MINUTES
The University of North Carolina at Greensboro
Board of Trustees
Audit Committee
May 6, 2015

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

MEMBER ABSENT: None

OTHERS PRESENT IN PERSON: Bonita Brown, Charlie Maimone, Don Skeen, Betsy Bunting, Kathy Fair, Steve Rhew

Lee McAllister called the meeting to order at 9:02 a.m.

Minutes of the February 18, 2015 meeting were presented. Motion for the minutes to be approved was seconded and all approved.

Information Items:

Don Skeen presented the following Action for committee approval:

That the Audit Committee of the Board of Trustees of The University of North Carolina at Greensboro accept and approve the 2015-2016 Internal Audit Plan for The University of North Carolina at Greensboro as prepared by the Office of the Internal Auditor.

Skeen reminded the committee 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. The audit utilizes:

- Risk assessment - provides a planning framework for the evaluation of internal controls
- Enterprise Risk Management - enlists the executive staff to identify significant risks and reviews the current risk register.
- Assessment of Internal Controls over Financial Reporting - provides internal audit an overview of finance-related controls.

The Internal audit also reviews the related financial statement account/caption risk assessment (conducted by Business Affairs).

Skeen confirmed that this was similar to what has been passed in prior years. The Board asked if the office of Internal Audit is sufficiently resourced to carry out the audit. Skeen told the committee that recruitment is underway to replace the recently retired one other member in his office, and that this will be sufficient. VC Maimone advised the committee that the new chancellor could request an expanded audit in any of these broad categories and that the plan would need to be adjusted accordingly.

Motion was made to approve the Action. It was seconded and all approved. The Action will go to the Full Board at their May 6, 2015 meeting.

Skeen presented the following Information Items:

A. Summary of Internal Audits Performed – The Alumni Association of The University of North Carolina at Greensboro has made satisfactory progress and resolution of the internal control deficiency, in accordance with the recommendation of the independent auditor, to implement a corrective action plan to the issue raised at the last committee meeting.
B. Quality Assurance Review – The review was conducted in March 2015 by a team consisting of the Internal Audit Director of OSBM, and the Chief Audit Officer, UNC Asheville. Assessment opinion as to conformance of the internal audit function to professional standards results in one of three ratings: (1) Generally Conforms, (2) Partially Conforms, or (3) Does Not Conform. The overall opinion expressed in the External Quality Assessment report as to conformance of the UNCG internal audit function was “Generally Conforms”.

The report included observations and recommendations for improvement of the function such as:

1. Additional resources
2. Enhancement of internal audit charter (opinion that charter addresses mission, authority, and responsibilities at a high level; needs additional details)
3. Confirm to the Audit Committee annually the organizational independence of the internal audit activity

Skeen reported that to his knowledge all UNC system institutions, bar one, had been reviewed as “Generally Conforms”. He has not had access to individual reports and therefore could not comment on comparisons on individual line items. There is not a specific follow-up to areas that are reported as “Partially Conforms”, but there will be another peer review in five years.

The Board asked if it is a risk to the university that we are maintaining only two positions, when the report recommends four. Rhew explained that in the case of UNCG, the State Auditors are on site and conduct ongoing audits with a level of detail in excess of what would normally be found in a public company. VC Maimone said that there are accreditation standards for university audits and these can be brought to the committee at the next meeting. The university will also present a recommendation to the committee regarding staffing levels in internal audit.

The Board asked about the role of Risk, Insurance and Compliance and if it will reside in the Audit Committee. Maimone and Brown have been discussing this question and they are working to establish an organizational foundation and consider in what area it will best reside. This will be reported back to the Audit Committee as a recommendation.

McAllister was thanked for his 4-year service as Chair of the Audit Committee. With no further business for the committee, McAllister adjourned the meeting at 9:30 a.m.

Respectfully submitted

Bonita Brown
Assistant Secretary to the Board