

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 Monday, March 21, 2005, in President's Room 215B, Emerson Alumni Hall, UF Campus.

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

- Chairman Merkel called the Audit Committee to order at 2:40 p.m.
- Minutes of the December 2, 2004 meeting were approved.
- Finance & Administration Vice President Ed Poppell gave a Bridges update. He said Payroll was stabilized; W2s, 1099s and 1098Ts had been issued. The financials module was upgraded to the most current version and the Human Resources module upgrade is planned for April 2005. Challenges remain in the areas of reporting, Contracts and Grants and year-end closing. Employees continue to work towards resolving the problems and campus-wide training and reporting continues. Regarding the Oracle buyout of PeopleSoft, Mr. Poppell stated that Oracle has assured that they will support PeopleSoft. Chairman Merkel asked about the problems reconciling bank accounts in PeopleSoft. UF Controller Mike McKee said the reconciliations will be done through May by the end of June. The Chairman inquired about the problems with Contracts & Grants. Mr. Poppell stated that the problems were with bringing forward information from FLAIR and, after collecting funds from grants, distributing them to the correct accounts. He said the problems are not impacting new grants. When asked about the problems in Payroll, collecting wage refunds for overpayments, he said that most of the problems occurred in July and August and were now corrected.
- Audits of Support Organizations-DSO, HSSO & FPP (*Consent Agenda Item 5.8*)
The committee voted to accept the audits of the remaining DSO's.
- Annual Financial Audit Report (*Consent Agenda Item 5.9*) Phil Ciano, Auditor General (AG) field supervisor and Marty Schneider, auditor in charge of UF's 2003-2004 financial audit, attended the meeting. Mr. Ciano noted that the AG's report was included in the university's annual financial report but that it was also a separate report. The audit found the financial statements to be presented fairly with no material instances of noncompliance or internal control weaknesses. He also noted that the AG's office completed statewide audits of Federal Financial Assistance and Florida Bright Futures Scholarship Programs for the period ending June 30, 2004. For the second year, UF's administration of Florida Bright Futures had no audit comments. The Federal Financial Assistance audit had three reportable conditions.

The AG office is currently engaged in the 2004 operational audit and expects to issue it June 30, 2005. When asked by the Chairman, Mr. Ciano stated that his office continues to receive

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outstanding cooperation from UF management. When asked about the internal control environment, Mr. Ciano said they found no problems for the period audited.

Trustee Warrington noted that the audit committee as well as the finance committee should address the financial statements. He said the minutes of a conference call held to discuss the financial statements should be e-mailed to the audit committee. When asked about including prior year amounts in the audited financial statements, Mr. Ciano said that he would express the concern to higher management but it was a management decision as to how the statements are presented. After the discussion of report, the Committee accepted the University's audited financial statements for 2003-2004 fiscal year.

- Environmental Health & Safety
 - Director Bill Properzio stated that the hurricane cost recovery claims had been submitted to the state. Of 2,912 claims submitted state-wide, 378 were from UF. To date, UF has received \$52,000 for 2 claims and no denials. FEMA cost recovery is secondary to the State and will be a lengthier procedure. A team of two from FEMA is working with UF employees to file claims, of which approximately 50% have been prepared. Mitigation grant funding is available from the county and claims have been filed as well.
 - EH&S met in January with the DEP regarding the status of the 34th Street landfill study. EH&S stance on the contents of the landfill have not changed. The University responded to additional information requests.
- Crime Statistics and Safety report. The annual report was reviewed and accepted by the committee.
- Office of Audit & Compliance Review
 - Chief Audit Executive Nur Erenguc introduced Christopher Bunn, IT Audit Manager. She said that once the two remaining vacant positions are filled, the office staffing level should be adequate. She discussed the three audits issued since the last meeting and the follow-up statistics for the quarter. When asked, she said the Upward Bound follow-up will be included in the next reporting period. Also, Finance & Accounting employees will work with the Upward Bound program to address audit concerns.
 - DSO Oversight Attributes – The results of surveys were presented. Trustee Brown expressed concern about apparent deficiencies in some of the organizations. Once the results are validated and evaluated, the Chair and Chief Audit Executive will provide a report at the next meeting
- The meeting was adjourned at 3:35 p.m.