



**Office of Internal Audit and
Management Advisory Services**

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9-15-09
Faculty Senate
meeting

November 15, 2007

Dr. Steve Ballard
Chancellor
East Carolina University
Greenville, NC 27834

Re: Management Letter – University Policies, Procedures, and Training

Dear Dr. Ballard:

On a periodic basis, the Office of Internal Audit takes a wholesale review of the types of observations that are reported to management during individual reviews. This review is conducted to determine if occurrences show that the University needs to address a systemic issue or issues. This management letter addresses those issues and makes recommendations to mitigate the risks to the University that are present with regard to the systemic issues.

Two prevalent issues are the lack of an enterprise-wide uniform system of policy development and a unified "University Policy Manual" and the lack of training for new supervisors and chairs of departments with regard to current University policy and procedure. Policies are one of the cornerstones of effective governance in that they are a means of maintaining order, security, consistency, and furthering the goals and objectives of management. Detailed observations, recommendations, and management's plan of action and implementation dates follow.

Observation 1: The most prevalent systemic issue is the lack of a formal unified "University Policy Manual" and the lack of a formal policy management system. Policies are located in numerous places, under numerous authorities, in numerous formats, and in some instances, are outdated and in conflict with one another. For example, we have the "ECU Business Manual" and the "ECU Faculty Manual", along with other policies listed on websites that are University policies that are not included in either manual. Further, there is no formal mechanism for communicating the policies to the ECU Community.

Recommendation: The University should develop a formal policy management system that regulates how University policies are formulated, developed, documented, promulgated, approved and controlled. An outcome of this formal

system should be the development and implementation of a unified online "University Policy Manual" to include all policies that govern the University. Policies should be promulgated through a formal written document that uses a standard format and contains standard components such as a purpose statement, applicability and scope, effective date, responsible parties, background, definitions, and revision dates. The "University Policy Manual" should be held in a central repository and adequately communicated to the ECU Community. Policies should be implemented timely and reevaluated at least annually to assess their adequacy and appropriateness. Management should further investigate the use of commercially developed software that facilitates the policy management system in developing, tracking revisions, approving, and disseminating policies.

Plan of Action and Implementation Date: Phase one in the development and implementation of a unified "University Policy Manual" will be the creation of a "Policy on Policies" to ensure consistent policy development and management throughout the university. This important task is currently underway.

Phase two is to use the new systematic approach of the "Policy on Policies" to develop an outline or roadmap for a "University Policy Manual." This policy manual will be the formal mechanism for communicating policies to the ECU Community. Based on similar projects completed at other institutions of higher learning, we predict a broad time range of two to ten years to complete this critical task.

Observation 2: The auditing process requires that when an internal control weakness or issue is identified the underlying cause needs to be determined. A common theme that has been occurring is the "lack of management oversight", which may be attributed, in part, to the lack of adequate training for new supervisors and chairs of the departments. For example, we find that many employees are unaware of the personnel policies, timekeeping requirements, cell phone policies, and inventory requirements of the University. Further, we are finding that supervisory employees do not understand the importance of conducting adequate employee evaluations and documenting inappropriate employee behavior. Many times supervisors come forward with problem employees but the supervisor has not properly evaluated, documented problems, and counseled the employee.

Recommendation: The University should implement a formal training process for new supervisors and chairs of departments to ensure they are aware of University policies and procedures, and a process for continuing periodic training. Further, management should consider whether this formal and continuing training opportunity should be optional or required; however, it is recommended that it be required.

Plan of Action and Implementation Date: Management will evaluate existing training offered to new supervisors and Department Chairs and identify those areas for which new training should be implemented or existing training revised. Once so identified, management will take steps to implement new training or revise existing training, as necessary, such that new supervisors and Department Chairs are aware of and can more seamlessly implement applicable university policies and procedures.

In conclusion, the Office of Internal Audit will conduct a follow-up with regard to management's plans of action and implementation dates as it relates to the observations and recommendations contained in this letter. If you have any questions or concerns, please do not hesitate to contact us.

Respectfully submitted by:



Stacie Tronto, MBA, CISA, CIA, CFE
Director, Office of Internal Audit

cc: Audit Committee – ECU Board of Trustees
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