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

February 2, 2010

COMMITTEE MEMBERS PRESENT: Jean Davis (Chair; by telephone), Steve Hassenfelt (by telephone)

ABSENT WITH NOTICE: William Pratt, Gwynn Swinson

OTHER BOARD MEMBERS/GUESTS PRESENT: Kate Barrett, Linda Brady, Sharlene O’Neil, David Perrin, Cindy Reed, Don Skeen, Patricia Stewart, Reade Taylor

PROCEEDINGS: Jean Davis called the meeting to order at 12:40 p.m. Since the committee did not have a quorum present, approval of the minutes of the November 3, 2009 meeting was tabled until the next committee meeting.

ACTION ITEM:

Approval of the Internal Audit Charter

Due to the lack of a quorum, approval of the Internal Audit Charter was postponed until the meeting of the full board on February 18, 2010.

INFORMATION ITEM:

Audit Review for Board of Trustees

Don Skeen provided an overview of attachments AUD-2a (Summary of Internal Audits Performed – November 2009 Forward), AUD-2b (Summary of External Audits Performed – Entities Included in University’s Basic Financial Statements - Fiscal Year 2009), and AUD-2c (Summary of External Audits Performed – Entities Excluded from University’s Basic Financial Statements - Prior Fiscal Year).

Regarding the NCAA Mandated Review of Financial Activity audit for Intercollegiate Athletics as outlined in attachment AUD-2a, Skeen told committee members that the NCAA requires that an independent accountant who is not a staff member prepares an agreed-upon procedures report for the Chancellor. He added that the primary function of Internal Audit is to prepare a financial statement for Intercollegiate Athletics for the purposes of this review that is done by McGladrey & Pullen, CPAs. In conducting the agreed-upon procedures, McGladrey & Pullen found no exceptions relative to the activities of Intercollegiate Athletics for the past fiscal year ending June 30, 2009.

Skeen added that the second internal audit in the report concerns Financial Clearing Accounts. The objective is to review the internal controls related to the use of clearing accounts in the University’s financial records. Examples of clearing accounts include items such as payroll.
withholding and travel advances. Minor findings were noted in this audit. Three employee benefits clearing accounts were reviewed that did not receive formal approval of reconciliations by the supervisor. Upon a report of the findings, a written response was received from the Office of Business Affairs stating that the formal review of reconciliations should be performed based on the audit recommendation.

In relation to attachment AUD-2b, Skeen commented that UNCG’s Financial Statement Audit conducted by the Office of the State Auditor is still in progress. All the University Endowment and Foundation Audits conducted by McGladrey & Pullen have been completed and there are no findings.

Skeen added that the entities that are not part of the University’s financial statements are included on attachment AUD-2c, including the UNCG Alumni Association, SERVE, Inc., and Gateway University Research Park, Inc. There were no findings relative to SERVE, Inc. (for year ended November 30, 2008) and Gateway (for year ended September 30, 2008). The UNCG Alumni Association did have audit findings as reported by Bernard Robinson & Co., as follows.

1) No system that would provide for the preparation of the financial statements or for monitoring the prepared financial statements to ensure that they are in accordance with generally accepted accounting principles.
2) Adjusting journal entries for prior year had not been recorded.
3) Inadequate segregation of duties for functions in the areas of cash receipts and general ledger entries.

Jean Davis recommended that the Alumni Association item be brought before the Audit Committee again at its next meeting to discuss the findings and what needs to happen to resolve the findings. It was agreed that Don Skeen will come back to the committee after consulting with the Alumni Association and Bernard Robinson & Co. regarding resolution of the findings.

With no further business to come before the committee, the meeting was adjourned at 1:15 p.m.

Respectfully submitted,

Cindy Reed