

University of Florida Board of Trustees

Committee on Audit & Operations Review

Minutes

A meeting of the Committee on Audit and Operations Review was held on Thursday, June 3, 2004, in President's Room 215B, Emerson Alumni Hall, UF Campus.

Trustee Members Present: Joelen Merkel, Chair
Cynthia O'Connell
Al Warrington

- The Finance Committee and Audit Committee met together at 2:15 p.m. Both committees approved audited University Annual Financial Statements for 2002-2003 (*Board Consent Agenda items 4.5*). Chairman Merkel noted that the audited UF Financial Statements were presented and approved by the audit committee at the March meeting but it was not on the Board Consent Agenda at that time.
- Both committees approved Audited Annual Financial Report for UF Leadership & Education Foundation (*Board Consent Agenda 4.6*). The other DSO audited financial statements were approved at the March meeting. UF Leadership and Education Foundation had not been received at that time due to its reporting period ending date. A change for June 30 reporting period for all DSO's will be considered.
- Ed Poppell provided an update of the Enterprise Resource Planning (Bridges) project scheduled to go live June 18. He introduced the team leaders and commended their efforts in implementing three modules at once. Project leader Fred Cantrell said he expects a successful transition. Two areas that need additional focus were stated to be security distribution and training. The Hub will be set up as a command center on campus to assist users. Once the system is stabilized, the Bridges team will implement enhancements and continue to provide training to educate campus users on changed business procedures.
- Chairman Merkel called the Audit Committee to order at 2:50 p.m.
- Minutes of March 4, 2004 meeting were approved.
- Following a recommendation made at the March meeting for the Chairman to be informed of complaints received by OACR, the Chairman advised the committee that she and the Chief Audit Executive met and discussed the log of complaints and the manner in which they were addressed.
- Bob Miller reported on the College of Nursing Faculty Practice Association material weakness audit comments by an external audit firm. Mr. Miller said the health affairs vice president and nursing dean are committed to resolving the problems involving a clinic in Archer. The college has taken action by hiring a new office manager to resolve petty cash and Medicare billing issues. Monthly meetings between the office manager and the associate dean along with reviews by external accountants will address these issues.

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- Nur Erenguc introduced Brian Mikell who replaced Anne Burt as OACR Director of Audits. Brian was previously employed by the Office of Auditor General as engagement manager for the University's financial audit.
- Nur Erenguc discussed the audits undertaken by OACR to provide the PeopleSoft transition certification to the State of Florida CFO and Board of Education by June 17. The post implementation audits will address concerns that have arisen as a result of these audits such as role based security, application integration and testing, training and reporting mechanisms. The second year of the two-year audit plan will focus on the modules to be implemented, Contract & Grants and Student Systems, as well as post implementation audits of systems already launched. She discussed other internal and external audits conducted since the last meeting. Ms. Erenguc said future audit committee meetings would include presentations by compliance groups on campus.
- Paul Robell updated the committee on the status of the UF Foundation embezzlement that was discovered on September 15, 2003. He said the Foundation expects to recover all the money except for the \$5,000 insurance deductible. After an internal investigation and audit by OACR, the Foundation has implemented new policies, including a requirement that all checks over \$10,000 have two manual signatures. Accounting firm James Moore & Company has replaced KPMG as external auditor for UF Foundation. The Foundation has hired a new controller. The adjudication process to prosecute the former CFO is still in process. Trustee Warrington expressed concern that large amounts of cash were un-invested and thus available to the CFO. The formation of an Investment Direct Support Organization (DSO) responsible in investing DSO's excess cash will address the concern raised by Trustee Warrington.
- Environmental Health & Safety
 - Bill Properzio updated the committee on the status of the landfill adjacent to campus. The DEP site assessment found the land had been used to dump household garbage and construction waste from campus in the 1960s and 1970s.
 - He said that the Florida legislature now requires state agencies to conduct security assessment of buildings, including dorms. The Office of Environmental Health and Safety is conducting the assessment of campus buildings. He said safeguards such as limited access to buildings are in place but assessment is needed to determine if increased measures are needed for improved compliance.
- The meeting was adjourned at 3:50 p.m.