

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, December 1, 2005, in President's Room 215B, Emerson Alumni Hall, UF Campus.

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

The Finance Committee and Audit Committees met together at 2:30 p.m. VP Barrett gave a Bridges update. He said progress has been made in resolving some of the most urgent issues:

- 1) Research Compliance – IFAS, Engineering and main campus Contracts & Grants offices are now using the same software system. A consultant has been hired and analyses will continue through December 2005. By September 2006 the hope is to have pre-award processing integrated into the system.
- 2) Financials and Reporting – The timeliness of updates in the system has improved so that information is available daily.
- 3) Human Resources – HR will implement “People Admin” applicant-tracking software. Modifications have been made to Time & Labor to enhance and centralize personnel data input.

The costs associated with these initiatives will be determined when the gap analysis is completed. When asked if PeopleSoft could be modified so that it would work and if the vendor would support it, VP Poppell stated that the vendor will support it for the next 10 to 13 years.

Chairman Merkel called the Audit Committee to order at 2:50 p.m.

- Minutes of September 8, 2005 meeting were approved.
- Audited financial statements of DSO, HSSO and FFP (Consent Agenda Item)
The Committee received approximately 25 audited financial statements for DSO and other support organizations. After a review of the statements and audit results, the Committee approved the acceptance of the financial statements for full Board approval as a consent agenda item. During the review, the Committee developed a number of comments and questions. Al Warrington suggested that all questions be directed to Finance & Administration with request for a response at a later date.

The Dentistry Faculty Practice Plan audit findings were discussed. Associate VP Bob Miller responded that comments about unapplied credits and bad debts in the practice plan have been addressed. Because of the large number of accounts that were either extremely old or had a very small balance, Chairman Merkel suggested that consideration should be given to writing them off. Health Center Assoc VP Russ Armistead will provide a follow-up on the

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decision. Mr. Miller said the material weaknesses noted in the financial statements in the areas of Purchasing and Reconciliation has been resolved. Chairman Merkel noted the large receivable for FICA overpayment and asked for a follow-up on collecting such FICA overpayment from the IRS. Concern was raised whether other practice plans had similar overpayment issues. Mr. Miller said that since practice plan payroll has been integrated into PeopleSoft, there should not be a recurrence of FICA overpayment. Mr. Armistead was also asked to explain the financial statement note regarding a \$250,000 overstatement of cash from the prior period which he will do at a later date.

The committee approved the audited financial statements, noting that they appreciate receiving the audited statements as they are issued and expressing appreciation for the analysis by Finance & Administration. Also noted was that the Nursing Practice Plan financials have improved from prior year.

- **Environmental Health & Safety**
Bill Properzio gave a report on hurricane recovery. He said cost recovery was an ongoing process and that payments are still being received from the 2004 storms. As of the end of November, \$1.35 M has been collected. Estimates for the 2005 storm damage are still under review. He mentioned the ABC-TV story on nuclear reactors that included UF's, noting no security breaches had occurred. He said security for the reactor was already good and has been improved.
- **Office of Audit & Compliance Review**
Chief Audit Executive Nur Erencuc reported the audit plan change at the 6 month period includes postponement of three audits. She was asked to consider auditing Contracts & Grants at this time. Nur Erencuc said a Quality Assurance Review of OACR is due to be completed in early 2007 to be in compliance with IIA standards and that a team is being assembled for that purpose. She also commented that the item reflected as "not to be implemented" included in the follow-up report was due to changed conditions and was not relevant any longer.
- **Sarbanes-Oxley Committee update** – Bob Miller said the committee has submitted recommendations to VP Poppell and when he discusses them with President Machen, the audit committee will receive the report.
- The Chairman reported that she has reviewed the investigations log and has nothing to report to the committee.
- It was noted that the UF Foundation, Athletic Association and UF Research Foundation are being audited by the IRS.

The meeting was adjourned at 4 p.m.