The Audit, Risk, and Compliance Committee held its regular quarterly meeting on January 23, 2020. Chair White called the meeting to order and read the required ethics statement. No conflicts were identified. Other committee members in attendance were Mr. Burgard, Ms. Kidd, Mr. Miller, Mr. Fisher, and Mr. Sayed.

The meeting began with the review and approval of minutes from the meeting that occurred on October 24, 2019.

Ms. Dana Harris then briefed the committee on the fiscal year 2019 audited financial statements for UNCW. Ms. Harris noted that the State Auditor issued an unqualified opinion and there were no management letter comments or findings. In addition, there were no material weaknesses in internal controls. Ms. Harris noted that UNCW had continued growth in net position, with net position having increased $96.9 million in fiscal year 2019. The increase in net position was largely due to funding received from insurance and the state disaster relief fund for Hurricane Florence, from capital funding for Veterans Hall and the Randall Library expansion, and from a large gift. There was also discussion around Hurricane Florence’s financial impact and the university’s overall revenue sources and total expenses.

Next, Ms. Roberta LaSure presented information relating to the financial statements of UNCW’s associated entities. She shared the general statute and UNC policy relating to associated entities and noted all associated entities received unqualified opinions with no management letter comments or findings. Ms. LaSure explained the location of additional financial information for each associated entity and stated UNCW’s associated entities include both related parties and blended component units. The related parties are The Foundation of UNCW, Inc.; the UNCW Student Aid Association (or Seahawk Club); the Alumni Association; and Friends of UNCW, Inc. Blended component units include UNCW Corporation, UNCW Corporation II, the UNCW Research Foundation, and the Donald R. Watson Foundation.

Ms. Kristy Burnette then provided the annual enterprise risk management update. Ms. Burnette discussed the risk assessment process and shared the top five risk areas identified during the risk assessment process and the mitigations relating to each risk. Four of the risk areas, including human capital and the ability to attract and retain employees, enrollment, IT security, and revenue/funding sufficiency were also identified in prior years. This was the first time compliance, the fifth risk area, was separately identified in the risk assessment. Compliance has previously been a component of other categories and she stated it was identified separately due to an increasingly complex regulatory environment and not due to a lack of compliance. Ms. Burnette also shared two additional risk items which have been reported in prior years but did not rise to the
level of the top five risks this year. These risks include safety and security relating to critical incidents and deferred maintenance and swing space for specialized facilities. Ms. Burnette noted that many mitigations have occurred relating to these risks, and Hurricane Florence repairs addressed a great deal of deferred maintenance relating to roof repairs and replacements. During the presentation, there were discussions relating to the risk assessment process and funding.

Finally, Ms. Stefanie Powell provided an update on the Office of Internal Audit, introducing the internal audit staff members and sharing work that was completed since the last committee meeting. Internal Audit completed a financial statement audit of Friends of UNCW, Inc. with the assistance of East Carolina University. In addition, at management’s request, the office completed a review of UNCW’s Center for Marine Science. Due to the complex structure of the Center for Marine Science, four separate reports were issued relating to this review, and Ms. Powell provided information relating to each of the reports. Ms. Powell shared that management was responsive to the recommendations and anticipates updating operations in response to the findings during calendar year 2020. Since the October meeting, Internal Audit also completed numerous audit follow ups, and all open findings were closed relating to five audits.

There being no further business, the meeting was duly adjourned.