

AUDIT COMMITTEE

Minutes: June 20, 2014 at 8:00 a.m.

Spangler Center, Executive Conference Room, Chapel Hill, North Carolina

OPEN SESSION

The following members were present: Mr. Roger Aiken, Dr. Fred N. Eshelman, Mr. Thomas J. Harrelson, Mr. Rodney E. Hood, Mr. W. Marty Kotis, Mr. Scott Lampe, Dr. Joan Perry, and Mr. Richard F. Taylor. Absent was Mr. Lou Bisette.

The following UNC General Administration staff was present: Chief Operating Officer Charles E. Perusse, Vice President of Legal Affairs and General Counsel Tom Shanahan, Associate Vice President for Financial and Compliance Operations Lynne Sanders, Interim Internal Auditors Jeff Henderson and Eddie Capel. Others in attendance were Chancellor Kenneth Peacock (ASU); Interim Chancellor James Moeser (UNCSA); Associate Vice Chancellor Randy Mills (WSSU); Chancellor James Anderson (FSU); Chancellor Debra Saunders-White (NCCU); Chancellor Linda Brady (UNCG); Chancellor Martin Harold (NCAT); and other UNC-GA staff as well as other campus representatives.

Also in attendance was State Auditor Beth Wood, as well as Financial Audit Manager Ted Price.

1. On the motion from Mr. Aiken, seconded by Dr. Perry, the minutes of the April 11, 2014 meeting were approved.
2. Auditor Wood greeted the Committee and outlined the duties as well as responsibilities of the State Auditor. She summarized the scope and campus results of audits issued by the State Auditor's Office for the fiscal period July 1, 2012 through June 30, 2013. They included:
 - Eighteen financial statement audits, seventeen reported no audit findings
 - Seven Statewide Federal Compliance Audits
 - In addition, since the last report to the Audit Committee by the State Auditor, three universities had Investigative Reports issued
3. Ms. Wood stated fourteen of sixteen university audits were completed by December 31, 2013 for fiscal year 2013. Two institutions were not fully completed by the end of the calendar year because foundation reports had not been completed and/or there was a delay in preparing financial statements. All audit reports were made available on the State Auditor's website.

Ms. Wood informed the committee that the Office of the State Auditor prepares the University pro forma financial statements and notes to the financial statements annually. These pro formas are prepared in an effort to help the institutions better meet the challenges presented by the ever-expanding GAAP requirements that impact their financial

reporting process and to provide for some consistency in reporting among the individual colleges. Questions were answered throughout her report.

4. Mrs. Sanders presented the results of three audit reports that were issued by the Office of the State Auditor since the last audit committee meeting. Issued was one Financial Statement Audit for Fayetteville State University and two Investigative Reports – one for North Carolina Central University and one for UNC Greensboro. Questions were answered throughout her report.
5. Interim Internal Auditors, Jeff Henderson and Eddie Capel, presented three internal audit reports. Of the three internal audit reports, one report had one finding.
6. Mrs. Sanders shared with the committee a verbal update on Long Distance Phone Calls across the University System. She provided answers to the questions asked at the previous meeting regarding the totality of long distance calls across the University System as well as who provides service.

On the motion of Mr. Aiken, seconded by Mr. Lampe, the meeting was adjourned.

Dr. Fred N. Eshelman
Chair of the Audit Committee

Mr. Richard F. Taylor
Secretary of the Audit Committee