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

December 1, 2011

MEMBERS PRESENT: Lee McAllister (Chair), Randall Kaplan, Harriett Smalls

OTHER BOARD MEMBERS/GUESTS PRESENT: Cindy Reed, Don Skeen

PROCEEDINGS: Lee McAllister called the meeting to order at 4:53 p.m. Minutes from the April 19, 2011 and the September 14, 2011 meetings were approved.

INFORMATION ITEM:

Audit Review for Board of Trustees

Internal Auditor Don Skeen summarized internal audits as follows:

1) Student Refund Processing (conducted in the Cashiers and Student Accounts Office): The objective of this examination was to evaluate internal control relative to the issuance of student refunds. The internal controls include (1) segregation of duties and (2) error prevention. The scope of the examination was restricted to recent student refund transactions conducted during October, 2011. Refunds may be attributed to the application of financial aid awards, the reversal of tuition and fee charges, and/or the reversal of departmental charges for services, etc. There were no findings relative to this review.

2) Processing of Gifts of Financial Securities (Advancement Services): The objective of this review was to evaluate internal control relative to receiving gifts of financial securities, primarily common stock, gifted to UNCG and its affiliated entities. The documentation is examined to verify that all gifts were recorded in accordance with donor intent, that they were valued correctly, and that transactions took place in a timely manner. The scope of the examination was restricted to gifts of securities, primarily common stock, received by Advancement Services during the three month period beginning November 1, 2010 and ending January 31, 2011. Gifts were donated to UNCG or the associated entities for the purpose of benefiting the University. There were no findings, however there was one recommendation regarding the reconciliation of monthly gift reports to monthly brokerage statements. It was recommended that in addition to notations on monthly brokerage statements, the Director should sign (or initial) and date in acknowledgement of the monthly reconciliation.

External audits were summarized as follows:

Mr. Skeen explained that the external audits are all financial audits of affiliated entities, auditing the financial statements of entities included in the University’s basic financial statements, and of other entities excluded from the University’s basic financial statements. The primary communication from the external auditor is the independent auditors report which provides an opinion on the financial statements. The objective is to receive a clean opinion. There is also an independent auditors report on internal control and compliance.
Lastly, there is an independent auditors letter to the Board of Trustees addressing any concerns relative to significant accounting estimates, difficulties in performing the audit, misstatements that required correction, disagreements with management, etc.

Entities included in the University’s financial statements are The UNCG Excellence Foundation, Inc., The Endowment Fund of UNCG, The UNCG Investment Fund, Inc., The UNCG Human Environmental Sciences Foundation, Inc., the Capital Facilities Foundation, Inc., and the Weatherspoon Art Museum Association. McGladrey & Pullen LLP conducted these reviews, and there were no findings.

Entities not included in the University’s financial statements are The Alumni Association and Gateway University Research Park, Inc. Dixon Hughes Goodman LLP conducted these reviews, and there were no findings.

Mr. Skeen mentioned that the Office of the State Auditor conducted the financial statement audit for UNCG as of June 30, 2011. The report was issued and the exit conference was held on November 10, 2011. There were no findings.

With no further business to come before the committee, the meeting was adjourned at 5:05 p.m.

Respectfully submitted,

[Signature]
Cindy Reed