

# *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 12, 2008, in Emerson Alumni Hall.

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

Chairman Merkel called the Audit Committee to order at 3:50 p.m. The chairman noted that Chief Audit Executive Nur Erenguc is out of the country on a family medical leave of absence. She asked that the committee keep Nur and her family in their thoughts and prayers. Audit Director Brian Mikell was representing the Office of Audit & Compliance Review in her absence.

- Minutes of the March 13 meeting were approved.
- Phil Ciano, field supervisor for the Auditor General's Gainesville office, discussed personnel changes within the Auditor General's office and the criteria for reporting financial and federal audit findings and materiality thresholds. He said that the UF financial statement and federal audits for the fiscal year ended June 30, 2008 were in the final preliminary stage. The financial audit is scheduled for release in January 2009 with any finding reported to the university by mid-November. The federal audits (Student Financial Aid and Research & Development) are due for release in March 2009. The Chairman expressed her appreciation for the timely release of these audits.
- Office of Audit & Compliance Review:
  - Brian said the Purchasing Card audit report was postponed for discussion until the September meeting.
  - Division of Continuing Education, UF Foundation Restricted Gifts, Gator Boosters, Construction and the Internal Controls audit reports were issued since the last meeting and copies had been sent to the committee.
  - The Internal Audit of the Facilities Planning and Construction Division was outsourced to the auditing firm of RSM McGladrey, who has expertise in construction audits. The primary purpose of the audit was to assess the design adequacy of the internal control structure in place at the Division for the construction of major projects, those with an initial construction budget that exceeds \$1 million. The audit approach focused on determining whether proper controls exist and whether such controls are appropriate for mitigating inherent risks. Key controls were evaluated in the following processes:
    - Budget and project set-up,

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- Contractor selection and evaluation,
- Estimating and guaranteed maximum price development,
- Payment applications,
- Change orders,
- Project monitoring and communciation, and
- Project reconciliation

The audit also included a review of contractor compliance. Although the audit resulted in several recommendations to strengthen the internal control structure, the overall audit was rated satisfactory, meaning no significant deficiencies exist, controls are considered adequate and findings were not significant to the overall process.

- The Internal Controls audit report was the result of the validation of the Control Self Assessment responses from 50 of the 239 departments responding to the CSA survey sent last year. The overall results of the review concluded that controls were in place but were not always being followed which resulted in a conclusion of “needs improvement.” When asked how OACR would address the need to strengthen internal controls, Brian mentioned that the units validated had received individual letters with suggestions for improvements and that the Control Self Assessment Tool is permanently on the OACR web site for use by departments. OACR will work with management to develop strategies for on-going internal control monitoring.
  - Brian mentioned that follow-up had ceased on three prior audit comments.
- Environmental Health & Safety – Dr. Properzio updated the committee on emergency planning and communication. He said he would be giving a full report to the entire Board at the June 13 meeting. He mentioned that in addition to the current methods of communication, plans were to add an IP speaker phone in classrooms, funded by Student Government and the President. He said UF has applied for a \$.5M US Department of Education grant to enhance emergency planning. Trustee Daniels said the trustees should be notified in the event of an emergency communication.
  - Senior Vice President Kyle Cavanaugh said that a committee is being formed to expand on an enterprise-wide compliance and risk framework initiative begun last year.
  - Trustee Warrington asked to receive the summary of DSO audits and financial information compiled by Business Affairs in hard copy.

The meeting was adjourned at 4:40 p.m.