

# *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, September 7, 2006, in Room 201, Emerson Alumni Hall.

Trustee Members Present: Joelen Merkel, Chair  
David Brown  
Courtney Cunningham  
Al Warrington

Chairman Merkel called the Audit Committee to order at 2:40 p.m. She welcomed guests Assistant Controller Linda Orfield and Lieutenant Andy Rogers, participants of Finance and Administration Academy.

- Minutes of June 15, 2006 meeting were approved.
- VP Barrett gave a Bridges update. He provided a one page handout and briefly discussed the following:
  - 1) Bridges has made improvements on reporting at the department level. Phase Four, targeted for implementation at the end of the fiscal year, will provide information to departments which will allow for improved analytical analysis.
  - 2) Contracts & Grants is reducing “on account balance.” Balance has been reduced from 480 projects and \$409 million dollars to \$13 million dollars. The balance should be in the \$4 million dollar range. This project is substantially complete.
  - 3) The negative balance project has been communicated to departments and large negative numbers have been resolved. This project is complete.
  - 4) Contracts & Grants data clean up project is ongoing. Approximately 23,500 grants, 12,000 of which are active, require data clean-up. C&G is billing new contracts through PeopleSoft. This project is expected to continue for 8-12 months.
  - 5) The three Contract & Grant offices are working well together for the grant reintegration process.

The Committee discussed operating costs in comparison to budgeted amounts and the status of the student module. Dr. Barrett mentioned that the committee is analyzing the cost benefit of accelerating Contracts & Grants data clean up by expending more on additional resources.

- Office of Audit & Compliance Review update was provided by Chief Audit Executive, Nur Erenguc and Audit Director, Brian Mikell. The following were discussed:
  - 1) Completed internal audits and other reviews had been distributed and were reviewed.

Regarding the Effort Reporting audit, Chairman Merkel said she expected that OACR follow up procedures would focus on getting the action plans implemented so contract &

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grants funding is not questioned. Nur responded that short term actions will be important, but the system requires long-term structural change.

Chairman Merkel reported to the Committee that she requested OACR to review the College of Liberal Arts and Sciences budget process and related internal controls and assist with a presentation at the August Board of Governors Audit Committee meeting. OACR's review letter, which was not finalized as of the meeting date, will include action items addressing education, monitoring, and communication.

- 2) Quarterly follow-up results had been distributed and were reviewed. Nur mentioned that the current quarter implementation percentage was lower than before and there were four items for which follow up stopped. These items primarily related to Information Technology issues for which other priorities and resource commitments took precedence.
  - 3) Nur reviewed the 2006-2007 OACR Annual Report highlights and mentioned the report would be issued by September 30, 2006. Nur discussed the operational results.
  - 4) Trustee Warrington questioned the University of Florida level of capital losses, estimated to be \$5 to \$6 million. Nur responded that the annual physical inventory of assets is a strong control and acknowledged that this is a relevant audit subject.
  - 5) Nur discussed the 2006-2007 work plan, noting that the plan is aggressive and dependant on staffing at planned capacity.
  - 6) Nur reviewed the Quality Assurance Review process, providing a handout. The Audit Committee will receive a report when the review, scheduled to begin late January 2007, is complete.
  - 7) The committee approved the revised Internal Audit Charter.
- Nur provided an update on the Sarbanes-Oxley Committee hotline vendor selection. That committee reviewed presentations by three vendors and will make a recommendation to the President once the General Counsel reviews the vendor contract. The goal is to have a hotline in place by January 1, 2007.
  - Dr. Bill Properzio, Director for Environmental Health and Safety, gave a report on research safety issues. He mentioned that UF has approximately 2,700 labs - which doubled in the last 10 years. He discussed the basic issues and requirements for select agents and radiators. Discussion centered on items subject to regulations, requirements, and the fact that UF has been preliminary reviewed with no findings. UF now requires Federal background checks for lab employees.

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He also discussed the Nuclear Training Power Plant. The Federal government has funded the refueling of the reactors with low enriched fuel, a less dangerous fuel. The old highly enriched fuel has been removed off campus and he expects new fuel to be delivered so the facility will be functional in approximately one month. Dr. Properzio noted that the federal government absorbed the associated costs of the refueling of approximately one million dollars and noted that UF received a \$50,000 grant to update security measures.

- The Chairman reported that she had reviewed the investigations log and had nothing to bring to the attention of the committee.

The meeting was adjourned at 3:40 p.m.