

Finance and Audit Committee Meeting

Chancellor's Board Room – HFR 510

Thursday, June 1, 2017

2:35 p.m. – 4:02 p.m.

Committee Members Present

Mr. Phil Drake; Mr. Kenny Messer; Ms. Pat Kaemmerling; Mr. Tim Haskett; and Mr. Gaither Keener.

Others Present

Chancellor David Belcher (WCU); Mr. Ed Broadwell, Chair (WCU Board of Trustees); Dr. Melissa Wargo, Chief of Staff (WCU); Mr. Mike Byers, Vice Chancellor for Administration and Finance (WCU); Dr. Sam Miller, Vice Chancellor for Student Affairs (WCU); Mr. Keith Corzine, Assistant Vice Chancellor for Student Affairs (WCU); Mr. Craig Fowler, Chief Information Officer (WCU); Mr. Wes Chancey, Associate General Counsel – Title IX Coordinator (WCU); Ms. Ivy Gibson, Assistant General Counsel – Compliance Officer (WCU); Ms. Lisa Gaetano, Internal Auditor (WCU); Ms. Stormy De Lucia, Administrative Support Associate (WCU); Mr. David Steinbicker, Associate Vice Chancellor for Fiscal Affairs (WCU); Mr. Ernie Hudson, Chief of Police (WCU); Mr. Bill Studenc, Director of Communications and Public Relations (WCU); Mr. Jacob Deal, Public Safety Supervisor (WCU); Mr. Steve Lillard, Public Safety Director (WCU); Mr. Joe Walker, Associate Vice Chancellor for Facilities Management (WCU); Mr. Richard Starnes, Dean of the College of Arts and Sciences (WCU); Mr. Matt Ketchum, Director of Capital Projects (WCU); and Mr. Joel Mckenzie, IT Security Specialist (WCU)

Call to Order

Mr. Phil Drake called the meeting to order at 2:35 p.m.

Approval of Minutes

Mr. Keener made a motion to approve the minutes from the last meeting, Mr. Messer seconded, and the motion carried.

For Action:

Compliance plan Amendment (Tab E-2)

Mr. Chancey introduced the Compliance Plan Amendment. The first topic of review was the I-9 form. Mr. Chancey described the risks associated with non-compliance of the I-9 forms such as fines and penalties. Mr. Chancey overviewed the I-9 form, which ensures an employee is legally eligible to work in the US. Employees are required to produce documentation, such as passport, driver's license, or any valid document to confirm identity, and the employer is required to keep a record of documentation. Gaither Keener asked about using e-verify for this purpose, Mr. Chancy stated his question was relevant and that it would be addressed later in the presentation. He introduced the program Guardian to the board which is a program that keeps track of I-9 compliance. He showed the 'dashboard' from Guardian that organized employee documents. It is looked at every day by HR and is updated in real time. The Guardian database is an encrypted database which keeps all documents including I-9s and E-verify information. He gave an example of himself within the program, and stated he was impressed by this software. He stated that it is a low risk, fool proof program and he personally thinks it is fantastic.

WCU Risk Register (Tab E-2A)

Mr. Chancey explained he printed a blank register then sat down with folks face-to-face to record risks on a scale. He aggregated the data and re-prioritized the risk register. Mr. Chancey showed an example of the heat map in Tab E-2A. He stated that if it was to be approved, he would circulate the heat map. Mr. Keener stated that he has seen heat maps with quadrants, and that they may be more detailed. Mr. Keener asked if in the future the approval of the heat map could be done by a board. Mr. Chancey stated he would consider doing so, as of right now university personnel approve it. Chancellor Belcher stated he did not know whether this board or the board of governors should be the group who approves this. Mr. Chancey pointed out some trends within the risk register. Political, legislative and regulatory change was up 6 points, IT data security was up 6 points because of hacking. Loss of base institutional funding was down 6 points and reputational damage as a result of activism is up 6 points because of events nationwide.

Update on the compliance plan: Mr. Chancey stated that conflict of interest forms should be focused on. He says the paper forms need to be updated to electronic forms. Mr. Broadwell asked if it would be part of the Guardian system. Mr. Chancey said that the two were not relatable. Mr. Broadwell asked if I-9 was exclusively for Guardian, Mr. Chancey stated that it was

Mr. Chancey stated that education of personnel for ethical conduct is an ongoing process. He wants folks to communicate in a way that is more meaningful than e-mail. Mr. Chancey stated that we need to educate people about ethics and confidential reporting system. Mr. Drake commented that his opinion on the responsibilities of the board and committee are that there need to be professionals reporting the risks, and that others are measuring the risks. He also commented that there should be boards to vote for approval or disapproval of risk registers. Then Mr. Keener asked how our risk register compares to other universities when it comes to how advanced the technique is. Mr. Chancey stated that these remain a guideline for best practices. He also said we are ahead of the game compared to other colleges but that he would like to talk to associates at other schools about it. He stated there is not an industry standard but people are working to improve the process. Mr. Broadwell said he was pleased and would also like to see the risk register with quadrants.

Mr. Keener made a motion to recommend the updated risk register to the full Board for approval, Ms. Kaemmerling seconded, and the motion carried.

Mr. Chancey concluded by introducing Ms. Ivy Gibson, the new Assistant General Counsel and Chief Compliance Officer.

Internal Audit Update and Approval of 2017-2018 Audit Plan (Tab E-3) 2017-2018 Audit Plan (Tab E-3A)

Ms. Gaetano introduced her topic and reviewed the recent audit activities, with the accompanied spreadsheet. Status of the audit and reported audit findings and resolutions are listed within the document. Ms. Gaetano stated she performed 27 audits, had 54 findings and found 10 observations. She noted four audits were deferred, one was canceled, and one was pending. She has one in progress and stated that she had a project where she was going to analyze the p-card activity using an analytics tool. Mr. Drake asked if the deferred ones would be re-addressed. Ms. Gaetano said yes, and that she based her plan on a risk assessment that her and Mr. Chancey created together. After doing a risk assessment, Ms. Gaetano stated that laboratory and safety training, IT access to data, campus safety, efficiency of processes, compliance with law/policies procedures/ grants, construction auditing came about as risks. Business processes came from the prior year, construction audit is a new audit, IT audits will be worked on with Joel and she is already working on one investigation and has time set aside for another. She also has to set aside time for second quality assurance review, due in fall of 2018. Chancellor Belcher asked about networking closets and SciQuest, Ms. Gaetano said if there are findings they would roll into follow-up. Ms. Gaetano asked if there were questions, there were none and she requested that the Committee endorse the proposed audit plan and recommend to the full Board for approval.

Ms. Kaemmerling moved to endorse and forward the audit plan to the full Board for approval. Mr. Messer seconded and the motion carried.

Approval of Upper Campus Residence Hall Design (Tab E-4)

Mr. Byers introduced Mr. Ketchum and stated that the design for the Upper Campus Residence Hall had just been provided to WCU during the prior week and is now recommended by staff for approval by the Board of Trustees. Mr. Ketchum explained that this design is for a five story building with 600 beds, located between Brown Hall and Judaculla Hall. Maximizing the bed count was important, they looked at six options and settled on this plan. It builds on the flattest part of the site eliminating need for retaining walls, which allows more funding in the budget for the building. Also this will allow the university to keep Buchanan Residence Hall on site while the new residence is being built. The design shows that a new road would link the apartments to Central Drive. Mr. Ketchum pointed out that pedestrian paths are most important aspect of this design, they are abundant. Kitchenettes and study halls are going to be located at the ends of the building. Mr. Ketchum noted that another design element would be the nice views, looking out over Noble Hall. It had been discussed that this design schematic allows for the right number of stories and beds for this area. The next phase of design would be to add details to the design.

Mr. Ketchum stated that Mr. Corzine wanted more beds but given the market this design is more pragmatic. Room layout includes semi-private baths, in line with standards across the university. Mr. Broadwell asked why a bigger design with 6 floors and 750 beds was not chosen, stating that space on campus should be taken advantage of fully. Mr. Ketchum stated that he looked at other taller options but the massing of greater height above Central Drive was a concern. Joe Walker stated that budget was also a deciding factor. Discussion by the group continued on the merits of maximizing the use of campus land while maintaining its look, feel and character. Mr. Ketchum also stated they were considering design elements which could allow adding another floor later.

Mr. Drake asked for Committee approval to recommend the selected design to the full Board for approval.

Mr. Keener made a motion to approve the presented design for the Upper Campus Residence Hall to the full Board for approval, Mr. Messer seconded and the motion carried.

For Information and Discussion:

A&F Update – Campus Safety Operations

Mr. Byers introduced Chief Ernie Hudson to discuss the WCU Police Department and campus safety. Chief Hudson began by stating that Western Carolina University is unique in that its location is not close to a large city, which typically has an abundance of resources that a

university can call upon. This requires that the campus rely on itself and that the Jackson County Sheriff's Department has approximately the same number of officers as WCU. He also observed that the campus is growing and continually changing over time. National issues are also having a direct impact on the campus community. Chief Hudson then provided an organizational chart of the WCUPD. Chief Hudson informed the Board that the department was structured as a para-military organization that has strict process & procedures so that the conduct of officers can be consistent and their efforts forecasted.

Chief Hudson offered information regarding the initial training that WCU officers receive in the academy in that it is the same as any other law enforcement officer in the State. New officers receive an additional 16 weeks of field training to acclimate to their duties. There is a significant emphasis on in-service training for the department and in the last three years officers have attended over 4500 hours of training. A typical WCU officer receives three times the amount of annual training than the State requires. The courses cover a wide range of topics but include both class room and practical exercises. The courses include crisis intervention training, Executive Leadership courses, interview & interrogation, sexual assault investigations, and specialized weapons training. Chief Hudson stated that as an example the state's basic rifle course consists of 8 hours. WCUPD Officers receive a minimum of 24 hours of rifle training.

Chief Hudson then described the types of service provided by WCUPD which includes preventive patrol, calls for service, investigations, sexual assault investigation, programming and special event staffing. The number of calls for service is fairly consistent each year but the time out on calls is increasing due to the needs of our student population. There are serious crime issues that arise on occasion and calls for service can range from minor Facebook bullying to suicide attempts. Chief Hudson said that mental health crisis response has risen over 100% in the last two years. Chancellor Belcher pointed out that this is a national trend through college campuses. Chief Hudson informed the Board that there are over 75 special events each year that require police staffing. WCUPD has had to impose time off restrictions for officers during the last two weeks of each semester due to the increase run load for calls for service.

Officers do participate in activities involving community outreach such as "Shop with a Cop".

WCUPD officers are members of several standing and temporary committees including the Student Crisis Response Team, Mountain Heritage Day, and Behavioral Assessment Team.

Chief Hudson discussed the role of the Clery Compliance office under the direction of Bruce Barker and how it impacts the entire university. Under the Clery Act there are approx. 118 separate mandates and the guidance document is almost 300 pages long. WCUPD uses a standards model to document compliance efforts.

Lastly, Chief Hudson introduced Sgt. Jacob Deal who was the first UNC Officer to be named Police Officer of the Year by the UNC system for his programming and victim assistance efforts. Chancellor Belcher stated that the department does an incredible job each year.

Master Plan and Capital Improvements Update

Mr. Byers provided an update on the Campus Master Plan. The current master plan was written in 2014 and is a comprehensive document. Over time, as conditions change, such a planning document can become less and less relevant. But WCU's Campus Master Plan is maintained in an on-going basis and continues to serve the University very well. There are 152 recommendations contained in Master Plan. The Master Plan committee tracks progress toward these recommendations, recording progress, completions and changes in circumstances that dictate variations from plan. Thus, it is a living document.

Mr. Byers then reported on progress toward major capital projects. He stated that the Brown Hall renovation is almost complete and the building is scheduled to open during summer of 2017. He noted that this renovation added 25,000 sq. ft. for dining and student services. He stated that Noble Hall had just completed one full year of being occupied, with 419 students living there and that all retail space was now leased and open for business. Mr. Byers pointed out that parking lot 73 is complete and has 500 parking spaces. Next he reported that the replacement science building, funded from \$110 million from the NC Connect bond, will be in design until spring 2018 even though site work is already occurring this summer. Mr. Byers noted that construction of the science building will last until 2021. He pointed out that it will be built next to Hunter library and connected to Stillwell. The Niggli building will be demolished to make room for the new building. Mr. Byers stated that the building progress for the medical office building at HHS has slowed down because the anchor tenant needed more time.

Mr. Byers stated that the Upper Campus Residence hall design is in progress and they plan to occupy it in fall of 2019. He also mentioned that strategic renovations in Coulter, Killian, McKee, have occurred over the last few years. This summer the Reid gym, Forsyth and Coulter faculty commons will see some renovations. He reported that emergency, temporary equipment was installed in the Steam plant, which should buy WCU more time to seek funding for a complete, \$33 million renovation. He noted that there was current legislation being proposed that would provide \$9 million toward the first phase of the project.

Mr. Byers also talked about a possible indoor practice facility that would be funded from gift receipts and noted that an ongoing study of possible siting and phasing is currently in the works. Mr. Byers also talked about the planned parking garage which will need approval for self-liquidating debt from the Legislature in the current session to move ahead. Location possibilities are near HFR parking lot or near Camp building. Chancellor Belcher stated he was excited because of the need for parking on campus. Lastly, Mr. Byers stated there is also a plan to start planning for a lower campus residence hall, which would be located between Scott hall and the Village area.

Upon conclusion of Mr. Byers report and there being no further business to discuss, Mr. Drake adjourned the meeting at 4:02 p.m.