

Minutes of the January 12, 2012 Meeting
of the Board of Governor Audit Committee

The Audit Committee met in the Executive Conference Room at the UNC General Administration-Spangler Center in Chapel Hill, North Carolina on Thursday, January 12, 2012 at 4:00 p.m.

Members in attendance were Mr. W. Louis Bissette, Mr. John M. Blackburn, Mr. Walter C. Davenport, Dr. Fred N. Eshelman, Mr. Richard F. Taylor, and Mr. Phillip D. Walker. Necessarily absent were Mr. Thomas J. Harrelson, Dr. Franklin E. McCain, and Mr. Han H. Nath. Other Board members in attendance were Chair Hannah Gage and Peter D. Hans as well as UNC General Administration staff.

Chairman Davenport called the meeting to order and welcomed everyone.

On a motion from Dr. Eshelman, seconded by Mr. Bissette, the minutes of the November 11, 2011 meeting were approved.

The Committee proceeded to review the Annual Compliance Checklist. All of the duties and responsibilities of the Committee were in compliance with the Audit Committee Charter, including the Risk Assessment Training for Internal Auditors.

Nine external audit reports had been released since the November meeting. The reports were for Appalachian State University, East Carolina University, Fayetteville State University, NC State University, UNC Asheville, UNC-Chapel Hill, IJNC Greensboro, UNC School of the Arts, and UNC Wilmington. None of the reports had audit findings.

There being no further business, the meeting was adjourned.

Mr. Walter C. Davenport
Chair of the Audit Committee

Dr. Franklin E. McCain
Secretary of the Audit Committee

The University of North Carolina			
Audit Committee of the Board of Governors			
Annual Compliance Checklist - 2011-2012			
<p><i>Note: The Charter of the Audit Committee of The University of North Carolina Board of Governors includes the following requirements relative to the committee's organization, meeting schedule, duties, and responsibilities.</i></p>			
Audit Committee Requirement		Annual Compliance	Comments
1	The Audit Committee will have a minimum of 6 members.	Yes	Committee has 9 members.
2	At least one member of the audit committee should be a financial expert.	Yes	Committee has at least one financial expert.
3	The Audit Committee shall meet at least four times per year.	Yes	BOG meets 8 times per year.
4	The Audit Committee will invite representatives of the constituent institutions, external and internal auditors, representatives of the Office of the State Auditor, legal counsel, and others to attend meetings and provide pertinent information.	Yes	OSA presentation at November meeting; chancellors present for discussion of their audit reports; legal counsel at many meetings; internal auditors attend as needed
5	Monitor the internal control, management staffing, and audit finding resolution requirements set out in General Statute 116.30.1.	Yes	Developed an OSA audit cycle tracking document to monitor status of compliance with 116.30.1.
6	Review the annual financial audits of the constituent institutions and other significant audit related communications from the State Auditor's Office or other external audit groups.	Yes	On-going review of audit reports.
7	Request an annual overview of audit results from the State Auditor or a designated representative.	Yes	State Auditor appeared at the November 2011 meeting.
8	Review and approve an annual summary of the internal audit plans submitted by each constituent institution's Director of Internal Audit and UNC-GA's Internal Auditor.	Yes	Occurs during the first quarter of the fiscal year. Approved at September 2011 meeting.
9	Review an annual summary of the work performed by the Audit Committee of each institution's Board of Trustees.	Yes	Occurs during the first quarter of the fiscal year. Included as part of the August 2011 meeting.
10	Meet periodically with the State Auditor or staff members to discuss the application of auditing standards and accounting principles.	Yes	On-going interaction with OSA staff.
11	Serve as the Audit Committee for the UNC-GA Internal Auditor.	Yes	Internal audit plan approved at June 2011 meeting. Internal auditor attends all meetings.

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Audit Committee Requirement		Annual Compliance	Comments	
12	Review an annual report on the University Associated Entities.	Yes	Annual report submitted for June 2011 Audit Committee meeting.	
13	Participate, when necessary, in training sessions related to system-wide internal controls and internal / external audit issues.	Yes	No formalized training has been necessary; however, the Committee is provided specific information on controls as they relate to audit issues; audit issues are explained as they arise in OSA reports	
14	Request, as needed, that the State Auditor rotate the Audit Manager assigned to a constituent institution or UNC-GA financial audit.	Yes	State Auditor rotates audit managers on a regular basis. Some changes take place annually.	
15	Consult with UNC-GA Legal Counsel to review legal matters that may have a significant impact on a constituent institution's or UNC-GA's financial statements, overall financial performance, or compliance with applicable state, local or federal statutes.	Yes	UNC-GA legal staff members participate as necessary in Audit Committee meetings and provide legal counsel to Finance staff as requested.	