

MINUTES
The University of North Carolina at Greensboro
Board of Trustees
Audit Committee
May 9, 2017

MEMBERS PRESENT: Ward Russell (Chair), Brad Hayes, Dean Priddy, and Susan Safran

OTHERS PRESENT: Chancellor Gilliam, Charles Maimone, Don Skeen, Jerry Blakemore, Waiyi Tse, and Shannon Bennett

Russell called the meeting to order at 9:30 a.m.

Russell reminded the Committee members of their duty under the State Government Ethics Act to avoid conflicts of interest and advised that any conflict of interest or appearance thereof with respect to any matter before the Board or the Committee needed to be raised at that time. None were identified.

Quorum was confirmed through roll call. Mr. Russell brought up a typographical error in the February minutes. It was moved and seconded that the correction be made and that the minutes of the meeting as corrected would be approved. The motion passed.

Discussion Items:

Don Skeen presented the following items for discussion:

Internal Audits Performed

- Audit of capital projects. The objective is to assess compliance with policies and procedures and to determine that costs are accurate and that the work performed meets the contract specifications. The scope included expenditure accounts for open capital expenditures from January 1, 2016 through December 31, 2016. All sample transactions were determined to be done effectively. There were no findings requiring attention or correction.
- Gift processing. The objective was to evaluate internal controls related to the Advancement Services Division's process for receiving and recording gifts to the University. The period covered by the review spanned from October 31, 2016 through December 31, 2016. Sample receipts were evaluated. There were no exceptions to procedure identified.

A discussion followed among committee members concerning whether bidding procedures are reviewed during the internal audit processes. Mr. Skeen indicated that the subject is included during the audit of the university's purchasing functions.

- Chair Russell asked Charlie Maimone to discuss UNCG's compliance with the University of North Carolina Finance Improvement and Transformation (FIT) program. The purpose of the discussion is to inform the board about the shared responsibility for the business processes within the university as well as to explain how these processes conform to the standardized system-wide process for doing so. General Administration reviews these controls on a three-year cycle. UNCG is scored on an annual basis. The campus also reviews the internal controls process including all of the divisions as part of the self-assessment process. He reminded the committee that any irregularity in

handling federal funding puts all federal monies in jeopardy across the campus. Key performance indicators (approximately 50) are always important especially in reviewing grants and contracts and all standards have to be met, reviewed and reported monthly to GA. In addition, a dashboard is presented to the Chancellor quarterly. The Chancellor emphasized that the complexity of demands for compliance requires a significant number of employees involved in the creation and management of the reporting requirements.

- Charlie Maimone introduced the Risk Management Status Update. He reminded the board that a strategy for managing the university's risk had been presented to the board approximately one and half years ago. He indicated that the plan has been operationalized and that the focus has been determined based upon a review of institutions nationwide. He indicated that a risk registry has been established with the result being that there are currently approximately 66 risks that have been identified, fifteen of which have been determined to be at a level of severity to require immediate attention and have been labelled Tier One Risks. Mr. Maimone told the committee that an interviewing process for identifying a permanent Director of Risk Management is underway.
- Don Skeen proposed the Audit Plan for 2018. The process would begin with an Institutional Risk Management review. The focus emphasizes finance and compliance which includes reduction in revenues derived from the state budget process and all functions that influence the appropriate collection, management, controls and disbursement of resources. A board member asked that Mr. Skeen would prepare a master list of major areas to be audited each year on an ongoing basis and the timetables during which these areas will be reviewed. The discussion ensued as to whether it would be preferable to look backward or forward in order that the committee would be informed as to what to expect.

Chair Russell invited the motion to approve the FY 2018 Audit plan. The motion was made, seconded and approved.

- General Counsel, Jerry Blakemore, presented information relating to expanding the scope of the Audit, Risk, Management, and Compliance committee to those that reflect the gold standard of its statutory responsibility as a committee and a board as recommended by the Association of Governing Boards of Universities and Colleges (AGB). He highlighted the four major components including establishing risk management as an institutional priority, considering the institution's tolerance for risk, holding senior administrators responsible to establish a process for identifying, prioritizing and monitoring risk, and monitoring the plan's implementation. He explained that ARMC is currently responsible for overseeing the audit, risk management and compliance functions for the University. The Board has not to date formally approved a charter that specifically outlines the Committee's responsibilities related to risk management and compliance. As a result of the report, Mr. Blakemore and Mr. Maimone jointly proposed that the scope of responsibility and the name of the committee be expanded to the Audit, Risk Management and Legal Affairs (CARL) Committee.

After a discussion concerning what legal matters could and should be addressed in closed Board session, Chair Russell invited a motion to change the Committee's name and charter as recommended. It was moved and seconded to accept the recommendation and the motion carried.

With no further business for the committee, Chair Russell moved to adjourn and Safran seconded. All approved and the meeting adjourned at 10:57 a.m.

Respectfully submitted,

Waiyi Tse
Interim Associate Chief of Staff and Board Liaison