



July 25, 2013

Mr. Peter Hans, Chair
UNC Board of Governors
P. O. Box 2688
Chapel Hill, North Carolina 27515-2688

Dear Mr. Hans:

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) Budget, Finance, and 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. Met at least four times this year.
2. Reviewed the results of the annual financial audit with representatives of the State Auditor's Office and discussed corrective actions, if needed.
3. Discussed the results of any other audit performed and report/management letter (i.e. information system audits, investigative audits, etc.) issued by the North Carolina Office of the State Auditor with representatives of the State Auditor, the Director of Internal Audit or appropriate campus official.
4. For any audit finding contained within a report or management letter issued by the State Auditor, 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.

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6. Received and reviewed quarterly reports from the institution's Director of Internal Audit that, at a minimum, reported material (significant) reportable conditions and the institution's corrective action plan for these conditions. Reports regarding correction of material reportable conditions are received when audit follow-up confirms that 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 Director of Internal Audit reports directly to the Chancellor with a clear and recognized reporting relationship to the Chairperson of the BOT Budget, Finance, and Audit Committee.
2. The *Budget, Finance, and Audit Committee Charter* defines appropriate roles and responsibilities. One of these responsibilities is the assurance that the institution is performing self-assessments of operating risks and evaluations of internal controls on a regular basis.
3. Internal audit functions are carried out in a way that meets professional standards with the exception of not having an external quality assurance review performed within the past five years.
4. The institution's Director of Internal Audit 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.

Chairperson of the BOT Budget, Finance, and Audit Committee