of information that is not considered a public record within the meaning of Chapter 132 of the General Statutes, and to review Internal Auditor's work papers, under Section 116-40.7 of the North Carolina General Statutes. Ralph Womble seconded and the motion was unanimously approved.

ADJOURNMENT

With no further business to discuss, Chairman Berlin adjourned the meeting at 5:33 p.m.

AGENDA ITEM

Enterprise Risk Management Updatepresented by Karin Peterson,
Interim Executive Vice Chancellor and Provost

Summary: An update will be provided regarding one of UNCSA’s top five institutional risks, including the contexts and causes; the responses and initiatives being implemented to mitigate the risk, and impacts of this risk on institutional sustainability and mission.

Enterprise Risk Management Risk #1: **Attract and Retain the Faculty Talent Necessary to Support Artistic and Educational Excellence**

Action: This item is for informational purposes only.

Risk #1: Attract and Retain the Faculty Talent Necessary to Support Artistic and Educational Excellence

Tier I : Has a direct effect on the mission, strategy, and goals of the entire institution.

Causes	Responses to Prevent Risk	Risk Appetite	Consequences	Responses to Minimize Impact	Is Funding Required?
1. The nature of public university funding and specific vulnerabilities created since the 2007 economic downturn, and uncertainty of state-level decision-making in general	<ul style="list-style-type: none"> Enrollment Task Force as a mechanism for monitoring impacts Advocacy at state system office and beyond 		<ul style="list-style-type: none"> Lack of predictability and control over revenues 	<ul style="list-style-type: none"> Adjust enrollment strategies as needed Diversify sources of salary funding 	<ul style="list-style-type: none"> Yes
2. Faculty Salaries a. Proportion of faculty salary pool tied specifically to state sources of funding b. There is no adequate list of institutional peers to create benchmark comparisons related to faculty salary, workload, or other	<ul style="list-style-type: none"> Ongoing Advocacy at SO as a review of system-wide peer sets are reviewed and updated Advocacy for the mission and value of public conservatory education and need for talented faculty Additional Advocacy using new arguments, new data 		<ul style="list-style-type: none"> Difficult to argue for appropriate salaries with benchmarks that do not fit our institution Without a Rank/Promotion system, ALL Faculty were understood at the System level as Instructors With new hires at competitive markets rates, we have experienced increased 	<ul style="list-style-type: none"> Continued advocacy Using Rank/Promotion system, <i>in theory</i>, we update salaries annually to reflect faculty progress through the rank process and to acknowledge faculty excellence 	<ul style="list-style-type: none"> Yes

Tier 1: Has a direct effect on the mission, strategy, and goals of the entire institution.

Tier 2: Has a direct effect on the mission, strategy, and goals of multiple departments.

Tier 3: Has a direct effect on the mission, strategy, and goals of one department.

<p>dimensions of faculty life</p> <p>c. Historical lack of Rank/Promotion System, and concomitant devaluing of faculty salaries in the state budget allocations; measurement of faculty salary against wrong peer set</p> <p>d. Introduction (2014) of Rank/Promotion System and impact on relative salaries; however, State did not allocate additional funding to align new benchmarks with faculty compensation</p>			<p>salary compression , and have compromised on paying long-term faculty at the appropriate salary levels</p> <ul style="list-style-type: none"> • No funding accompanying faculty promotions • With competing interests related to use of tuition increase funds, and with fewer incoming resources, we are losing ground (See Table 1) • Increased scrutiny from SO and key stakeholders surrounding not only amount of tuition increase, but also its usage, impacting our ability to use this source to address salaries 	<ul style="list-style-type: none"> • Tactical management of salary distribution at time of hire; potentially hold back re-filling certain faculty lines to cover costs of existing lines; etc. • Fundraising and Grant writing to support professorships, visiting professorships, development of new modalities of faculty compensation such as rotating professorships • Diversify sources of salary funding • Tuition increases 	
<p>Resources available to support productions and learning environments are</p>	<ul style="list-style-type: none"> • Use of Deans' Foundation Discretionary Accounts to cover expenses, which 		<ul style="list-style-type: none"> • Declining balances in Deans' discretionary accounts • Departure of faculty to their fields of 	<ul style="list-style-type: none"> • Fundraising and grant writing to better support productions and artistic/ 	<ul style="list-style-type: none"> • Yes

Tier 1: Has a direct effect on the mission, strategy, and goals of the entire institution.

Tier 2: Has a direct effect on the mission, strategy, and goals of multiple departments.

Tier 3: Has a direct effect on the mission, strategy, and goals of one department.

limited and inadequate	deflects the funds from higher-level uses of faculty and student support		<p>practice if there is not adequate room to stretch and innovate</p> <ul style="list-style-type: none"> • Requests for unpaid leaves to create projects that are unsupported here • Declining interest in the school by top talented students, in turn affecting faculty retention • Counter-productive competition between Schools and individuals 	<p>educational innovations</p> <ul style="list-style-type: none"> • Tactical management of resource constraints 	
Limited funds to support faculty development and creative/ research projects and other innovative endeavors	<ul style="list-style-type: none"> • Scramble to find one-time money to support most important initiatives • Only <i>one</i> semester of sabbatical/year for <i>one</i> faculty member 		<ul style="list-style-type: none"> • Departure of faculty to their fields of practice if there is not adequate room to stretch and innovate • Requests for unpaid leaves to create projects that are unsupported here 	<ul style="list-style-type: none"> • Fundraising and grant writing to better support faculty leave, faculty development, faculty travel 	<ul style="list-style-type: none"> • Yes
Campus culture is fragile with regards to Equity, Diversity & Inclusion; Wellness mindset; and well-articulated governance processes	<ul style="list-style-type: none"> • Reactive meetings to address multiple crises • Attempts to prevent uncivil behavior • Raise awareness through education 		<ul style="list-style-type: none"> • Faculty and Staff morale suffer • Difficult to create an environment where new faculty feel they belong • Distraction from our mission 	<ul style="list-style-type: none"> • Begin EDI initiatives institution-wide • Development of a vision and strategic plan for EDI • Begin Wellness Initiatives 	<ul style="list-style-type: none"> • Yes

Tier 1: Has a direct effect on the mission, strategy, and goals of the entire institution.

Tier 2: Has a direct effect on the mission, strategy, and goals of multiple departments.

Tier 3: Has a direct effect on the mission, strategy, and goals of one department.

	<ul style="list-style-type: none"> • Conduct investigations and enact sanctions • Last-minute assembling of affected parties in decision-making 			<ul style="list-style-type: none"> • Development of a vision and strategic plan for Wellness • Institution-wide Review of Protocols and Procedures related to decision-making 	
--	---	--	--	---	--

Tier 1: Has a direct effect on the mission, strategy, and goals of the entire institution.
 Tier 2: Has a direct effect on the mission, strategy, and goals of multiple departments.
 Tier 3: Has a direct effect on the mission, strategy, and goals of one department.

Table 1: Annual allocation of funds to faculty salary adjustments

<u>Tuition Funds.</u>	<u>State Funds</u>	
• 15-16: \$166,127	\$0	
• 16-17: \$183,554	\$128,299	
• 17-18: \$178,155	\$156,725	
• 18-19: \$178,850	\$43,953	
• 19-20: \$154,882	\$TBD	
\$861,568	\$328,977	Total allocation to date = \$1,190,545

- Tier 1: Has a direct effect on the mission, strategy, and goals of the entire institution.
- Tier 2: Has a direct effect on the mission, strategy, and goals of multiple departments.
- Tier 3: Has a direct effect on the mission, strategy, and goals of one department.

AGENDA ITEM

Information Security Update.....presented by Greg Gleghorn, Director of Information Security

Summary:

The information security projects for 2020 are as follows:

1. Cloud access security broker (CASB). This is a continuation from the last quarter of 2019 where we are leveraging our current relationship with Microsoft and utilizing cloud services such as CASB.
2. Disaster Recovery and Business Continuity. This is also a continuation from the last quarter of 2019. Microsoft may also serve as a partner in this project. Here we may be able to leverage cloud storage to assist with disaster recovery and business continuity planning.
3. Multifactor Authentication (MFA). Pilot testing for MFA has begun. As issues are worked out gradual implementation of MFA will pursue.
4. Cyber Insurance is in the process of being purchased. This transfer of risk will limit our exposure against major breaches. However, this is not a set and forget option. Beazley is our cyber insurance vendor.

Action: This is for informational purposes only.

AGENDA ITEM

Internal Audit Activity Update..... presented by Shannon Henry & Rod Isom

Summary:

1. Internal Audit Reports**
 - EHS Risk Monitoring Memo – Campus Safety
2. Status of In-Progress Internal Audit Reviews**
 - IT Operations Follow-up Review
 - Minors on Campus
3. Quality Assurance Review Results**
4. Other Internal Audit Activity
 - Currently recruiting for an IT Auditor

***Additional information related to this item or any internal audits or reviews released prior to the meeting will be provided at the meeting.*

Action: These items are for informational purposes only.



WINSTON-SALEM
STATE UNIVERSITY



Winston-Salem State University / University of North Carolina School of the Arts
Office of Audit, Risk, and Compliance
1600 Lowery Street, 2nd Floor
Winston-Salem, North Carolina 27110
(336) 750-2065 | www.wssu.edu

Memorandum

To: Frank Brinkley, Police Chief

From: Shannon B. Henry, Chief Audit, Risk, and Compliance Officer *SBH*

Date: January 24, 2020

Re: Notification of Risk Identification – Campus Safety Concerns

The Internal Audit Unit (IA) of Winston-Salem State University's (WSSU) Office of Audit, Risk, and Compliance recently completed a review of Environmental Health & Safety's (EHS) life safety protocols at the University of North Carolina School of the Arts (UNCSA). During that review, IA noted other areas, where controls should be strengthened, that were considered minor or outside the scope of the review. It is important to note that further examination of these areas is not included on the current audit focus list; however, the assessment of potential risk for loss or reputational damage is appreciable.

A campus survey issued to UNCSA faculty and staff during the EHS audit identified concerns regarding campus safety that fall outside of the operational responsibilities of EHS. Specifically, responsibility for two of the top five concerns¹ of survey respondents was determined to be within the purview of the UNCSA Police Department. The concerns are as follows:

1. **Gun Violence**

UNCSA employees cited concerns about the possibility of gun violence on campus, such as an active shooter, and how prepared the campus is for such an event.

¹ Top concerns were defined as those having 10 or more mentions.

2. **Building Security**

UNCSA employees believe that unsecured buildings are a problem on campus, specifically in the case of an active shooter or other potential emergency situations and conditions where buildings cannot be locked down.

The concerns shared by the campus community are complex and will require that the campus work collectively to respond adequately and sufficiently. Nevertheless, as a person responsible for oversight of these aspects of the safety environment, IA encourages you to ensure adequate safety protocols are in place and that the campus community is aware of the protocols. We also encourage you to bring to our attention any other potential safety concerns you believe may pose any risks so that we may help you identify and implement solutions.

Review Criteria:

The “Components and Principles” section of the Committee of Sponsoring Organizations of the Treadway Commission’s (COSO) Internal Control – Integrated Framework Executive Summary states:

The organization:

- Identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed;
- Identifies and assesses changes that could significantly affect the system of internal control;
- Selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels;
- Selects and develops general control activities...to support the achievement of objectives; and
- Deploys control activities through policies that establish what is expected and procedures that put policies into action.

Engagements completed by IA at WSSU are conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors.

cc: Brian Cole, Interim Chancellor
Michael Smith, Vice Chancellor for Finance and Administration
David Harrison, Vice Chancellor for Institutional Integrity and General Counsel
Audit, Risk, and Compliance Committee, UNCSA Board of Trustees



Office of Audit, Risk, and Compliance

Shannon B. Henry, Chief Audit, Risk, and Compliance Officer 1600
Lowery Street, Winston-Salem, North Carolina 27110
(336) 750-2065 | www.wssu.edu

TO: Terry Harmon, Chief Information Officer

FROM: Shannon B. Henry, Chief Audit, Risk, and Compliance Officer

DATE: December 20, 2019

SUBJECT: **Follow-up to Internal Audit's Operational Review of Information Technology (IT)**

A memorandum was issued to your attention on June 30, 2019 inquiring about the status of the issues identified from IA's review of the effectiveness of IT's management across key applications and systems. We have considered your responses to the memorandum and are beginning our follow-up review to verify the status of your corrective action plans. The objective of the review is to ensure management has implemented corrective actions, and sufficiently addressed the issues.

Following is a summary of the issues identified by the audit:

1. Insufficient IT Gap Analysis and Risk Assessment;
2. Outdated Information Security Policy;
3. Incomplete Data Classification;
4. Operating Procedures Not Documented; and
5. Concerns from the Campus Community.

The following issues were also reported in a separate and private version of the report as they are not subject to disclosure under public law:

6. Insufficient Review of Privileged Access Rights; and
7. Improper Vendor Account Creation.

We expect the fieldwork to begin on January 13th, 2020. A draft report will be issued at the conclusion of audit fieldwork. The purpose of the draft report is to obtain your agreement with any observations and recommendations. Once we are in agreement, we will issue a final copy of the report.

We will require assistance directly from you and your staff during the course of our work, including providing the necessary information to complete our procedures as well as answering relevant questions or providing explanations to issues encountered during our testing. We appreciate your commitment to providing the necessary information so that we may adhere to an efficient timeline.

We will be contacting you shortly to schedule a meeting to discuss our objectives and begin coordinating the advance preparation and audit sampling activities. In advance of this meeting, we would appreciate

obtaining the following items, in electronic format if possible, by January 10th, 2020:

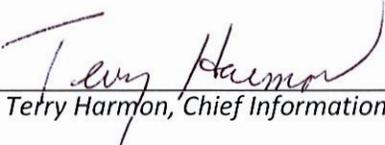
- Any Policies and Procedures as a result of the review;
- Any new computer system installed since the review;
- A complete list of privileged users that can access the UNCSA Information System;
- The detail results of the July 2019 Campus Survey conducted by the IT Department;
- A list of the "Key Operating Processes" within in the IT Department; and
- Current organizational chart.

The following individuals will be involved in this review:

- Rod Isom, Audit Manager
- Kam So, Auditor

We will distribute the copies of our final report to Brian Cole, Interim Chancellor; Michael Smith, Vice Chancellor for Finance and Administration; and the Audit, Risk, and Compliance Committee of the UNCSA Board of Trustees.

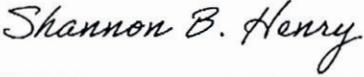
Please indicate your agreement with the terms set forth by signing as indicated below. If you have any particular areas of concern you would like us to consider, we will be happy to discuss. Please direct all inquiries to Shannon Henry at 750-2065, or Rod Isom at 750-8047.



Terry Harmon, Chief Information Officer

1-10-2020

Date



Shannon B. Henry, Chief Audit, Risk, and Compliance Officer

December 20, 2019

Date

cc: Brian Cole, Interim Chancellor
Michael Smith, Vice Chancellor for Finance and Administration



WINSTON-SALEM
STATE UNIVERSITY



Office of Audit, Risk, and Compliance

Shannon B. Henry, Chief Audit, Risk, and Compliance Officer
1600 Lowery Street, Winston-Salem, North Carolina 27110
(336) 750-2065 | www.wssu.edu

TO: Susanna Watkins, Director of Educational Outreach & Summer Programs

FROM: Shannon B. Henry, Chief Audit, Risk, and Compliance Officer *SBH*

DATE: January 31, 2020

SUBJECT: **Examination of Protocols involving Minors on Campus**

The Internal Audit Unit of the Office of Audit, Risk, and Compliance is conducting a review of the University of North Carolina School of the Arts' (UNCSA) protocols related to minors on campus. Selection of this review is based upon a comprehensive plan to assess the internal control environment across all divisions of UNCSA.

The objective of the review is as follows:

- To assess the university's practices and policies for ensuring the safety of minors while on campus.

Specific goals include making sure the university has policies and practices in place related to UNC System Policy 1300.10, "Policy on Protection of Minors on Campus", such as:

- Screening requirements for employees, contractors, and volunteers, who interact with minors in Covered Programs, including background checks;
- Advance registration and approval requirements for proposed Covered Programs; and
- Training requirements for employees, contractors, and volunteers regarding the mandatory reporting of suspected abuse, as well as additional training expectations for Covered Individuals regarding policies and issues relevant to working with minors.

We expect the fieldwork to begin on February 17, 2020. A draft report will be issued at the conclusion of audit fieldwork. The purpose of the draft report is to obtain your agreement with any observations and recommendations. Once we are in agreement, we will issue a final report.

We will require assistance directly from you during the course of our work, including providing the necessary information to complete our procedures as well as answering relevant questions or providing explanations to issues encountered during our testing. We appreciate your

commitment to providing the necessary information so that we may adhere to an efficient timeline.

Rod Isom will be contacting you shortly to schedule a meeting to discuss our objectives and begin coordinating the advance preparation and audit activities. In advance of this meeting, we would appreciate obtaining the following items, in electronic format if possible, by February 12, 2020:

- Comprehensive list of Covered Programs, meaning activities or programs primarily serving or including minors and either:
 1. Conducted by UNCSA, whether located on university property or elsewhere; or
 2. Conducted by a third-party individual or organization on university property.

Please note: *This list should include programs and activities involving minors on campus including, but not limited to: academic camps, fine art camps, athletic camps and any other enrichment programs, whether daytime only or overnight programs. The list should exclude high school academic programs or programs designed exclusively for students enrolled or matriculated at the undergraduate level;*
- Policies and practices related to minors on campus;
- A list of Covered Individuals, meaning all individuals 18 years of age or older, including employees, volunteers, and students who work closely with, supervise, instruct, or otherwise come into direct, non-incident contact with minors in a Covered Program;
- A list of trainings offered and a copy of the training materials/curriculum provided to Covered Individuals;
- A current organizational chart; and
- Reports or letters from past internal or external audits and/or reviews.

The following individuals will be involved in this audit:

- Rod Isom, Audit Manager
- Sarah Pinion, Internal Auditor

We will distribute the copies of our final report to Brian Cole, Interim Chancellor; David Harrison, Vice Chancellor for Institutional Integrity and General Counsel; and the Audit, Risk, and Compliance Committee of the UNCSA Board of Trustees.

Please indicate your agreement with the terms set forth by signing as indicated below. If you have any particular areas of concern that you would like us to consider, we will be happy to discuss. Please direct all inquiries to Rod Isom at 336-750-8047. I will also be available throughout the review, as necessary, and can be reached at 336-750-2020.

January 31, 2020

Page 3

Suzanna Watkins, Director of Community
& Summer Programs

February 12, 2020

Date

Shannon B. Henry

*Shannon B. Henry, Chief Audit, Risk, and
Compliance Officer*

January 31, 2020

Date

cc: Brian Cole, Interim Chancellor
Karin Peterson, Interim Executive Vice Chancellor and Provost
Karen Beres, Vice Provost and Dean of Academic Affairs
David Harrison, Vice Chancellor for Institutional Integrity and General Counsel