December 13, 2011

The University of North Carolina at Greensboro Board of Trustees
The University of North Carolina at Greensboro
Greensboro, NC COURIER #02-14-23

We have completed our audit at The University of North Carolina at Greensboro for the year ended June 30, 2011. Professional standards require that we provide you with the following information related to our audit.

**Significant Accounting Policies**

Management, along with the Office of the State Controller, has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by the University are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2011.

We noted no transactions during the year for which there is a lack of authoritative guidance or consensus.

**Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing our audit.

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated November 10, 2011 (copy attached).

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.
The University of North Carolina at Greensboro Board of Trustees  
December 13, 2011  
Page 2

This information is intended solely for the use of The University of North Carolina at Greensboro Board of Trustees, The University of North Carolina at Greensboro Board of Trustees Audit Committee, and management of The University of North Carolina at Greensboro and is not intended to be and should not be used by anyone other than those specified parties. If you have any questions about these matters, please contact the Audit Manager at (919) 807-7500.

Sincerely,

BETH A. WOOD, CPA  
STATE AUDITOR

Carol L. Smith, CPA  
Audit Manager  

BAW/CLS:dr  

cc: Dr. Linda P. Brady, Chancellor  
Reade Taylor, Vice Chancellor for Business Affairs  
Mr. Randall Kaplan, Chair, Board of Trustees  

Attachment
November 10, 2011

The Honorable Beth A. Wood, State Auditor
Office of the State Auditor
2 South Salisbury Street
20601 Mail Service Center
Raleigh, North Carolina  27699-0601

Dear Auditor Wood:

We are providing this letter in connection with your audit of the financial statements of The University of North Carolina at Greensboro as of June 30, 2011 and for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position of the University and the results of its operations and, where applicable, cash flows in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of The University of North Carolina at Greensboro’s financial statements in conformity with the aforementioned accounting principles.

Along with the Office of the State Controller, we are responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit:

1. The financial statements of the The University of North Carolina at Greensboro referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. We have made available to you all:
   a. Financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
   b. Minutes of meetings of the Board of Trustees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements and supplementary information.

5. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

6. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
   a. Management.
   b. Employees who have significant roles in internal control.
   c. Others where the fraud could have a material effect on the financial statements.

7. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, governmental agencies, regulators, or others.

8. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

9. The following have been properly recorded or disclosed in the financial statements:
   a. Related party transactions, including revenues, expenditures / expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
   b. Guarantees, whether written or oral, under which the University is contingently liable.
c. All accounting estimates that could be material to the financial statements. We believe the estimates and the key factors and assumptions underlying those estimates are reasonable in the circumstances.

10. We are responsible for compliance with all laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts.

11. There are no:

a. Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting and amending budgets), or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

b. Items of which we are aware involving pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be disclosed in the financial statements in accordance with FASB Statement No. 5, Accounting for Contingencies, and we have not consulted a lawyer concerning litigation, claims, or assessments.

c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5.

d. Reservations, restrictions, or designations of equity that were not properly authorized and approved.

12. The University of North Carolina at Greensboro or State of North Carolina has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

13. To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the date of the financial statements and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the supplementary information.

14. With respect to the financial statements:

a. All component units, joint ventures, and/or related organizations are properly reported/disclosed.

b. All funds and activities are properly classified.
c. All funds that meet the GASB criteria for major funds are properly reported as major funds.

d. Equity accounts are properly classified.

e. Investments are properly valued.

f. Provisions for uncollectible receivables have been properly identified and recorded.

g. Expenses have been appropriately classified and allocated.

h. Revenues are appropriately classified.

i. Interfund, internal, and intra-equity activity and balances have been appropriately classified and reported.

j. Capital assets are properly capitalized, reported, and if applicable, depreciated.

15. With respect to information required by the Governmental Accounting Standards Board (GASB) to be presented with the basic financial statements (required supplementary information or RSI, including Management's Discussion and Analysis):

a. RSI is presented and measured according to authoritative guidelines on a basis consistent with that of the prior year.

b. RSI is consistent with the basic financial statements.

c. Management's discussion and analysis (MD&A) is based on facts, decisions, or conditions currently known to management and does not contain forecasts or other prospective information.