

AUDIT COMMITTEE

Minutes: September 11, 2014 at 11:30 a.m.
Multipurpose Room A, A.K. Hinds University Center,
Western Carolina University, Cullowhee, North Carolina

OPEN SESSION

The following members were present: Mr. Roger Aiken, Mr. Rodney Hood, Mr. Marty Kotis, Mr. Ed McMahan, and Mrs. Anna Nelson.

The following staff were present: Chief Operating Officer Charles Perusse, Vice President for Legal Affairs and General Counsel Tom Shanahan, Associate Vice President for Financial and Compliance Operations Lynne Sanders, other General Administration staff, Chancellors, and other faculty/staff from the universities. Also in attendance was NC Senator David L. Curtis.

1. On the motion from Mr. Hood, seconded by Mr. Aiken, the minutes of the June 20, 2014 meeting were approved.
2. Approval of Audit Committee Charter: At least annually, the Audit Committee Charter is reviewed and approved for accuracy. Minor revisions were made for Audit Committee review and approval.

On the motion from Mr. Aiken, seconded by Mrs. Nelson, the Audit Committee Charter was approved

3. Approval of UNC-GA's Internal Audit Plan: UNC-GA's Internal Audit Plan was presented for approval. With the Internal Audit Director position at UNC-GA currently vacant Stacie Tronto, East Carolina University's Chief Audit Officer, performed a comprehensive risk assessment and received input from members of UNC-GA senior management to develop UNC-GA's Internal Audit Plan. The proposed Internal Audit Plan for UNC-GA did not include the co-sourced hours with North Carolina School of Science and Mathematics.

The committee discussed the plan and questions were answered. On the motion from Mr. Hood, seconded by Mr. Aiken, UNC-GA's Internal Audit Plan was approved.

4. Review of Audit Reports Issued by the Office of the State Auditor: A financial statement audit report for North Carolina School of Science and Mathematics was issued by the Office of the State Auditor. The report had no findings, and Chancellor Roberts commented that corrective action was taken on the findings in the previous year's report. Chancellor Roberts also commended Lynne Sanders' staff for assisting after their campus experienced turnover in two key positions two years ago.

5. Update from the Office of Internal Audit at UNC-GA: Since the August meeting of the Audit Committee, four Internal Audit projects had been completed by the Interim Internal Auditors at UNC-GA. Three reports were follow-ups from previous UNC-GA audits, and corrective action was found on all. One report was a follow-up on an Office of the State Auditor audit. Some corrective actions were long-term in nature, and additional follow-up would be conducted on those items. Also released with this report was a sensitive letter that was discussed during closed session.

Discussion occurred and questions were addressed.

6. Review of Associated Entities: The Audit Committee reviewed the annual report on UNC Associated Entities. Mrs. Sanders explained the report and noted that follow-up will be done with campuses to see if corrective action is being taken with the nine Associated Entities with findings. East Carolina University's Chancellor Ballard explained how his campus ensures that their Associated Entities remain compliant. Mr. Shanahan informed the committee that there is a very detailed regulation that Associated Entities must follow.
7. Special Presentation from Western Carolina University's Chief Audit Officer Lisa Gaetano: Mrs. Gaetano gave a presentation on her work as a one-person Internal Audit shop. Mrs. Gaetano highlighted her collaborative work with UNC Asheville's Chief Audit Officer Monique Taylor to maximize efficiencies. Mrs. Gaetano also presented her Petty Cash audit reports, which benefited the university by producing increased awareness on campus, strengthened internal controls, and reduced risk.

On the motion of Mr. Hood, seconded by Mr. Aiken, the Committee went into closed session to prevent the disclosure of privileged information under North Carolina General Statute 116-40.7(c), to consult with our attorney to preserve the attorney-client privilege under North Carolina General Statute 143-318.11(a)(3).

CLOSED SESSION

On the motion of Mr. Hood, seconded by Mrs. Nelson, the meeting was adjourned.

Mr. Ed McMahan
Chair of the Audit Committee

Mr. Marty Kotis
Secretary of the Audit Committee