

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, March 29, 2007, 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 1:35 p.m. She thanked Auditor General Representative Phil Ciano for attending and recognized Senior Audit Manager Carole Silverman for her 16 years services to Audit & Compliance Review. She is retiring March 31.

- Minutes of the November 30, 2006 meeting were approved.
- Audits of Support Organizations (Consent Agenda Item)
The Committee recommended approval of the audited financial statements to the Board.
Vice President Poppell noted that the audited self-insurance plan is limited to medical malpractice. Trustee Brown suggested that it would be appropriate for the Finance committee to review overall insurance coverage for the University.
- Office of Audit & Compliance Review:
 - 1) Quality Assurance review report – Steve Jung, chairman of the review team and Stanford University’s Executive Director of Internal audit and Institutional Compliance was interviewed by conference call. The chairman thanked him and the committee for the report and asked if he had additional comments. He said the University of Florida internal auditing office was well-conceived, adds value to management, is in compliance with standards of the Institute of Internal Auditors and the review was voluntary as there is no legal mandate to follow the standards by conducting a review. When asked, he had nothing to add to the report but reiterated the findings that OACR is short on experienced managers and needs to fill the open positions, the recommendation that OACR initiate an enterprise wide risk assessment and that the audit committee review the compensation package for the Chief Audit Executive. The chairman said all of those items will be addressed. Trustee Warrington commented that the conclusions validated the OACR’s effective contribution to the University and the outstanding professionalism and high standards of the Chief Audit Executive, Nur Erenguc, and her staff.
 - 2) There were no comments or questions about the reports issued during the quarter or quarterly follow-up statistics.
 - 3) Nur Erenguc reported on the compliance hotline, noting that the hotline was implemented in January, had been tested and that policies and procedures had been developed and distributed. The communications plan is still being rolled out. So far, the hotline has received one complaint. The chairman noted that the typo in the brochure distributed with the board materials has been corrected.

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- 4) As recommended by the QA team, an Enterprise Risk Assessment, utilizing the involvement of deans and department chairs in the identification and assessment of risks and controls, will be initiated and aligned with the next three year audit work plan.
- The Chief Audit Executive (CAE) provided an update on SAS 112 regarding new terminology in communicating internal control weaknesses.
 - The CAE reported on a white paper she presented to the Board of Governors on behalf of the State University Auditing Consortium (SUAC) addressing the recommended best practices for state university audit committees and internal audit functions. UF practices and structure will be compared to those outlined to identify improvement opportunities.
 - Phil Ciano, field supervisor for the Auditor General, stated that he or a representative will attend future audit committee meetings. He also said that a plan has been developed to have the audited financial statements completed earlier next year. He again noted that he is available anytime if the audit committee has any concerns. This year the AG will perform the operational audit of UF as well as the financial, Bright Futures, and Federal A-133 audits. He said that his office has an ongoing working relationship with OACR and assured the committee that any irregularities would be communicated promptly to OACR and/or the Audit Committee Chair. The Chairman thanked him for his responsiveness in improving the timing of the financial statement audit.
 - Financial Statement Audit Report (Consent Agenda Item)
The Committee recommended approval of the audited financial statements to the Board.
The chairman commended the attractiveness of the university's financial report. VP Poppell noted that the report, produced by News and Public Affairs, is used as a public relations tool.
 - Environmental Health & Safety did not present a report. However, VP Poppell gave an update on the landfill litigation, stating that an agreement has been reached with a developer who will cleanse the land prior to developing it for commercial use.
 - Trustee Brown requested a quarterly litigation status report from the General Counsel. It was noted that disclosure of significant litigation is routinely sought as part of the AG's financial audit.
 - 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 2:35 p.m.