MINUTES

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

April 29, 2014

COMMITTEE MEMBERS PARTICIPATING BY TELEPHONE: Randall Kaplan, Lee McAllister (chair), Ward Russell, Harriett Smalls

OTHERS PRESENT: Bonita Brown, Imogene Cathey, Rollin Donelson, Kathy Fair, Don Skeen

PROCEEDINGS:

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

In accordance with the UNC Board of Governors, Chair McAllister then read the following statement:

“As chair of the Audit Committee, it is my responsibility to remind all committee members of their duty under the State Government Ethics Act to avoid conflicts of interest and appearances of conflict of interest as required by this Act. Each member has received the agenda and related information for this committee meeting. If any member knows of any conflict of interest or appearance of conflict with respect to any matter coming before the committee at this meeting, the conflict or appearance of conflict should be identified at this time.”

No conflicts were noted.

Minutes from the February 18, 2014 committee meeting were approved.

ACTION ITEMS:

Approval of the 2014-2015 Internal Audit Plan: It is recommended that the Audit Committee of the Board of Trustees of The University of North Carolina at Greensboro accept and approve the 2014-2015 Internal Audit Plan for The University of North Carolina at Greensboro as prepared by the Office of the Internal Auditor.

Internal Auditor Don Skeen began by telling committee members that the primary function of internal audit is the evaluation of internal controls, which helps to ensure objectives such as reliability of financial reporting; compliance with applicable laws and regulations; and effectiveness and efficiency of operations. He added that risk assessment provides a planning framework for the evaluation of internal controls, and internal audit obtained risk information from two sources: 1) UNCG’s Office of Enterprise Risk Management (broad perspective); and 2) UNCG’s annual Assessment of Internal Controls (financial reporting perspective). Enterprise Risk Management enlists the executive staff to identify significant risks and internal audit
reviewed the current risk register. Broad risk areas considered are strategic; financial; operational; compliance; and hazard risks. Internal Audit emphasizes financial and compliance risks, although all of the areas are linked. Mr. Skeen reported that another major item of review when creating the internal audit plan is the assessment of internal controls over financial reporting. It provides Internal Audit an overview of finance-related controls. This assessment is provided annually to the Office of the State Controller. Five interrelated components addressed include the control environment; risk assessment; control activities; information and communication; and monitoring. Other items reviewed are related financial statement account and caption risk assessments conducted by Business Affairs, noting the processes supporting the accounts/captions. Examples of annual reviews included in the internal audit plan are the Weatherspoon Arts Foundation and Intercollegiate Athletics reviews.

All approved and the motion carried. The Internal Audit Plan will be presented to the full board for approval at its next meeting.

INFORMATION ITEMS:

Don Skeen summarized recent internal audit activities as follows:

Summary of Internal Audits Performed

**Purchasing Card Program:** The objective of the audit was to assess compliance with the established internal control policies and procedures of the university’s purchasing card program. The scope of the audit was limited to purchasing card transactions included in the monthly bankcard statement of September 2013. All transactions for that period were scanned to identify possible instances of noncompliance. A sampling of individual transactions was selected for further analysis. Minor exceptions were identified. There were three occurrences of splitting the payment for a single purchase to avoid the default limit of $2,500 per purchase. The transactions were allowable expenditures, supported by proper documentation, but did not comply with the small purchase limits. Two of the transactions were travel-related expenditures. The current default limit policies and procedures were created prior to travel being included in the purchasing card program. Now that travel is included, the current policies and procedures will be revised. Another exception related to an instance of failing to obtain NC sales tax exemption. A refund of the sales tax was obtained following the audit finding. The last finding related to the approval signatures on purchasing card approval reports. Three reconciliations had missing signatures, and a fourth had an inadequate segregation of duties. Purchasing will contact the department regarding the policies which require a minimum action of a written warning to those responsible for the card.

With no further business to come before the committee, the meeting was adjourned at 9:18 a.m.

Respectfully submitted,

Bonita J. Brown