

Audit Committee
The University of North Carolina School of the Arts

Tuesday, April 26, 2016
4:00 – 5:00 p.m.

Law Offices of Kilpatrick Townsend & Stockton LLP

OPEN SESSION AGENDA

Audit Committee

*Stephen Berlin, Chair

*Charlie Lucas

*Anna Folwell

Rob King, ex officio

Shannon Henry, Internal Auditor

Amanda Balwah, Staff

Faculty Representative

Staff Representative

*Denotes voting members

- I. Call to order and Confirm Quorum
- II. Approval of February 9, 2016 Minutes
- III. Discussion of External Audits & Reviews
- IV. 2015-2016 Internal Audit Plan Activity Update & Completion (*summary*)
- V. Other Business
- VI. Closed Session
- VII. Adjourn

UNIVERSITY OF NORTH CAROLINA
SCHOOL OF THE ARTS

Audit Committee
The University of North Carolina School of the Arts

Tuesday, February 9, 2016

4:00 p.m.

Kilpatrick Townsend & Stockton LLC

OPEN SESSION MINUTES

Audit Committee Members Present

*Stephen Berlin, Chair
*Anna Folwell (phone)
*Charlie Lucas (phone)

Members Absent

*Rob King, Ex-officio

Staff

Shannon Henry, Chief Audit Executive
George Burnette, Chief Operating Officer
David Harrison, General Counsel
Amanda Balwah, Secretary of the University
Dennis Booth, Faculty Council Representative
(phone)
Leslie Kamtman, Staff Council Representative
Javon Lee, Internal Auditor
James Lucas, Director of Human Resources

*Denotes voting members

Convene Meeting and Confirm Quorum

Committee Chair Steve Berlin convened the Open Session of the University of North Carolina School of the Arts Audit Committee at 4:00 p.m. A quorum was confirmed.

Approval of Minutes

Motion: Charlie Lucas moved to approve the December 1, 2015 Open Session Minutes. Steve Berlin seconded and the motion was unanimously approved.

Discussion of External Audits and Reviews

Shannon Henry, Chief Audit Executive, advised that there were no external audits released since the December 2015 meeting.

February 9, 2016

DRAFT Audit Committee Minutes – Open Session

Internal Audit Operations

Ms. Henry reviewed the following internal audits:

- An investigation related to a decrease in appointment term as a result of an anonymous allegation.
 - Ms. Henry provided a brief overview of the allegation, and advised that it was received by the Office of the State Auditor's Investigative Division and that it was anonymous.
 - The Internal Audit identified 1 written and 1 verbal observation, both related to the Department of Human Resources.
 - The Director of Human Resources provided a corrective action plan to address the audit's observations and has started to implement that plan.
- Update from management concerning the Housekeeping Survey Report
 - Both the Chief Operating Officer and Director of Human Resources provided a brief update on the positive and corrective actions the university is taking relative to improvements in housekeeping services.
 - An outside consultant is currently on campus to observe current practices and provide a plan rooted in best practices.
 - Additional training and a Housekeeping Employee Appreciation program have been implemented. Increased attendance and work ethic have already been observed as a result of increased respect and accountability.

Other Business

- Ms. Henry reviewed UNC General Administration's new policies concerning the enterprise risk management and compliance function within the UNC System. She noted that the new policies impose new demands and expectations to which the University will need to be responsive. Mr. Burnette noted that he's been in discussion with UNC General Administration (GA) about this and is waiting for more information regarding GA's expectations for the individual campus plans.

Motion to Move to Closed Session

MOTION: Charlie Lucas moved that the Audit Committee go into Closed Session to prevent the disclosure of privileged information under N.C.G.S. 143-318.11(a)(1), the Internal Auditor's work papers. Steve Berlin seconded and the motion was unanimously approved.

Report from Closed Session

Chairman Berlin reported that the committee approved the closed session minutes from the December 2015 meeting.

Adjournment

With no further business to discuss, Chairman Berlin adjourned the meeting at 4:39 p.m.

Respectfully submitted by:

Amanda Balwah

Assistant Secretary to the Board of Trustees

February 9, 2016

DRAFT Audit Committee Minutes – Open Session



**NC COMMISSION ON VOLUNTEERISM AND COMMUNITY SERVICE
OFFICE OF THE GOVERNOR**

20312 Mail Service Center 116 West Jones Street
Raleigh, NC 27699-0312

January 29, 2016

Rebecca Nussbaum
Program Director
UNC School of the Arts
ArtistCorps

Ms. Nussbaum,

On January 27, 2016 I visited the UNC School of the Arts campus to conduct a financial compliance visit of the AmeriCorps program ArtistCorps. During that visit we discussed the policies and procedures currently being used to produce the monthly Periodic Expense Requests and record the financial activity and safeguard the proceeds of the AmeriCorps grant to ArtistCorps.

We followed the applicable sections of the NC CVCS Financial Compliance Monitoring Tool which is attached. Please review and advise if there are any inaccuracies, or you disagree with any of the information shown on the monitoring tool.

Based upon the responses recorded in the Financial Compliance Monitoring Tool we agreed that there were additional procedures which should be established. Accordingly, please provide a written response to the following corrective action requests:

- Describe how the UNCSA Chart of Accounts will be used to track and monitor expenditures by budget line item.
- Describe how the UNCSA Banner System will be used to track and monitor expenditures.
- Describe how grantee cash and in-kind will be recorded in the Banner System.
- Describe how the Banner System will track and record grantee match.

Please submit written response by Thursday, February 4, 2016.

If you have any questions, please advise.

Regards,

William MacRae

William MacRae
Grants Compliance Manager



Lisa R. McClinton, CPA
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February 3, 2016

MEMORANDUM

RE: AmeriCorps

Thank you for your recommendations regarding AmeriCorps program ArtistCorps. We agree with the recommendations and have already taken corrective action based on your recommendations. Below we have listed our responses to the following corrective actions requests:

1. UNCSA Charts of Accounts was created to track and monitor revenues and expenditures through budget lines. We have created budget pools within our chart of accounts which allows us to established thresholds for all programs (funds). Each fund is required to submit a budget plan each year for estimated revenues and expenditures. Budget is setup to ensure programs do not exceed their expenditures in any budget line items. Our financial system, (Banner) keep tracks of budget and in some cases, an expense will be disapproved if the fund has exceeded the budget. The Budget Office reviews departmental budget reports daily to ensure there are no deficits in any budget line by fund. The Controller's Office created three separate funds for the ArtistCorps programs for each budget cycle year and the fund manager has been given access to these funds.
2. UNCSA Banner System is clearly capable of tracking and monitoring expenditures. When UNCSA implemented Banner Finance in 2008, we created numerous account codes to track various types of expenses. Therefore, the ArtistCorp program has the same ability to track the revenues and expenditures in each of the funds established. The advantage of using Banner Finance, is the ability to track and monitor account activity in real time. We established clear reports and provided training to the fund manager to be able to report the activity based on actual transactions for ArtistCorp.
3. Grantee cash and in-kind gifts will be recorded in the Banner system within the ArtsistCorps fund in a separate account code. This account code will clearly show all gifts received separately from funds received from AmeriCorp. All gifts have been recorded into the correct account and are clearly identified in the ArtistsCorp fund.
4. The grantee match for all expenditures will be maintained in a separate fund from the regular grant fund. Expenditures will be recorded in accordance with UNCSA policies and procedures and reported on the Periodic Expense Report (PER) based on the activity in Banner Finance and supporting documentation. The fund manager will maintain files for all transactions and record receipts and expenditures based on actual costs incurred. All costs will be reconciled to the PER in the OnCore system.