

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 10, 2010, in Emerson Alumni Hall.

Trustee Members Present: Al Warrington, Chair
Ashton Charles
Marshall Criser, III
Roland Daniels
Mary Ann Ferguson
Cynthia O'Connell

Chair Warrington called the meeting of the Committee on Audit and Operations Review to order at 12:50 pm. He welcomed the new trustees to the audit committee: faculty representative, Faculty Senate Chair Mary Ann Ferguson and student body representative, Student Body President Ashton Charles.

- Minutes from the March 15, 2010 audit committee meeting were presented and approved.
- Phil Ciano of the Auditor General's Office provided an update on external audit activities.
 - Phil reported that the federal awards audit for the FYE June 30, 2009 was released in late March. This audit report is issued on a statewide basis, including UF as an entity of the state.
 - Phil also discussed the annual audit of the Bright Futures scholarship program for the FYE June 30, 2009. Fieldwork on this statewide audit has been completed and preliminary findings have been delivered. There are no audit findings relating to the University of Florida.
 - Phil also indicated that the next audit cycle has already begun. The Auditor General delivered an engagement letter in February covering the Financial, Federal Awards, and Bright Futures audits for the 2009-2010 fiscal years. The Federal audit will include a new major program for the American Recovery and Reinvestment Act (ARRA). The target completion dates are January 2011 for the financial, and March 2011 for the federal awards audit.
- Chief Audit Executive Brian Mikell and Audit Director Joe Cannella presented three internal audit reports that had been issued since the last Board meeting. The reports were: Contracts and Grants Billing and Reporting; Cost Sharing; and Check Processing and Disbursements. The reports and summaries had been previously provided for detailed review. Each audit report was summarized and opened to questions from the committee. Brian and Joe also reported on the follow-up status of previously issued internal and other audits.

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- CFO Matt Fajack made a presentation to the committee relative to the university's commitment to compliance with federal research regulations. Key points in the presentation included:
 - 1) Research has grown 70% since 1999.
 - 2) Internal auditors, external auditors, and federal auditors have noted issues with our control system ensuring compliance with federal regulations.
 - 3) A task force has been created to identify ways to strengthen compliance systems including effort reporting, cost sharing and cost transfers.
 - 4) New mandatory training programs are being developed for administering contracts and grants.
 - 5) A new policy requiring central approval for all cost transfers will be effective July 1.
 - 6) Enhancements are being made to Principal Investigator (PI) reports.Questions and discussion followed Matt's presentation.
- The committee considered information provided by Business Affairs relating to audits of university affiliated organizations, noting that the only addition since the last committee meeting was the audit report of the Leadership and Education Foundation, Inc.

Action Agenda Item:

Endorsement of the Office of Audit and Compliance Review 2010-2013 audit work plan

The Office of Audit and Compliance Review establishes its audit coverage with audit work plans that cover three fiscal years. July 2010 to June 2013 reflects the next three year audit period. The audit work plans are prepared with the objective of addressing, with available resources, the key functions, activities and units of the university for the purpose of evaluating and improving the effectiveness of its risk management, internal controls and governance processes. Audit work plans are revised annually in response to changing priorities, conditions, or audit resources.

- Chief Audit Executive Brian Mikell presented the 2010-2013 draft audit work plan and after some discussion and questions, the committee approved the audit work plan as presented. Brian noted that the audit work plan is adjusted every six months to address changing risks or conditions. It was also noted that he will add a review of Major Construction to the audit work plan as a follow-up to a prior audit of construction.
- Chair Warrington reported that he has reviewed the status of the investigations log. The Chair reported that the investigations were being appropriately reviewed.
- Chair Warrington referred to a resolution, provided to the audit committee, honoring long-time Audit Committee Chair, Joelen Merkel. The audit committee approved the resolution. A copy of the resolution will be included with the minutes of the committee and will be presented to Ms. Merkel as a token of the Audit Committee's appreciation and thanks.

The audit and operations review committee adjourned at 2:10 p.m.



**THE UNIVERSITY OF FLORIDA
BOARD OF TRUSTEES
COMMITTEE ON AUDIT AND OPERATIONS
REVIEW
RESOLUTION**

WHEREAS, The Honorable Joelen Merkel has served as an inaugural member of The University of Florida Board of Trustees and the Audit Committee from July 1, 2001, through December 31, 2009, and

WHEREAS, Mrs. Merkel, through her distinguished career as a CPA and executive with a major public company in Florida, was eminently qualified to lead the Audit Committee, and

WHEREAS, Mrs. Merkel brought to the Audit Committee her strong commitment to The University of Florida through her service, and

WHEREAS, Mrs. Merkel's leadership and influence in the State of Florida benefited the University of Florida, and

WHEREAS, Mrs. Merkel's leadership and influence through service on Board of Governors projects benefitted other state universities, and

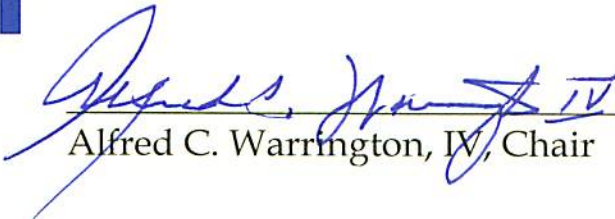
WHEREAS, Mrs. Merkel promoted the important value of respect, civility and collegiality among fellow Board members, the administration, faculty and students, and

WHEREAS, Mrs. Merkel brought her independent judgment, knowledge, ideas and considerable wisdom to her role as Chair to the Committee on Audit and Operations Review, discharged her duties faithfully and effectively, and

WHEREAS, Mrs. Merkel completed her term of office on January 6, 2010.

NOW, THEREFORE, BE IT RESOLVED that The University of Florida Board of Trustees Committee on Audit and Operations Review, at its regular meeting this 10th day of June 2010, does hereby recognize and commend Joelen Merkel for her contributions to The University of Florida Board of Trustees Committee on Audit and Operations Review, and

BE IT FURTHER RESOLVED that this resolution be included in the minutes of this meeting, and a copy presented to Joelen Merkel as a token of the Audit Committee's appreciation and thanks.



Alfred C. Warrington, IV, Chair