MINUTES

The University of North Carolina at Greensboro
Board of Trustees
Audit Committee

February 15, 2007

Attending-Audit:  Richard Moore, Thomas Ross, William Pratt


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Richard Moore, Chair of the committee, called the meeting to order at 8:50 a.m.

INFORMATION ITEMS

Trustee Audit Review (AUD1)

At the November 2, 2006 meeting, the Board of Trustees approved an Audit Committee Charter which expanded the duties and responsibilities of the Audit Committee and refined the purpose, organization, and meetings. This review is to give the committee a summary of the audits to be discussed.

Summary of Items for Discussion: Currently the UNCG campus is subject to audits from the North Carolina State Auditors for both financial and electronic data processing areas, independent CPA firms, Federal Auditors, local agencies and internal audits. Vice Chancellor Taylor advised the Board that the State Auditors are planning to more closely integrate the financial audit and the electronic data processing audit.

Ms. Barrett asked if the NCAA procedures were stringent enough. Mr. Skeen advised that these were not typical audits, and the procedures outlined by the NCAA. Their procedures are extremely thorough, well beyond a ‘regular’ audit. The only finding was for five complimentary tickets unsigned for out of 206 complimentary tickets for one event out of ten events investigated.

Summary of External Audits Performed: For the past year external audits have been conducted by the state auditors for UNCG. The firm of McGladrey and Pullen has conducted audits of the UNCG Endowment Fund, the Capital Facilities Foundation, the UNCG Excellence Foundation, the UNCG Human Environmental Sciences Foundation, the UNCG Investment Fund and the Weatherspoon Art Museum Association. A review of agreed upon procedures in compliance with NCAA guidelines is performed for the Intercollegiate Athletics Program.
Vice Chancellor Taylor announced that the exit interview with the NC State Auditors is scheduled for February 19 at 4 p.m. in the Chancellor’s board room. There were no findings, major or minor, and no comments. VC Taylor thanked Steve Rhew and his area for this clean audit during the extensive transition to Banner. Mr. Moore invited any other board members who wished to attend to join them.

The audit report from McGladrey and Pullen for the UNCG Endowment Fund was distributed.

VC Taylor reported that the UNCG University Investment Fund did receive a business advice memorandum. Wachovia Bank made two mistakes in their reporting. These reports will now be compared to those from the investment for future errors. He also indicated that the auditors were also concerned about the fund using spreadsheets to maintain its unitization data. We are investigating software to replace our current spreadsheets for further control. No errors in the spreadsheets were found.

State and local agencies have also audited areas of the campus. These agencies include the NC DHHS, Division of Child Development, and the Guilford County Partnership for Children, the NC Commission on Volunteerism and Community Services, Office of the Governor.

**Summary of Internal Audits Performed:** The Internal Audit Department of UNCG has conducted audits of the Intercollegiate Athletics Program and the purchasing card program. There were no findings in the athletics program. There was a minor finding in the purchasing card project which has been addressed and appropriate action taken.

Mr. Moore asked if we had changed any of our procedures due to problems discovered at other UNC campuses. Mr. Skeen reported that he had looked into our discretionary accounts. No problems were found. Whenever a problem is reported, we look into that area for our campus. VC Taylor reported that the State Auditors asked him how ethics were promoted on our campus. His response was that ethics begins at the top and the Chancellor had never asked him or his predecessor to do anything unethical, and that spreads downward through the divisions.

Chancellor Sullivan told the Board that we are under increased scrutiny; but there are always people who will take advantage of the system. We have had incidents and have acted immediately. Our best defenses are the safeguards in place and to be vigilant. She thanked the board for their questions.

Mr. Moore stated that the minor findings show that we are being vigilant and indicate that the audits we have in place are effective.

The meeting was adjourned at 9:13 a.m.

Respectfully submitted,

Donna Honeycutt