

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, December 9, 2010, in Emerson Alumni Hall.

Trustee Members Present: Al Warrington, Chair
Ashton Charles
Mary Ann Ferguson
Cynthia O'Connell

Chair Warrington called the meeting of the Committee on Audit and Operations Review to order at 12:43 pm.

- Minutes from the June 10, 2010 audit committee meeting were presented and approved.
- There were no action agenda items for consideration by the committee.
- Phil Ciano of the Auditor General's Office was unable to attend but had provided an update on external audit activities via email. CAE Brian Mikell shared Phil's update with the committee:
 - **UF Financial Statement Audit for 2009-2010:** The goal is to issue the UF Financial audit at the end of January, 2011; however, due to staffing issues, that date will be close.
 - **UF Federal Audit for 2009-2010:** Audit fieldwork has been completed and an exit conference was held on Monday, December 6. The preliminary and tentative audit findings were released soon thereafter. The preliminary and tentative audit findings are not distributed to members of the board of trustees or audit committee. The audit findings and recommendations are emailed to the University Controller.
 - **UF Bright Futures for 2009-2010:** Just beginning, report issue date unknown.
 - **UF Operational audit for 2010-2011** will begin in January.
- Chief Audit Executive Brian Mikell and Audit Director Joe Cannella presented nine internal audit project reports that had been issued since the last Board meeting. The reports were: IFAS Gulf Coast Research and Education Center; IFAS Southwest FL Research and Education Center; J. Wayne Reitz Student Union; Purchasing Card Program (CY 2009); Athletic Association Ticket Office; Foundation Restricted Gifts (CY 2009); Foundation Information Technology General Controls; Athletic Association Purchasing and Disbursements; and PCI Data Security Standard Compliance – Affiliated Organizations. The reports and summaries had been previously provided for detailed review. Each audit project was summarized and questions from the committee were answered.

For the audit of the J. Wayne Reitz Student Union, Chair Warrington requested that more detailed information regarding maintenance costs, including deferred costs and possible

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sources of revenue and funding be identified and communicated to the committee. Brian and Joe also reported on the follow-up status of previously issued internal and other audits.

- Brian presented proposed mid-year changes to the Office of Audit and Compliance Review's 2010-2011 annual audit work plan. Changes were minor and consisted only of two projects that were added to address newly identified risks. After some questions and discussion, the committee authorized the proposed revisions to the audit work plan.
- The committee considered information provided by Business Affairs relating to audits of university affiliated organizations. The university has 26 affiliated organizations, with the majority having FYE's of June 30. Required audit reports for all but one of the organizations with FYE of June 30 have been completed and were included in the report. Brian discussed repeat comments from the prior year. Brian and Joe reminded the committee that the Office of Audit and Compliance Review would continue to follow-up on repeat comments noted in the audit reports. At the request of Chair Warrington, Brian also explained the reason for a large decrease in the assets of the Florida 4-H Club Foundation, Inc.
- Chair Warrington reported that he has reviewed the status of the investigations log maintained by the Office of Audit and Compliance Review. The Chair reported that the investigations were being appropriately reviewed and commended the auditors for their efforts to ensure that all allegations are fully investigated and resolved.
- CFO Matt Fajack provided an update on other external audits that were in process:
 - **US Dept of Health and Human Services** – The scope of this audit was contracts and grants financial and accounting compliance. The audit was postponed in August, 2010, with no information as to when it would resume or be completed. The CFO discussed the following proactive measures that the university has taken to address potential findings of this audit:
 - a. A task force was created to identify ways to strengthen financial compliance systems including effort reporting, cost sharing and cost transfers.
 - b. A new cost transfer policy was implemented on July 1, 2010. This policy centralized the approval and required documentation of all cost transfers related to grants.
 - c. The university has recently purchased a new time and effort reporting system from CedarCrestone and are working on a timetable for implementation. The system will include faculty assignment information as well as after-the-fact time and effort reporting.
 - d. Monitoring of cost sharing requirements will be tied into the time and effort reporting system.

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- **Internal Revenue Service** – The scope of this audit is unrelated business income and deferred compensation. This audit is ongoing and there is also no information as to when it will be completed.

The audit and operations review committee adjourned at 1:37 p.m.