

University of Florida Board of Trustees
Committee on Audit and Operations Review
December 6, 2012 Minutes

A meeting of the Committee on Audit and Operations Review was held on Thursday, December 6, 2012, in Emerson Alumni Hall.

Trustee Members Present: Charles Edwards (Acting Chair)
Juliet Roulhac
Cheri Brodeur
Alan Levine
Chris Corr
T J Villamil

Trustee Member Absent: Al Warrington (Chair)

Acting Chair Edwards called the meeting of the Committee on Audit and Operations Review to order at 12:35pm. He explained that he was filling in for Committee Chair Warrington who was absent only because of travel complications.

- Acting Chair Edwards called for a motion to approve the September 21, 2012 audit committee meeting minutes. Trustee Villamil made a motion to approve the minutes and Trustee Roulhac seconded the motion. Acting Chair Edwards asked if there was any discussion, and hearing none, he called for a vote. The audit committee minutes from September 21, 2012 were unanimously approved.

Action Agenda Item:

Acceptance of the University of Florida's Operational Audit report for the FYE June 30, 2012

In October, 2012, the State of Florida Auditor General released the operational audit report of the University of Florida for the fiscal year ended June 30, 2012. The objectives of this operational audit were to: (1) obtain an understanding and make overall judgments as to whether University internal controls promoted and encouraged compliance with applicable laws, rules, regulations, contracts, and grant agreements; the economic and efficient operation of the University; the reliability of records and reports; and the safeguarding of assets; (2) evaluate management's performance in these areas; and (3) determine whether the university had taken corrective actions for findings included in the prior operational audit report. University management has responded to all audit comments and detailed the actions taken or provided a plan of action to address the audit recommendations. University responses to the audit comments are included in the audit report.

The committee reviewed the operational audit report and accepted the audit report as presented, including the planned actions to address the audit recommendations. Trustee Roulhac made a motion to approve and Trustee Brodeur seconded the motion. With no discussion desired, the Committee voted unanimously in favor and the report was approved and accepted.

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Discussion/Informational Agenda Items:

- Phil Ciano, of the Auditor General's Office, stated that operational audits of the university are required to be performed at least once every three years. He stated that the Auditor General had determined that the next operational audit of the University of Florida will be performed for the fiscal year ending June 30, 2013, and preliminary work will begin in February 2013. Phil also stated that the following three audits are scheduled to be completed for the 2012-2013 fiscal year: Operational, Financial and Federal. An audit of the Bright Futures program is scheduled and will cover the period July 1, 2011 through June 30, 2013.

Phil also provided an update on current external audit activities:

- **UF Financial Statement Audit for the 2011-2012 fiscal year:** This audit is currently in process and the Auditor General expects to complete the financial audit before the Christmas break.
 - **UF Federal Audit for the 2011-2012 fiscal year:** Phil explained that the audit of the university is part of a statewide audit and is conducted according to OMB Circular A-133. The audit will cover both the Student Financial Aid and the Research and Development major program clusters. The audit must be completed and released by March 31, 2013, and is expected to be released in Mid-March.
- Brian Mikell, Chief Audit Executive, Office of Internal Audit (OIA) provided an update on internal audit activities:
 - The six internal audit projects that had been issued since the last Board meeting were presented: Purchasing Card Program (CY 2011), Foundation Restricted Gifts (CY 2011), Foundation Annuities, Trusts and Stock Gifts, IFAS Tropical Research and Education Center, Asset Management (outsourced to McGladrey); and University of Florida Internal Controls. The reports and summaries had been previously provided for detailed review. Each audit project was summarized and questions from the committee were answered.
 - The follow-up status of previously issued internal and other audits was presented.
 - Mid-year revisions to the internal audit work plan for the 2012-2013 fiscal year were presented. The process of developing the internal audit work plan was briefly discussed, as well as the individual proposed projects and reasons for the mid-year changes to the plan. Questions from the committee were answered. Trustee Brodeur made a motion to approve the midyear audit work plan changes as proposed and the Trustee Roulhac seconded the motion. With no desire for discussion, the Committee agreed unanimously to approve the proposed changes to the work plan for the remainder of the 2012-2013 fiscal year.

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Brian provided the committee with updated information relating to audits of university affiliated organizations. Most of the reports had a fiscal year-end of June 30. The only report not included in the information was for the University of Florida Leadership and Education Foundation, as this entity has a fiscal year-end of December 31. Included in the materials were summarized copies of internal control comments from the various audit reports. The schedules, and questions from the committee, were discussed.

Brian presented proposed revisions to the charters for the OIA and the Audit and Operations Review Committee. The majority of the changes were reflecting office name and title changes. Questions from the committee were answered and the committee approved the changes to both charters. The Audit and Operations Review Committee Charter is required to be approved by the full Board of Trustees, and will be presented for approval at the next meeting.

Brian made an informational presentation on the investigative process used by the OIA. The presentation detailed the process from intake to report issuance, including the referral of complaints/allegations to other university entities as appropriate. Questions from the committee were addressed.

- Acting Chair Edwards reported that he had reviewed the status of investigations conducted by the OIA. These activities include items that have been received on the Compliance Hotline. The OIA either reviews or ensures that allegations are referred to other appropriate university offices such as Human Resources. The Acting Chair reported that he is satisfied the investigations are being appropriately conducted and reviewed.

The Committee on Audit and Operations Review adjourned at 1:55 pm.