

University of Florida Board of Trustees
Committee on Audit and Operations Review
March 21, 2013 Minutes

1. Call to Order

After a quorum was confirmed with all members present (Trustee Roulhac joined via teleconference), the meeting was called to order at 12:35.

2. Review and Approval of Minutes

Trustee Edwards called for a motion to approve the December 6, 2012 Committee meeting minutes. Trustee Villamil moved to accept the minutes as presented; Trustee Brodeur seconded the motion. With no further discussion desired, the minutes were approved unanimously.

3. Action Agenda Items

AO1: University of Florida Annual Financial Report 2011-2012

The Committee was asked to accept the annual financial report of the University of Florida, for fiscal year ended June 30, 2012. On December 19, 2012 the University published its Annual Financial Report, which included the previously issued Auditor General's audit report. After minor discussion by the Committee, Trustee Brodeur moved that the Committee accept the University's Annual Financial Report. Trustee Villamil seconded the motion. With no further discussion desired, the Committee voted unanimously in favor of the University of Florida Annual Financial Report 2011-12.

A02: Committee on Audit and Operations Review Charter, Amended December 6, 2012

Changes to the Committee's current charter, originally adopted in 2003, must be approved by the full Committee, the Governance Committee and the Board of Trustees, and must be periodically reviewed. At the December 6, 2012 meeting of the Audit and Operations Review committee, suggested minor clarifying and title revisions to the charter and the Committee reached a consensus in support of the changes. Both the Audit and Operations Review and Governance Committees were asked to accept and approve the amended Audit and Operations Review Committee charter for recommendation to the full Board on its Consent Agenda. Trustee Roulhac moved that the Committee accept and approve the charter as presented. Trustee Villamil seconded the motion. With no further discussion desired, the Committee voted unanimously in favor of the Committee on Audit and Operations Review Charter, Amended December 6, 2012.

4. Discussion/Informational Items

4.1 Office of Auditor General – Update on External Audits

Phil Ciano of the Auditor General's Office appeared before the committee to provide an update on external audit activities:

University of Florida Board of Trustees
Committee on Audit and Operations Review
March 21, 2013 Minutes

- Federal Compliance Audit for the 2011-2012 Fiscal Year: The federal audit is chapter of a statewide audit conducted by the Auditor General's Office in accordance with OMB Circular A-133. This report will be issued next week.
- Financial Statement Audit for the 2012-2013 Fiscal Year: This audit is currently in process (interim work) and the Auditor General expects to complete the financial audit by mid-December, 2013.
- Federal Audit for the 2012-2013 Fiscal Year: Phil explained again that the audit of the university is a segment 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, 2014.
- Operational Audit for the 2012-2013 Fiscal Year: This limited scope audit is in progress, with an expected completion and report release date in late August, 2013.
- Bright Futures Program Audit: This audit will cover two (2) Fiscal Years, 2011-2012 and 2012-2013. It is also a segment of a statewide audit with an expected completion and report release date in March 2014.

4.2 Office of Internal Audit (OIA) – Audits and Other Reviews

Chief Audit Executive Brian Mikell and Audit Director Joe Cannella of the Office of Internal Audit (OIA) presented three (3) internal audit projects that had been issued since the last Committee meeting. The projects presented were:

- 1) University Athletic Association Aviation
- 2) University Athletic Association Sports Camps
- 3) Student Conduct Process

The reports and summaries had been previously provided to the Committee for detailed review. Each audit project was briefly discussed and questions from the Committee were answered.

4.3 OIA – Quarterly Follow-up

Mr. Mikell and Mr. Cannella reported on the follow-up status of comments and action plans from previously issued internal and other audits.

4.4 OIA – Discussion of Audit Risk Assessment Process & Development of Audit Work Plan

Next they made a PowerPoint presentation on the OIA's audit risk assessment process which is currently in progress. A detailed audit risk assessment is performed every three years, resulting in a proposed three-year audit work plan. The proposed work plan will be presented to the Audit and Operations Review Committee in June for approval. The plan will be updated with the Committee every six months during the three-year period. The presentation generated many questions from the Committee which were answered by the OIA staff.

University of Florida Board of Trustees
Committee on Audit and Operations Review
March 21, 2013 Minutes

4.5 Chief Financial Officer – Audits of Support Organizations

The Committee was provided information relating to audits of university affiliated organizations. This information was compiled by the general accounting and financial reporting department of the Office of the Controller. Most of the affiliates have a Fiscal Year-end of June 30 and their reports were included in the schedule presented at the December meeting. It was noted that the only 2012 report not included in the presented information was the University of Florida Leadership and Education Foundation. This entity has a Fiscal Year-end of December 31 and the audit report has not been completed for the Fiscal Year Ending 12-31-2012.

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.

Other Items

Chair Edwards reported that he had reviewed the status of investigations conducted by the Office of Internal Audit. These activities include items that had 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. Trustee Edwards reported that he is satisfied the investigations are being appropriately conducted and reviewed.

5. The Committee meeting was adjourned at 1:35 p.m.