MINUTES
The University of North Carolina at Greensboro Board of Trustees
Audit Committee February 18, 2015
Teleconference

MEMBERS PRESENT BY PHONE: Lee McAllister (Chair), Brad Hayes, Randall Kaplan
and Ward Russell

MEMBER ABSENT: Harriett Smalls

OTHERS PRESENT BY PHONE: Bonita Brown, Don Skeen, Kathy Fair, Mary Landers,
Michael Garrett

Lee McAllister called the meeting to order at 9:00 a.m.

Minutes of the December 3, 2014 meeting were presented. Motion for the minutes to be approved was
seconded and all approved.

Information Items:

Don Skeen presented the following:

1) Summary of Internal Audits Performed – NCAA Agreed-Upon Procedures – NCAA member
institutions have two basic NCAA requirements for reporting financial data. One requires an
agreed-upon procedures report regarding all revenues, expenses and capital expenditures for or on
behalf of the intercollegiate athletics program be submitted to the chief executive officer
(Chancellor). The other requires online reporting of financial data to the NCAA.

The scope of the internal audit was the Intercollegiate Athletics Program activities of fiscal year
ended June 30, 2014. No exceptions were reported. The Board asked how long this report has been
required by the NCAA. Skeen replied that it extends back to the 80’s, but in its current form,
around the mid 90’s.

2) Summary of External Audits –

A. Financial statement audit of The University of North Carolina at Greensboro for the fiscal year
ended June 30, 2014. The exit conference with the North Carolina Office of the State Auditor
was held on December 2, 2014. There were no reportable findings. The Board asked how
extensive this audit is. Skeen is not directly involved with the audit. There are 2-3 people
involved in the audit and this statement becomes part of the State’s Financial Statement.

B. Affiliated Entity (Excluded from University’s Basic Financial Statements). Financial statement
audit of The Alumni Association of the University of North Carolina at Greensboro for the
fiscal year ended June 30, 2014. No audit exceptions noted in the independent auditor’s report
expressing an opinion on the financial statements. However there was ‘significant deficiency’
in internal control identified in independent auditor’s report on internal control (i.e. merits
attention by those charged with governance). Procedures performed by the auditors indicated
that general ledger account balances that could be supported by documentation provided by
third parties (statements) or internally produced subsidiary ledgers did not agree to that
documentation. Skeen met earlier with Alumni Association Executive Director Mary Landers
and a representative of the Alumni Association. Chair of the Alumni Association Michael
Garrett and Landers were able to inform the Board that this procedural error has now been
resolved and are confident that it will not occur again. There was a Reduction in Force of the
position that looked after the financial records. There is now an outside bookkeeper managing
the finances of the Alumni Association. UNC Policy Manual requires that the internal audit
report verifying substantial progress in resolution of the deficiency must be issued by March 8,
2015.

3) Overview of Quality Assurance Review - One of the duties of the Council of Internal Auditing
(Office of State Budget & Management) is to administer an independent peer review system for
each State agency’s internal audit activity. UNCG field work is scheduled for the week of March 2 –
6, 2015 and the team will consist of the Internal Audit Director, OSBM, and the Chief Audit
Officer, UNC Asheville. This will be the first time UNCG has had a peer review. The Board asked
if other institutions have already had a peer review. Skeen replied that he thinks most have
undertaken this at least once. The Board Audit Committee may be consulted during the review.
McAllister has already received a cover letter regarding this, but Skeen will check if the review team
is also sending him a specific questionnaire.

With no further business for the committee, McAllister adjourned the meeting at 9:19 a.m.

Respectfully submitted

[Signature]
Bonita Brown
Assistant Secretary to the Board