



OPEN SESSION

FOR ACTION

1. [Site Approval](#) (Attachment A)
 - Media and Communications Studio at Koury Natatorium
Anna Wu, Associate Vice Chancellor for Facilities Services
2. Designer Approval
 - [Translational Research Building](#) (Attachment B)
 - [New East Elevator Project](#) (Attachment C)
Anna Wu, Associate Vice Chancellor for Facilities Services
3. [Construction Manager at Risk Approval](#) (Attachment D)
 - Berryhill Vivarium Migration Project
Anna Wu, Associate Vice Chancellor for Facilities Services
4. [Design Approval](#) (Attachment E)
 - Women's Field Hockey Facility
Anna Wu, Associate Vice Chancellor for Facilities Services
5. [Property Acquisition by Deed](#) (Attachment F)
 - Mountain Area Health Education Center (MAHEC)
Gordon Merklein, Associate Vice Chancellor for University Real Estate Operations
6. [Revised Internal Audit Charter Approval](#) (Attachment G)
Phyllis Petree, Director of Internal Audit

FOR INFORMATION ONLY (No formal action is requested at this time)

1. [Internal Audit Report](#) (Attachment H)
Phyllis Petree, Director of Internal Audit
2. [Development Report](#)
David Routh, Vice Chancellor for University Development
3. [Financial Update](#)
Dwayne Pinkney, CFO & Sr. Assoc. Vice Chancellor for Finance & Administration
Aimee Turner, University Controller
4. [University Real Estate Update](#)
Gordon Merklein, Associate Vice Chancellor for University Real Estate Operations

COMMITTEE MEMBERS

Haywood D. Cochrane Jr., Chair
W. Lowry Caudill, Vice Chair
Donald Williams Curtis
Julia Sprunt Grumbles
Allie Ray McCullen
William (Ed) McMahan
Administrative Liaison:

Matthew (Matt) Fajack, Vice Chancellor for Finance and Administration

ATTACHMENT A

SITE APPROVAL – MEDIA AND COMMUNICATIONS STUDIO ADDITION AT KOURY NATATORIUM

This project will construct a 12,000 square foot addition to Koury Natatorium to house media and communication studios for the ACC network. The facility will include three control rooms and two studios. The broadcast center will also provide a robust production service (live production, studio services) to campus entities and offer opportunities for academic partnerships and real-world experience in growing fields for students.

The project budget is \$10,000,000 and will be funded by Athletics funds.

The Chancellor's Buildings and Grounds Committee approved the site at its May 4, 2017 meeting.

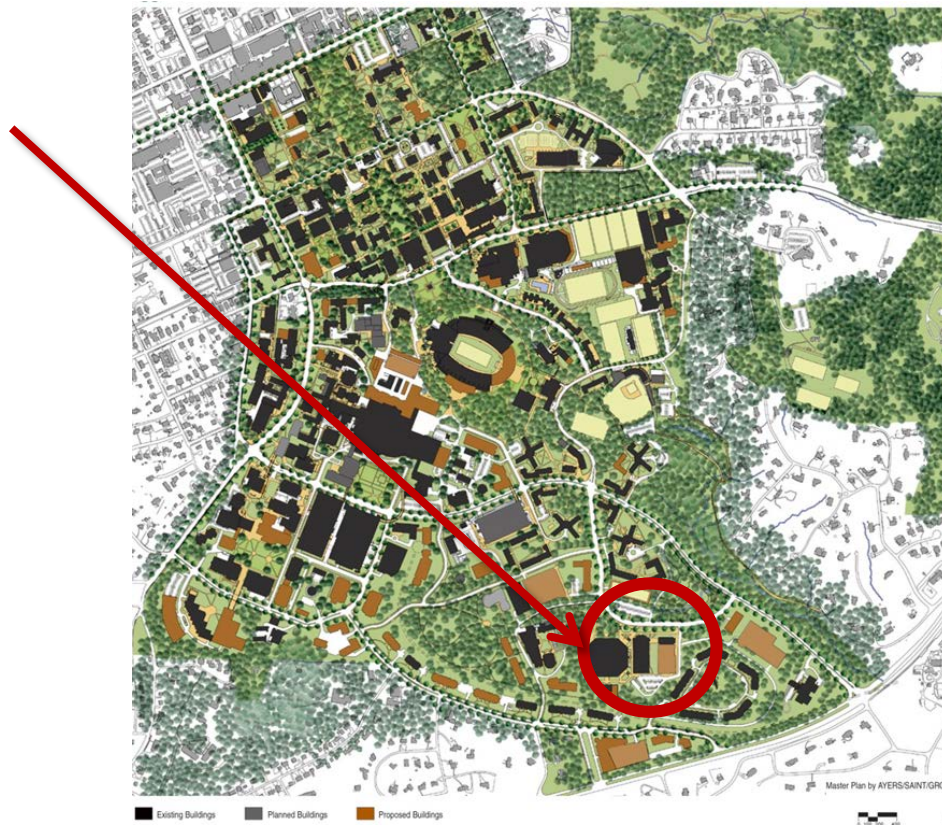
RECOMMENDED ACTION:

A motion to approve the site.



Media & Communications Studio Addition at Koury Natatorium

PROJECT LOCATION



2006 CAMPUS MASTER PLAN



N

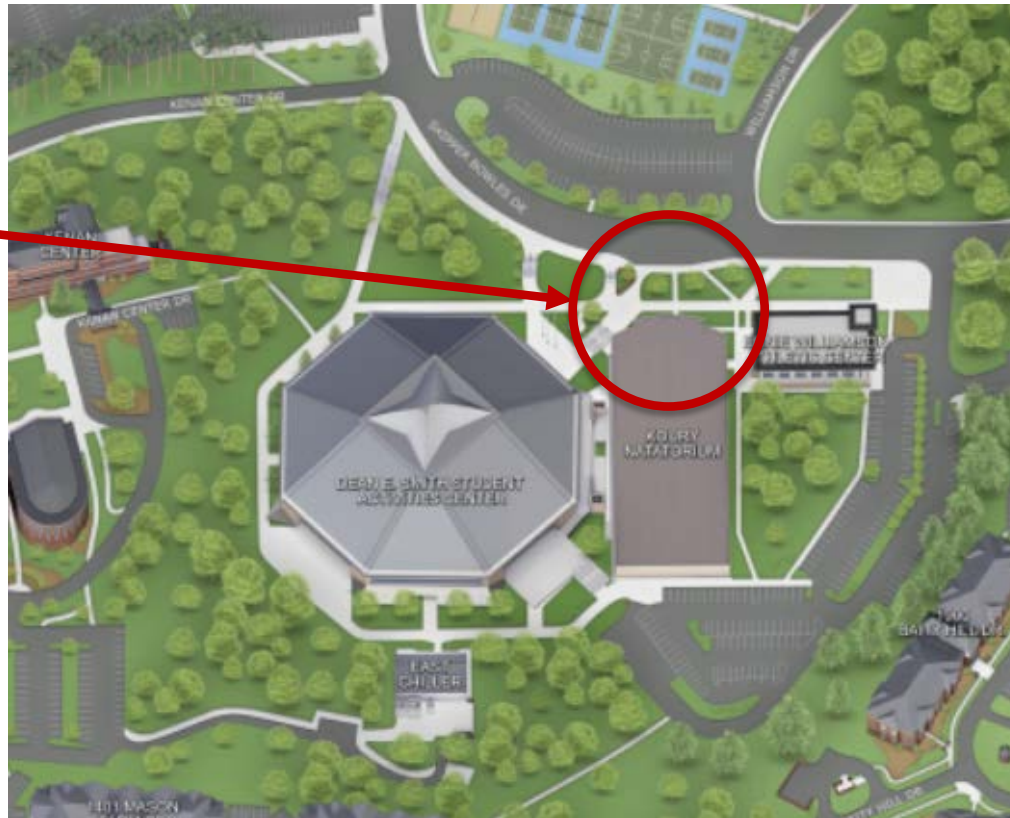


UNC
DIVISION OF FINANCE
AND ADMINISTRATION



Media & Communications Studio Addition at Koury Natatorium

PROJECT SITE



CAMPUS MAP



ATTACHMENT B

DESIGNER SELECTION – TRANSLATIONAL RESEARCH BUILDING

This project will provide advance planning for the Translational Research Building. This 140,000 square foot facility will consolidate existing vivarium facilities and allow for additional program growth.

Advance planning budget is \$500,000 and will be funded by F&A funds.

The project was advertised on March 10, 2017. Thirteen (13) proposals were received. Six (6) firms were interviewed on May 2, 2017. Two members of the Board of Trustees participated in the interviews.

The committee recommended the selection of the three firms in the following priority order:

- | | |
|--------|---------|
| 1. XXX | XXX, XX |
| 2. XXX | XXX, XX |
| 3. XXX | XXX, XX |

The firms were selected for their past performance on similar projects, strength of their consultant team and experience with campus projects.

RECOMMENDED ACTION:

A motion to approve the three firms in the following priority order:

- | | |
|--------|---------|
| 1. XXX | XXX, XX |
| 2. XXX | XXX, XX |
| 3. XXX | XXX, XX |



Translational Research Building

PROJECT LOCATION



2006 CAMPUS MASTER PLAN



N

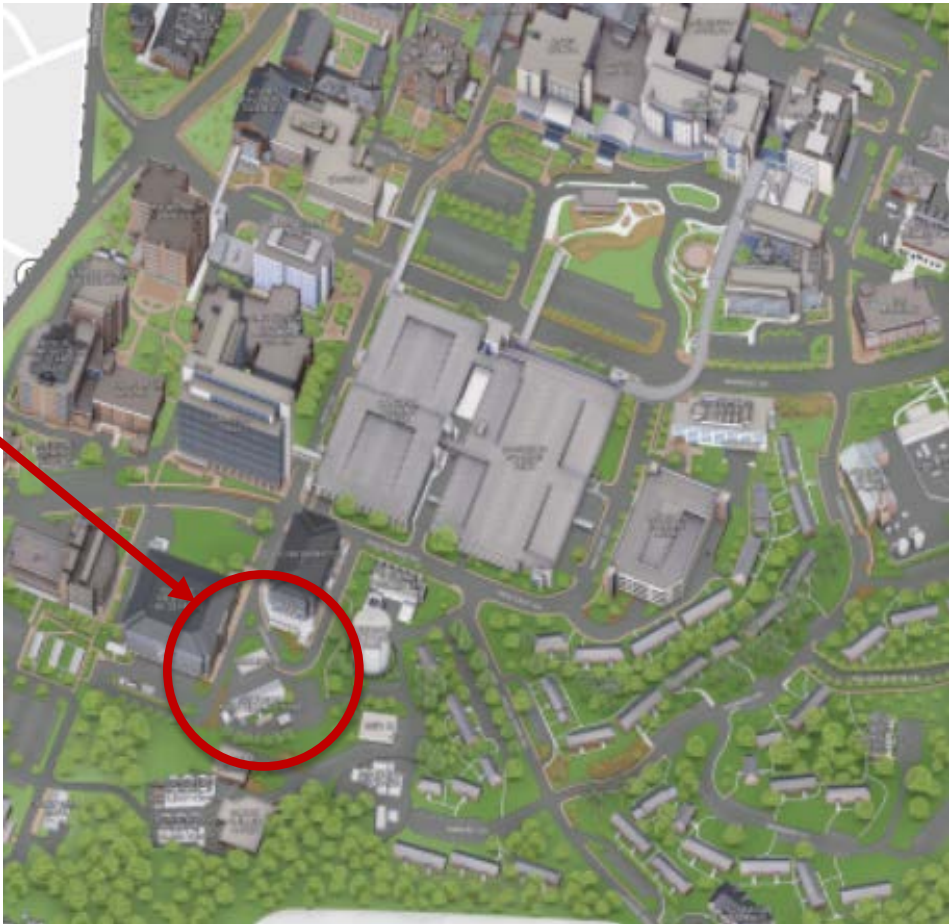


UNC
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AND ADMINISTRATION



Translational Research Building

PROJECT SITE



CAMPUS MAP



N

ATTACHMENT C

DESIGNER SELECTION – NEW EAST ELEVATOR

This project will provide a new elevator in New East, which was constructed in 1861. This project will include the installation of a new elevator shaft, footing and foundation with minor roof and interior work as required to complete the project.

The project budget is \$1,650,000 and will be funded by 2016 R&R appropriations.

This project was advertised on March 8, 2017. Nine (9) proposals were received. Four (4) firms were interviewed on April 26, 2017. Members of the Board of Trustees did not participate in the interviews.

The committee recommended the selection of the three firms in the following priority order:

- | | |
|--------|---------|
| 1. XXX | XXX, XX |
| 2. XXX | XXX, XX |
| 3. XXX | XXX, XX |

The firms were selected for their past performance on similar projects, the strength of their consultant team and their experience with campus projects.

RECOMMENDED ACTION:

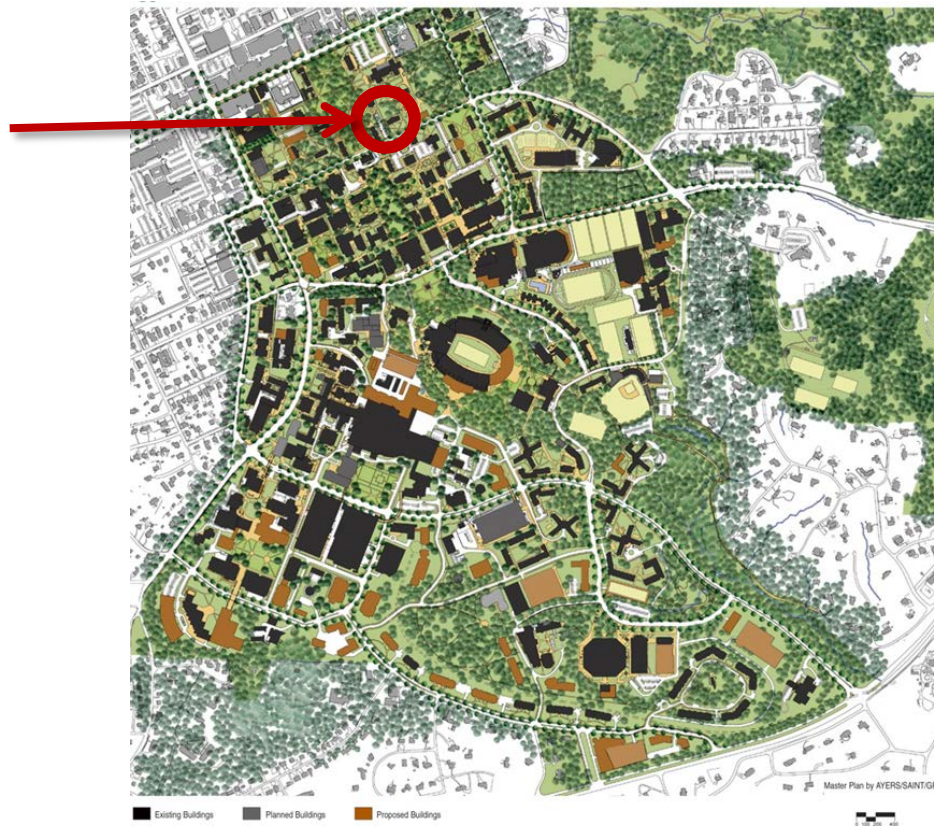
A motion to approve the three firms in the following priority order:

- | | |
|--------|---------|
| 1. XXX | XXX, XX |
| 2. XXX | XXX, XX |
| 3. XXX | XXX, XX |



New East Elevator

PROJECT LOCATION



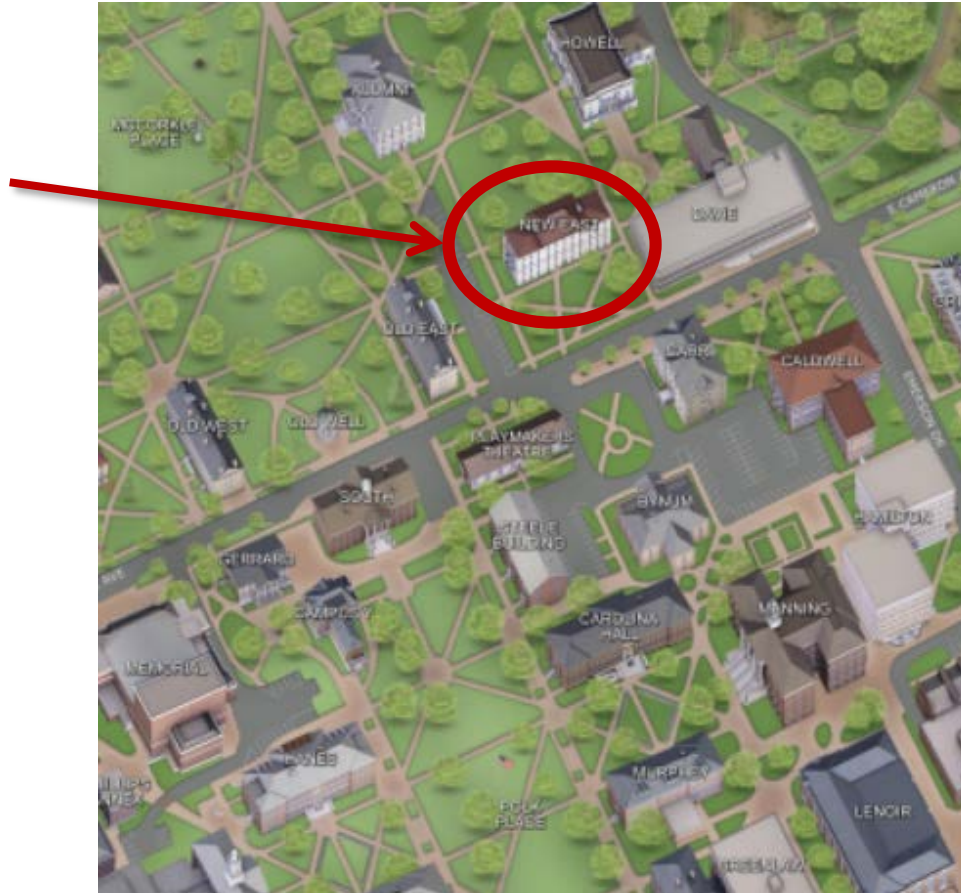
2006 CAMPUS MASTER PLAN





New East Elevator

PROJECT LOCATION



CAMPUS MAP



ATTACHMENT D

CONSTRUCTION MANAGER AT RISK SELECTION - BERRYHILL VIVARIUM MIGRATION PROJECT

This project will renovate three vivarium facilities to accommodate the relocation of the Berryhill Hall vivarium and enable the development of the new Medical Education Building.

The project budget is \$22,340,000 with funding from the Medical Education Building project and University funds.

The project was advertised on March 10, 2017. Five (5) proposals were received. Five (5) firms were interviewed on May 9, 2017. Members of the Board of Trustees did not participate in the interviews.

The committee recommended the selection of the three firms in the following priority order:

- | | |
|--------|---------|
| 1. XXX | XXX, XX |
| 2. XXX | XXX, XX |
| 3. XXX | XXX, XX |

The firms were selected for their past performance on similar projects, strength of their team and experience with campus projects.

RECOMMENDED ACTION:

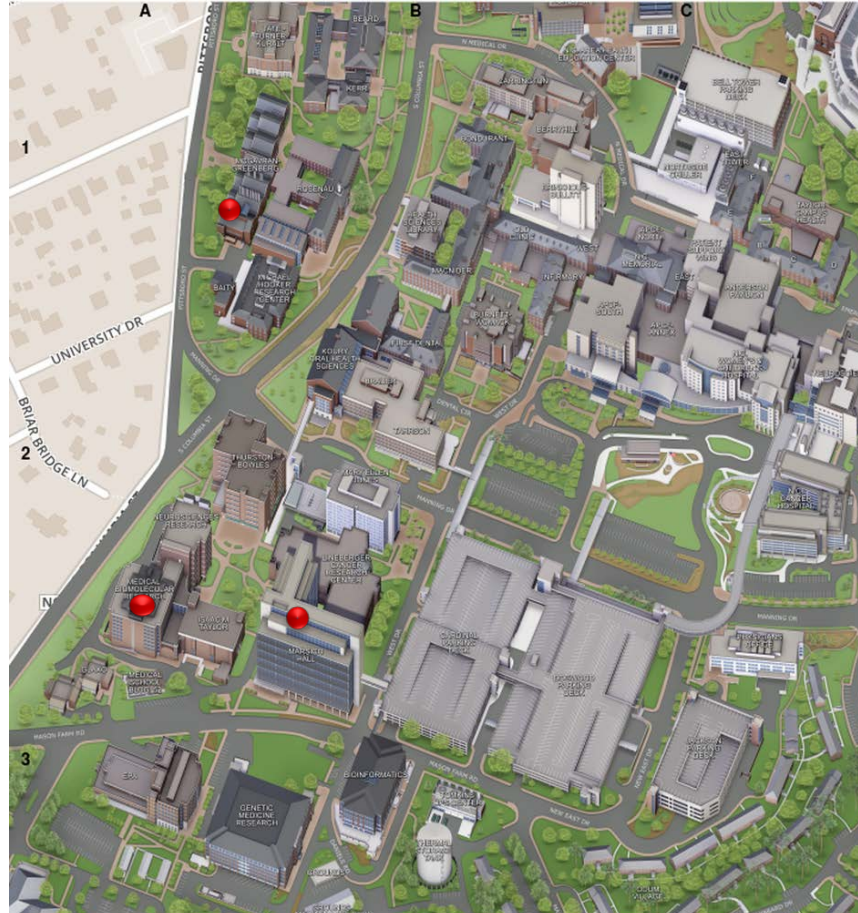
A motion to approve the three firms in the following priority order:

- | | |
|--------|---------|
| 1. XXX | XXX, XX |
| 2. XXX | XXX, XX |
| 3. XXX | XXX, XX |



Berryhill Vivarium Migration

PROJECT LOCATIONS ●



CAMPUS MAP



UNC
DIVISION OF FINANCE
AND ADMINISTRATION

12/65

Construction Manager at Risk Approval

ATTACHMENT E

DESIGN APPROVAL – WOMEN’S FIELD HOCKEY FACILITY

This project will construct a new 950 seat stadium, 9,800 square foot team facility, playing field and press box for Women’s Field Hockey.

The project budget is \$14,186,500 and will be funded by the Educational Foundation.

The Board of Trustees received the preliminary design at its March, 2017 meeting.

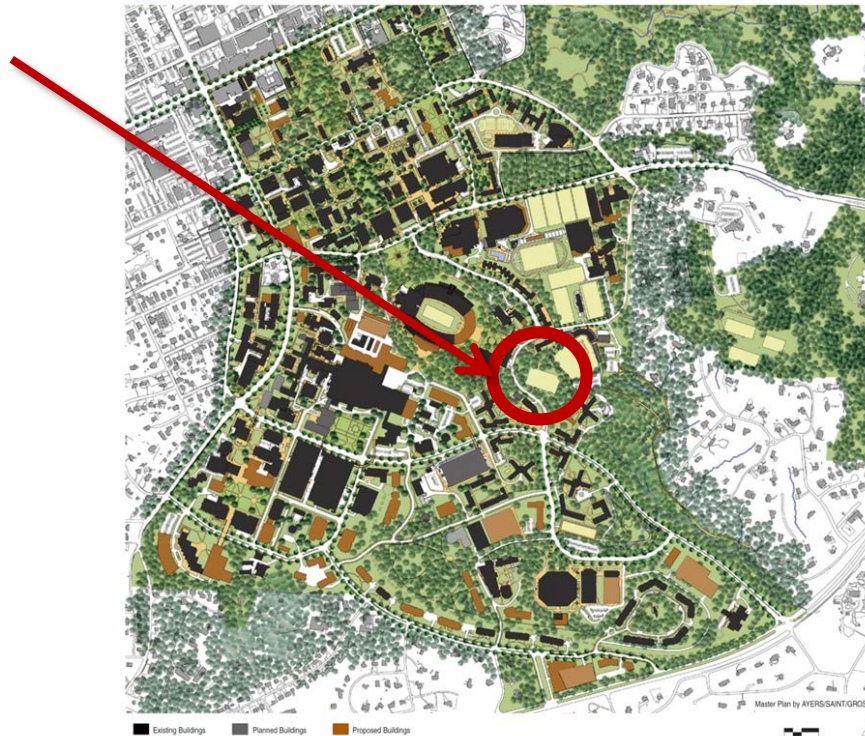
RECOMMENDED ACTION:

A motion to approve the design.



Women's Field Hockey Team Facilities

PROJECT LOCATION



N

2006 CAMPUS MASTER PLAN



UNC
DIVISION OF FINANCE
AND ADMINISTRATION

14/65

Design Approval



Women's Field Hockey Team Facilities



PROJECT
SITE



SITE PLAN



UNC
DIVISION OF FINANCE
AND ADMINISTRATION

15/65

Design Approval



Women's Field Hockey Team Facilities



12

FIELD HOCKEY

  **CONFIDENTIAL**
NOT FOR EXTERNAL DISTRIBUTION
28 FEBRUARY 2017 



UNC
DIVISION OF FINANCE
AND ADMINISTRATION

16/65

Design Approval



Women's Field Hockey Team Facilities



RIDGE ROAD VIEW





Women's Field Hockey Team Facilities



16

FIELD HOCKEY SEATING

  **CONFIDENTIAL**
NOT FOR EXTERNAL DISTRIBUTION
28 FEBRUARY 2017 



UNC
DIVISION OF FINANCE
AND ADMINISTRATION

18/65

Design Approval



Women's Field Hockey Team Facilities



23

CONCOURSE

  **CONFIDENTIAL**
NOT FOR EXTERNAL DISTRIBUTION
16 FEBRUARY 2017 



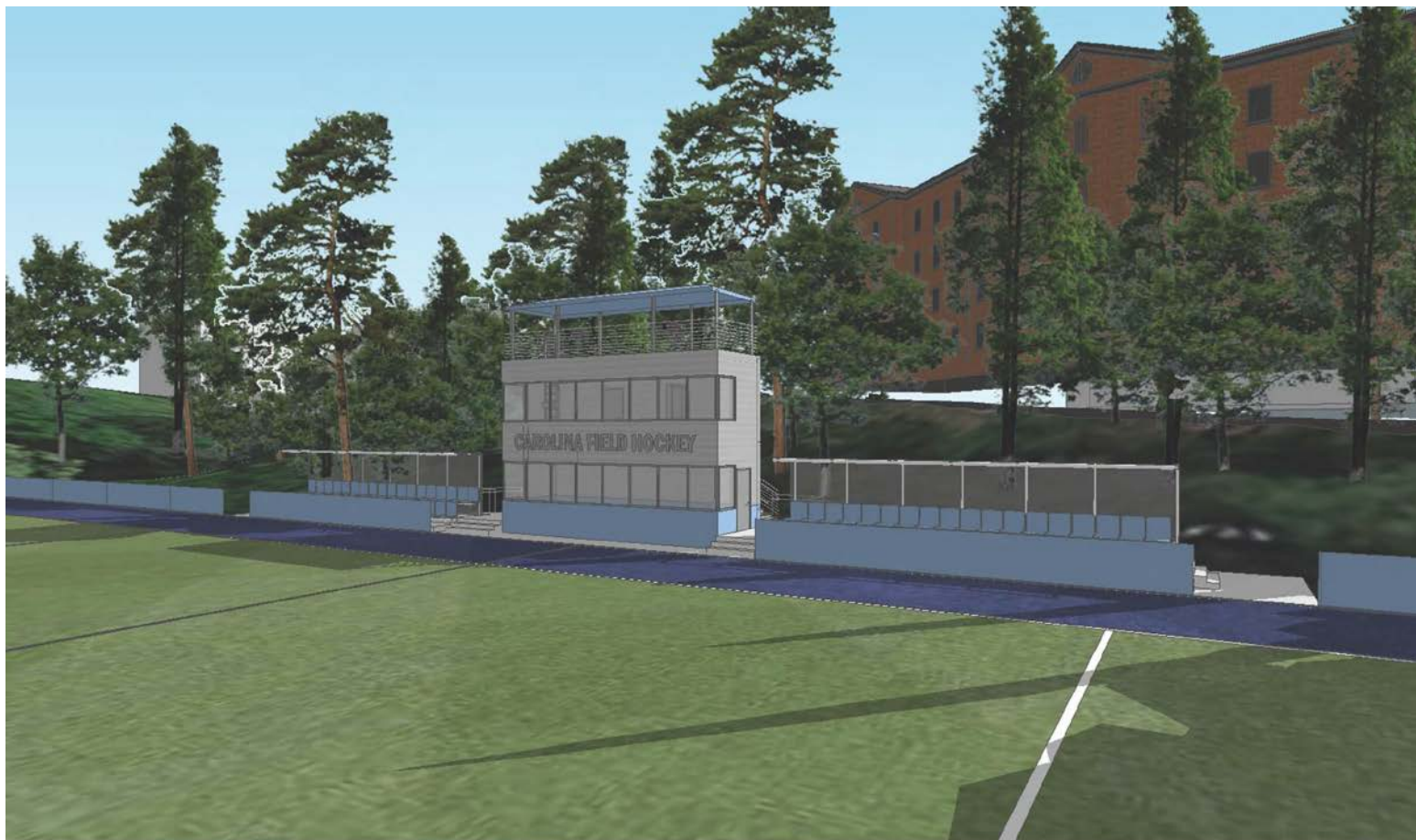
UNC
DIVISION OF FINANCE
AND ADMINISTRATION

19/65

Design Approval



Women's Field Hockey Team Facilities



18

FIELD HOCKEY PRESS BOX

  **CONFIDENTIAL**
NOT FOR EXTERNAL DISTRIBUTION
28 FEBRUARY 2017 



UNC
DIVISION OF FINANCE
AND ADMINISTRATION

20/65

Design Approval

ATTACHMENT F

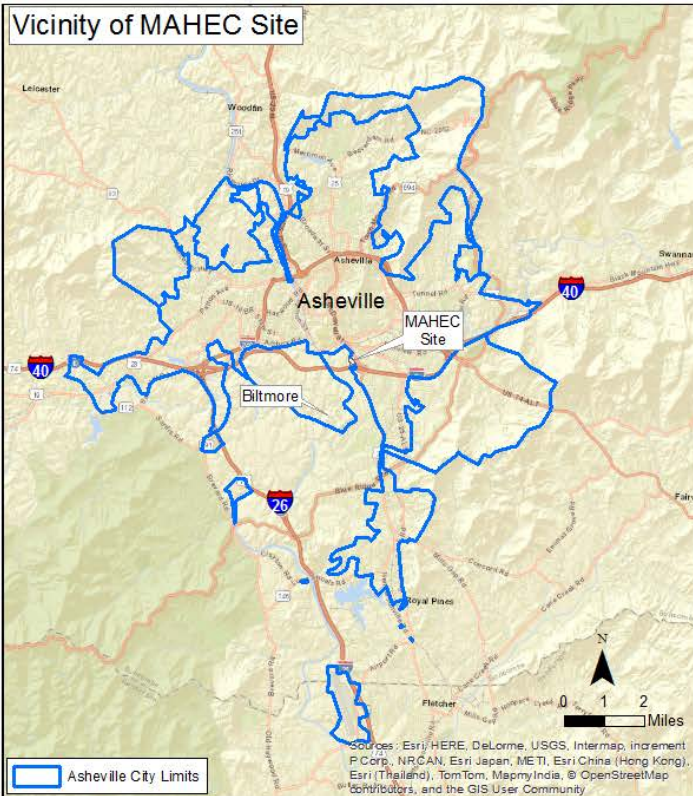
PROPERTY ACQUISITION BY DEED – UNC MOUNTAIN AREA HEALTH EDUCATION CENTER (MAHEC) CAMPUS – ASHEVILLE

This request is to acquire approximately one-half acre of land located on the Hendersonville Road MAHEC Campus in Asheville. The property is currently owned by MAHEC and is required to be transferred to the University in order to execute construction contracts for a new 36,000 SF facility on the campus. There is no consideration for this property transfer.

RECOMMENDED ACTION:

A motion to recommend approval to acquire land by deed as described above.

Vicinity of MAHEC Site



10 May 2017

Mountain Area Health Education Center

Source for parcel and city limits data: Buncombe County, NC GIS records



THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL
Office of the Chancellor

INTERNAL AUDIT CHARTER

The purpose of the University of North Carolina at Chapel Hill's (University) internal audit department is to provide independent, objective assurance and consulting services designed to add value and improve the University's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The internal audit department helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, of risk management, and control processes.

Standards for Internal Auditing

The internal audit department will govern itself by adherence to the mandatory elements of *The Institute of Internal Auditors' International Professional Practices Framework*, including the *Core Principles for the Professional Practice of Internal Auditing*, the *Code of Ethics*, the *International Standards for the Professional Practice of Internal Auditing (Standards)*, and the *Definition of Internal Auditing*. In addition, the Department will adhere to the University's relevant policies and procedures and the Department's *Policies and Procedures Manual*.

The chief audit officer will report periodically to senior management and the Finance, Infrastructure, and Audit Committee (FIA Committee) of the University's Board of Trustees (Board) regarding the internal audit department's conformance to the *Code of Ethics* and the *Standards*.

Role

The Department is governed by the Finance Infrastructure, and Audit Committee (FIA Committee) of the University's Board of Trustees (Board). The internal audit department's responsibilities are defined by the Board as part of its oversight role.

Authority

The Chief Audit Officer reports functionally to the Chair of the FIA Committee and administratively (i.e. day to day operations) to the Chancellor of the University.

To establish, maintain, and assure that the University's internal audit department has sufficient authority to fulfill its duties, the FIA Committee will:

- Approve the internal audit charter;
- Approve the risk-based internal audit plan;
- Receive communications from the Chief Audit Officer on the internal audit department's performance relative to its plan and other matters;
- Approve decisions regarding the appointment and removal of the Chief Audit Officer; and
- Make appropriate inquiries of management and the Chief Audit Officer to determine whether there is inappropriate scope or resource limitations.



THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL
Office of the Chancellor

INTERNAL AUDIT CHARTER

The Chief Audit Officer will communicate and interact directly with the Board including in executive sessions and between Board meetings as appropriate.

The FIA Committee authorizes the internal audit department to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of the University, as well as other specialized services from within or outside the University, in order to complete the engagement.

Independence and Objectivity

The chief audit officer will ensure that the internal audit department remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the chief audit officer determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other department that may impair an internal auditor's judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for the University or its affiliates.
- Initiating or approving transactions external to the internal audit department.
- Directing the activities of any the University employee not employed by the internal audit department, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the chief audit officer has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.



THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL
Office of the Chancellor

INTERNAL AUDIT CHARTER

- Exhibit professional objectivity in gathering, evaluating, and communicating information about the department or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The chief audit officer will confirm to the FIA Committee, at least annually, the organizational independence of the internal audit department.

The chief audit officer will disclose to the FIA Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

Scope of Internal Audit Activities

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the FIA Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the University. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of the University's strategic objectives are appropriately identified and managed.
- The University promotes governance, ethics, and integrity and communicates risk and control information;
- The actions of the University's officers, directors, employees, and contractors are in compliance with the University's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the University.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The chief audit officer will report periodically to senior management and the FIA Committee regarding:

- The internal audit department's purpose, authority, and responsibility.
- The internal audit department's plan and performance relative to its plan.
- The internal audit department's conformance with The IIA's *Code of Ethics* and *Standards*, and action plans to address any significant conformance issues.



THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL
Office of the Chancellor

INTERNAL AUDIT CHARTER

- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the FIA Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the University.

The chief audit officer also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The internal audit department may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the internal audit department does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

Reporting and Monitoring

The Chief Audit Officer or a designee will prepare a written report following the conclusion of each internal audit project other than small consulting projects. Audit reports and close-out letters will be distributed to appropriate members of University management, all members of the Board, UNC General Administration, and the Council of Internal Auditing.

Internal audit reports will typically include management's response regarding corrective action taken or to be taken in regard to the specific findings. Management's response should include a timetable for anticipated completion of planned corrective action and an explanation for any findings that will not be corrected. If management elects not to correct a finding, its response should include a statement accepting the risk from choosing not to address a reported condition.

The internal audit department will be responsible for appropriate follow-up on audit findings. All reported findings will remain in an open issues file until cleared.

Responsibility

The chief audit officer has the responsibility to:

- Submit, at least annually, to senior management and the FIA Committee a risk-based internal audit plan for review and approval.
- Communicate to senior management and the FIA Committee the impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan, as necessary, in response to changes in the University's business, risks, operations, programs, systems, and controls.



THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL
Office of the Chancellor

INTERNAL AUDIT CHARTER

- Communicate to senior management and the FIA Committee any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report periodically to senior management and the FIA Committee any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the internal audit department collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.
- Ensure trends and emerging issues that could impact the University are considered and communicated to senior management and the FIA Committee as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the internal audit department.
- Ensure adherence to the University's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the FIA Committee.
 - Ensure conformance of the internal audit department with the *Standards*, with the following qualifications: If the internal audit department is prohibited by law or regulation from conformance with certain parts of the *Standards*, the chief audit officer will ensure appropriate disclosures and will ensure conformance with all other parts of the *Standards*.
 - If the *Standards* are used in conjunction with requirements issued by the U.S. Government Accountability Office (GAO), often referred to as *The Yellow Book*, the chief audit officer will ensure that the internal audit department conforms with the *Standards*, even if the internal audit department also conforms with the more restrictive requirements of the GAO.

Quality Assurance and Improvement Program

The internal audit department will maintain a quality assurance and improvement program that covers all aspects of the internal audit department. The program will include an evaluation of the internal audit department's conformance with the *Standards* and an evaluation of whether internal auditors apply the IIA's *Code of Ethics*. The program also assesses the efficiency and effectiveness of the internal audit department and identifies opportunities for improvement.

The chief audit officer will communicate to senior management and the FIA Committee on the internal audit department's quality assurance and improvement program, including results of



THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL
Office of the Chancellor

INTERNAL AUDIT CHARTER

internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the University.

Approved this _____ day of May, 2017

Carol L. Folt, Chancellor

Haywood D. Cochrane Jr.
Chair, Finance, Infrastructure, and Audit Committee of the UNC-CH Board of Trustees

Phyllis C. Petree, Chief Audit Officer

REPORT TO THE FINANCE,
INFRASTRUCTURE, AND
AUDIT COMMITTEE
OF THE
BOARD OF TRUSTEES

Internal Audit Department

University of North Carolina
at Chapel Hill

May 24, 2017

UNC - CHAPEL HILL
INTERNAL AUDIT DEPARTMENT
SUMMARY OF AUDIT ACTIVITIES AND PROJECTS COMPLETED AND IN PROCESS
DECEMBER 24, 2016 TO APRIL 16, 2017

STAFFING UPDATE

Pat Crabtree, Advanced Auditor, retired on March 31, 2017. She had been with UNC-CH Internal Audit for 10 years. Her retirement was not anticipated. Interviews to fill this vacancy were done May 9, 2017. We hope that the new hire can start work before the end of the fiscal year.

Pattie Smith, former Director of Internal Audit for Elizabeth City State University, will be working as a temporary employee in Internal Audit for the next few months.

Ms. Crabtree's retirement and delays in filling vacancies will affect completion of the 2016/17 audit plan.

COMPLETED PROJECTS

Radiology 2016 – management request - review of travel costs paid to and other reimbursements requests made by a faculty member. We questioned costs related to several trips the faculty member took between September 2010 and September 2016. We also questioned a request the faculty member made for reimbursement of legal costs; the reimbursement was not made. There were two interim reports for this project. One, dated October 20, 2016, related to the faculty member's travel costs. The second, dated November 14, 2016, presented information about the request for reimbursement of legal costs.

Results of the Radiology audit contributed to our report related to tax issues associated with employee travel.

Orthodontics – assistance to management with a review of processes and transactions related to acquisition of dental molds and implants for patient care and instructional purposes. We found that two cases of conflict of interest involving labs used to produce dental molds for Orthodontics and the need for better processes related to how dental labs are selected to provide services. The University no longer does business with the labs involved and one of the employees who had the conflict of interest is no longer with the University. The School of Dentistry is updating its processes for approving new vendors.

Radiology Follow-up – assistance to management with subsequent procedures related to the Radiology 2016 audit.

Communications – assistance to management.

IN PROCESS

Facilities Use of Consortiums – review of potential for use of repair and renovations services procured under the National Joint Powers Alliance. Draft report is being reviewed by management and will be issued the week of May 8th.

School of Government – review of contracts and the relationship between the School and an outside entity that provides redevelopment project management services. This review identified undisclosed

UNC - CHAPEL HILL
INTERNAL AUDIT DEPARTMENT
SUMMARY OF AUDIT ACTIVITIES AND PROJECTS COMPLETED AND IN PROCESS
DECEMBER 24, 2016 TO APRIL 16, 2017

conflicts of interest and commitment and advance payment for services. Draft report is being reviewed by management.

Carolina Center for Education Excellence – management request – an assessment of financial matters related to a community program run by the School of Education including revenue levels and matching of revenue and costs. Draft report is being reviewed by management.

Clery Act Reporting – a review of processes used to manage notifications and reporting required by the “Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act”. This project has been delayed by time-sensitive projects requested by management.

Historically Under-utilized Business Program – a review of processes used to promote and encourage full and open competition, promote equal access to contracting opportunities among the various contractors and vendors that do business with the University, and ensure compliance with policy reporting requirements related to this program. This project has been delayed by time-sensitive projects requested by management.

Follow-up of Prior Internal Audit Findings – a review and evaluation of steps that management has taken to resolve issues reported from past audits. Standard **2500 – Monitoring Progress** of the *International Standards for the Professional Practice of Internal Auditing* requires that “the chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.”

Nutrition Research Institute – a review of allegations of incorrect purchasing practices and use of requisitions when needed. Project is in early stages; we have not determined the likely validity of the allegations.

Center for Civil Rights – Assistance to management in reviewing allocations of shared costs.

Anesthesiology 2017 – assistance to management in following-up on allegations referred by the Office of the State Auditor.

Law – Teaching Loads – follow-up related to report of teaching loads that were not in keeping with School policy. The allegations do not have merit.

ON-GOING ADVISORY PROJECTS AND COMMITTEE WORK

- CERTIF – committee work done to assist with managing compliance with payment card industry standards.
- HIPAA Privacy Liaisons;
- University-wide Committee on the Protection of Personal Data;
- Internal Control and Governance Committee;
- Policy Liaisons;
- Compliance Strategy Committee; and
- Multiple short-term projects done to assist management with identifying and managing risks.

**UNC Internal Audit
Use of Audit Resources
Summary of Audit Hours Used - FY 2017 as of 04/16/17**

	<u>Budgeted</u>	<u>Pro-Rated Budget -5-</u>	<u>Hours Charged</u>	<u>Variance (Over)/Under</u>
Total Hours Available -1-	14,560	n/a	n/a	n/a
<u>Less:</u> Vacancies -2-	(3,640)	n/a	n/a	n/a
<u>Less:</u> Training & Professional Development	(420)	(368)	442	(75)
<u>Less:</u> Leave	(2,341)	(2,048)	1,232	817
<u>Less:</u> Other Administrative Time -3-	(1,240)	(1,085)	940	145
Total for Training, Leave, & Administrative	4,001	3,501	2,614	
Hours Available for Projects	6,919			
Routine Audits	1,625	-5-	198	
Annual Projects	1,200	-5-	1,394	
Audit Related -4-	1,580	-5-	968	
Unplanned Projects and Advisory Work	2,800	-5-	2,185	
Total Scheduled/Charged	7,205	-5-	4,746	
Under/<Over> Scheduled	(286)			

-1- = seven staff members at 2080 hours/year

-2- = one vacancy projected to be filled by 09/30/16; another to be filled by end of calendar year; one position projected to be left vacant due to lack of funding.

-3- = meetings, professional reading, and other office activities

-4- = consulting and advisory work, activities that improve audit operations.

-5- = Budgeted hours for four staff members for 26 weeks. Budget for audits and other projects cannot be evenly allocated by week because of planned start dates of individual projects and changes in the number of staff.

UNC Internal Audit

2016/17 Audit Schedule as of 04/16/17

Planned Audits

In Process

Historically Underutilized Business Program
Clery Act Reporting
Assistance with 2017 OSA IT General Controls Audit *replaces access revocation*

Scheduled

Export Controls
Governance - Trustee Orientation
If we can fill the vacant Advanced Auditor position in June, we be able to start one of these projects. Otherwise they will be deferred to FY 2017/18

Cancelled

Access Revocation *replaced with assistance with OSA IT audit*

Annual Projects

Complete

2016/17 Risk Assessment and Audit Plan
2nd Follow-up - 2015 OSA Financial Statement Audit
2016 State Audit
UNC Business Compliance Program 2017

In Process

Follow-up for Prior Internal Audit Findings
Enterprise Resource Planning
2016 OSA Federal Compliance Audit Follow-up

Audit Related

Complete

SACS 2016

In Process

HIPAA Risk Assessment

Deferred to FY 2017/18

Internal QAR

On Going

Audit Manual
Time System
Office Systems
Audit Planning
Audit Committee
Media Requests
Audit Process Improvement
IT Governance Committee & Data Custodian Work
CERTIF
KPI Reporting
Board of Governors' Meetings
HIPAA Security Liaison
Continuous Auditing
University Committee on the Protection of Personal Data
Privacy Liaison
UNCAA Conference Planning

UNC Internal Audit

2016/17 Audit Schedule as of 04/16/17

Special Projects & Management Requests

Complete

Auxiliary Equipment (referral from Office of State Auditor)
Lineberger Cancer Center Grants (referral from Office of State Auditor)
Law - Travel
Law - EPAP
Health Behavior
Maternal and Infant Health
NC Institute of Public Health - assistance to management
Gene Therapy 2016- assistance to management
Associate Director of Policy Management
Radiology 2016
Radiology Follow-up
Communications - assistance to management

In Process

Neurology - NIH (reopened)
Law 2013
Orthodontics
Nutrition Research Institute
Carolina Center for Education Excellence
School of Government
Center for Civil Rights
Facilities Use of Consortia
Anesthesiology 2017
Law - Teaching Loads

Multiple Short-term Advisory Projects



Development Update

David S. Routh, Vice Chancellor for Development

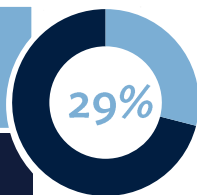
Board of Trustees Meeting: Finance, Infrastructure and Audit Committee

Campaign

Information accurate as of May 1, 2017

Dashboard

\$1,308,066,559

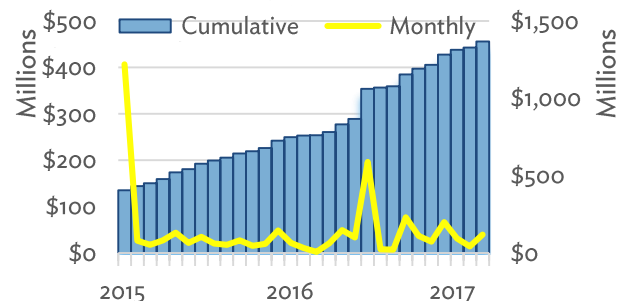


**Time
Elapsed**

Total Campaign Activity

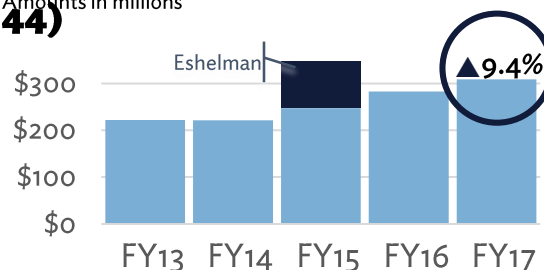
Unit	Campaign	Prior 3 Years	Change
Eshelman School of Pharmacy	\$125,785,465	\$22,277,398	▲465%
Kenan-Flagler Business School	\$88,326,742	\$43,258,021	▲104%
Educational Foundation	\$143,517,372	\$79,225,987	▲81%
College of Arts and Sciences	\$193,881,288	\$131,136,607	▲48%
UNC Medicine	\$355,942,868	\$274,316,553	▲30%
Gillings School of Global Public Health	\$81,477,669	\$70,078,918	▲16%
School of Law	\$20,039,347	\$18,916,169	▲6%

Total Campaign New Cash & Commitments



Year to Date Comparison (Week 44)

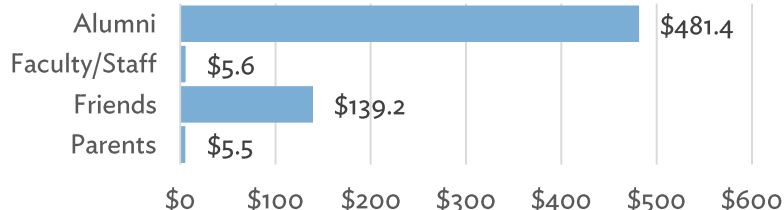
Amounts in millions



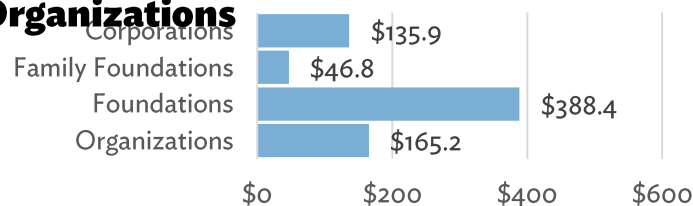
New Cash & Commitments Analysis

All amounts in millions

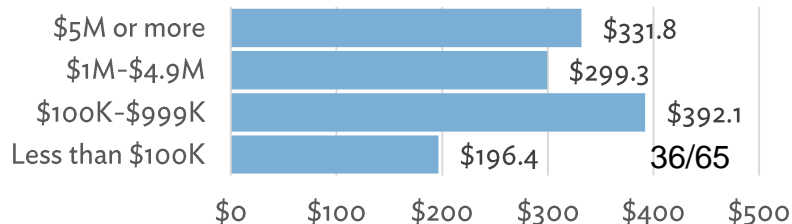
By Donor Type - Individuals



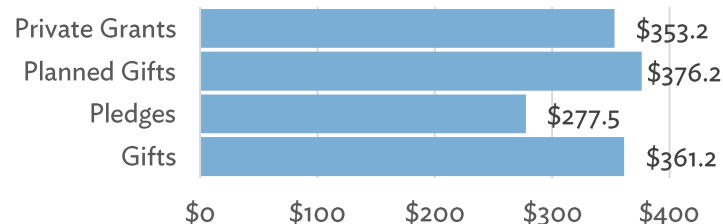
By Donor Type - Organizations



By Gift Amounts



By Gift Type



Campaign Facts

Chancellor's
Philanthropic
Council

113
members

7.0M
Marketing Impressions

Raised towards \$20M
Give for Good goal
\$9.8M

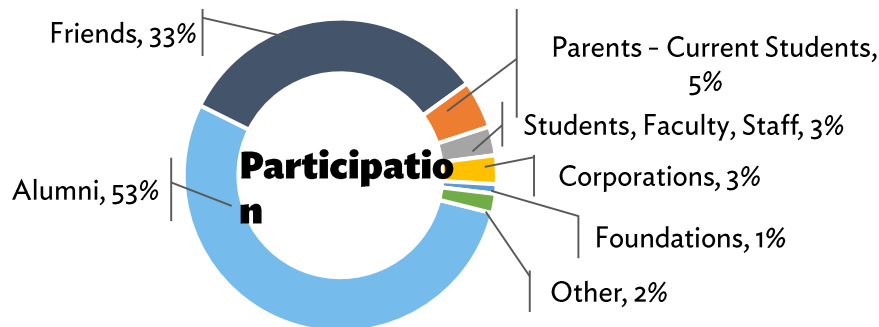
Around-the-World Launch Events



EVENTS PLANNED
Atlanta · Chapel Hill · Charlotte · London ·
New York City · Palm Beach, FL · San Francisco ·
Washington, DC

CULTIVATIONS
ACTIVE
3,610

Total Donors
125,700



Rated Donor Prospects

Gift Range	As of Dec 2015	Current	Increase
\$100 M	9	17	▲ 8
\$50 M	10	15	▲ 5
\$25 M	12	21	▲ 9
\$10M	16	36	▲ 20
\$5M	249	288	▲ 39

\$528,402,824

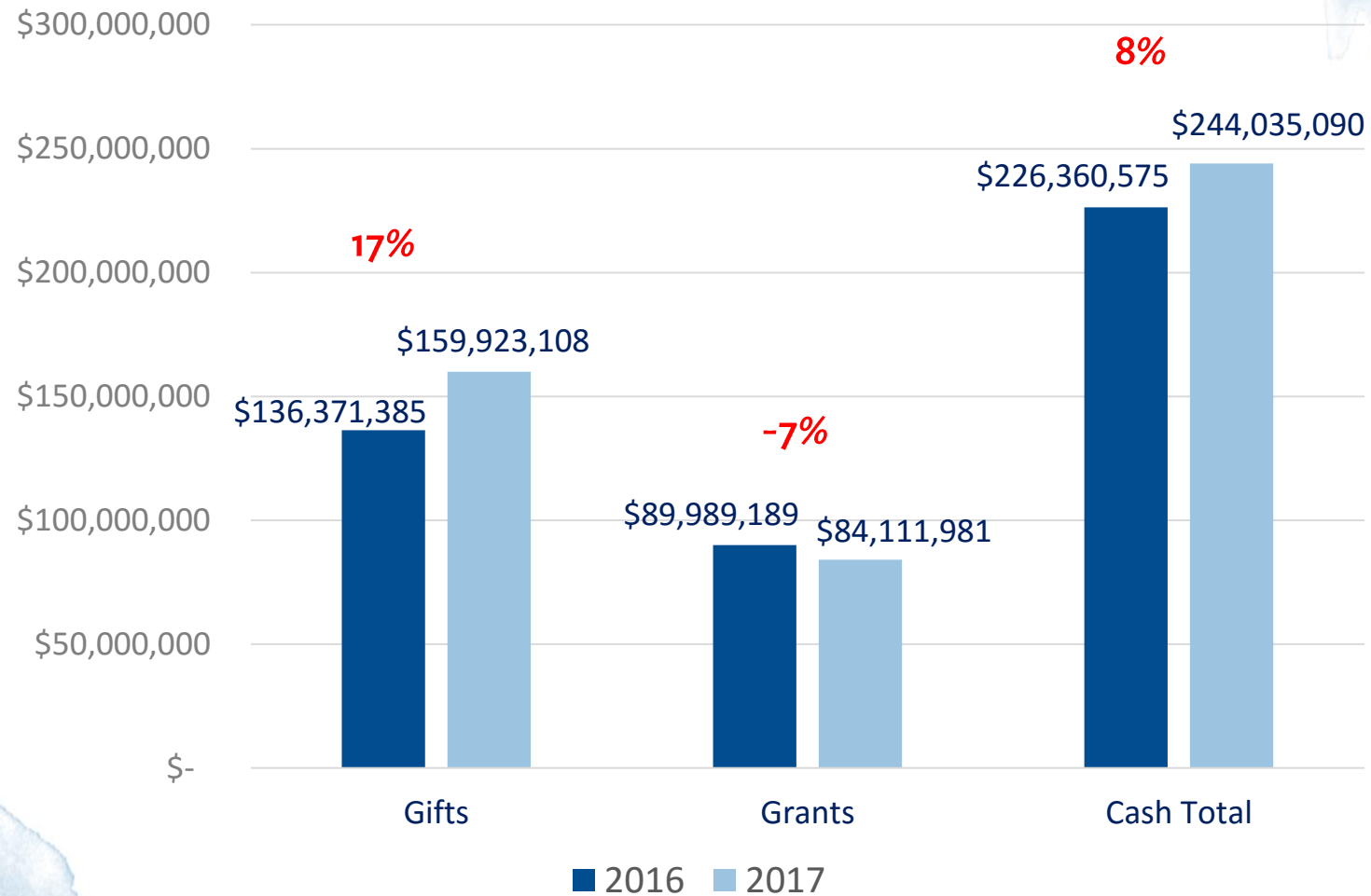
Value of Submitted
Proposals

750+
Participants
in Creative
Town Halls



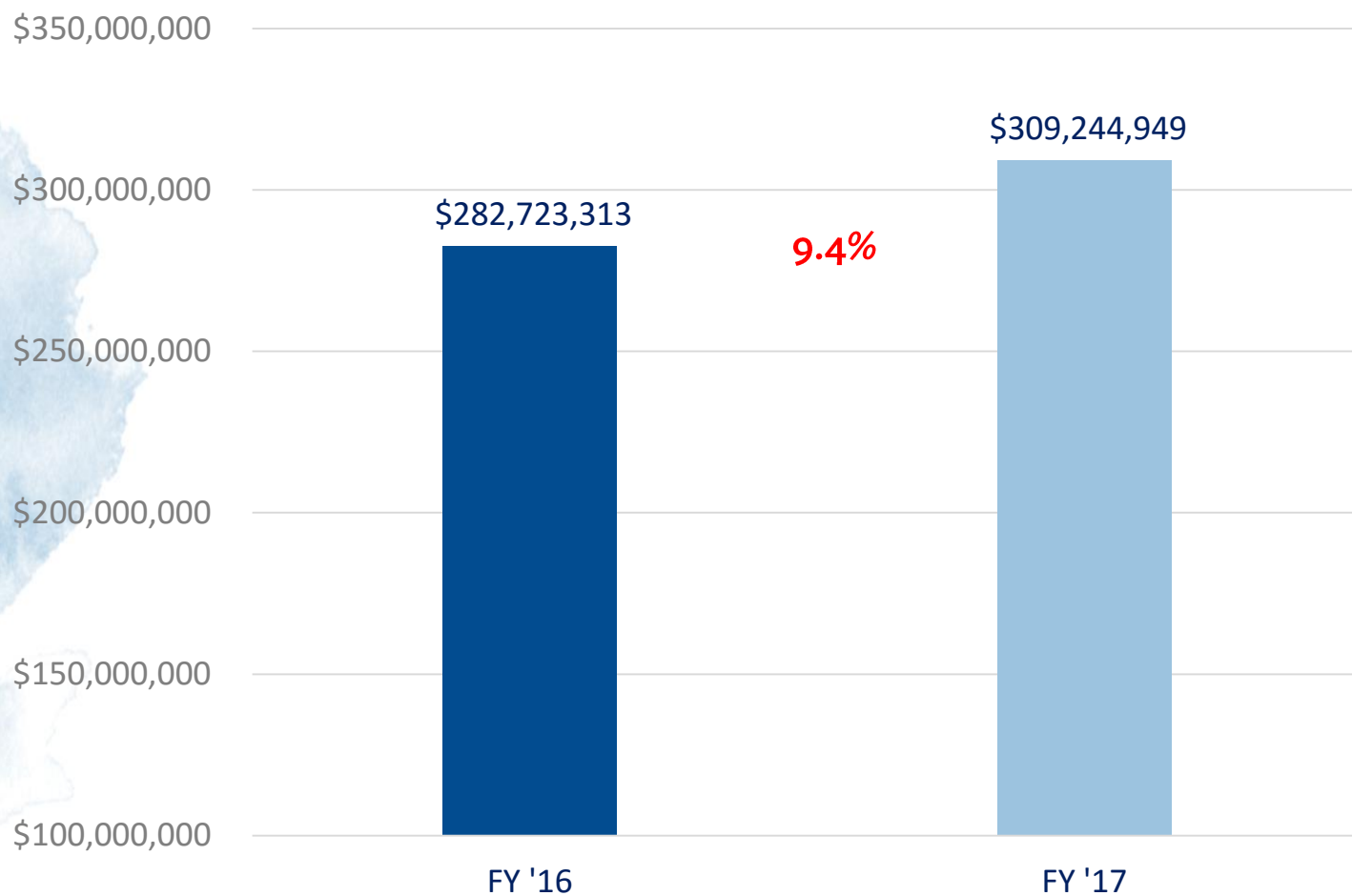
Cash & Commitments Report

Cash Totals



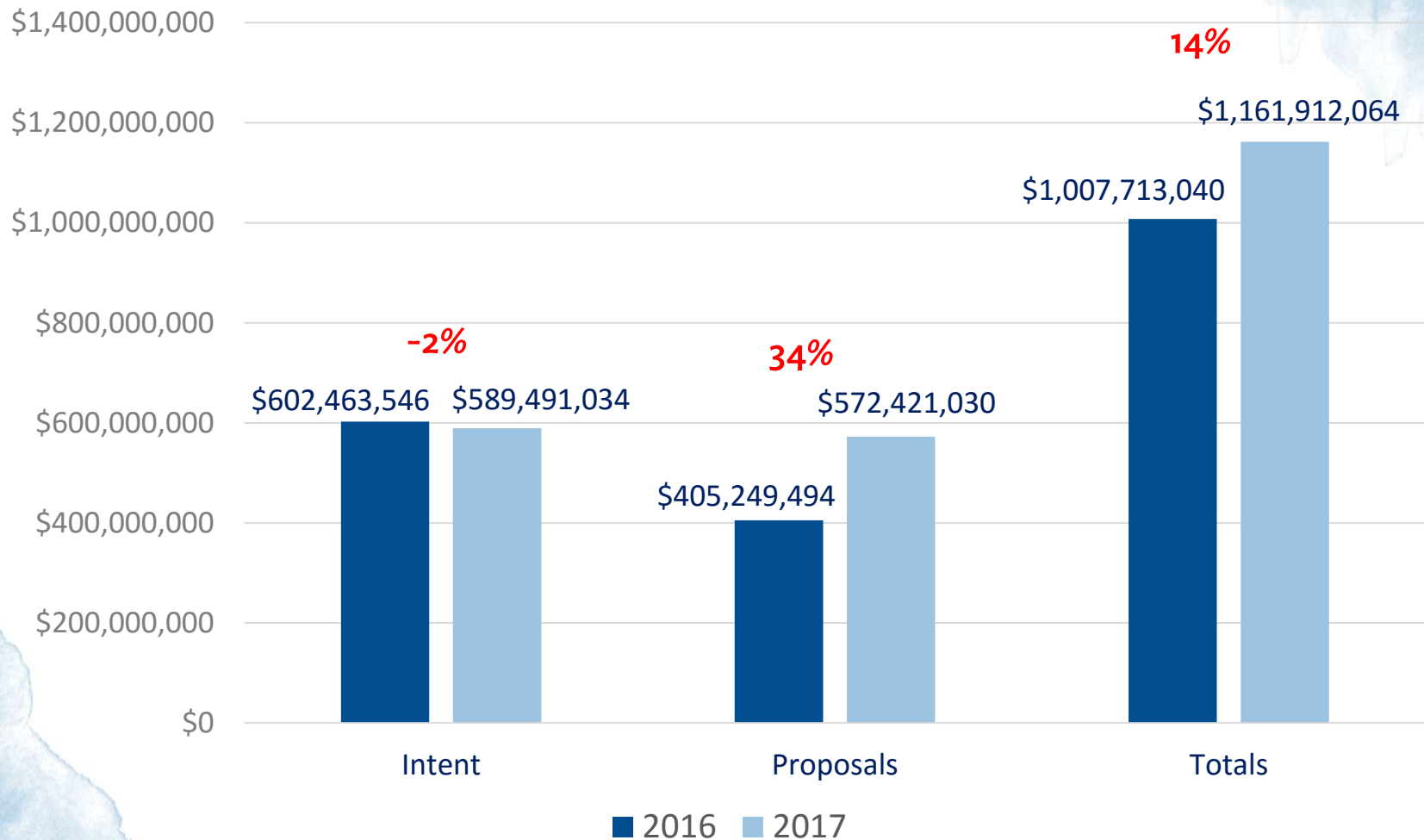
YTD comparison as of 4/30/17. Gifts through 2/28/17, and Ed Foundation through 3/31/17.

New Cash & Commitments Totals



YTD comparison as of 4/30/17. Grants through 2/28/17, and Ed Foundation through 3/31/17.

The Pipeline



YTD comparison as of 5/1/17. Growth through 2/28/17, and Ed Foundation through 3/31/17.



Development Update

David S. Routh, Vice Chancellor for Development

Board of Trustees Meeting: Finance, Infrastructure and Audit Committee

Finance, Infrastructure, & Audit Committee

FY17 Third Quarter Management Report for UNCCH



Agenda

- UNC's Performance vs. Moody's Outlook for the Industry in 2017
- Revenues, Expenses, and Changes in Net Position Highlights
- Revenues, Expenses, and Changes in Net Position Overview

UNC's¹ Performance vs. Moody's Outlook for the Industry in 2017

Moody's Outlook for Industry

Aggregate revenue growth will remain above 3 percent for both public and private universities. Moody's projects modest net tuition revenue growth, incremental increases in state appropriations, stable research funding and favorable academic medical center performance for the industry.

However, clouds are beginning to form on the horizon. Rising pension liabilities, increasing labor costs and uncertainty around future federal policies and funding could weigh on the sector during the later portion of the outlook period.

UNC's Performance

UNC's aggregate revenue² is 2.9 percent higher through March 31, 2017 relative to the same prior year period. Slightly lagging Moody's growth projections, with gains concentrated in net tuition revenue, sponsored research funding, patient care revenue, and state appropriations.

UNC's labor costs and pension liabilities continue to grow. As of the nine-month period ended March 31, 2017, the University's operating expenses have increased 5.1 percent due primarily to increased labor costs. Pension liabilities are expected to continue to rise.

¹The financial performance of consolidated foundations included in the CAFR are not reflected in interim management reporting.

²Aggregate revenue is calculated to align with Moody's analysis and includes operating revenue, pro rata state appropriations, non-capital gifts and endowment payout.



UNC's¹ Performance vs. Moody's Outlook for the Industry in 2017

Moody's Outlook for Industry

Changing business conditions will affect elements of the diverse sector differently. Universities, both public and private, with the strongest brands and value propositions for students will continue to outperform. Smaller, more regionally oriented public and private universities will face the greatest challenges.

What could change Moody's outlook. A third year of weak financial market performance or material negative changes to federal policy or funding related to higher education or healthcare are the primary downside risks for the sector.

UNC's Performance

UNC's brand continues to attract top students. While 40.0 percent of U.S. institutions have reported a drop in international student applications, UNC received a record high of 4,345 international student applications in 2017, up 14.4 percent from the prior year and consistent with Fall 2016 overall first-year applicant growth of 15.2 percent.

UNC's financial results continue to depend significantly on financial market performance. The UNC Investment Fund, the primary pool of university investments, has consistently outperformed benchmarks and FY2017 to-date performance exceeds its own 3- and 5-year historical performance.

¹The financial performance of consolidated foundations included in the CAFR are not reflected in interim management reporting.

²Aggregate revenue is calculated to align with Moody's analysis and includes operating revenue, pro rata state appropriations, non-capital gifts and endowment payout.

Revenues, Expenses, and Changes in Net Position Highlights

UNC's¹ financial results for the nine-month period ended March 31, 2017, show operating expenses increasing over the same nine-month period of the prior year, and increasing at a greater rate than increases in revenues, leading to less favorable operating results. The increase in net position as of March 31, 2017 represents significant improvement with respect to the same period of the prior year and is primarily attributable to unrealized investment gains.

- Operating revenues increased by \$32.4 million, or 2.0 percent, to \$1.64 billion from \$1.61 billion in FY2016, primarily driven by increases in student tuition and fees, patient services, and sponsored programs.
- Operating expenses increased by \$107.5 million, or 5.1 percent, to \$2.21 billion, from \$2.11 billion in FY2016, primarily driven by an increase in salaries and benefits.
- Adjusted to include pro rata state appropriations and endowment payout, the University's operating loss would be \$148.1 million, \$69.9 million or 89.4 percent greater than the adjusted loss would be for the same period of the prior year.
- Investment income increased to \$153.7 million from a loss of \$40.1 million during the prior year.
- Through the nine-month period ended March 31, 2017, UNC's net position increased by \$82.8 million driven primarily by the improvement in investment performance.

¹The financial performance of consolidated foundations included in the CAFR are not reflected in interim management reporting.

Revenues, Expenses, and Changes in Net Position Overview

Revenues	FY2017	FY2016	\$ Change	% Change
Operating Revenues:	Period Ended 3/31/2017	Period Ended 3/31/2016		
Student tuition and fees, net	\$ 401,098,437	\$ 379,535,160	\$ 21,563,278	5.7%
Patient services, net	362,935,313	355,272,226	7,663,087	2.2%
Grants and Contracts (Federal, State, and Non-Governmental)	619,589,557	610,240,527	9,349,030	1.5%
Sales and services, net	234,807,109	240,706,066	(5,898,957)	-2.5%
Other operating revenues	21,346,447	21,666,002	(319,555)	-1.5%
Total operating revenues	1,639,776,864	1,607,419,981	32,356,883	2.0%
Expenses				
Operating Expenses:				
Salaries and benefits	1,277,151,160	1,186,846,769	90,304,391	7.6%
Supplies and materials	137,828,976	147,176,930	(9,347,953)	-6.4%
Services	528,530,671	500,649,096	27,881,576	5.6%
Scholarships and fellowships	108,641,907	107,160,023	1,481,884	1.4%
Utilities	59,632,710	62,553,767	(2,921,057)	-4.7%
Depreciation and amortization	102,429,326	102,369,499	59,827	0.1%
Total operating expenses	2,214,214,750	2,106,756,083	107,458,667	5.1%
Operating loss	\$ (574,437,886)	\$ (499,336,102)	\$ (75,101,784)	-15.0%

Note: To ensure an accurate comparison, certain FY16 figures were adjusted to conform with FY17 presentation.

Revenues, Expenses, and Changes in Net Position Overview

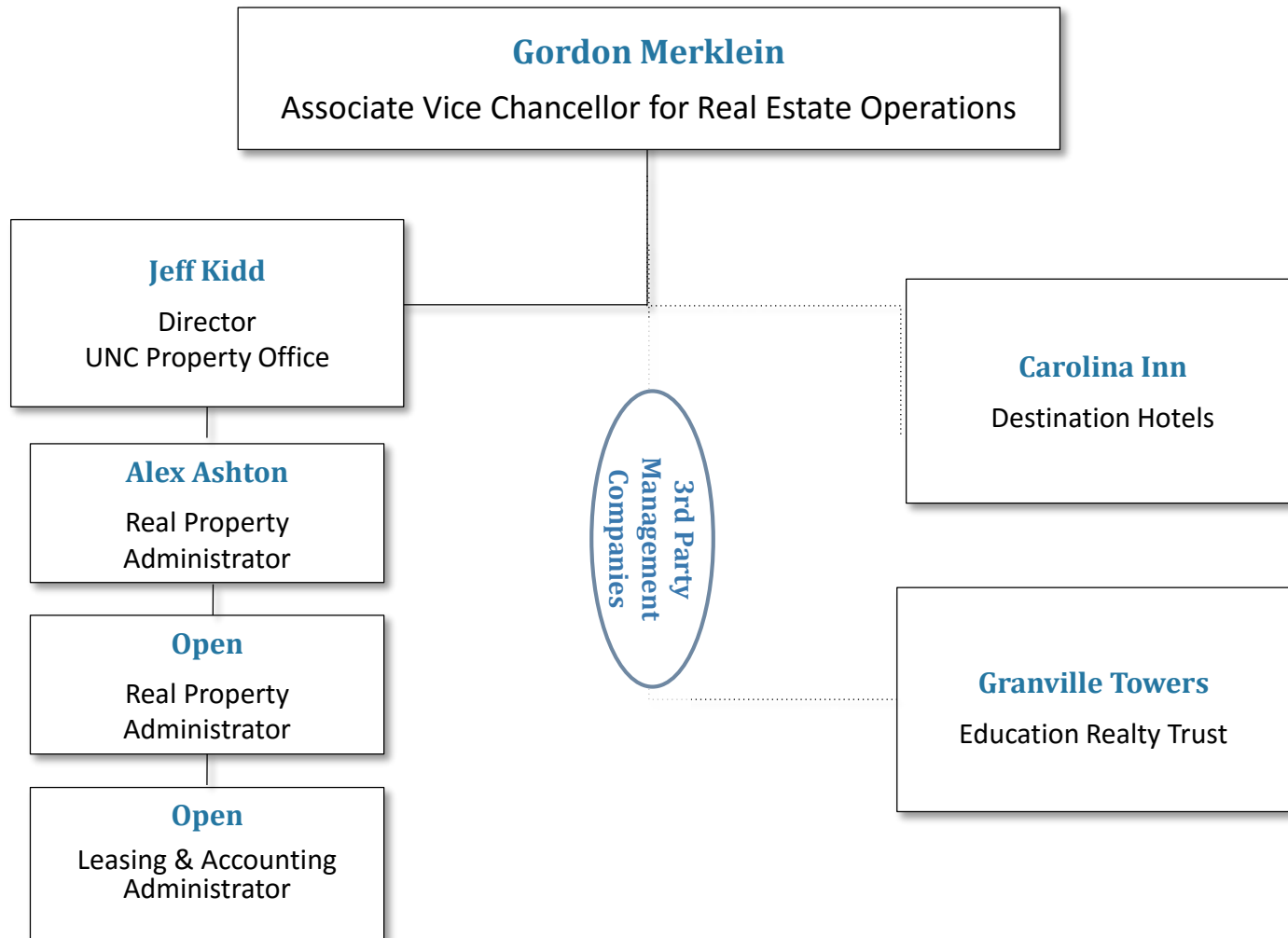
Non-Operating Revenues (Expenses)	FY2017 Period Ended 3/31/2017	FY2016 Period Ended 3/31/2016	\$ Change	% Change
State appropriations	\$ 323,849,786	\$ 307,864,252	\$ 15,985,534	5.2%
Non-capital grants	76,909,725	60,893,698	16,016,027	26.3%
Non-capital gifts, net	112,107,770	87,950,620	24,157,150	27.5%
Investment income (net of investment expense)	153,728,064	(40,078,906)	193,806,971	483.6%
Interest and fees on debt	(36,978,340)	(36,864,217)	(114,123)	-0.3%
Other non-operating revenues (expenses)	(3,507,548)	(14,947,742)	11,440,194	76.5%
Net non-operating revenues	626,109,457	364,817,704	261,517,725	71.6%
Income before other revenues, expenses, gains, or losses	51,671,571	(134,518,398)	186,189,968	138.4%
Capital appropriations	12,780,982	8,766,500	4,014,482	45.8%
Capital grants	2,904,590	7,649,150	(4,744,560)	-62.0%
Additions to endowments	16,584,685	12,032,344	4,552,341	37.8%
Transfers	(1,107,735)	(1,750,896)	643,161	36.7%
Total other revenues, expenses, gains, or losses	31,162,522	26,697,099	4,465,423	16.7%
Change in Net Position	\$ 82,834,092	\$ (107,821,299)	\$ 190,655,391	176.8%

Note: To ensure an accurate comparison, certain FY16 figures were adjusted to conform with FY17 presentation.

Real Estate



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL





Real Estate Services Provided

Leasing

- Programming*
- Site selection
- Financial analysis
- Lease negotiations
- Renewals/Expansions
- Project management*
- Portfolio & lease administration

**in conjunction with
Facilities Planning &
Design*

Clients: UNC entities
needing off-campus
leased space.

Asset Management

- Property management
and leasing
- Property level
budgeting
- Capital improvements
- Investment oversight
- Acquisition of strategic
properties
- Development
/redevelopment

Clients: UNC,
Foundation, Endowment,
Real Estate Holdings.

Real Property

- Property acquisition
and disposition
- Easements
- Encroachments
- Rights of entry
- Research
- Memorial Grove

Clients: Facilities
Planning & Design, UNC
Counsel, Third Parties

Gift Properties

- Due diligence
- Management
- Disposition

Client: UNC
Development Office



Off-Campus Leasing Overview

72 leases managed by Property Office

- ~562,581 total square feet
 - Average lease is ~7,800 SF
- \$12.4M in annual lease payments
 - Average annual lease payment is ~\$172,338

Largest User Groups of Off-Campus Space

- Vice Chancellor Research – 18 leases, 208,925 SF
- School of Public Health – 6 leases, 159,107 SF
- School of Medicine – 23 leases, 97,323 SF



Leasing Authority Limits

Required Approvals (Term of 10 years or less)						
Leasing Limits	Property Office	Budget Committee (Funding Approval)	Property Committee	Board of Trustees	President	Board of Governors
<\$150,000	Yes	Yes	Yes			
\$150,001 – \$350,000	Yes	Yes	Yes	Yes		
\$350,001 – \$500,000	Yes	Yes	Yes	Yes	Yes	
\$500,000+	Yes	Yes	Yes	Yes		Yes





Asset Management Categories

Entity	University of North Carolina at Chapel Hill	University of North Carolina at Chapel Hill Endowment	Chapel Hill Foundation Real Estate Holdings, Inc.
Asset Descriptions	Rental Homes <ul style="list-style-type: none">• 21 rental homes	Carolina Inn* <ul style="list-style-type: none">• 195 guest rooms Bolin Creek Buildings <ul style="list-style-type: none">• 63,000 sf office Hill Building <ul style="list-style-type: none">• 11,296 retail/office Carolina Commons <ul style="list-style-type: none">• 63 acres Rainbow Soccer Fields	Granville Towers <ul style="list-style-type: none">• 1300 student beds Carolina Square <ul style="list-style-type: none">• Ground lease 118 East Franklin Street <ul style="list-style-type: none">• Retail property Lloyd Property <ul style="list-style-type: none">• 55 acres Ayden Court <ul style="list-style-type: none">• 12 acres
Strategy	<ul style="list-style-type: none">• Future campus expansion and buffer properties to main campus• Revenue source for PO	<ul style="list-style-type: none">• Produce investment returns for Endowment or designated benefactor	<ul style="list-style-type: none">• Long term investment hold• Development opportunity

*Carolina Inn is on 40-year ground lease to the Endowment



Carolina Inn



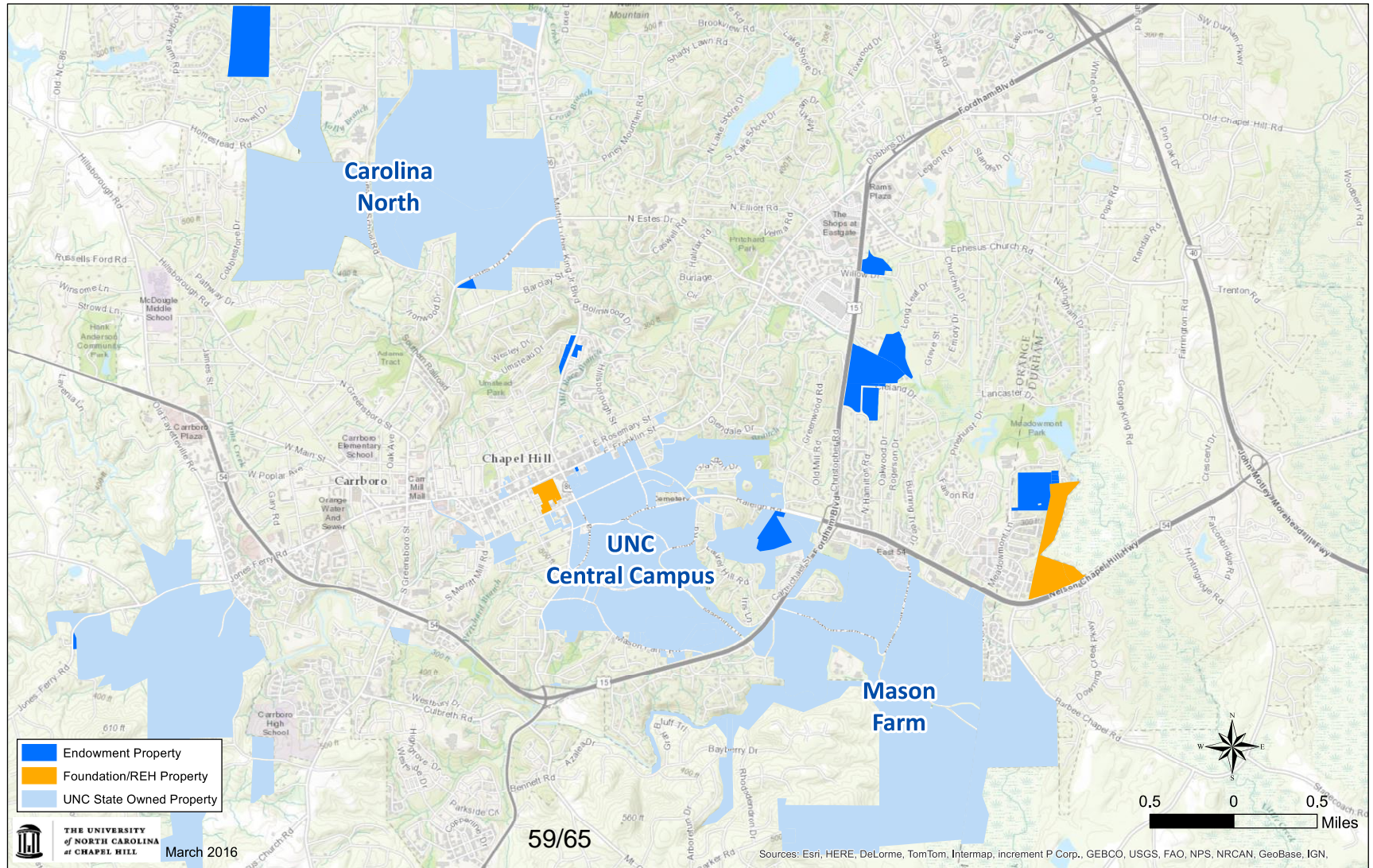


Endowment Owned Commercial Properties





Endowment and REH Land Holdings





Chapel Hill Foundation Real Estate Holdings



CAROLINA
SQUARE

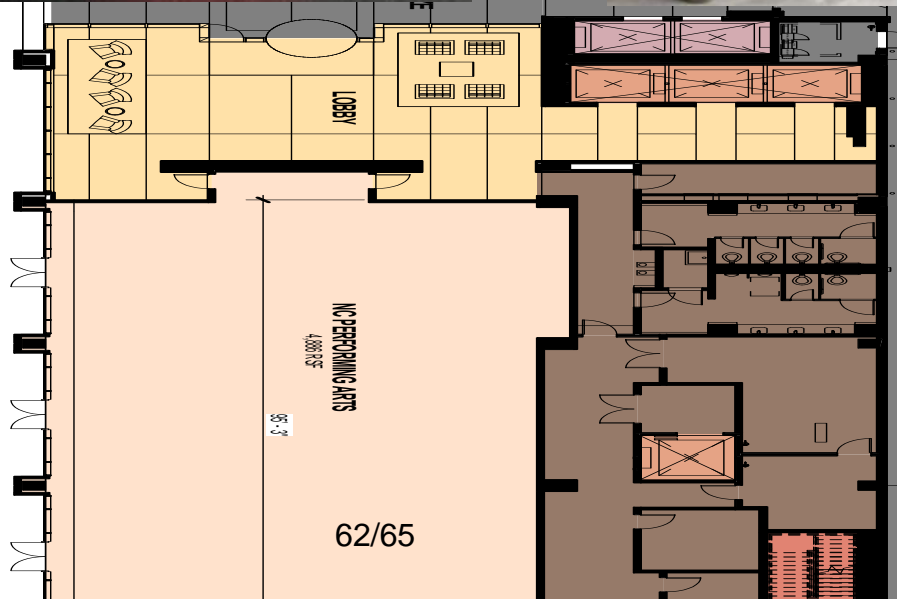
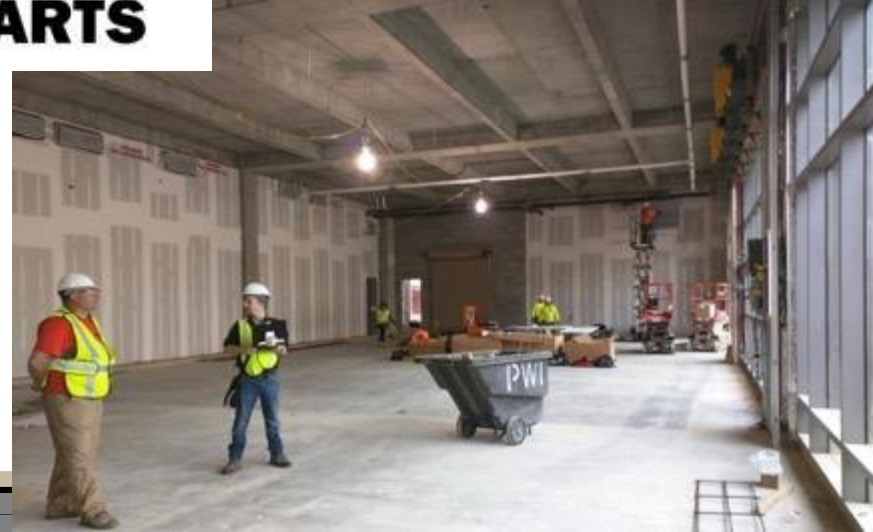






CAROLINA PERFORMING ARTS

CREATE | PRESENT | CONNECT



HINWOOD BATH

123 WEST FRA

CHH

FLOOR



Chapel Hill Foundation Real Estate Holdings



63/65







Gift Property – Martha's Vineyard

