



Compliance, Audit, Risk Management and Legal Affairs Committee
November 30, 2021
10:15 a.m.

Discussion Item

CARL-1 Audit Review for Board of Trustees

Background Information

Donald Skeen, Director of Internal Audit, will provide a summary of recent audits performed.

Attachments:

- 1.1 Summary of Internal Audits Performed
- 1.2 Summary of External Audits Performed

The University of North Carolina at Greensboro
 Office of the Internal Auditor
 Summary of Internal Audits Performed

November 30, 2021

Report Date	Subject	Type of Audit	Findings	Resolution
11/17/21	Misuse or Theft of State Property	<p>Compliance in Reporting of Misuse or Theft of State Property.</p> <p>Objective: The objective of the internal audit review is to determine compliance with North Carolina statutory requirements for the reporting of allegations of the misuse or theft of state property to the State Bureau of Investigation.</p> <p>Scope: The scope of the internal audit examination encompassed police incident reports submitted to the UNCG Police Department from January 1, 2021, through September 30, 2021.</p>	No Exceptions	N/A

**The University of North Carolina at Greensboro and Affiliated Entities
Summary of External Audits Performed
In the Current Fiscal Year**

November 30, 2021

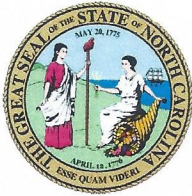
Auditor / Date of Report	Entity	Findings	Resolution
Affiliated Entities (Included in University’s Basic Financial Statements)			
<p><u>Bernard Robinson & Company, LLP</u> <u>Independent Auditor’s Report</u></p> <p>Pending entity’s board approval</p> <p>November 9, 2021</p> <p>November 4, 2021</p> <p>October 5, 2021</p>	<p><u>Financial Statements for Year Ended June 30, 2021</u></p> <p>The Endowment Fund of The University of North Carolina at Greensboro</p> <p>The University of North Carolina at Greensboro Investment Fund, Inc.</p> <p>The UNCG Excellence Foundation, Inc.</p> <p>Capital Facilities Foundation, Inc.</p>	<p>No Exceptions</p> <p>No Exceptions</p> <p>No Exceptions</p> <p>No Exceptions</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p>
Affiliated Entities (Excluded from University’s Basic Financial Statements)			
<p><u>Bernard Robinson & Company, LLP</u> <u>Independent Auditor’s Report</u></p> <p>October 14, 2021</p>	<p><u>Financial Statements for Year Ended June 30, 2021</u></p> <p>SERVE, Inc.</p>	<p>No Exceptions</p>	<p>N/A</p>

**The University of North Carolina at Greensboro and Affiliated Entities
Summary of External Audits Performed
In the Current Fiscal Year**

November 30, 2021

Auditor	Type of Audit	Findings	Resolution
<p>North Carolina Office of the State Auditor Independent Auditor’s Report of November 10, 2021</p>	<p>The University of North Carolina at Greensboro Financial Statement Audit Comprehensive Annual Financial Report (State of NC) UNCG Financial Report for Year Ended June 30, 2021 <i>(Auditor’s report states: In our opinion ... the financial statements present fairly, in all material respects, the respective financial position ... changes in financial position and cash flows for the year ... in accordance with accounting principles generally accepted ...)</i></p>	<p>No Exceptions.</p>	<p>N/A</p>
<p align="center"><u>Related Communications from the Office of the State Auditor (following CARL-1.2):</u></p> <p align="center">Independent Auditor’s Report (opinion on financial statements) Independent Auditor’s Report on Internal Control and Compliance</p>			

STATE OF NORTH CAROLINA
Office of the State Auditor



Beth A. Wood, CPA
State Auditor

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
The University of North Carolina at Greensboro
Greensboro, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of The University of North Carolina at Greensboro (University), a constituent institution of the multi-campus University of North Carolina System, which is a component unit of the State of North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of The University of North Carolina at Greensboro, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of The University of North Carolina at Greensboro Investment Fund, Inc., which represent 14.64 percent and 8.29 percent, respectively, of the assets and revenues of the University's business-type activities, and 100 percent of the assets and revenues of the University's fiduciary activities; The UNCG Excellence Foundation, Inc., which represent 14.13 percent and 7.48 percent, respectively, of the assets and revenues of the University's business-type activities; nor the Capital Facilities Foundation, Inc., which represent 0.97 percent and 0.01 percent, respectively, of the assets and revenues of the University's business-type activities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAGAS), issued by the Comptroller General of the United

States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The University of North Carolina at Greensboro and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 20 to the financial statements, during the year ended June 30, 2021, The University of North Carolina at Greensboro adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, as amended by GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The University's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAGAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

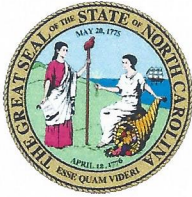


Beth A. Wood, CPA
State Auditor

Raleigh, North Carolina

November 10, 2021

STATE OF NORTH CAROLINA
Office of the State Auditor



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**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

Board of Trustees
The University of North Carolina at Greensboro
Greensboro, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and fiduciary activities of The University of North Carolina at Greensboro (University), a constituent institution of the multi-campus University of North Carolina System, which is a component unit of the State of North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 10, 2021. Our report includes a reference to other auditors who audited the financial statements of The University of North Carolina at Greensboro Investment Fund, Inc., The UNCG Excellence Foundation, Inc., and the Capital Facilities Foundation, Inc., as described in our report on the University's financial statements. The financial statements of The University of North Carolina at Greensboro Investment Fund, Inc., The UNCG Excellence Foundation, Inc., and the Capital Facilities Foundation, Inc., were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with these entities.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to

prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Beth A. Wood, CPA
State Auditor

Raleigh, North Carolina

November 10, 2021