



*Board of Trustees Audit Committee  
Certification Letter*

July 24, 2014

Ms. S. Lynne Sanders, CPA  
Associate Vice President for Financial and Compliance Operations  
The University of North Carolina  
140 Friday Center Drive  
Chapel Hill, North Carolina 27517

Dear Ms. Sanders:

In accordance with the Best Financial Practices Guidelines adopted by the Board of Governors in November 2005, I confirm that the Board of Trustees (BOT) Finance and Infrastructure Committee which serves as the Audit Committee of the University of North Carolina at Chapel Hill is in compliance with the following (any exceptions must be identified and explained in an accompanying statement):

1. The BOT Finance and Infrastructure Committee met at least four times this past fiscal year.
2. Reviewed the results of the annual financial audit with representatives of the North Carolina Office of the State Auditor (OSA) and discussed corrective actions, if needed.
3. Reviewed the results of any other audit performed and report/management letter (i.e. investigations, Statewide Federal Compliance Audit Reports, etc.) issued by the OSA with representatives of the State Auditor's Office, the Chief Audit Officer and/or appropriate campus official.
4. For any audit finding contained within a report or management letter issued by the OSA, reviewed the institution's corrective action plan and the report of the internal auditor on whether or not the institution has made satisfactory progress in resolving the deficiencies noted, in accordance with North Carolina General Statute 116-30.1 as amended.
5. Reviewed all audits and management letters of University Associated Entities as defined in Section 600.2.5.2 [R] of the UNC Policy Manual.

6. Received and reviewed quarterly reports from the institution's Chief Audit Officer that, at a minimum, reported material (significant) reportable conditions, the institution's corrective action plan for these conditions and a report once these conditions have been corrected.
7. Received, reviewed, and approved, at the beginning of the audit cycle, the annual audit plan for the internal audit department.
8. Received and reviewed, at the end of the audit cycle, a comparison of the annual audit plan with internal audits performed by the internal audit department.

I further attest the following:

1. The institution's Chief Audit Officer reports directly to the Chancellor with a clear and recognized reporting relationship to the chair of the BOT Finance and Infrastructure Committee.
2. The Finance and Infrastructure Charter (Charter) defines appropriate roles and responsibilities. The current Charter does specifically charge the Finance and Infrastructure Committee with responsibility for assuring that the institution is performing self-assessments of operating risks and evaluations of internal controls on a regular basis. However, this Charter gives the Committee responsibility for assisting the BOT with the: integrity of financial reporting; adequacy and effectiveness of system of internal control; and the independence and performance of external and internal audit functions and advising management in ensuring sound risk management. The Charter will be revised in fiscal year 2015.
3. Internal audit functions are carried out in a way that meets professional standards.
4. The institution's Chief Audit Officer forwarded copies of both the approved audit plan and the summary of internal audit results, including any material reportable conditions and how they were addressed, to UNC General Administration in the prescribed format.



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Steven J. Lerner  
Chair of BOT Finance and Infrastructure Committee

Note: A summary of these certifications from each campus will be provided annually to the current Audit Committee Chair of the Board of Governors.