BOARD OF TRUSTEES
THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO
November 2, 2006

ACTION ITEM: Approval of the “Audit Committee Charter” of The University of North Carolina at Greensboro

BACKGROUND INFORMATION:

On February 12, 1998, the Board of Trustees of The University of North Carolina at Greensboro appointed the Business Affairs Committee to also serve as the Audit Committee. In November of 2005, the Board of Governors of The University of North Carolina adopted the recommendations of its Task Force on Best Financial Practices. The Task Force recommended that each constituent institution have an active audit committee that reports on its activities to the Board of Trustees and the Board of Governors.

RECOMMENDED ACTION:

That the Board of Trustees of The University of North Carolina at Greensboro approve the “Audit Committee Charter.”

Donald C. Skeen
Director of Internal Audit
I. BACKGROUND

On February 12, 1998, the Board of Trustees of The University of North Carolina at Greensboro appointed the Business Affairs Committee to also serve as the Audit Committee. In November of 2005, the Board of Governors of The University of North Carolina adopted the recommendations of its Task Force on Best Financial Practices. The Task Force recommended that each constituent institution have an active audit committee that reports on its activities to the Board of Trustees and the Board of Governors.

II. PURPOSE

The function of the Audit Committee is to assist the Board of Trustees of The University of North Carolina at Greensboro in fulfilling its oversight responsibilities related to: (1) the integrity of the University’s financial reporting, (2) the adequacy and effectiveness of systems of internal control, (3) and the independence and performance of the external and internal audit functions.

The Audit Committee’s duties do not replace or duplicate established UNCG Administration responsibilities and delegations. Instead, the Audit Committee serves in an advisory capacity to guide the direction of UNCG Administration’s actions and sets broad policy for ensuring accurate financial reporting, sound risk management, and ethical behavior.

III. ORGANIZATION

The Audit Committee is a standing committee of the Board of Trustees. There shall be a minimum of three (3) members appointed by the Board Chair. Each Audit Committee member must be independent of UNCG Administration and free of any relationship that would impair such independence. Members may not receive consulting, advisory, or other fees from the University.

If practicable, at least one member of the Audit Committee should be a financial expert. A financial expert is someone who has an understanding of generally accepted accounting principles and financial statements, preferably relative to higher education; experience in applying such principles; experience in preparing, auditing, analyzing, or evaluating financial information; experience with internal controls and procedures for financial reporting; and an understanding of the audit committee function. If feasible, the role of financial expert should be rotated periodically.
IV. MEETINGS

The Audit Committee shall meet no fewer than four (4) times a year. The Audit Committee will invite members of UNCG Administration, auditors, legal counsel, and others to attend meetings in order to obtain pertinent information as requested.

V. DUTIES AND RESPONSIBILITIES

The following shall be the principal duties and responsibilities of the Audit Committee:

- At the beginning of the University’s audit cycle, review and approve a summary of the annual internal audit plan for the campus. At the end of the cycle, review a comparison of the plan advanced to the internal audits performed.

- Review the results of the annual financial audit with the State Auditor or his designated representative. Review year-end financial statements, audit findings, and other matters from all external audits of the University.

- Review all audits and management letters of University-Associated Entities as defined in Section 600.2.5.2 [R] of the UNC Policy Manual.

- Discuss the results of any other audit performed and report/management letter (i.e. information system audits, investigative audits, etc.) issued by the North Carolina Office of the State Auditor with either the State Auditor or his staff, the Director of Internal Audit, or appropriate campus official.

- For any audit finding contained within a report or management letter issued by the State Auditor, review the institution’s corrective action plan and obtain a resolution report once corrective action has taken place.

- Discuss the results of any audit performed by independent auditors and, if there are audit findings, review the institution’s corrective action plan and receive a report once corrective action has taken place.

- Obtain quarterly reports from the Director of Internal Audit that, at minimum, report material (significant) reportable conditions, the corrective action plan for these conditions, and the resolution once these conditions have been corrected.

- Prepare and forward to the Board of Governors an annual summary of the work performed by the Audit Committee, including a report of the work of the audits, reviews, investigations or special assignments completed by the University. The report should also include any identified material reportable conditions and how such conditions were addressed.

- Assure that the University has a plan for performing self-assessments of operating risks and evaluations of internal controls on a regular basis and for carrying out internal audit functions in a way that meets professional standards.

- Be available to meet during the year with the State Auditor or his staff for consultation purposes.
• Request, as needed, that the State Auditor or his designee rotate the Audit Manager assigned to the University’s financial statement audit.

• Consult with the Office of University Counsel regarding any legal matters that may have a significant impact on the University’s financial statements or overall financial performance.

• Review and approve the Internal Audit Department’s Charter.

• Consult with the Chancellor regarding the selection or removal of the Director of Internal Audit.

The Audit Committee may modify or supplement these duties and responsibilities as needed.

The Audit Committee, with the assistance of the Office of University Counsel and the Director of Internal Audit, should periodically review and assess the adequacy of the Audit Committee Charter.

Adopted this 2nd day of November, 2006.

BOARD OF TRUSTEES OF THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO

By: __________________________________________
Chair