



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

December 5, 2013

Emerson Alumni Hall, University of Florida, Gainesville, Florida

Time Convened: 12:30 p.m. EST

Time Adjourned: 1:38 p.m. EST

1.0 Call to Order and Welcome

Acting Committee Chair Christopher T. Corr called the meeting to order at 12:30 p.m. EST

Members present were:

Christopher T. Corr (Acting Committee Chair), Christina A. Bonarrigo, Marc W. Heft, and Jason J. Rosenberg and Juliet M. Roulhac.

2.0 Verification of Quorum

After a roll call, a quorum was confirmed, with all members present except for Trustee Edwards and Trustee Brown (who attended the meeting of the Committee on Finance and Facilities).

3.0 Review and Approval of Minutes

The Acting Committee Chair asked for a motion to approve the minutes of the June 6, 2013 committee meeting, which was made by Trustee Heft and Seconded by Trustee Roulhac. The Chair asked for further discussion, after which he asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

4.0 Action Items

The Committee considered the following action item:

AO1. The University of Florida's Operational Audit for the FYE June 30, 2013

The Acting Committee Chair asked for a motion to approve Action Item AO1, which was made by Trustee Heft and Seconded by Trustee Rosenberg, for recommendation to the Board for its approval on the Consent Agenda. The Acting Chair asked for further discussion. The Acting

Chair then asked for all in favor of the motion and any opposed and the motion was approved unanimously.

The following Discussion/Informational Items were addressed by the Committee:

5.0 Discussion/Informational Items

5.1 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 activity, as follows:

- Operational Audit for the 2012-2013 fiscal year: This limited scope audit was released in late November and was previously approved by the Committee. The Auditor General is required by statute to perform this audit at least every three (3) years. This is the third consecutive year that it has been conducted at the university; Mr. Ciano stated that he does not think it will be performed next year.
- Financial Statement Audit for the 2012-2013 fiscal year: This audit is currently in process; the Auditor General expects to complete the audit this month.
- Federal Audit for the 2012-2013 fiscal year: Mr. Ciano explained again 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 (\$300 million) and the Research and Development major program clusters (\$400 million). The audit must be completed and released by March 31, 2014.
- Bright Futures Program Audit: This audit will cover two (2) fiscal years, 2011-2012 and 2012-2013. The expected completion and report release date is March 2014.

5.2 Audits and Other Reviews

Chief Audit Executive Brian Mikell and Audit Director Joe Cannella of the Office of Internal Audit (OIA) presented six (6) internal audit projects that had been issued since the last Committee meeting. The projects presented were:

- 1) University Consulting and Contracting
- 2) University Athletic Association - Monitoring Activities
- 3) University of Florida Investment Corporation
- 4) University Athletic Association Ticket Office
- 5) University of Florida Alumni Association
- 6) Major Construction (Advisory Review)

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.

5.3 Quarterly Follow-up

Audit Director Joe Cannella (OIA) reported on the follow-up status of comments and action plans from previously issued internal and other audits.

5.4 2013-2014 OIA Annual Audit Plan Revisions

Chief Audit Executive Brian Mikell presented mid-year revisions to the internal audit work plan for the 2013-2014 fiscal year. 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 and the Committee authorized the proposed changes to the work plan for the remainder of the 2012-2013 fiscal year.

5.5 Identity Theft Prevention Program Presentation

Chief Privacy Officer Susan Blair appeared before the Committee to discuss the University's Identity Theft Prevention Program. Ms. Blair explained that the "Red Flags Rule," created by the Federal Trade Commission in 2010, required entities that store an individual's financial information to develop, implement, and administer Identity Theft Prevention Programs designed to identify and detect "red flag" indicators of identity theft. The program must act to prevent and mitigate harm when red flags are identified. The rule also requires annual reporting of identity theft prevention programs to governing boards.

Ms. Blair discussed recent privacy events at the University that required notification to the affected individuals. In the last year, the University sent 23,886 notification letters. Ms. Blair also discussed that the University had contracted with an external firm, Identity Theft 911, to assist with notifications and follow-up with affected parties. (Notices may result from occasional misconduct of employees who misuse authorizations to access data, or may be given when not required but determined to be helpful. IT security measures, when involved, are reviewed to determine any warranted enhancement.)

5.6 Audits of Affiliated 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. Senior Associate Controller Kathleen Tillett presented the schedules to the Committee and answered questions.

5.7 2012-2013 OIA Annual Report

Chief Audit Executive Brian Mikell presented a PowerPoint presentation of the highlights from the OIA's 2012-2013 Annual Report. The report covered organizational changes, expenditures, analysis of time resources, projects completed, client surveys, and investigations. A copy of the annual report will be provided to each Committee member and will be posted to the website of the Office of Internal Audit.

6.0 New Business

Acting Chair Corr reported to the Committee 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. Trustee Corr reported that he is satisfied the investigations are being appropriately conducted and reviewed.

7.0 Adjourn

After asking for any further discussions and hearing none, Acting Chair Corr asked for a motion to adjourn the meeting, after which he asked for all in favor of the motion and any opposed and the motion was approved unanimously. The meeting was adjourned at 1:38 p.m. EST.