

# *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, November 30, 2006, in Room 201, Emerson Alumni Hall.

Trustee Members Present: Joelen Merkel, Chair  
David Brown  
Courtney Cunningham  
Al Warrington

Chairman Merkel called the Audit Committee to order at 2:40 p.m.

- Minutes of September 7, 2006 meeting were approved.
- Audits of Support Organizations (Consent Agenda Item)  
The committee discussed the audited financial reports of direct support and other affiliated organizations, a consent agenda item, noting that the opinions for the 23 DSO financial reports previously submitted to the committee were all unqualified. The committee discussion included the change in auditors at 2 DSOs, and the reportable conditions and management letter comments from the auditors, with other questions submitted for response directly to the questioning committee member. The committee agreed to recommend the acceptance of these audited reports to the full Board.
- Office of Audit & Compliance Review update was provided by Chief Audit Executive, Nur Erencuc and Audit Director, Brian Mikell. The following were discussed:
  - 1) Completed internal audits and other reviews had been distributed and were reviewed.  
The audit summary on Check Processing and Disbursement was withdrawn and will be reviewed at the next meeting. Trustee Warrington inquired about the timing of follow up procedures in lieu of some critical comments contained within a number of audits. He was assured that every comment was followed-up and that in many cases, before the issuance of audit reports, corrective action plans are generally put in place. Nur Erencuc noted that the Athletic Association has proactive leadership and sets an excellent tone for following strong internal controls. Chairman Merkel said that the bank reconciliation audit received a “needs improvement” and less than timely bank reconciliations are not acceptable. Mike McKee, Controller, stated that all reconciliations are now current and confirmed his understanding of the committee’s requirement of timely reconciliations and resolutions of differences, noting that the implementation to PeopleSoft created the challenge of developing a new reconciliation process, causing delays in the timely reconciliation of accounts.

Trustee Warrington said he was concerned that CLAS budget problems are continuing based on newspaper reports. He was told that the current plan remains in effect until another plan is developed. Nur Erencuc said an internal audit of the Budget process is in

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the planning stage and that a follow-up will be performed on the CLAS budget process once their plan is implemented.

- 2) Quarterly follow-up results had been distributed and were reviewed. Nur Erenguc clarified that follow-up has ceased on the auditor general's A-133 audit because it will be a comment on the next federal audit.
  - 3) Compliance Hotline Update – A purchase order has been issued to the selected vendor, The Network with the implementation target of December 15 and a January 1, 2007 go-live date. A communications package, including web site development, is being developed in-house. OACR will be provided quarterly reports by the vendor. Mr. Warrington asked that the committee be informed about major issues.
  - 4) Internal Control Training – Nur Erenguc said the Human Resources Office is offering a certification in fiscal management and as part of that training OACR and the Controller's office are partnering to provide training on internal controls. Checklists that can be used by individual campus units had been compiled as well. Approximately 100 people are registered for the December class and classes will be offered in January and March. Chairman Merkel said this would strengthen UF's internal controls.
  - 5) Chairman Merkel and Nur Erenguc both attended a Board of Governor's audit committee full day workshop in Orlando November 29. Representatives from the Board, the Auditor General's office and each of the eleven universities were present as well as some of the university trustees. The workshop focused on how BOG and the universities can enhance working relationships.
  - 6) Chairman Merkel noted that the Auditor General's financial statement audit may potentially be delayed due to legislatively required audits and personnel issues impacting the Office of Auditor General. Trustees Brown and Warrington commented that to exercise effective financial oversight, the BOT audit committee should insist on obtaining timely financial audits and if the Auditor General's resources prohibit them to provide this, the audit committee should evaluate alternative sourcing options. Trustee Merkel noted she would contact the Auditor General's office to discuss the timing issue. Trustee Brown stated that he is used to having the external auditors attend all audit committee meetings and asked if members from the Office of Auditor General, as external auditors of the University of Florida, would attend every audit committee meeting.
  - 7) The IRS review of the UF Foundation has concluded but there is still a review of UFRF and UAA ongoing.
- The Chairman reported that she had reviewed the investigations log and had nothing to bring to the attention of the committee.

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- Marc Hoyt, Interim CIO and Vice Provost gave a presentation on Information Technology Security at UF. He said a privacy web site is being developed that will be a portal to all areas of campus. Susan Blair, Privacy Officer, contributed to the discussion.
- Environmental Health & Safety Director Bill Properzio briefly discussed plutonium. The committee had no other questions.

The meeting was adjourned at 4:10 p.m.