

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 16, 2009, in Emerson Alumni Hall.

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

Chairman Merkel called the Audit Committee to order at 12:45 p.m.

- Minutes of the December 8, 2008 meeting were approved.

Action Agenda Items:

- The financial audit for the fiscal year ended 6/30/08 was accepted by the committee and recommended for acceptance by the board. It was noted that the audit had no findings to report for the audit period. Discussion centered on the reduction in net assets at a university affiliated organization and the reported unrestricted net asset fund balance at June 30. CFO Matt Fajack will provide the committee with updates on the affiliated organization. Chair Merkel asked Mike McKee, University Controller, to address the June 30 reported unrestricted net asset fund balance of \$80 million. Controller McKee indicated that although reported as unrestricted pursuant to accounting principles, this amount is in fact substantially committed for a number of different purposes including continuing education, housing repair and maintenance which was to be done over the summer, student government activities fees and summer student fees.
- The identity theft prevention program was approved by the audit committee and recommended for approval by the board. The identity theft program as it applies to UF was developed by committee and requires board approval for its adoption by May 1. Susan Blair, UF's chief privacy officer and head of the office responsible for implementing and supporting the program, made a presentation stating that the guidelines from the Federal Trade Commission, the "red flag rules," were aimed at detecting, preventing and mitigating identity theft. She said that the program formalizes programs already existing at UF although, due to UF's data environment, identity theft prevention presents an ongoing challenge as evidenced by recent security breaches.

Discussion/Informational Agenda Items:

Chairman Merkel introduced Brian Mikell as the new Chief Audit Executive. She said she had been involved in the interview process and fully supported Brian's selection as CAE.

- Brian presented the four internal audits issued since the last meeting: Bank Reconciliations, UF Foundation Restricted Gifts, University Athletic Association Sport Camps and Clinics and Student Health Care Center.

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- Brian discussed the quarterly follow-up for the period ending December 31, noting that actions plans previously reported as “significant” had been implemented.
- Brian discussed the 2008-2009 audit work plan revisions. Some projects were postponed due to the addition of reviews requested by management, unfilled auditor positions and an increase in hours spent on projects. He said postponed projects would be considered first in next annual audit plan. He mentioned that the annual PCard audit is scheduled to begin soon and the PCard audit will continue to be scheduled on an annual basis in response to the committee’s ongoing concern with PCard monitoring. The Chairman said that the work plan should be flexible to respond to changing risks and requests from management.
- Phil Ciano of the Auditor General’s office said the statewide audit of Federal awards was recently issued with one comment applicable to UF and no repeat findings. The statewide Student Financial Assistance and Research and Development audits are scheduled for release with no findings for UF. The Bright Futures audit is on schedule to be issued in March and no findings at UF are anticipated. The 2008-2009 operational audit of UF is underway but will be reduced in scope from prior years due to staffing issues. Phil introduced Renae Prevatt who will perform UF’s financial audit for the year ending June 30, 2009. The Chairman thanked Mr. Ciano for the timely release of the financial audit. He responded positively to her question regarding the internal control environment at UF and acknowledged that his office gets good cooperation from UF management.
- Chairman Merkel said that she had reviewed the investigations complaint log prior to the audit committee meeting and had nothing to report.
- Brian said that the Board of Governor’s audit committee approved an audit committee charter to be ratified by the Board of Governors at their March meeting. The charter for the BOG Inspector General’s office will be developed with input from the state university internal audit executives and general counsels. Chairman Merkel noted that the University of Florida had taken the lead in working with the other state universities and the BOG in developing a charter that was acceptable to all parties and has drafted the Inspector General’s office charter.
- The summary for the DSO audits contained the addition of the Law Center Association financial statement audit.

The meeting was adjourned at 1:45 p.m.