

## Annual Report for 2012-2013

### Audit Committee

The Audit Committee is responsible for reviewing annual and other audit reports of the constituent institutions and affiliated entities of the University, reviewing a summary of the internal audit plans and work of the audit committees of the constituent institutions, serving as the Audit Committee for the UNC General Administration internal auditor, reviewing the required elements for University associated entities, meeting with the State Auditor annually, and taking such other actions as are necessary or appropriate to assure the integrity of the finances of the University. This report summarizes the work of the Audit Committee from August 2012 through June 2013.

The list below shows the membership of the committee at the beginning of this period.

Walter C. Davenport, Chair

Phillip D. Walker, Vice Chair

Hari H. Nath, Secretary

W. Louis Bissette, Jr.

John M. Blackburn

Fred N. Eshelman

Thomas J. Harrelson

Franklin E. McCain

Richard F. Taylor

#### Review of Audit Reports of the Constituent Institutions

The Office of the State Auditor performs audits of all Universities in the UNC system.

- All financial and compliance audits for the fiscal year ending June 30, 2012 have been completed and released.
- The audit reports included eleven findings this year. This is up from 3 in 2011 and 8 in 2010, but still well below the 27 in 2009 and 38 in 2008.

#### Review of the Internal Audit Plans of the Constituent Institutions

During the year, the Audit Committee reviewed the internal audit plans from all seventeen constituent institutions and the plan for UNC General Administration.

Review of a Summary of the Work of the Internal Auditors of the Constituent Institutions

The Audit Committee reviewed a summary of the results of the work of the campus internal auditors from the prior year.

Review of UNC GA Internal Audit Charter

The Audit Committee reviewed and updated the Internal Audit charter. The charter will continue to be reviewed annually.

Review of Reports from the UNC GA Internal Auditor

The internal auditor for UNC General Administration, who also served as the internal auditor for North Carolina School of Science and Mathematics, completed and released a report on the review of President, Vice Presidents, and Chief of Staff Expenses (Report Issued 9/18/12)

A review of UNC GA's Self-Assessment of Internal Controls over Financial Reporting for FY13 was also performed. As of June 30, 2013, a UNC-TV Pcard review was in process.

Review of Summary of Annual Financial Audit Reports and Findings of University Associated Entities

The Audit Committee received an annual update on the status of the audit reports performed on each institution's affiliated entities. Most of the entities have had their June 30, 2012 financial audit, and the reports have been provided to us. Of the 108 affiliated entities, 106 have provided their audits to us. We are continuing to work with the institutions to obtain all the required financial audits.

Meeting with the State Auditor

In November, State Auditor Beth Wood met with the Audit Committee to provide an overview of the duties and responsibilities of the Office of the State Auditor as well as an overview of the University audits performed by her office for fiscal year 2011. In addition, she gave an overview of areas that would be audited for fiscal year 2012.

Review of Audit Committee Charter

- The Audit Committee reviewed its charter and made changes based on legislative actions and the changing needs of the Committee.
- The Audit Committee reviewed the requirements set forth by its charter and is pleased to report that it is meeting all these requirements.

University of North Carolina Finance Improvement and Transformation Project (UNC FIT)

Highlights of the UNC FIT project for fiscal year 2013 were:

- The Shared Services Payroll initiative produced accurate and quality payrolls for the nine campuses it served.
- The Human Resources Data Mart (HRDM) continued to rollout additional functional elements and enhancements.
- The Business Process Improvements and Financial Monitoring program developed a composite index score for each campus to recognize areas of achievement as well as areas for improvement.
- Successfully implemented WSSU and ECSU outsourcing of 2013-2014 academic year financial aid verifications in partnership with College Foundation under their School Servicing Center.
- Launched an E-Commerce initiative to expand UNC's electronic commerce capacity.