Ward Russell called the meeting to order at 9:04 a.m.

Minutes of the September 9, 2015 meeting were presented. Motion for the minutes to be approved was seconded and all approved.

- Ward asked Charlie to follow up with the committee on the SERVE Center per the discussion on September 9, 2015.

Information Items:

Skeen presented the following Information Items:

Internal Audits Performed

- **Student Accounts-Refund Process:** Student refunds result from the application of financial aid in excess of charges, the reversal of tuition and fee charges, and/or the reversal of departmental charges for services. Although the Cashiers and Student Accounts Office administers student refunding, various departments contribute to the process. The Financial Aid Office electronically applies student financial aid to student accounts. The source of tuition and fee transactions is the University Registrar’s Office created by students enrolling in classes. In addition, University departments (e.g., Residence Life, Dining, Parking, and Student Health Services) post various charges. Reviewed the refund process, primarily related to the application of financial aid funds (Title IV of Higher Education Act) to student accounts. Examination encompassed the application of financial aid funds for students during the period from July 1, 2014 through June 30, 2015. After evaluating a sample of student accounts, it was determined that the transactions were properly recorded, in compliance with University policies. There were no audit findings.
• **Financial Aid-Student Eligibility:** The Financial Aid Office electronically awards student financial aid based on the student’s application and applies it to the student’s account. Federal financial aid programs carry general eligibility requirements as well as requirements specific to individual programs. The review tested the student aid process, primarily related to compliance with federal eligibility requirements for student awards. Examination was limited to major financial aid programs legislated under Title IV of the Higher Education Act (Federal Pell Grants and Federal Direct Loans) for the period from July 1, 2014 through June 30, 2015. Financial aid information for a sample of students was examined for compliance with the general eligibility requirements established by federal laws and regulations (and the University) for making financial aid awards. Incorporated in the eligibility requirements are characteristics such as citizenship status, satisfactory academic progress, enrollment status, and financial need. There were no audit findings.

External Audits Performed

• **Financial statement audits of the University’s Endowment and the separate legal entities affiliated with the University are communicated with Boards and Audit Committees of those entities:** The Audit Committee Charter (2006) of UNCG outlines duties and responsibilities, including the review of all audits and management letters of University-Associated Entities as defined (2005) in the UNC (system) Policy Manual. UNC Policy Manual: An “Associated Entity” means any foundation, association, corporation, LLC, partnership or other non-profit that was established by officers of the University, that is controlled by the University, that raises funds in the name of the University, that has a primary purpose of providing services or conducting activities in furtherance of the University’s mission pursuant to an agreement with the University, or that has a tax exempt status that is based on being a support organization for the University.

• **Financial statement audits of the entities included in the University’s basic financial statements (University’s Endowment & the University’s Affiliated Entities) for the fiscal year ended June 30, 2015:** The financial statements of these entities are blended in the University’s financial statements because their directors are appointed by the UNCG Board of Trustees and their sole purpose is to benefit UNCG: The UNCG Investment Fund, Inc., The Endowment Fund of UNCG, The UNCG Excellence Foundation, Inc., The UNCG Human Environmental Sciences Foundation, Inc., and Capital Facilities Foundation, Inc. Independent auditor’s (Bernard Robinson & Co., LLP) report for each of these entities, issued in October 2015, expressed the opinion that the financial statements were presented fairly, in all material respects. Independent auditor’s (management) letter to the Boards of each entity reported no significant audit findings. An independent auditor’s report on internal control and compliance was provided to the Board of The Endowment Fund of UNCG as required by governmental auditing standards (no deficiencies were identified).
Financial statement audits of entities excluded from the University’s basic financial statement for the fiscal year ended June 30, 2015.

- Weatherspoon Art Museum Association: Independent auditor’s report (Bernard Robinson & Co., LLP), issued in October 2015, expressed the opinion that the financial statements were presented fairly, in all material respects. Independent auditor’s letter to the Board reported no significant audit findings.

- Gateway University Research Park, Inc.: Independent auditors report (Dixon Hughes Goodman, LLP), issued in September 2015, expressed the opinion that the financial statements were presented fairly, in all material respects. Independent auditor’s letter to the Board reported no significant audit findings.

- The Alumni Association of the University of North Carolina at Greensboro: Independent auditors report (Duncan Ashe, P.A.), issued in November 2015, expressed the opinion that the financial statements were presented fairly, in all material respects. Independent auditor’s letter to the Board reported no significant audit findings.

Financial statement audit of The University of North Carolina at Greensboro for the fiscal year ended June 30, 2015 (report of the North Carolina Office of the State Auditor): Exit conference held November 23, 2015; report released on State Auditor’s web site on November 24, 2015 with no reportable findings. Written communications from the Office of the State Auditor:

- Independent Auditor’s Report: expressed the opinion that the financial statements were presented fairly, in all material respects.

- Independent Auditor’s Report on Internal Control and Compliance: stated that the audit did not identify any deficiencies in internal control or instances of noncompliance.

- Independent Auditor’s Management Letter to Audit Committee of the Board of Trustees: identified a prior period misstatement of $6.4 million that was not material to the financial statements taken as a whole, but communicated because the amount was more than a trivial amount. Reconciliation procedures for construction-in-progress has been modified to identify future errors.

Susan Safran asked if moving forward, we can begin to identify levels of risk through risk categories on various audits, referencing the label of ‘medium risk’ on the student refunds audit. Don indicated that the process of identifying is still in development but will begin to identify risk levels.

With no further business for the committee, Ward Russell moved to adjourn and Dean Priddy seconded. All approved and the meeting adjourned at 9:47 a.m.
Respectfully submitted

[Signature]

Julia Jackson-Newsom
Assistant Secretary to the Board, Interim