Russell called the meeting to order at 9:06 a.m.

Russell reminded the Committee members of their duty under the State Government Ethics Act to avoid conflicts of interest and advised that any conflict of interest or appearance thereof with respect to any matter before the Board or the Committee needed to be raised at that time. None were identified.

Russell noted that the Committee’s name would be changing due to a forthcoming revision of its charge.

There being no quorum, minutes of the May meeting were not presented for approval.

**Information Items:**

Skeen presented the following Information Items:

Internal Audits Performed

**Weatherspoon Arts Foundation:** Foundation assets consist of the Museum’s art collection valued at $23 million dollars in book value according to generally accepted accounting principles. The objective of this audit is to review internal control over items included in the collection’s inventory system as of June 30, 2016. Items were selected for physical observation with emphasis on those of significant market value. Two percent of the physical items in the collection were compared to inventory records; this corresponds to approximately thirty-eight percent of book value. Items were also examined without regard to value via random sampling. Documentation of current year acquisition values and any disposals of art during the year were also examined. No findings were reported.

External Audits Performed

- **Capital Facilities Foundation:** The Foundation is an affiliated entity of the University and is included in the University’s basic financial statements. The Audit was conducted by Bernard Robinson and Company; the report was issued August 16, 2016 for the fiscal year ending June 30, 2016. This Foundation exists to assist with the acquisition, development, financing, construction management and operation of capital assets for the University. Total assets as of the end of this fiscal year were approximately $14.5 million. The financial statements were found to have been presented fairly and there were no significant audit findings.
• **SERVE, Inc.:** The audit was conducted by Bernard Robinson and Company. The report was issued April 14, 2016 for the year ending November 30, 2015. SERVE, Inc. was created in 1991 to promote pre-college education in connection with the SERVE Center, which is affiliated with UNCG (but excluded from the University’s basic financial statements) and supported by contracts and grants. The corporation has net assets of approximately $450,000 and annual revenue of approximately $700,000. The financial statements were found to have been presented fairly and there were no significant audit findings.

• **Weatherspoon Art Museum Association:** The audit was conducted by Bernard Robinson and Company. The report was issued August 16, 2016 for the fiscal year ending June 30, 2016. The Association (also affiliated with UNCG, but excluded from the basic financial statements) exists to support, promote and enhance the Weatherspoon Art Museum, and has total assets of $180,000. Financial statements were found to have been presented fairly and there were no significant audit findings.

Additionally, Skeen introduced two items establishing compliance with Board of Governors regulations adopted November, 2005, which require UNCG to prepare and forward to the Board of Governors an annual summary of work performed by Audit Committee, including the following:

- Summary of the audit plan approved by the Committee in May. This summary was provided to UNCG’s General Administration liaison for presentation to the Board of Governors, and

- Summary of the Internal Audit Plan for the previous year, which indicates the status of audits and whether there were any findings.

Finally, Skeen introduced the annual certification letters required of the Board of Trustees Audit Committee Chair and of the University’s Director of Internal Audit. The letters confirm compliance in the past year with best financial practices guidelines adopted by the Board of Governors.

Maimone presented the following Information Items:

- **Risk Update:** The update covered the establishment and population of the Risk Management Committee, which will meet October 10, 2016. The primary function of this Committee is to help with the assessment of Tier 1, 2 and 3 risks as previously presented and to refine continuous efforts to mitigate, primarily focusing on Tier 1 and Tier 2 risks at the University and interdivisional levels. The Risk Office also has been developing the research side of the assessment, which involves industry research to identify emerging issues in Higher Education and compare them to experiences on campus. The University’s internal review in combination with this new initiative will develop a more comprehensive overview of risks associated with the University’s operations.

**Action Items:**

Russell noted that there were two Action Items on the Agenda for consideration but that the lack of quorum limited the Committee to a review of the items. Russell asked that Maimone give an overview in order to familiarize the Committee with them for future action.

Maimone noted that the Committee would be addressing the revision of its jurisdiction to
include risks and compliance issues of the institution, as well as the establishment of a policy representing that charge for the new Audit, Risk Management and Compliance Committee. Maimone further noted that the University is taking steps to develop a University-level institutional risk management and compliance program and that the appropriate avenue for communication of related information to the Board of Trustees will be through the new Committee.

Maimone presented the following draft documents to the Committee:

- Revised Charge amending the name of the Committee (to the Audit, Risk Management and Compliance Committee) as well as its jurisdiction to include both risk management and compliance, and

- A draft policy governing this initiative and giving the Board of Trustees the guidance needed to oversee the same.

Russell noted that the revision of the Committee’s charge to include risk management and compliance will be discussed at the next meeting of the Board of Trustees.

With no further business for the committee, Safran moved to adjourn and Russell seconded. All approved and the meeting adjourned at 9:22 a.m.

Respectfully submitted,

Shannon Bennett
Associate Chief of Staff and Board Liaison