

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, September 13, 2007, in Emerson Alumni Hall.

Trustee Members Present: Carlos Alfonso
Courtney Cunningham
Roland Daniels
Joelen Merkel, Chair
Al Warrington

Chairman Merkel called the Audit Committee to order at 4 p.m. She welcomed former audit committee member Roland Daniels and new committee members Carlos Alfonso and Earl Powell and thanked former member David Brown for his many contributions.

- Minutes of the June 14 meeting were approved.
- Phil Ciano, Audit Supervisor for the Auditor General's Gainesville office, reported that the Operational audit ending June 30, 2007 is nearing completion. The financial audit for the period ending June 30, 2007 is on schedule. Regarding the Federal awards audit for the 2006-07 fiscal year, the audit of the Student Financial Aid programs has been completed; they are currently in the process of auditing the Research and Development programs. When asked if the AG had any findings to report to the committee on the operational audit at this point, he said he did not, but that he would be meeting with the Vice President for Business Affairs and University Controller to discuss certain issues.
- Office of Audit & Compliance Review:
 - 1) Internal Audits – Contracts and Grants Accounting, Purchasing Card, University Budgeting and Temporary Employment audit reports were discussed. Trustee Warrington noted that strong monitoring of purchasing cards is essential and requested that a purchasing card audit be conducted more than bi-annually as currently scheduled. Nur Erenguc said that the purchasing card audit scheduled for 2008-2009 would be moved up.
 - 2) The quarterly follow-up report for the 4th quarter included six items where follow-up had ceased. When asked if she was satisfied with the responsiveness of management, Ms. Erenguc said she felt the delays were reasonable.
 - 3) Highlights of the 2006-2007 annual report were presented to the committee. Chief Audit Executive Erenguc discussed personnel resources, projects completed and other activities initiated by OACR for the year including a quality assurance external review of the office, the implementation of a compliance hotline for the university, internal control training for employees, and the development of the control assessment tool (CAT).
 - 4) Construction audit update – Audit Manager Joe Cannella discussed the construction audit, including the selection of RSM McGladrey as the auditing firm to conduct an audit

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of certain construction projects. The audit should be completed by March 2008. Ms. Erenguc noted that salary savings were used to engage the construction auditors.

- The white paper gap analysis of best practices for state university audit committees and internal audit offices was discussed. The exceptions to recommended best practices as they apply to UF include the need to revise the audit committee charter to remove ethics oversight as that is under the purview of the BOT Governance Committee. The process in which the audit committee communicates with management regarding internal controls and potential conflicts requires further review.
- Senior Auditor and Advisory Services Manager Marilyn Velez gave a report on the CSA validation currently being conducted by OACR. The validation process heightens awareness of internal controls in the units and provides opportunities to strengthen internal controls. A report will be issued on the findings.
- Environmental Health & Safety Director Bill Properzio said that he had planned to discuss the emergency communications plan but a presentation already had been made to the Finance and Facilities committee.

The meeting was adjourned at 5 p.m.