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UNIVERSITY of NORTH CAROLINA WILMINGTON

BOARD of TRUSTEES

Audit, Risk and Compliance Committee
April 25, 2024

AGENDA

(1)	Call to Order	Trustee Yousry Sayed
(2)	Statement from State Government Ethics Act	Trustee Yousry Sayed
(3)	Approval of Minutes from February 8, 2024	Trustee Yousry Sayed
(4)	Internal Audit Update	Kelly Mintern
(5)	Annual Compliance Update	John Scherer
(6)	Information Technology Services (ITS) Annual Update	Sharyne Miller
(7)	Old Business	Trustee Yousry Sayed
(8)	New Business	Trustee Yousry Sayed
(9)	Adjournment	Trustee Yousry Sayed

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AGENDA ITEM

Approval of Minutes from February 8, 2024

Situation:
Approval of the minutes from the February 8, 2024 committee meeting.

Background:
N/A

Assessment:
N/A

Action:
This item requires a vote by the committee.

Supporting Documentation:
Draft Audit, Risk and Compliance Committee Minutes from the February 8, 2024 Meeting

DRAFT

Minutes of the Audit, Risk and Compliance Committee
Board of Trustees
The University of North Carolina Wilmington
February 8, 2024, 12:30 p.m.

The Audit, Risk and Compliance Committee held its regular quarterly meeting on February 8, 2024. Chair Sayed called the meeting to order and read the required ethics statement. No conflicts were identified. Other committee members in attendance were Mr. Clark and Mr. Rippy, as well as the Board Chair Mr. Fisher and other Trustees.

The meeting began with review and approval of minutes from the meeting of October 13, 2023.

Chief Audit Officer Kelly Mintern provided an overview of the work completed by the Office of Internal Audit for the quarter ending December 31, 2023. This work included two completed audits and one special project review, with three engagements in process at the end of the quarter. Audit findings continue to be monitored, with units making continued progress toward resolution of outstanding audit findings. Ms. Mintern also provided an update to the committee on the progress of the fiscal year 2024 audit plan, provided a staffing and recruitment update, and provided information on the release of the new global internal audit standards.

The next presenter was Ms. Kristy Burnette who provided an enterprise risk management update. Ms. Burnette first shared an update on upcoming projects for the ERM program. She then focused on the top active risks, which include cyber/data security, mental health, safety and security, and transitions/training needs. Mitigation strategies as well as appliable status updates were shared. Questions prompted discussion on efforts related to cybersecurity awareness and prevention, and Sharyne Miller, Chief Information Officer, provided additional information.

The last presenter was Ms. Jennifer Leung who briefed the committee on the fiscal year 2023 financial audits for UNCW and its associated entities, which included the university financial statement audit by the State Auditor and audits of UNCW's associated entities by external auditors. She shared the audit highlights, noting that both the State Auditor and external auditors issued unqualified opinions, with no management letter comments or findings, and no material weaknesses in internal controls over financial reporting.

There being no further business, the meeting was duly adjourned.

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AGENDA ITEM

Internal Audit Update by Kelly Mintern, Chief Audit Officer

Situation:
Update on quarterly activities of the Office of Internal Audit for the quarter ending March 31, 2024

Background:
This report and presentation are required to fulfill responsibilities of the internal audit function as outlined in the Internal Audit Charter and to facilitate the Audit, Risk, and Compliance Committee oversight responsibilities as outlined in the Audit, Risk, and Compliance Committee Charter.

Assessment:
N/A

Action:
This item is for information only.

Supporting Documentation:
Internal Audit Quarterly Report
Internal Audit Update PowerPoint Presentation

Office of Internal Audit Update

Presentation to the Board of Trustees

Audit, Risk and Compliance Committee

April 25, 2024

Internal Audit Update

Quarter Ending March 31, 2024

Quarterly Activities

- Completed and Pending Engagements

- Quality Assurance Review – Self-Assessment

- Audit Findings Status

- FY24 Audit Plan Status Update

- Staffing and Recruitment Update

- Other IA Activities

Completed and Pending Engagements

Completed Engagements

- Quality Assurance Review – Self-Assessment

- D.C. Virgo Preparatory Academy Follow-Up Review

- Human Resources Follow-Up Review

- Housekeeping Department Compliance Review

Pending Engagements

- Campus Safety Review

- Enterprise Risk Management (ERM) Maturity Assessment

- Annual Risk Assessment and Audit Planning

Quality Assurance Review – Self-Assessment

Objectives:

- Evaluate IA's conformance with the IIA Standards

- Evaluate effectiveness in carrying out its mission

- Evaluate progress on prior external QAR recommendations

- Identify strengths and opportunities for improvement

Conclusion:

- Overall conformance with the IIA Standards

- Opportunities identified for continuous improvement

Quality Assurance Review – Self-Assessment (Continued)

Prior External QAR recommendations:

- Strengthen IT audit expertise

- Implement automated audit management software

- Develop compliance assurance map

Enhance Conformance:

- Review and update existing internal audit strategic plan

- Enhance audit universe documentation

- Consider dedicated fraud risk assessment

Audit Findings Status

Engagement	Report Date	Findings from Initial Review	Findings Closed (Previous Quarters)	Findings Closed (Current Quarter)	In Process Findings	Open Findings
Academic Affairs						
D.C. Virgo	3/30/2023	11	5	6	0	0
Business Affairs						
Targeted Expense	7/25/2023	3	0	0	3	0
Chancellor						
Human Resources	3/24/2022	9	7	2	0	0
Title IX	8/18/2022	3	2	0	1	0
Student Affairs						
Housing and Residence Life	12/8/2023	7	0	2	3	2

FY24 Audit Plan Status Update

Audit Plan Engagements	
Engagements Planned as of July 1, 2023	12
Added to Plan	2
Engagements as of March 31, 2024	14

FY24 Audit Plan Engagement Status – As of March 31, 2024		
Completed	6	43%
In Process	3	21%
Not Started	5	36%

Staffing and Recruitment Update

Reclassification of vacant position from Auditor II to Auditor III

Recruitment pending for Auditor III (Senior Auditor) position

Other IA Activities

Educating Others / Outreach

- Participation in Business Week Sessions, Cameron School of Business
- Participation in Beta Alpha Psi meeting – Internal Audit Panel

Service to the Profession

- CAO serving as Team Lead in Conducting a Quality Assessment Review for NC A&T Internal Audit Function
- Performed on behalf of the Council of Internal Auditing Peer Review Program

Implementation of Global Internal Audit Standards

- Domain III: Governing the Internal Audit Function

Thank You!

AGENDA ITEM

Annual Compliance Update by John Scherer, General Counsel

Situation:
Update on UNCW's coordinated compliance, policy, and ethics program

Background:
This presentation engages the Audit, Risk, and Compliance Committee in its oversight responsibilities to annually review management's compliance processes as outlined in the Audit, Risk, and Compliance Committee Charter.

Assessment:
N/A

Action:
This item is for information only.

Supporting Documentation:
Annual Compliance Update PowerPoint Presentation

UNCW's
Coordinated Compliance, Policy, and Ethics Program

Annual Update
May 2023 – April 2024

Overview

- **Compliance** – Refers to legal and operational obligations with a reporting or filing deadline, but also addresses day-to-day legal standards.

- **Policy** – Refers to the ongoing review and revision of existing policies, as well as the creation of new policies to respond to emerging issues.

- **Ethics** – Refers to UNCW's workplace culture, professional standards and codes of conduct. Seeks to ensure: (i) reporting processes are available and made known, (ii) subject-specific policies contain appropriate ethical standards, and (iii) accountability exists.

Compliance

Completed Projects

❖ Assisted Watson College of Education and D.C. Virgo on Audit Tasks

- Helped update policies, practices, and documents in response to recent audit.

❖ Assisted with conversion and updating of policies to new website, as well as compliance questions for accessibility.

❖ Contract Provision Updates

- With assistance from Housing and Business Affairs, updated contracts, processes, and leases to comply with federal law on accommodations.

Compliance (Continued)

Ongoing Activities

❖ Compliance Calendar and Policies Page
- Housed on the compliance website, a campus-wide compliance calendar lists filing and reporting deadlines as well as programmatic compliance owners. The centralized maintenance of an up-to-date compliance inventory facilitates the University's encouragement of legal compliance. Additional data is added as an ongoing project.

❖ Prepare for Busy and Burgeoning Compliance Environment
- Title IX revisions in next 30-60 days
- Potential Section 504 Guidance from Dept of Education
- Various UNC System policies

Compliance (Continued)

Ongoing Activities

❖ Ongoing policy review/advising

- D.C. Virgo
- SPARC (review and development)
- Controller and Business Affairs policies

❖ Committee service

- Serve on various university committees & formal workgroups.

Policy

Completed Reviews and Revisions

Policies New/Revised April 2023-March 2024

- 03.380 Institutional Review Board Policy

- 03.390 Institutional Animal Care & Use Committee Policy

- 05.159 Purchasing Gifts for Employees

- 05.177 Pre-Approval Travel for State Employees

- 07.200.15 University Owned Cellular Enabled Devices

- 08.112 SHRA & EHRA Faculty and Non-Faculty Teleworking Policies & Procedures

- 08.510 SHRA Discipline Policy

- 08.520 SHRA Grievance Policy

- Establishment of Electric Vehicle Charging Policy (not yet finalized/posted)

Ethics

Reported Issues

❖ No issues reported within the Compliance Program.

Other

Trainings

❖ Office of General Counsel delivered annual LEAD UNCW module

❖ Free Expression (student staff)

Thank you!

AGENDA ITEM

Information Technology Services (ITS) Annual Update by Dr. Sharyne Miller, Chief Information Officer

Situation:
Update on IT Governance and Risks, including key security initiatives.

Background:
This presentation engages the Audit, Risk, and Compliance Committee in its oversight responsibilities for information technology governance and information security as outlined in the Audit, Risk, and Compliance Committee Charter. It assists in meeting compliance with reporting requirements as outlined in UNC Policy 1400.1, Information Technology Governance, and UNC Policy 1400.2, Information Security.

Assessment:
N/A

Action:
This item is for information only.

Supporting Documentation:
ITS Annual Update PowerPoint Presentation

Cybersecurity:
Balancing Risk

Annual IT Governance & Risk Update

Dr. Sharyne A. Miller – Chief Information Officer

Agenda

Security by the Numbers

On-going Cybersecurity Issues

Top Security Challenges for 2024

Top Compliance Efforts

Partnership & Staff Highlights

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Security by the Numbers

Duo Fraudulent Authentication Reports

- 71 Fraud Reports from Jan 17, 2024 – March 31, 2024

Vulnerability Remediation

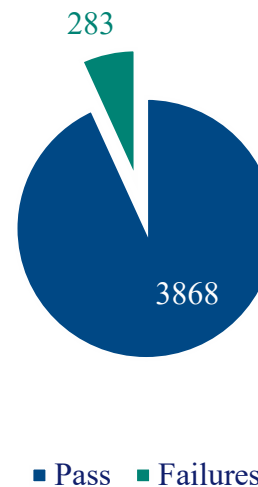- 218 Vulnerability tickets completed in the last 90 days

Security Events – Last 30 Days

- 316 Security Events
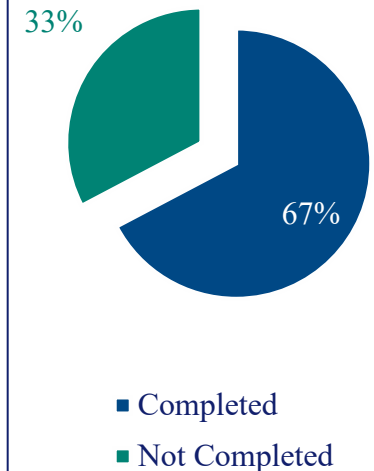- IT Security completed 99 defensive actions

Phishing – Last 30 Days

- 495 Phishing emails sent to the phishing inbox
- 3 Significant Phishing Incidents

Phish Campaign - 2024 Q1 All Employees

283

3868

■ Pass ■ Failures

2023 Mandatory Security Awareness Training

33%

67%

■ Completed
■ Not Completed

On-going Cybersecurity Issues

Phishing Scams

- Phishing, business email compromise, and other scams account for the largest transfer of human wealth in history – over 6 trillion dollars.

- In 2023 alone there were over 5 million *unique* phishing attacks, with a reported 50 billion dollars lost to fraud in the U.S. alone.

- Phishing exploits the human element, reducing the impact of technical security controls.

Ransomware

- Between June 2022 and May 2023 there were 190 known ransomware attacks against educational institutions. Many more are thought to be unreported.

- Educational institutions have suffered an overall 1600 days of downtime due to ransomware.

- The average cost of a ransomware breach continues to increase year over year.

Top Security Challenges for 2024

Explosive Demand for Research Computing and Data

- Protection of university data
- Engagement with BerryDunn

Security of Data with Third-Party Vendors

Human Error

- The World Economic Forum found that 95% of all cybersecurity issues can be traced back to human error.

Identity and Access Management

Asset Management and Endpoint Security

Emerging Risk: Artificial Intelligence & Data Security

Top Compliance Efforts

Vendor Risk Management

- Foundations of program in place in 2018

UNC System updating requirements of International Organization for Standardization (ISO) 27002 Information Security Controls

- Migrating from ISO 27002:2013 to ISO 27002:2022

National Institute of Standards and Technology (NIST) compliance for enabling research

Maturing Data Loss Prevention (DLP)

Expand Endpoint Detection and Response Deployment

Regular Penetration Testing and Remediation Efforts

Gramm-Leach-Bliley Act (GLBA)

Partnership Highlights

Center for Marine Science

- High Performance Computing (HPC) Cluster

College of Health and Human Services

- New Hanover Community Endowment – Healthcare Transformation Project

MIS Program

- Maritime Cyber Defense

Randall Library

- Secure research computing space located in Randall Library

Sponsored Programs and Research Compliance

- Data Use Agreements
- NIST Security Framework

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Staff Highlights

Aaron Culler, Director of Information Security

- Served 9 years in the United States Marine Corps and completed his Associate, Bachelor, and Master degrees while serving on active duty.

- Currently partnering with the UNCW Office of Military Affairs to explore bringing the DoD SkillBridge internship program to campus.

- Advising Randall Library team on technical requirements for the secure research computing space.

- Seth Thompson, IT Security Analyst

  - Uncovered misleading email communications campaigns to UNCW employees falsifying affiliation with UNCW.

  - Implemented proactive security measures to counter unsolicited and deceptive retirement offerings.

Thank You