

AUDIT COMMITTEE OF THE BOARD OF TRUSTEES
North Carolina Agricultural and Technical State University
Greensboro, NC

September 21, 2012

MINUTES

The Audit Committee of the Board of Trustees convened on Friday, September 21, 2012 at 12:09 pm in the Alumni-Foundation Event Center, Executive Board Room. Mr. Spence Broadhurst called the meeting to order and then paused for a moment of meditation.

Roll Call revealed the following:

Present: Mr. Spence Broadhurst, Chair
 Mrs. Pamela McCorkle Buncum
 Mr. Tim Rice
 Dr. Bertram Walls

Others Present: Mr. Larry Kreiser, Internal Audit Director
 Dr. Harold L. Martin, Sr., Chancellor
 Mr. Robert Pompey, Jr., VC for Business & Finance
 Mr. Marc Williams, Deputy General Counsel
 Mrs. LaShonna Frederick, Recorder, Internal Audit

A motion for the approval of the open session minutes of the last meeting, held April 20, 2012, was offered by Mrs. Pamela Buncum and seconded by Dr. Bertram Walls. The motion was unanimously carried and the minutes were approved. Mr. Broadhurst yielded the meeting to Mr. Larry Kreiser.

The open session activity report and the closed session activity report were provided to the committee members prior to the meeting. These reports were broken down by scheduled and unscheduled audits. Mr. Kreiser discussed the open session activity report. The reporting period was April 16, 2012 to August 31, 2012.

Scheduled Audits

There were four scheduled audits completed since the last committee meeting. Three of them were year-end closeout reviews.

4th Qtr SCC – There was one audit issue noted in this report and it has been addressed. We have received the response from the Office of the Registrar detailing the corrective actions taken. Mrs. Buncum noted that this was a repeat finding and questioned whether this finding involved the same person as in the last finding. Auditor LaShonna Frederick told the Committee that this audit issue involved a different cash custodian. The Office of the Registrar began receipting readmission application fees and did not implement good controls for this new process. Auditor Frederick

commented that the Office of Internal Auditing would follow-up and perform another surprise cash count in the Office of the Registrar this fiscal year. Mrs. Buncum stated that she was concerned because in their response, the Office of the Registrar stated that they were aware of University policy but they still made mistakes.

Treasurer's Office Year-End Cash Count – There were no audit issues noted in this report.

Assessment of Internal Controls Over Financial Reporting – There were no audit issues noted in this report. Mrs. Buncum inquired about the certification document and the Assessment of Internal Controls document that are on file with the Division of Business & Finance and the Office of Internal Auditing. She wanted to know whether these documents could be reviewed by the Audit Committee. Mr. Kreiser told Mrs. Buncum that he would send her an electronic copy of those documents.

Year-End Inventories – There were no audit issues noted in this report.

Unscheduled Audits

There were no unscheduled audits completed since the last committee meeting.

There were no more questions or comments, so Mr. Broadhurst read the language required to go into Closed Session. Dr. Walls made the motion to go into Closed Session. It was seconded by Mrs. Buncum.

There were three scheduled and four unscheduled audits in process. These audits, which were in various stages, were discussed in Closed Session.

Following the discussion, Mr. Rice made the motion to resume Open Session. It was seconded by Dr. Walls and unanimously carried.

Other Business

Mr. Kreiser gave the committee an update on an efficiency study conducted by the University of North Carolina-General Administration (UNC-GA), which included the Internal Audit function. As it stands right now, the internal audit activity for nine schools and UNC-GA will be consolidated under UNC-GA. The internal audit activity for these schools will be managed by UNC-GA. NC A&T State University is not one of the nine schools. It will be left freestanding. Mr. Kreiser expressed a concern that UNC-GA may want to bring the remaining eight schools under its umbrella and centralize the internal audit function. This initiative is moving quickly and there are still many unanswered questions. Mr. Broadhurst questioned whether the University had any say in this matter. Chancellor Martin responded that the University has a say and it will be a topic of discussion in the next Chancellor's meeting. It has been discussed in the Chief Financial Officers' meeting as a fiscal cost savings issue. Chancellor Martin believes that the University has to have a very vibrant staff of auditors on our campus because there's something going on all of the time. The challenge has been with the small Universities that only have one auditor. Dr. Walls asked how many auditors does NC A&T have. Mr. Kreiser stated that there are four auditors, plus the director. Mr. Pompey added that the WSSU audit team is serving NC School of the Arts and the UNC-GA audit team is serving NC

School of Science and Mathematics. These arrangements are working efficiently, so UNC-GA feels like this can be implemented system-wide. Mrs. Buncum asked whether there was a timeline for adding more schools. Mr. Kreiser responded that there is no timeline yet but implementation will begin soon. Chancellor Martin stated that a number of back office operations like payroll are going to a centralized function. Since most things recycle, Dr. Walls wanted to know whether this has been tried before – centralization, that is. Chancellor Martin told the Committee that it has not been done this extensively. Some time ago, Erskine Bowles started centralizing back office operations for efficiency and accountability. Chancellor Martin stated that he would keep the Committee informed about this issue.

With no further business, the meeting adjourned at 12:46 pm.

Recorded by:

LaShonna Frederick