

AUDIT COMMITTEE

Minutes: May 21, 2015 at 2:30 p.m.

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

OPEN SESSION

The following committee members were present: Mr. Ed McMahan, Mr. Rodney Hood, Mr. Roger Aiken, and Mr. Marty Kotis. Absent was Mrs. Anna Nelson. Board of Governors Chair, Mr. John Fennebresque, was also in attendance.

The following staff was present: Senior Vice President and Chief Operating Officer Charles Perusse, Senior Vice President and General Counsel Tom Shanahan, Vice President for Federal Relations, Kimrey Rhinehardt, Vice President for Compliance and Audit Services Lynne Sanders, other General Administration staff, Chancellors, and staff from the campuses.

1. On the motion from Mr. Aiken, seconded by Mr. Hood, the minutes of the April 10, 2015 meeting were approved.

2. Vice President for Compliance and Audit Services Mrs. Lynne Sanders provided a summary of ten audit reports issued by the Office of the State Auditor. Of the ten reports, four were clean with no audit findings. The remaining reports contained a total of eleven audit findings, mostly related to controls over federal compliance requirements. To provide perspective on the intensity of federal regulations, Mrs. Sanders introduced Vice President for Federal Relations, Kimrey Rhinehardt. Mrs. Rhinehardt highlighted information presented in a recent Task Force Report on Government Regulation of Higher Education. In addition, she provided information that supported the cost of compliance in our UNC system to be around 8% and the impact it has on total college cost. The information was discussed by the committee and questions were answered.

3. UNC-GA Chief Audit Officer Mrs. Joyce Boni presented the committee with an update to the Internal Audit Charter. The Internal Audit Charter had minor wording updates and required a vote. On the motion from Mr. Aiken, seconded by Mr. Hood, the update to the Audit Charter was approved.

4. Senior Vice President and General Counsel Tom Shanahan provided an update on Development of Risk Management and Compliance Program. Mr. Shanahan shared with the committee that the initial work has begun and the team is in the process of identifying the top ten risks faced by the University. Mr. Shanahan gave an overview of the drivers of risk and the goals. Further progress will be presented at the next meeting.

Mr. McMahan thanked the Committee as well as Mrs. Sanders, Mrs. Boni, Mr. Shanahan and staff for their professionalism.

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

Mr. Ed McMahan
Chair of the Audit Committee

Mr. Marty Kotis
Secretary of the Audit Committee