BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY

Audit, Finance and Planning Committee
1:00 – 2:30 p.m, September 20, 2012
Winslow Hall Conference Room
Jim Owens, Chair
Members: Davenport, Lanier, Sall, Tolson, Walsh

AGENDA

CALL TO ORDER
Reading of Conflicts of Interest Inquiry

1. CONSENT AGENDA                         TAB 4.1

* Approval of Minutes from April 19, 2012 meeting 4.1A

Committee members will act on a motion to approve minutes as presented.

***END OF CONSENT AGENDA ITEMS***

2. RESPONSIBILITIES OF THE COMMITTEE        TAB 4.2

* Audit, Finance and Planning Committee
  Delegated Responsibilities and Proposed Agenda Items
  Finance and Business
  Mary Peloquin-Dodd, Associate Vice Chancellor for Finance and Business and University Treasurer

3. REQUESTED ACTION                        TAB 4.3

  ✓ * Approval of Special Obligation Bonds Resolution 4.3A
     Finance and Business
     Mary Peloquin-Dodd, Associate Vice Chancellor for Finance and Business and University Treasurer

Committee members will act on a motion to recommend the approval of the Resolution to enable the issuance of special obligation bonds for the projects described.

✓ Denotes full Board approval required
4. INFORMATIONAL REPORTS

* NC State Budget/Legislative Update
  Finance and Business
  Charles D. Leffler, Vice Chancellor for Finance and Business
  Chancellor’s Office
  Kevin Howell, Assistant to the Chancellor for External Affairs

* Internal Audit Update
  Internal Audit
  Cecile Hinson, Director, Internal Audit

* Investment Fund Update
  Treasurer’s Office
  Mary Peloquin-Dodd, Associate Vice Chancellor for Finance and Business
  and University Treasurer

* Fall 2012 Enrollment Report
  University Planning and Analysis
  Karen Helm, Director

ADJOURN
Agenda Item / Issue: 4.1A

Approval of Minutes from April 19, 2012 meeting

Requested / Required Action:

Committee Approval

Suggested Motion:

Approve minutes as presented.
Meeting of Audit, Finance and Planning Committee
North Carolina State University
Board of Trustees
April 19, 2012

Chair Owens opened the meeting at 1:17 p.m. in the Winslow Hall Conference Room. Committee members present for the meeting were:

Mr. James Owens, Chair
Mr. John Sall
Ms. Chandler Thompson
Mr. Norris Tolson
Mr. Randall Ramsey
Ms. Susan Ward

Others present were:

Chancellor W. Randy Woodson
Dr. Warwick Arden, Provost and Executive Vice Chancellor
Ms. Mary Crumpler, Financial Audit Supervisor, Office of State Auditor
Ms. Liana Fryer, Senior Research Analyst, Research, Innovation and Economic Development
Ms. Eileen Goldgeier, General Counsel, Office of General Counsel
Ms. Tabitha Groelle, University Program Specialist, Treasurer’s Office
Ms. Kathryn Hart, Associate Vice Chancellor for Finance and Business and University Treasurer
Ms. Karen Helm, Director, University Planning and Analysis
Ms. Cecile Hinson, Director of Internal Audit
Dr. Marc Hoit, Vice Chancellor, Office of Information Technology
Mr. Kevin Howell, Assistant to the Chancellor, External Affairs
Ms. Lori Johnson, Director, Strategic Debt Management
Mr. Stephen Keto, Associate Vice Chancellor for Finance and Resource Management
Mr. Charles Leffler, Vice Chancellor for Finance and Business
Ms. Kimberly J. Miller, Assistant Controller, Controller’s Office
Mr. Mike Poterala, Deputy General Counsel, Office of General Counsel
Mr. Ted Price, Financial Audit Manager, Office of State Auditor
Mr. Matt Ronning, Associate Vice Chancellor for Research, Innovation and Economic Development
Dr. Thomas Stafford, Vice Chancellor for Student Affairs
Ms. Beth A. Wood, State Auditor, Office of State Auditor

Chair Owens reminded all members of their duty to avoid conflicts of interest and appearances of conflicts of interest under the State Government Ethics Act and inquired as to whether there were any known conflicts of interest or appearances of conflict with respect to any matters coming before the Committee at this meeting. Being none, the meeting continued.

Mr. Tolson made a motion to approve the minutes from the February 16, 2012 meeting as presented. Mr. Sall seconded. They were approved unanimously.
The State Auditor, Beth Wood, and her team, were present and commented on the University’s financial audit. The University was complimented on its clean audit opinion and healthy financial position as of June 30, 2011. The auditors’ comments highlighted the significance of no reportable findings being provided as well as the efforts of institutional staff in these accomplishments.

Ms. Cecile Hinson presented the Internal Audit Annual Audit Plan for Fiscal Year 2013. The plan is derived from the Division's Continuous Risk Assessment Process which identifies areas of high risk across the University throughout the year. The Continuous Risk Assessment Process facilitates both the development of the Audit Plan and subsequent adjustments to it. In addition, the process is utilized in relation to each audit and consulting engagement and is also critical in the identification and analysis of emerging areas of risks. Mr. Sall made a motion to accept the Plan as presented, Ms. Thompson seconded. The Committee unanimously approved the FY 2013 Audit Plan.

Ms. Cecile Hinson also provided the Committee an update on the Internal Audit activities during the past two months. Her update included a detailed status of: (1) corrective actions being implemented to address audit issues reported in the Audit of Non-Instructional Summer Salary Phase 1; (2) progress in completing follow-up and close-out activities on prior audit reports; (3) current audits being conducted on campus by the Office of the State Auditor; and, (4) completion of several major consulting engagements.

Provost Arden highlighted the 2020 Enrollment Plan. The plan outlines the primary strategies for fulfilling NC State’s mission to serve the people of North Carolina as a research-extensive university. The Plan endorses an enrollment growth strategy targeting 37,000 students by 2020, stabilizing undergraduate enrollment and increasing graduate enrollment. The strategies focus on improving quality of the educational experience. This includes increasing transfer enrollment as an important component of providing access and improving diversity as well as aligning enrollment and resources.

Provost Arden, Mr. Charles Leffler and Mr. Kevin Howell provided information regarding the budget and legislative priorities. Mr. Leffler provided a broad overview of the North Carolina General Fund revenues, indicating that they are above target by approximately $145 million, due in part increased tax collections. In FY12 the NC state budget included a repairs and renovations budget of $11.1 Million. There is no expectation that an operating reversion will occur.

Mr. Howell discussed the UNC System budgetary priorities and how legislative support is crucial for the University and that the State proposed budget is focused on education. This support would help educate North Carolinians and serve as an economic engine for the State. Funding from the State will help provide state residents affordable access to quality higher
education. Approximately 60% of in-state undergraduates depend on some form of need-based financial aid. At NC State 46% of students receive some form of need-based financial aid. UNC System priorities include a request by NC State of $5.3 Million for Hunt Library to support maintenance, operation and staff. Additional priorities include restoring the $9.1 million additional flexibility cut for FY13 and more flexibility to recruit and retain faculty and staff. The Provost pointed out that retention is still an issue and that other states are ahead of us and rely less on state funding.

NC State priorities also include funding to add faculty across interdisciplinary areas in the College of Engineering, and funding to hire researchers and equipment at NC Research Campus in Kannapolis.

Mr. Matt Ronning discussed the role of NC State’s Centers & Institutes and the underlying mission for Centers and Institutes to bridge disciplinary and institutional boundaries. There are currently 39 Centers and 12 Institutes, with three in planning. For Fiscal Year 2010-2011, the Centers & Institutes expenditures totaled $74 million, 26% from state appropriations and departmental funds, 49% from grants and awards and 25% from service center activities.

Mr. Ronning highlighted the FREEDM and BTEC Centers as well as the Institute for Advanced Analytics. He also noted the economic impact Centers and Institutes have in quality of workforce, technology developments and investments.

An update on the University debt portfolio was provided by Lori Johnson, Director of Strategic Debt Management. She discussed the mix of outstanding debt, highlighted recent activities impacting the debt portfolio, and the ten-year capital borrowing plan. She also commented on the University’s recently confirmed stable credit ratings.

With no further business, Mr. Sall made a motion to adjourn, Ms. Ward seconded, the Committee adjourned at 2:40 p.m.
Agenda Item / Issue: 4.2A

Audit, Finance and Planning Committee Delegated Responsibilities and Proposed Agenda Items

Requested / Required Action:

None required.

Suggested Motion:

None required.

Responsible University Unit:

Finance and Business

University Presenter/Contact:

Mary Peloquin-Dodd, Associate Vice Chancellor for Finance and Business and University Treasurer
Appendix 1

NC State Board of Trustees’ Delegations of Authority, Assignments and Guidelines

I. Audit, Finance and Planning Committee Delegated Authority and Assignments

a. Audit

i. Provide oversight of the internal audit function.

ii. Review and approve the annual internal audit plan at the beginning of the audit cycle.

iii. Receive quarterly activity reports from the internal auditor.

iv. Receive direct verbal and/or written reports from the university’s internal auditor regarding out of the ordinary reviews and findings that may involve senior level university employees, trustees or affiliates.

v. Review a comparison of the annual internal audit plan to the actual internal audits performed.

vi. Provide oversight of the annual financial statement audit.

vii. Assure that the university is performing self-assessments of operating risks and evaluations of internal controls on a regular basis.

viii. Meet with representatives of the State Auditor’s Office to review the annual state auditor’s report and the university’s corrective action, if any.

Items i through viii above are evidenced by:

- Annual presentation of audit plan by Director of Internal Audit for approval
- Twice yearly updates regarding progress against the audit plan
- Special reports on audit issues or findings
Quarterly reports include discussion of significant audit issues or findings. Significant findings are brought to Board’s attention in a timely manner.

Internal Auditor performs continuous risk assessment process year-round which results in twice yearly updated audit plan presented to Committee.

Internal Auditor reports annually to the Committee the results of the University’s Assessment of Internal Controls over Financial Reporting letter and summary report which are provided to the State Controller. Further, the Chancellor certifies the institution’s self-assessment activities and results in his annual compliance letter to the President.

Annual presentation of audited financial statement and management letter

ix. Review audit reports of University-associated entities.
   
   Evidenced by:
   
   • Annual report to AF&P Committee

b. Budget Development, Execution and Administration Delegated Authority and Assignment

i. Advise the Chancellor with respect to the development of budget estimates for the university, and with respect to the execution and administration of the budget as approved by the General Assembly and the Board of Governors.

   Evidenced by:
   
   • Updates on legislative budget situation
   • Information about overall university budget and periodic budget status updates
   • Advisory role regarding specific budget issues

ii. Upon the recommendation of the chancellor, review and recommend to the Board of Trustees the approval of campus initiated tuition increases and the approval of student fees (proposed new fees as well as adjustments to existing fees).

   Evidenced by:
   
   • Approval request for campus initiated tuition increases and student fees

c. Planning

i. Review and recommend to the Board of Trustees for approval changes in the university’s mission statement.
Evidenced by:
- Advisory role regarding University strategic planning
- Periodic updates regarding enrollment data
- Informational reports about intent to plan new degree programs
- Special reports on campus initiatives

ii. Advise the chancellor on the development of plans to carry out the university’s mission.

Evidenced by:
- Special requests by Chancellor for review of specific plan development

iii. Review and approve the establishment and continuation of Centers and Institutes as required by UNC Policy 400.5[R].

Evidenced by:
- Routine approval of establishment of Centers and Institutes
- Periodic approval for continuation of Centers and Institutes

iv. Review reports from the Board of Visitors.

Evidenced by:
- Request for presentations of reports impacting committee. Full Board of Trustees receives Board of Visitor reports

d. Policy Development

i. Recommend to the Board of Trustees for approval policies regarding the preservation, maintenance and management of institutional trust funds.

Evidenced by:
- Quarterly updates on investment performance of NC State Investment Fund, Inc.
- Centennial Campus updates
- Advisory role regarding debt management
- Approval of special obligation bond issuance
- Periodic reports on auxiliary operations

ii. Recommend to the Board of Trustees for approval policies regarding the collection of tuition, fees and other monies to be collected from students, as approved by the Board of Governors.

Evidenced by:
- Approval of tuition collection procedures – ex. approved student (Tuition Management Systems) monthly payment plan
- Periodic review of billing and collection efforts
iii. Recommend to the Board of Trustees for approval policies regarding acceptance of obligations in lieu of cash from students in payment of tuition and fees; and requirements for collateral security.

   Evidenced by:
   • Advisory role regarding financial aid status

iv. Upon recommendation of the chancellor, recommend to the Board of Trustees for approval policies related to the maintenance of campus security.

   Evidenced by:
   • Reports to AF&P Committee as needed
NC State BOT – Audit Finance and Planning Committee Proposed Agenda Items:

SEPTEMBER 2012
Review Committee Responsibilities (Annual)
  • AFPC and Internal Audit Charter
  • Review Draft Agenda Items for the Year
*Minutes Approval
*Approval of Bonds/Debt
*New Centers & Institutes Approval (if any)
Internal Audit Report
Investment Performance Update
Enrollment Management Report (September)
Review Degree Programs (if any)

NOVEMBER 2012
*Minutes Approval
*Approval of Bonds/Debt
*New Centers & Institutes Approval (if any)
Annual Enterprise Risk Management Update
Planning Update/Strategic/Realignment
Internal Audit Report
Centennial Campus Planning Update
Tech Transfer Activities and Revenue
Review Degree Programs (if any)

FEBRUARY 2013
*Minutes Approval
* Annual Financial Report/Audit (State Auditors attend)
*Approve tuition increases and/or student fees (if any)
*New Centers & Institutes Approval (if any)
Budget/Legislative Priorities
NC State Investment Fund Update (annual report)
Internal Audit Report
Review Degree Programs (if any)

APRIL 2013
*Minutes Approval
*Annual Internal Audit Plan for FY 2014 and Update
*New Centers & Institutes Approval (if any)
Budget/Legislative Update
University Debt Update (April-Annual Review)
Review Associated Entities (Annual Review)
Review of Centers and Institutes (Per PRR every two years-2014)
Review Degree Programs (if any)

OTHER POSSIBLE AGENDA ITEMS
Campus Enterprises Briefing
Technology Transfer Briefing
IT Security Briefing
Discussion of Student Affordability
Sponsored Research Overview
Agenda Item / Issue: 4.3A

Approval of Special Obligation Bonds Resolution

Requested / Required Action:

Committee Recommendation for Approval

Suggested Motion:

Recommend the approval of the Resolution to enable the issuance of special obligation bonds for the projects described.

Responsible University Unit:

Finance and Business

University Presenter/Contact:

Mary Peloquin-Dodd, Associate Vice Chancellor for Finance and Business and University Treasurer
RESOLUTION OF THE BOARD OF TRUSTEES OF NORTH CAROLINA STATE UNIVERSITY AT RALEIGH
APPROVING THE ISSUANCE OF SPECIAL OBLIGATION BONDS

WHEREAS, under Article 3, Section 116D General Statutes of North Carolina (the "Act") the Board of Governors (the "Board of Governors") of the University of North Carolina (the "University") may issue special obligation bonds and bond anticipation notes, in anticipation of the issuance of special obligation bonds, payable from obligated resources to pay the costs of acquiring, constructing or providing a special obligation project at one of the constituent institutions of the University or refunding any obligations previously issued by the Board of Governors;

WHEREAS, North Carolina State University at Raleigh may request the Board of Governors to issue one or more series of bonds (the "Bonds") the proceeds of which will be applied to improvements related to the Phytotron Energy Savings Performance Contract approved by the North Carolina General Assembly in Chapter 164 of the 2012 North Carolina Session Laws (the "Special Obligation Project");

WHEREAS Section 116D-26(b) of the Act requires the Board of Trustees of North Carolina State University at Raleigh to approve the issuance of Bonds for the Special Obligation Project;

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of North Carolina State University at Raleigh as follows:

Section 1. Approval of Issuance of Bonds. The issuance of Bonds for the Special Obligation Project is approved.

Section 2. Effective Date. This Resolution is effective immediately.

ADOPTED AND APPROVED this ___ day of September, 2012.

THE BOARD OF TRUSTEES OF NORTH CAROLINA STATE UNIVERSITY AT RALEIGH

By: __________________________
Assistant Secretary
STATE OF NORTH CAROLINA )
) ss:
COUNTY OF WAKE )

I, _________________________, the duly elected Assistant Secretary of the Board of Trustees of North Carolina State University at Raleigh, DO HEREBY CERTIFY that (1) the foregoing is a full, true and correct copy of the Resolution adopted by the Board of Trustees of North Carolina State University at Raleigh at its regular meeting of September __, 2012 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Trustees of North Carolina State University at Raleigh held on September __, 2012 was sent to each member of the Board, and (3) a quorum was present at the meeting on September __, 2012 at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of North Carolina State University at Raleigh this ___ day of September, 2012.

[SEAL]

________________________________
Assistant Secretary
Agenda Item / Issue: 4.4A
NC State Budget/Legislative Update

Requested / Required Action:
None required.

Suggested Motion:
None required.

Responsible University Unit:
Finance and Business
Chancellor’s Office

University Presenter/Contact:
Charles D. Leffler, Vice Chancellor for Finance and Business
Kevin Howell, Assistant to the Chancellor for External Affairs
2012 Legislative and Budget Update

Legislative Policy Agenda

To improve operational efficiencies and effectiveness, the legislative policy agenda included:

- Increased the Board of Governors’ authority to authorize constituent institutions and UNC-GA to acquire or dispose of real property by lease, if the lease is for a term of not more than 10 years
- Authorized UNC campuses to administer receipts from all student fees approved by the Board of Governors in Institutional Trust Fund accounts (affects the Education and Technology Fee and Application Fees)
- Authorized participation in the Optional Retirement Program for all employees

Legislative Budget Highlights

- **Need-Based Aid**: Provided a total of $147.7 million for need-based financial aid system-wide
- **Hunt Library**: Provided $3.2 million to NC State in Building and Reserve funds for Maintenance and Operation of the new Hunt Library, and $1 million for additional library program staff
- **Faculty Recruitment and Retention**: Provided $3 million system-wide to make competing offers to faculty lured by other universities
- **Management Flexibility Reduction**: Eliminated a scheduled increase of $9.2 million to the $414 million in cuts that chancellors system-wide made last year; also required reallocation of $1 million each to 3 small institutions, which resulted in a $582,365 reduction to NC State
- **Enrollment Change**: Formula funding was appropriated at a level to fully fund requests for institutions meeting budgeted enrollment targets, and reduce budgets for institutions not meeting targets; Board of Governors allocated funds to cover a portion of the reduced budgets by reallocating the enrollment change appropriation, which reduced NC State’s enrollment change appropriation by about $3 million
- **Out-of-State Academic Scholarships**: No change; the House had sought to eliminate $6 million in state support for Morehead-Cain, Park and other full academic scholarships
- **Salary Flexibility**: Full flexibility restored, as requested by the university
- **Salary Increase**: 1.2% for all permanent university employees; additional 1.8% authorization provided to vice chancellors and deans for additional increases to no more than 1/3 of their EPA faculty and staff
- **Bonus Days**: Five days of bonus leave for all permanent state employees to be used by June 30, 2013
- **R & R Allocation**: Maintained the 54% (UNC System) and 46% (OSBM) allocation for repairs and renovations; funds from 2010-11 and 2011-12 released ($7,978,300 for NC State)
Agenda Item / Issue: 4.4B

Internal Audit Update

Requested / Required Action:

None required.

Suggested Motion:

None required.

Responsible University Unit:

Internal Audit

University Presenter/Contact:

Cecile Hinson, Director
### North Carolina State University
### Audit Plan Summary
#### Year Ending June 30, 2012

<table>
<thead>
<tr>
<th>Engagement Type/Title</th>
<th>Included in the Audit Plan?</th>
<th>Audit Status at 6/30/12</th>
<th>Details and Updates (as of 8/27/12)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Compliance Audits - include audits of compliance with university, state, and federal requirements and regulations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Instructional Summer Salary Audit - Phase 1</td>
<td>No</td>
<td>Complete</td>
<td>The objective of the audit was to review the non-instructional summer salary process from a University, College/Unit, and individual researcher level and evaluate compliance to the process as documented in Federal and University regulations and guidance. Phase 1 tested a sample of non-instructional summer salary payments, related processes, and compliance to applicable requirements. Significant issues were noted relating to conflicting guidance at the University level, non-compliance with Federal regulations, lack of internal controls, lack of a standard process, and the inefficiency and ineffectiveness of the monthly form/methodology used to certify summer effort. Report issued 01/27/2012.</td>
</tr>
<tr>
<td>Non-Instructional Summer Salary Audit - Phase 2</td>
<td>No</td>
<td>In Process</td>
<td>The objective of the audit was to review the non-instructional summer salary process from a University, College/Unit, and individual researcher level and evaluate compliance to the process as documented in Federal and University regulations and guidance. Phase 2 testing includes reviewing aggregate Summer 2011 non-instructional summer salary payment data for compliance to applicable requirements and for accuracy. Testing also included a comparison of Summer 2011 TEARS reports and Certification data. Report in draft and under Chancellor review. No issues were reported as all issues noted were resolved prior to draft report.</td>
</tr>
<tr>
<td>Scholarships and Financial Aid</td>
<td>No</td>
<td>In Process</td>
<td>Compliance review of Financial Aid processes; audit steps from Federal OMB A-133 audit procedure; in-progress at FY 2011 end. In July 2011, the audit was placed on hold due to Summer Salary Audit taking all resources and Financial Aid being audited by NC State Education Assistance Authority. Audit will be completed in Fall FY13.</td>
</tr>
<tr>
<td>Procurement of Construction and Design Services</td>
<td>Yes</td>
<td>Deferred (on FY13 Plan)</td>
<td>The objective of the audit is to assess the University's process for construction and design services contracts/agreements to ensure compliance with State statutes and University requirements. Due to lack of resources and higher priority work, this audit has been deferred and rolled forward via our risk assessment process to be included on our FY13 audit plan.</td>
</tr>
<tr>
<td>Contracts and Grants Expenditures</td>
<td>Yes</td>
<td>Cancelled</td>
<td>The objective of the audit was to conduct a University-wide audit of contract and grant accounts for unallowable expenditures. This audit was cancelled and replaced by the Non-Instructional Summer Salary Audits Phases 1 &amp; 2 (see in this section).</td>
</tr>
</tbody>
</table>
## North Carolina State University
### Audit Plan Summary
#### Year Ending June 30, 2012

<table>
<thead>
<tr>
<th>Engagement Type/Title</th>
<th>Included in the Audit Plan?</th>
<th>Audit Status at 6/30/12</th>
<th>Details and Updates (as of 8/27/12)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Audits - include audits having a direct relation to financial information at the institution</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Friends of NC State Baseball, L.L.C. (&quot;Rally Club&quot;) Financial Statements</td>
<td>Yes</td>
<td>Cancelled</td>
<td>Annual audit of the Rally Club's financial statements, the related internal controls over financial processes, and the preparation of their 2011 Income and Expense Summary. The Rally Club audit was cancelled due to it's no longer being an associated entity.</td>
</tr>
<tr>
<td><strong>Internal Controls Audits - include audits of internal control systems and processes</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Controls over the Usage of Restricted Gifts</td>
<td>Yes</td>
<td>Deferred (on FY13 Plan)</td>
<td>The objective of the audit is to evaluate the adequacy and effectiveness of controls over foundation accounts. Due to lack of resources and higher priority work, this audit has been deferred and rolled forward via our risk assessment process to be included on our FY13 audit plan.</td>
</tr>
<tr>
<td>Controls over Purchase Cards</td>
<td>Yes</td>
<td>Deferred</td>
<td>The objective of the audit is to review both the University-level and Departmental-level purchase card processes including issuance, training, reconciliation, documentation requirements and compliance with University policy and funding source requirements. Audit deferred due to proactive initiative by Purchasing Department to contract with D-Warner Group to provide a monthly data analysis report of all Purchase card transactions specifically focused to enhance controls, ensure compliance, and assist in detection of inappropriate transactions. Through our continuous risk assessment process, Internal Audit will monitor the implementation of this program and its effectiveness as a consulting engagement (see Special Assignments section below).</td>
</tr>
<tr>
<td><strong>Information Technology Audits - include audits of information technology systems including general controls, application controls, and disaster recovery</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit of the Financial System</td>
<td>No (in process at end of FY11)</td>
<td>Complete</td>
<td>The objective of the audit was to evaluate the Financial System application to ensure that appropriate controls are implemented within the application infrastructure. Report issued in October 2011. Issues were reported relating to inappropriate access to production environment and incomplete monitoring processes. Follow-up complete; audit closed 7/2/12</td>
</tr>
<tr>
<td>University Network Firewall Protection Service Audit</td>
<td>Yes</td>
<td>In Process</td>
<td>The objective of the audit is to review University firewall services to ensure appropriate protection of critical computer systems and sensitive data, adherence to University requirements, and external regulatory and compliance mandates.</td>
</tr>
</tbody>
</table>
## North Carolina State University
### Audit Plan Summary
#### Year Ending June 30, 2012

<table>
<thead>
<tr>
<th>Engagement Type/Title</th>
<th>Included in the Audit Plan?</th>
<th>Audit Status at 6/30/12</th>
<th>Details and Updates (as of 8/27/12)</th>
</tr>
</thead>
<tbody>
<tr>
<td>WolfTech Active Directory: Security and Operational Controls</td>
<td>Yes</td>
<td>Deferred (on FY13 Plan)</td>
<td>The objective is to audit the WolfTech Active Directory service (the official University information technology directory service) to verify adequate security and effective operational controls. Due to lack of resources and higher priority work, this audit has been deferred and rolled forward via our risk assessment process to be included on our FY13 audit plan.</td>
</tr>
<tr>
<td>College of Humanities and Social Sciences Information Technology General Controls</td>
<td>Yes</td>
<td>Deferred</td>
<td>The objective of this audit is to evaluate the effectiveness of governance over information technology and assess related processes and procedures that apply to the overall information technology operations. Audit deferred due to lack of audit resources and has been rolled back into our risk assessment process to be considered for a future audit plan.</td>
</tr>
</tbody>
</table>

### Performance/Operational Audits - include audits of departmental operations and activities

<table>
<thead>
<tr>
<th>Engagement Type/Title</th>
<th>Included in the Audit Plan?</th>
<th>Audit Status at 6/30/12</th>
<th>Details and Updates (as of 8/27/12)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resources Information System</td>
<td>Yes</td>
<td>Deferred</td>
<td>The objective is to assess data integrity and general controls within the Human Resources Information System. This audit has been deferred due to the system undergoing a major upgrade (scheduled to “go live” in October 2012). The upgrade is requiring significant time from the same HR staff who would be needed to support the audit. Internal Audit will continue to monitor the system as part of our regular risk assessment process and potentially reintroduce the audit on a future audit plan if appropriate.</td>
</tr>
</tbody>
</table>
| Service Centers Processes | Yes | Deferred | The objective of the audit is to evaluate the adequacy, efficiency, and effectiveness of University processes related to Service Centers. This audit will include assessment of:
- General controls
- Compliance with NCGS 116-36.1
- Processes for establishing user fees/rates and monitoring of rates
- Recordkeeping processes over usage and maintenance logs
- Integrity of fund management

Due to lack of resources and higher priority work, this audit has been cancelled and rolled back into our risk assessment process for consideration on a future audit plan. |
<table>
<thead>
<tr>
<th>Engagement Type/Title</th>
<th>Included in the Audit Plan?</th>
<th>Audit Status at 6/30/12</th>
<th>Details and Updates (as of 8/27/12)</th>
</tr>
</thead>
<tbody>
<tr>
<td>College of Agriculture and Life Sciences Rental Lease Investigation</td>
<td>No</td>
<td>Complete</td>
<td>Internally reported investigation regarding allegations of potential violations of University requirements related to a residential rental contract and potential misuse of state funds at the College of Agriculture and Life Sciences. One of two allegations was substantiated and was already being addressed by management. Report issued 3/9/2012. Audit closed.</td>
</tr>
<tr>
<td>McKinnon Conference and Training Center Investigation</td>
<td>No</td>
<td>Complete</td>
<td>Internally reported investigation regarding employee theft of cash and potential misuse of assets. Investigation activities performed in collaboration with Employee Relations and University Police Department. Allegation appears to be substantiated; University Police Department pursuing with District Attorney (case #11P0001243). Report issued 10/28/11. Audit closed.</td>
</tr>
<tr>
<td>Horticulture Department - Misuse of State Assets Investigation</td>
<td>No</td>
<td>Complete</td>
<td>Internally reported investigation regarding a graduate student's misuse of grant funds and non-compliance with Purchasing regulations. Collaborative investigation with University Police. Allegations substantiated; issue reported regarding insufficient internal controls over purchasing and reconciliation processes. Embezzlement investigation being conducted by University Police (case #11P0001153). Report issued 05/07/2012.</td>
</tr>
<tr>
<td>Security Applications and Technologies Investigation</td>
<td>No</td>
<td>Complete</td>
<td>Internally reported allegation of misuse of state assets. Employee used University Purchase Card to purchase refrigerators and coffee makers for employee use in their office suites. Allegations verified; inappropriate expenses amounted to $1051. 1 Issue related to non-compliance with State and University purchasing policies. Report issued 05/08/2012.</td>
</tr>
<tr>
<td>Facilities Housekeeping Investigation</td>
<td>No</td>
<td>Complete</td>
<td>Office of State Auditor delegated Hot Line call: investigate allegations of inconsistency in overtime practices and possible management discrimination. Allegations were unsubstantiated. Issues were noted regarding timesheet completion and incorrect instructions provide by supervisor; issues resulted in potential inaccuracies in overtime processing. Appropriate corrective action was taken by Facilities Operations management. Report issued 7/28/11. Audit Closed.</td>
</tr>
</tbody>
</table>
### Engagement Type/Title

<table>
<thead>
<tr>
<th>Engagement Type/Title</th>
<th>Included in the Audit Plan?</th>
<th>Audit Status at 6/30/12</th>
<th>Details and Updates (as of 8/27/12)</th>
</tr>
</thead>
<tbody>
<tr>
<td>University Housing - Warehouse and Upholstery Shop Investigation</td>
<td>No</td>
<td>Complete</td>
<td>Office of State Auditor delegated Hot Line call: investigate allegations related to retaliation, performance management, working conditions, and working environment; repeat of previous allegations. 2 of 16 allegations were substantiated; corrective actions had already been implemented. Internal Audit reviewed corrective actions and found them to be satisfactory. Report issued 8/11/11. Audit closed.</td>
</tr>
<tr>
<td>Cumberland County Cooperative Extension Service 4-H Investigation</td>
<td>No</td>
<td>Complete</td>
<td>Investigation of internally reported allegations of funds mismanagement involving 4-H accounts. Issues reported included: misuse of resources for personal benefit, poor fiscal stewardship and inadequate internal control environment over the administration of Cumberland 4H funds, security weaknesses within the 4H computing environment, and inadequate controls and lack of documentation for the 4H Club Chartering process. Report issued 9/22/11.</td>
</tr>
<tr>
<td>Chemistry Invoices Investigation</td>
<td>No</td>
<td>Complete</td>
<td>Internally reported investigation regarding employee working secondary employment during University work hours and potential misuse of assets. Allegation of secondary employment unsubstantiated. Allegation of misuse of state assets was substantiated; misuse consisted of using NCSU computer and fax to conduct personal business; financial impact was very minimal. Other issues related to non-compliance with NCSU and State secondary employment and purchasing policies and procedures; and inconsistencies in University secondary employment policies, regulations, and guidance. Report issued 7/21/11.</td>
</tr>
</tbody>
</table>

### Audit Findings Follow-Up - follow-up activity related to audit findings resulting both from external audits and completed internal audits

<p>| The Friends of NC State Baseball, L.L.C. (&quot;Rally Club&quot;) Financial Statements | n/a                          | Complete                | Annual audit of the Rally Club's financial statements, the related internal controls over financial processes, and the preparation of their 2010 Income and Expense Summary. Report issued 3/30/11. Follow-up complete; audit closed 6/14/12 |
| University Dining                                                          | n/a                          | Complete                | Review of Departmental business and finance activities including IT systems in use. Report issued 6/14/10. Financial (reconciliation, billing, non-salary income) and IT issues were noted. Follow-up is 50% complete. Additional follow-up activities pending Internal Audit resources in FY2013. |</p>
<table>
<thead>
<tr>
<th>Engagement Type/Title</th>
<th>Included in the Audit Plan?</th>
<th>Audit Status at 6/30/12</th>
<th>Details and Updates (as of 8/27/12)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance with Senior Academic and Administrative Officers (SAAO) Tier I Retreat Rights Policy</td>
<td>n/a</td>
<td>Complete</td>
<td>Chancellor request FY2010: audit of retreat rights agreements for SAAO Tier 1 employees; significant issues relating to non-compliance, lack of process, and policy inconsistencies. Report issued 08/21/09. Follow-up complete; audit closed 6/29/12</td>
</tr>
<tr>
<td>North Carolina State University Alumni Association, Inc.</td>
<td>n/a</td>
<td>Complete</td>
<td>Follow-up issues in prior audit report. Chancellor request; audit of finance and business operations, internal controls, compliance; internal control weaknesses throughout all processes, and minor misuse of state property. Report issued 6/15/10. Follow-up complete; audit closed 6/27/12</td>
</tr>
<tr>
<td>College of Agriculture and Life Sciences Distance Education Investigation</td>
<td>n/a</td>
<td>In Process</td>
<td>Audited at requests from Chancellor and Provost; investigation of allegations related to management and issues in the Distance Education Program at CALS. Report issued 7/2/10. Follow-up in progress with additional follow-up activities pending Internal Audit resources in FY2013.</td>
</tr>
<tr>
<td>Granville County Cooperative Extension Office</td>
<td>n/a</td>
<td>In Process</td>
<td>Review of business and finance practices at County CES office. Internal Audit to follow-up on corrective actions. Report issued 9/01/10. Follow-up complete; audit closed 7/10/12</td>
</tr>
<tr>
<td>Student Affairs Division - Information Technology General Controls</td>
<td>n/a</td>
<td>In Process</td>
<td>The objective of this audit was to evaluate the effectiveness of governance over processes and procedures that apply to the overall Student Affairs IT operations. Report issued 6/2011. 10 issues were reported; follow-up is in-progress; however, the majority of the issues are not due to be resolved until the end of July 2012. Follow-up will occur in FY2013.</td>
</tr>
<tr>
<td>The Future Renewable Electric Energy Delivery and Management Systems (FREEDM) Center</td>
<td>n/a</td>
<td>In Process</td>
<td>Internal audit evaluated general internal controls over business operations, including business office, financial transactions, contract and grant compliance, and other administrative activities. Issues related to management opportunities for improvement, compliance to Federal agreement, and internal control weaknesses. Report issued 10/04/2010. Follow-up is 90% complete.</td>
</tr>
<tr>
<td>College of Natural Resources (CNR) General Information Technology Controls</td>
<td>n/a</td>
<td>In Process</td>
<td>The objective of the original audit was to evaluate the effectiveness of governance over processes and procedures that apply to the overall CNR IT operations. Report issued 7/22/12. Follow-up complete; audit closed 7/6/12.</td>
</tr>
<tr>
<td>Engagement Type/Title</td>
<td>Included in the Audit Plan?</td>
<td>Audit Status at 6/30/12</td>
<td>Details and Updates (as of 8/27/12)</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------------</td>
<td>----------------------------</td>
<td>-------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>College of Textiles’ General Information Technology Controls</td>
<td>n/a</td>
<td>In Process</td>
<td>The objective of this audit was to evaluate the effectiveness of Textiles IT governance and technical controls. Report issued 3/31/10. Follow-up is 21% completed; follow-up on remaining issues in progress.</td>
</tr>
<tr>
<td>Office of the State Auditor Information Systems Audit (January 2009)</td>
<td>n/a</td>
<td>In Process</td>
<td>Follow-up to Office of the State Auditor Information Systems Audit issues reported in January 2009. Follow-up complete; audit closed 7/3/12.</td>
</tr>
<tr>
<td>Special Review of Internal Allegations of Misuse of State Property/Assets in the Department of Electrical and Computer Engineering</td>
<td>n/a</td>
<td>In Process</td>
<td>The objective was to review: purchases of furniture and related items in the Department for compliance with University and State policy; potential misuse of state funds for personal benefit; and departmental internal controls over the purchasing process. Report issued 02/12/2009. 1 of 1 issue 50% resolved follow-up complete; review of remaining corrective actions scheduled for FY2013.</td>
</tr>
<tr>
<td>Contracts and Grants in the Electrical and Computer Engineering Department</td>
<td>n/a</td>
<td>In Process</td>
<td>The objective was to evaluate: the efficiency and effectiveness of departmental management of sponsored research funds; departmental internal controls over contracts and grants; and compliance with federal, state, and university requirements for sponsored research expenditures. Report issued 02/10/2009. Follow-up complete for 10 of 17 issues; follow-up pending in FY2013 on remaining 7 issues.</td>
</tr>
<tr>
<td>Faculty Performance Review Process in the Department of Electrical and Computer Engineering</td>
<td>n/a</td>
<td>In Process</td>
<td>The objective was to determine if Departmental practices for reviews of tenure track faculty performance; post tenure performance; and reappointment, promotion, and tenure comply with Departmental, College, and University policies and other guidance. Report issued 02/10/2009. Follow-up complete for 1 of 5 issues. Remaining 4 of 5 issues resolved follow-up pending.</td>
</tr>
<tr>
<td>Warren County Cooperative Extension Office</td>
<td>n/a</td>
<td>Not Started</td>
<td>Review of business and finance practices at Warren County CES office. Report issued 11/12/09. 3 minor issues were noted related to financial process weaknesses.</td>
</tr>
</tbody>
</table>
## North Carolina State University
## Audit Plan Summary
## Year Ending June 30, 2012

<table>
<thead>
<tr>
<th>Engagement Type/Title</th>
<th>Included in the Audit Plan?</th>
<th>Audit Status at 6/30/12</th>
<th>Details and Updates (as of 8/27/12)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of Information Technology (OIT) - Office of the State Auditor (OSA) Annual Financial Statement Audit</td>
<td>No</td>
<td>Complete</td>
<td>IT Audit Manager consulted with the OIT Security and Compliance during the information system component of the annual OSA audit of the University financial statements.</td>
</tr>
<tr>
<td>College of Humanities and Social Sciences (CHASS) - Online Summer Salary Certification</td>
<td>No</td>
<td>Complete</td>
<td>Consultative review of the CHASS summer salary online certification process/system including accessibility and electronic signing of certification forms, data integrity, efficiency, and scalability. Issues relating to data integrity, scalability, and efficiency were identified and recommendations were made to CHASS. CHASS implemented all recommendations.</td>
</tr>
<tr>
<td>Office of Information Technology (OIT) - Research Data Security Consulting</td>
<td>No</td>
<td>Complete</td>
<td>Following a data leak breach related to a spreadsheet with sensitive Personally Identifiable Information data, Audit consulted with OIT to ensure the comprehensiveness of the response. We also consulted on how to ensure full lifecycle protection of University research data that meets University, regulatory, and contractual requirements.</td>
</tr>
<tr>
<td>University-wide, University IT Committee (UITC)</td>
<td>No</td>
<td>Complete</td>
<td>Participation in UITC including security subcommittee and college Academic IT Directors meetings; consulting on University Policy, Regulations, and Rules, IT standards, and best practices. This team has been disbanded and replaced by the Information Technology Strategic Advisory Committee (see below in this section).</td>
</tr>
<tr>
<td>McMimmon Center - Gateway Technology Center</td>
<td>No</td>
<td>Complete</td>
<td>Collaborative consulting with Employee Relations on personnel issues relating to potential inaccuracies in an employee's leave reporting. IA consulting activities completed.</td>
</tr>
<tr>
<td>Administrative Systems Steering and Management Teams</td>
<td>Yes</td>
<td>Complete</td>
<td>Consulting on information technology standards, best practices, and University Policy, Regulations, and Rules; consulting on upgrades to Financial System and Human Resources Information System. This team has been disbanded and replaced by the ITSAC (see below in this section).</td>
</tr>
<tr>
<td>Business Operations Realignment Steering Team (BORST)</td>
<td>No</td>
<td>Complete</td>
<td>The BORST was tasked by Vice Chancellor Laffler to advise on the implementation of the Business Operations Centers concept. The Director consulted with this team and participated in meetings as appropriate to offer an audit perspective on processes under consideration for realignment and to provide other consultative advice as needed.</td>
</tr>
</tbody>
</table>

Special Assignments - include special activities assigned to the internal auditor, including committee assignments and other activities not involving audit/review activities.
<table>
<thead>
<tr>
<th>Engagement Type/Title</th>
<th>Included in the Audit Plan?</th>
<th>Audit Status at 6/30/12</th>
<th>Details and Updates (as of 8/27/12)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNC System Finance Improvement and Transformation (FIT) Team</td>
<td>Yes</td>
<td>Complete</td>
<td>Director is on UNC System FIT Internal Audit Advisory Team. Internal Audit participates in monitoring visits on campus and follow-up on any issues reported as needed. Monitoring site visit completed 2/16/12.</td>
</tr>
<tr>
<td>Prague Institute Business Operations</td>
<td>No</td>
<td>On-Going</td>
<td>Director consulting with College of Design Dean and Assistant Dean for Business and Finance to assess business operations at the Prague Institute and recommend potential enhancements to business process and technology controls.</td>
</tr>
<tr>
<td>NCSU Research Support Council</td>
<td>Yes</td>
<td>On-Going</td>
<td>Advanced Auditor participates in meetings and presents trend and best practice information as needed.</td>
</tr>
<tr>
<td>Cooperative Extension Service</td>
<td>Yes</td>
<td>On-Going</td>
<td>Training on University policies, best practices in business and financial activities/transactions, use of new IA self-assessment tools on IA website, and awareness of common issues. On-site reviews as necessary. Ad hoc consulting at District Meetings.</td>
</tr>
<tr>
<td>Identity and Access Management (IAM)</td>
<td>Yes</td>
<td>On-Going</td>
<td>IT Auditor participation on Office of Information Technology strategic IAM initiative; consulting on IAM standards and best practices.</td>
</tr>
<tr>
<td>Purchase Card Validation Monthly Reporting Program</td>
<td>No</td>
<td>On-Going</td>
<td>This consulting engagement replaces the planned audit &quot;University-wide: Controls over Purchase Cards&quot; (see Internal Controls Testing and/or Reviews section above). The Program is a proactive initiative undertaken by the Purchasing Department to contract with D-Warner Group who will provide a monthly data analysis report of all Purchase card transactions. The report will be customized and facilitate enhancing controls, ensuring compliance, and assisting in detection of inappropriate transactions. Internal Audit will monitor the implementation of this program, the benefits obtained, and anticipated improvements in internal controls.</td>
</tr>
<tr>
<td>University Record Retention</td>
<td>Yes</td>
<td>On-Going</td>
<td>Operational Audit Manager participates on University Record Retention guidance development team.</td>
</tr>
<tr>
<td>Engagement Type/Title</td>
<td>Included in the Audit Plan?</td>
<td>Audit Status at 6/30/12</td>
<td>Details and Updates (as of 8/27/12)</td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
<td>----------------------------</td>
<td>-------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Payment Card Industry Compliance and Review Advisory Committee</td>
<td>Yes</td>
<td>On-Going</td>
<td>IT Audit Manager is participating on the University Payment Card Industry Compliance and Review Advisory Committee in a consultative manner to ensure compliance and protection of sensitive credit card data.</td>
</tr>
<tr>
<td>University Information Technology Strategic Advisory Committee (ITSAC)</td>
<td>Yes</td>
<td>On-Going</td>
<td>Participation in advisory committee’s meetings including security subcommitte and college academic IT directors meetings; consulting on University and state requirements, IT standards, and best practices.</td>
</tr>
<tr>
<td>Internal Control Assessment Committee</td>
<td>Yes</td>
<td>On-Going</td>
<td>Director is a member of this committee which assesses internal controls across the University to support the University's annual certification to the Office of the State Controller.</td>
</tr>
<tr>
<td>University Enterprise Risk Management</td>
<td>Yes</td>
<td>On-Going</td>
<td>Director is member of University Enterprise Risk Management Advisory Task Force.</td>
</tr>
</tbody>
</table>
Agenda Item / Issue: 4.4C

Investment Fund Update

Requested / Required Action:

None required.

Suggested Motion:

None required.

Responsible University Unit:

Treasurer’s Office

University Presenter/Contact:

Mary Peloquin-Dodd, Associate Vice Chancellor for Finance and Business and University Treasurer
### Performance Summary

<table>
<thead>
<tr>
<th></th>
<th>QTR</th>
<th>1 year</th>
<th>3 year</th>
<th>5 year</th>
<th>10 year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NC State Investment Fund, Inc.</strong></td>
<td>-0.42%</td>
<td>2.60%</td>
<td>9.54%</td>
<td>-1.14%</td>
<td>4.36%</td>
</tr>
<tr>
<td><strong>Policy Benchmark (1) (3)</strong></td>
<td>0.27%</td>
<td>4.66%</td>
<td>11.74%</td>
<td>2.63%</td>
<td>6.59%</td>
</tr>
<tr>
<td><strong>Market Index (2)</strong></td>
<td>-1.26%</td>
<td>6.44%</td>
<td>13.82%</td>
<td>2.55%</td>
<td>5.73%</td>
</tr>
<tr>
<td><strong>BNY Mellon E&amp;F Median Universe (4)</strong></td>
<td>-1.70%</td>
<td>0.19%</td>
<td>10.54%</td>
<td>1.51%</td>
<td>6.60%</td>
</tr>
</tbody>
</table>

### Asset Allocation

<table>
<thead>
<tr>
<th>Asset Class/Style</th>
<th>Market Value</th>
<th>Actual</th>
<th>Policy</th>
<th>Over(Under)</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total NC State Investment Fund, Inc.</strong></td>
<td>$397,192,038</td>
<td>100.0%</td>
<td>100.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Public Equity Composite</strong></td>
<td>145,955,074</td>
<td>36.8%</td>
<td>45.0%</td>
<td>-8.2%</td>
<td></td>
</tr>
<tr>
<td>Domestic Equity Composite</td>
<td>50,258,114</td>
<td>12.7%</td>
<td>20.0%</td>
<td>-7.3%</td>
<td>15 - 35%</td>
</tr>
<tr>
<td>International Equity Composite</td>
<td>50,946,583</td>
<td>12.8%</td>
<td>15.0%</td>
<td>-2.2%</td>
<td>10 - 25%</td>
</tr>
<tr>
<td>Global Equity Composite</td>
<td>44,750,377</td>
<td>11.3%</td>
<td>10.0%</td>
<td>1.3%</td>
<td>5 - 15%</td>
</tr>
<tr>
<td><strong>Fixed Income Composite</strong></td>
<td>64,515,402</td>
<td>16.3%</td>
<td>12.5%</td>
<td>3.8%</td>
<td></td>
</tr>
<tr>
<td>Fixed Income</td>
<td>32,845,904</td>
<td>8.3%</td>
<td>7.5%</td>
<td>0.8%</td>
<td>0 - 15%</td>
</tr>
<tr>
<td>Enhanced Fixed Income</td>
<td>21,342,487</td>
<td>5.4%</td>
<td>5.0%</td>
<td>0.4%</td>
<td>0 - 15%</td>
</tr>
<tr>
<td>Cash</td>
<td>10,327,011</td>
<td>2.6%</td>
<td>0.0%</td>
<td>2.6%</td>
<td>0 - 10%</td>
</tr>
<tr>
<td><strong>Diversifying Strategies</strong></td>
<td>46,127,311</td>
<td>11.6%</td>
<td>10.0%</td>
<td>1.6%</td>
<td></td>
</tr>
<tr>
<td><strong>Private Strategies</strong></td>
<td>140,594,251</td>
<td>35.3%</td>
<td>32.5%</td>
<td>2.8%</td>
<td></td>
</tr>
<tr>
<td>Private Equity</td>
<td>91,024,603</td>
<td>22.9%</td>
<td>15.0%</td>
<td>7.9%</td>
<td>10 - 20%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>24,784,824</td>
<td>6.2%</td>
<td>10.0%</td>
<td>-3.8%</td>
<td>5 - 15%</td>
</tr>
<tr>
<td>Energy and Natural Resources</td>
<td>24,784,824</td>
<td>6.2%</td>
<td>7.5%</td>
<td>-1.3%</td>
<td>3 - 15%</td>
</tr>
</tbody>
</table>

* Totals may vary due to rounding

---

**Note 1** - Policy Benchmark: Strategic Investment Policy Portfolio (SIPP) Index = 20%: (Russell 3000), 15%: (67% MSCI EAFE/33% MSCI EM), 10%: (50% MSCI World + 5%), 7.5%: (Barclay's LT Gov/Cop), 5%: (50% JPM GB/50% Barclay's HY), 10%: (T-Bills + 5%), 15%: (Cambridge Private Equity Composite), 10%: (80% NCREIF/20% NAREIT), and 7.5%: (50% GSCI/50% Real 3%)

**Note 2** - Market index of 70% S&P and 30% Barclay's Aggregate

**Note 3** - 5 & 10 Year Policy Benchmark represents the historical benchmark-blended index of past benchmarks

**Note 4** - BNY Mellon Foundation and Endowment Median Universe. 224 portfolios are represented for the one-year period ended June 30, 2012.
Agenda Item / Issue: 4.4D

Fall 2012 Enrollment Report

Requested / Required Action:

None required.

Suggested Motion:

None required.

Responsible University Unit:

University Planning and Analysis

University Presenter/Contact:

Karen Helm, Director
FALL 2012 ENROLLMENT

- An outstanding freshman class
- On target to 2020

NC State University Board of Trustees
September 2012
Karen Helm, University Planning and Analysis
The freshman class is smaller
The freshman class is competitive
The freshman class is well prepared
The freshman class is well prepared.
The freshman class is diverse

- Geographically: 13.1% from outside NC, 2.6% from outside US
- Gender: 46.0% women
- Culture: 7.3% AA, 4.9% Asian, 4.3% Hispanic
Implementing the Strategic Plan through the 2020 Enrollment Plan

- Limit overall enrollment to align with resources while responding to demand
- Emphasize special role within UNC by expanding graduate education
- Focus on student success by stabilizing undergraduate enrollment
- Deploy educational innovations to improve student success and improve efficiency
Limit overall growth to align with resources while responding to demand.
Emphasize special role within UNC
Focus on student success by stabilizing undergraduate enrollment
Provide access by increasing transfer enrollment

### External Transfer Students As A Share of New Undergraduates

<table>
<thead>
<tr>
<th>Year</th>
<th>NC Community Colleges</th>
<th>UNC Institutions</th>
<th>Other Institutions</th>
<th>Total Transfers</th>
<th>Pct. Transfers of New Undergrads</th>
<th>Total Freshmen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fall 2004</td>
<td>407</td>
<td>196</td>
<td>439</td>
<td>1042</td>
<td>21%</td>
<td>3847</td>
</tr>
<tr>
<td>Fall 2005</td>
<td>383</td>
<td>193</td>
<td>451</td>
<td>1027</td>
<td>19%</td>
<td>4253</td>
</tr>
<tr>
<td>Fall 2006</td>
<td>415</td>
<td>202</td>
<td>458</td>
<td>1075</td>
<td>19%</td>
<td>4559</td>
</tr>
<tr>
<td>Fall 2007</td>
<td>422</td>
<td>172</td>
<td>435</td>
<td>1029</td>
<td>18%</td>
<td>4791</td>
</tr>
<tr>
<td>Fall 2008</td>
<td>444</td>
<td>193</td>
<td>452</td>
<td>1089</td>
<td>19%</td>
<td>4669</td>
</tr>
<tr>
<td>Fall 2009</td>
<td>499</td>
<td>231</td>
<td>367</td>
<td>1097</td>
<td>19%</td>
<td>4638</td>
</tr>
<tr>
<td>Fall 2010</td>
<td>545</td>
<td>228</td>
<td>368</td>
<td>1141</td>
<td>20%</td>
<td>4558</td>
</tr>
<tr>
<td>Fall 2011</td>
<td>456</td>
<td>252</td>
<td>319</td>
<td>1027</td>
<td>18%</td>
<td>4564</td>
</tr>
<tr>
<td>Fall 2012</td>
<td>524</td>
<td>244</td>
<td>441</td>
<td>1209</td>
<td>22%</td>
<td>4228</td>
</tr>
</tbody>
</table>
Deploy educational innovations to improve student success and efficiency