



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

June 9, 2016

215C Emerson Alumni Hall, University of Florida, Gainesville, Florida

Time Convened: 2:45 p.m. EDT

Time Adjourned: 4:15 p.m. EDT

1.0 Verification of Quorum

After a roll call, a quorum was confirmed, with all members present.

Members present were:

Marsha D. Powers, Chair, Robert G. Stern, David M. Thomas, Leonard H. Johnson, Nicole LP Stedman, and Susan D.C. Webster

Others present were:

Vice President for Research David Norton, Sr. Vice President and Chief Operating Officer Charlie Lane, Chief Audit Executive Brian Mikell, Audit Director Joe Canella, Amy Hass, Executive Associate Vice President and Deputy General Counsel, Denita Tyre of the Office of the Auditor General, and University Controller Alan West.

2.0 Call to Order and Welcome

Committee Chair Marsha D. Powers called the meeting to order at 2:45 p.m. EDT.

3.0 Review and Approval of Minutes

The Committee Chair asked for a motion to approve the minutes of the March 31, 2016 committee meeting, which was made by Trustee Stern, and a second, which was made by Trustee Johnson. The Committee Chair asked for further discussion, after which she 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. 2016-2019 Office of Internal Audit Work Plan

The Office of Internal Audit (OIA) establishes its audit coverage with audit work plans that cover three fiscal years. The period July 2016 – June 2019 reflects the next scheduled three-year

audit work plan. Chief Audit Executive Brian Mikell and Audit Director Joe Canella of the OIA provided a PowerPoint presentation on the OIA's audit risk assessment process and proposed plan. The proposed work plan, including planned projects, was explained in detail. The plan will be updated with the committee every six (6) months during the three-year period. Questions from the committee were answered by the OIA staff.

The Committee Chair asked for a motion to approve Action Item AO1 for recommendation to the Board for its approval on the Consent Agenda, which was made by Trustee Johnson, and a second, which was made by Trustee Thomas. The Committee Chair asked for further discussion. The Committee Chair then asked for all in favor of the motion and any opposed and the motion was approved unanimously.

5.0 Discussion/Informational Items

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

5.1 Update on External Audits

Denita Tyre of the Florida Auditor General's Office appeared before the committee to provide an update on external audit activity.

- For the benefit of new committee members, Ms. Tyre provided an overview of the Auditor General's Office and the external audit services that it provides for UF. This includes audits of the Financial Statements, Federal Compliance, Operational and Bright Futures. Ms. Tyre reported that, for the 2014-2015 fiscal year, the four above-mentioned audits were performed.
- Ms. Tyre also provided an update on current active audit projects, including:
 - Florida Bright Futures for the fiscal years 2013-2014 and 2014-2015. This audit covers compliance with state regulations relative to the Bright Futures program. Preliminary findings were delivered on May 31, 2016.
 - Financial Statement Audit for the 2015-2016 fiscal year: This audit is conducted as part of a statewide audit, but a separate report is issued for the University of Florida. The audit should be completed and released by mid-January, 2017.
 - Federal Audit for the 2015-2016 fiscal year: This audit will focus on student financial assistance.

5.2 Audits and Other Reviews

Chief Audit Executive Mikell presented the internal audit projects, reports on which have been issued since the last Committee meeting:

- Conflicts of Interest, Outside Activities and Financial Interests
- Industry-Sponsored Clinical Trials
- President's Business, Travel and Entertainment Expenses

The reports and summaries had been previously provided to the committee for detailed review. The audits were briefly discussed and questions from the committee were answered.

5.3 Quarterly Follow-up

Audit Director Cannella reported on the follow-up status of comments and action plans from previously issued internal and other audits. For the benefit of new committee members, Audit Director Cannella explained the purpose and objectives for the follow-up system and discussed some of the more significant action plans in detail.

5.4 2016-2019 Office of Internal Audit Work Plan

See A01.

5.5 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. University Controller Alan West discussed the schedules and answered questions from the committee.

For the benefit of new committee members, the purpose and origin of the schedules were explained.

5.6 Charter Review – Committee and OIA

Chief Audit Executive Mikell presented proposed relatively minor revisions to the charters for the Audit and Operations Review Committee and the Office of Internal Audit. Questions from the Committee were answered and there was a general consensus that the revisions to both charters were acceptable to the members of the Committee.

The Audit and Operations Review Committee Charter is required to be approved by the Committee on Governance, the Committee on Audit and Operations Review, and the full Board of Trustees, and will be reviewed by and presented through the Committee on Governance at the next Board of Trustees regular meeting in December 2016.

6.0 Adjourn

After asking for any further discussion and hearing none, Committee Chair Powers asked for a motion to adjourn, which was made by Trustee Stern and a second which was made by Trustee Thomas, and, with no further discussion desired, the motion was passed unanimously and the University of Florida Committee on Audit and Operations Review meeting was adjourned at 4:15 p.m. EDT.



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

June 9, 2016

The Committee will consider and be asked to act on the following Action Item:

- **AO1. 2016-2019 Office of Internal Audit (OIA) Work Plan**

The committee is asked to approve the Work Plan for recommendation to the Board of Trustees for its approval on the Consent Agenda.

The Committee will address the following Discussion/Informational Items:

- Denita Tyre, the local field supervisor from the Office of the Auditor General, will update the committee on the current external audits being conducted by her office.
- Brian Mikell, Chief Audit Executive (CAE), will discuss activities in the Office of Internal Audit (OIA) including:
 - internal audits completed and issued since the last committee meeting
 - the status of follow-up of audit comment action plans
- The committee will receive information on the status of audits of university-affiliated support organizations
- The CAE will discuss the Charters for the Committee on Audit and Operations Review and the OIA, including plans to review and approve revisions at the next meeting.



UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
COMMITTEE ON AUDIT AND OPERATIONS REVIEW
COMMITTEE AGENDA

June 9, 2016

~2:45 p.m. EDT

President’s Room 215C, Emerson Alumni Hall
University of Florida, Gainesville, FL

- 1.0 Verification of Quorum Brian Mikell, Chief Audit Executive
- 2.0 Call to Order and Welcome Marsha D. Powers, Chair
- 3.0 Review and Approval of Minutes..... Marsha D. Powers, Chair
[March 31, 2016](#)
- 4.0 Action Items Marsha D. Powers, Chair
[AO1. 2016-2019 Office of Internal Audit Work Plan](#)
- 5.0 Discussion/Informational Items..... Marsha D. Powers, Chair
 - 5.1 Update on External Audits Denita Tyre, Office of the Auditor General
 - 5.2 [Audits and Other Reviews](#)..... Office of Internal Audit
 - 5.3 [Quarterly Follow-up](#)..... Office of Internal Audit
 - 5.4 [2016-2019 Office of Internal Audit Work Plan](#) Office of Internal Audit
 - 5.5 [Audits of Affiliated Organizations](#)..... Office of the Chief Financial Officer
 - 5.6 Charter Review – [Committee](#) and [OIA](#)..... Office of Internal Audit
- 6.0 New Business Marsha D. Powers, Chair
- 7.0 Adjourn Marsha D. Powers, Chair



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
COMMITTEE ON AUDIT AND OPERATIONS REVIEW
COMMITTEE ACTION ITEM AO1**

June 9, 2016

SUBJECT: 2016-2019 Office of Internal Audit Work Plan

BACKGROUND INFORMATION

The Office of Internal Audit establishes its audit coverage with audit work plans that cover three fiscal years. July 2016 to June 2019 reflects the next three-year audit work plan period. The audit work plans are prepared, pursuant to an audit risk assessment, with the objective of addressing key functions, activities and units of the university for the purpose of evaluating and improving the effectiveness of its risk management, internal controls and governance processes. Audit work plans are revised semi-annually in response to changing priorities, conditions, or audit resources.

PROPOSED COMMITTEE ACTION

The Committee on Audit and Operations Review is asked to approve the 2016-2019 Office of Internal Audit Work Plan for recommendation to the Board of Trustees for approval on the Consent Agenda.

ADDITIONAL COMMITTEE CONSIDERATIONS

Submission to the Board of Governors of a copy of the 2016-2019 Office of Internal Audit Work Plan is required, but Board of Governors approval is not required.

Supporting Documentation Included: See attached summary of [OIA Draft Work Plan](#)

Submitted by: Brian Mikell, Chief Audit Executive

Approved by the University of Florida Board of Trustees, June 9, 2016

Steven M. Scott, Chair

W. Kent Fuchs, President and Corporate Secretary



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

March 31, 2016

215B Emerson Alumni Hall, University of Florida, Gainesville, Florida

Time Convened: 10:45 a.m. EDT

Time Adjourned: 11:42 a.m. EDT

Verification of Quorum

After verification of a quorum with all members present, Temporary Acting Chair Thomas welcomed everyone and called the meeting to order at 10:45 a.m. EDT.

Members present were:

Temporary Acting Committee Chair David M. Thomas, Paul W. Davenport, Leonard H. Johnson, Joselin Padron-Rasines, Marsha D. Powers, and Robert G. Stern.

Others present were:

Board Chair Steven M. Scott, members of the President’s Cabinet, members of the University of Florida community, and other members of the public and the media.

Review and Approval of Minutes

The Acting Committee Chair asked for a motion to approve the minutes of the December 3, 2015 committee meeting, which was made by Trustee Davenport and seconded by Trustee Stern. The motion was approved unanimously.

Acting Committee Chair Thomas then reported that he had reviewed the status of investigations conducted by the Office of Internal Audit (OIA). These activities included items that had been received on the UF Compliance Hotline. Acting Committee Chair Thomas reported that he is satisfied that the investigations are being appropriately conducted and reviewed either by the Office of Internal Audit (OIA) or referred to other appropriate university offices.

Action Items

A01 - University of Florida Operational Audit issued December 2015

In December 2015, the State of Florida Auditor General released Operational Audit Report No. 2016-058 on the University of Florida covering the Fiscal Year Ended June 30, 2015.

The Acting Committee Chair asked for a motion to approve Action Item AO1, which was made by Trustee Stern and Seconded by Trustee Powers, for recommendation to the Board for its approval on the Consent Agenda. He asked for any discussion, then all in favor of the motion and any opposed. The motion was approved unanimously.

A02 - University of Florida Annual Financial Report for the Fiscal Year ended June 30, 2015

On February 17, 2016 the State of Florida Auditor General issued its report (unmodified opinion) on the audit of the financial statements of the University of Florida. The University subsequently published its Annual Financial Report, which includes the Auditor General's audit report. University Controller Alan West discussed changes in the reporting model related to the Governmental Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pensions*.

The Acting Committee Chair asked for a motion to approve Action Item AO2, which was made by Trustee Scott and Seconded by Trustee Stern for recommendation to the Board for its approval on the Consent Agenda. He asked for any discussion, then all in favor of the motion and any opposed. The motion was approved unanimously.

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

Discussion/Informational Items

5.1 Update on External Audits

Denita Tyre of the Auditor General's Office appeared before the committee to provide an update on external audit activity. For the benefit of new committee members, Ms. Tyre provided an overview of the Auditor General's office and the external audit services that they provide for UF, which includes audits of the Financial Statements, Federal Compliance, Operations and Bright Futures.

Ms. Tyre reported that, for the 2014-2015 fiscal year, the four above-mentioned audits were performed. The Operational and Financial audits were presented to the Committee at the March 31st meeting for acceptance. For the 2015-2016 Fiscal Year, Ms. Tyre reported that the plan is to only conduct the Financial Audit.

With regard to currently active audit projects, Ms. Tyre reported:

- Florida Bright Futures for the Fiscal Years 2013-2014 and 2014-2015. This audit covers compliance with state regulations relative to the Bright Futures program. Expected release date for the audit report is spring 2016.
- Financial Statement Audit for the 2015-2016 Fiscal Year: This audit is conducted as part of a statewide audit, but a separate report is issued for the University of Florida. The audit should be completed and released by mid-January, 2017.

5.2 Internal Audits and Other Reviews

Chief Audit Executive (CAE) Brian Mikell of the OIA presented an internal audit project that had been issued since the last Committee meeting, the UAA PCard Program. The report and summary had been previously provided to the committee for detailed review. The audit project was briefly discussed and questions from the committee were answered. CAE Mikell also generally discussed a Management Advisory Project on the organizational structure of the privacy compliance function that had been completed and issued.

5.3 Quarterly Follow-up

Audit Director Cannella of the OIA reported on the follow-up status of comments and action plans from previously issued internal and other audits. For the benefit of new committee members, he explained the purpose and objectives for the follow-up system and discussed some of the more significant action plans in detail.

5.4 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. University Controller Alan West discussed the schedules and answered questions from the committee. For the benefit of new committee members, the purpose and origin of the schedules was explained.

5.5 Discussion of External Quality Assurance Review

CAE Mikell asked the question, "Who audits the auditor?" The answer is found in a Quality Assurance Review that is required to be conducted at least every 5 years under Internal Auditing Standards. CAE Mikell discussed the purpose of the review: to assure conformance with Internal Audit Standards, and to improve the internal audit function through the sharing of ideas with experienced peers.

CAE Mikell then discussed a plan for conducting the next Quality Assurance Review for the University of Florida's OIA, which will be required by the spring of 2017. The plan involved hiring a firm to manage the engagement, and recruit Internal Audit Professionals from peer institutions to participate. After some questions and discussion of this plan, the committee agreed that the plan was appropriate and by consensus authorized the CAE for move forward with planning.

Adjourn

After asking for any further discussion and hearing none, Acting Chair Thomas asked for a motion to adjourn, which was made by Trustee Stern and a second which was made by Trustee Johnson, and, with no further discussion desired, he asked for all in favor and any opposed and the motion was passed unanimously. The University of Florida Committee on Audit and Operations Review was adjourned at 11:42 a.m. EDT.

Audit Summary

Conflicts of Interest, Outside Activities and Financial Interests
As of July 31, 2015

Audit Report # UF-16-666-03
Issued April 20, 2016

Objective:

The Office of Internal Audit conducted an audit of the University of Florida's procedures for reporting and monitoring conflicts of interest, outside activities and financial interests as of July 31, 2015. The primary objective of this audit was to identify and evaluate the adequacy and effectiveness of key controls in place to manage conflicts of interest. Specifically, we focused on the processes of identification, review, approval and management of conflicts of interest.

Background:

University of Florida faculty and staff members should be committed to the university's mission of instruction, research and public service and should recognize that their primary professional responsibility is to the university. University employees are permitted to engage in outside employment, consulting, and other activities, which may promote the mission of the university in addition to benefiting individual employees, as long as these additional activities do not interfere with their primary responsibility to the university.

Outside activities and external financial interests of faculty and staff members are of concern to the university if they result in conflicts with the employees' obligations, duties and responsibilities to the institution. In some cases where a conflict of interests may exist, the conflict can be reduced or managed to an acceptable level through monitoring and management oversight. Faculty and staff members are responsible for disclosing their outside activities and financial interests through completion of a disclosure form which must be approved by their dean, department chair, or director prior to engaging in the outside activity or financial interest.

Conclusion:

We identified and evaluated the internal controls in place to manage conflicts of interest arising from outside activities and financial interests, and reviewed the related university policies and procedures, federal conflict of interest regulations, and Florida Statutes. We conducted interviews with employees from the Office of Technology Licensing, the General Counsel's office, the Office of Research, Office of Human Resource Services (HRS) and UF Procurement Services. We also conducted surveys with 22 university deans and 2 unit directors, and judgmentally selected and reviewed the disclosure forms that were filed by 60 employees.

Based on the results of our audit procedures, we concluded that controls as designed related to the management of conflicts of interest were in place and were adequate. While our conclusion indicated that controls are in place and functioning as designed, management and the audit team agreed on the following action plan to enhance the process:

- ◆ **A working group will be convened to evaluate and identify opportunities for improvement** in the current disclosure and management process. The working group will include representation from the Office of the Provost, the HRS, the Office of Research, UF Procurement Services, UF Information Technology and the Office of the General Counsel.

Audit Summary

Industry-Sponsored Clinical Trials
As of August 31, 2015

Audit Report # UF-16-665-02
Issued April 28, 2016

Objective:

The Office of Internal Audit conducted an audit of industry-sponsored clinical trials as of August 31, 2015. The primary objective of this audit was to evaluate the adequacy and effectiveness of controls in place at the departmental level for administrative processes related to clinical trials. Specifically, we focused on budgeting, subject visit revenues, other invoiceable costs and expense reporting.

Background:

The National Institute of Health (NIH) describes clinical trials as “research studies that test how well new medical approaches work in people.” For industry-sponsored clinical trials, the research protocol is typically developed by an outside agency, frequently a pharmaceutical company, who contracts with the university to recruit individuals to participate in the research testing. Clinical trials initiated by a principal investigator (PI) are typically funded by federal or not-for-profit organizations and their administration more closely resembles that of a research grant.

The university was awarded a total of \$54 million for all clinical trials over the last three fiscal years. During this period, the College of Medicine generated over \$43 million in revenues, with 84% resulting from clinical trials in six separate units. After analyzing clinical trial activity and associated efforts being conducted with each type, we limited the scope of our audit to industry-sponsored clinical trials, specifically the units that had the most clinical trial activity within the College of Medicine.

Controls over the administration of clinical trials were significantly decentralized. Unit controls in place relative to contract negotiation and billing varied based on available resources, the knowledge and experience of the research team, and the complexity of the clinical trial. Contracts and Grants – Accounting Services was responsible for establishing projects within *myUFL* to record the clinical trial activity, receiving and recording the revenue from the sponsors, and releasing the funds (budget authority) to the units.

Conclusion:

We identified and evaluated the central and unit-specific controls over the budgeting and administration for industry-sponsored clinical trials. We met with members of the central administration, as well as research administrators in units with significant industry-sponsored clinical trials to gain an understanding of the controls in place related to budgeting, billing, and reporting. One industry-sponsored clinical trial was selected from each of the units for testing.

Based on the results of our audit procedures, we concluded that controls over the key administrative processes related to industry-sponsored clinical trials need improvement. Our conclusion indicated that while designed controls were in place, they were not always effective and/or other controls are needed. University management and the audit team agreed on the following action plans to address noted improvement opportunities:

- ◆ Effective April 1, 2016, University management **enhanced current system accounting and budgeting procedures** related to clinical trials to **provide better accountability**.
- ◆ University management is **developing an implementation plan** for an **integrated enterprise-wide clinical trials management system** to provide enhanced accountability and monitoring capabilities.

Audit Summary

President's Business, Travel and Entertainment Expenses
July 1, 2015 to December 31, 2015

Audit Report # UF-16-671-08
Issued May 27, 2016

Objective:

The Office of Internal Audit conducted an audit of the business, travel and entertainment expenses for the president and his spouse for the period July 1, 2015 through December 31, 2015. The objectives of this audit were to evaluate that expenses were appropriately documented and amounts paid were within prescribed limits; that expenses were for official business and benefited the university; and that expenses were processed in accordance with the university directives, policies and procedures.

Background:

The president's employment agreement allows for the incurrence of reasonable business, travel and entertainment expenses for the president and his spouse, in his official capacity as President of the University of Florida. The agreement further provides that these expenses shall be reviewed at least every six months, by two members of the Board of Trustees or by an external expert, as designated by the Chair of the Board.

To comply with the employment agreement, the Chair elected to have two Board members review the President's expenses after records supporting those expenses have been audited by the university's Office of Internal Audit. The two Board members selected for this review period are the current Board Vice-Chair and the incoming Board Vice-Chair.

Conclusion:

For the six month period reviewed, President Fuchs incurred business, travel and entertainment expenses totaling \$21,287. These expenses included commercial airfare, use of University Athletic Association planes, lodging, meals, ground transportation, and other miscellaneous expenses. We performed a detailed review of the transactions by examining the supporting documents to ascertain that the expenditures incurred were for official university business and the amounts reimbursed were in accordance with university directives and procedures.

Based on the results of our audit procedures, we concluded that Dr. Fuchs' business, travel and entertainment expenses for the period of review were **reasonable, appropriate and processed in accordance with the university directives, policies and procedures**. A detailed schedule of these expenses was provided to the designated Board members, who provided **signed statements certifying that the president's expenses were reasonable** and in accordance with university's requirements.

University of Florida Office of Internal Audit
Summary of Significant Comments and Follow-up Ceased
Period ending March 31, 2016
(3rd Quarter)

The following comments for this period were noted as significant based on the report issued, or we have ceased follow-up after two attempts.

UNIVERSITY OF FLORIDA CONSULTING AND CONTRACTING, UF-13-616-03 ISSUED JUNE 28, 2013

COMMENTS 1 AND 2 – CONTRACT ADMINISTRATION, MONITORING, AND GUIDANCE:

The university may engage in the provision of services to an outside entity (revenue contracts) or may request and pay for services provided by an outside entity (expenditure contracts). Either process may require some form of contract documenting the agreement terms between the parties. At a minimum, the contract should be properly authorized and should have enough information to clearly identify the due dates, rates, scope of work and deliverables.

Well-documented policies and procedures for contractual agreements promote the achievement of institutional goals and help to ensure consistency in handling the agreements. In the university's decentralized environment adequate training and communication is needed to provide guidance and promote proper contract management at the unit level.

During our audit we noted management had not identified a responsible party for monitoring revenue generating contracts. In addition, guidance was not sufficient for different types of contracts and the routing process for review and approval was ineffective.

The planned action stated for **Revenue Contracts**:

The Chief Financial Officer will work with the General Counsel to assign responsibility for developing and monitoring university internal control activities for miscellaneous revenue contracts including the development of policies, procedures, guidance and training. This will include communicating university contracting guidance and contract routing procedures developed by the contract committee.

The university has developed guidelines on where to send a contract or agreement for review and signature. These guidelines were published on the Office of Research website and identify the various types of agreements and which core office is responsible for handling them. The university is still working to complete the guidance and communicate this information to campus through an Administrative Memo. Internal policies and a method of tracking/monitoring contracts have not yet been developed.

Partially implemented, follow-up ceased.

**University of Florida Office of Internal Audit
Summary of Significant Comments and Follow-up Ceased
Period ending March 31, 2016**

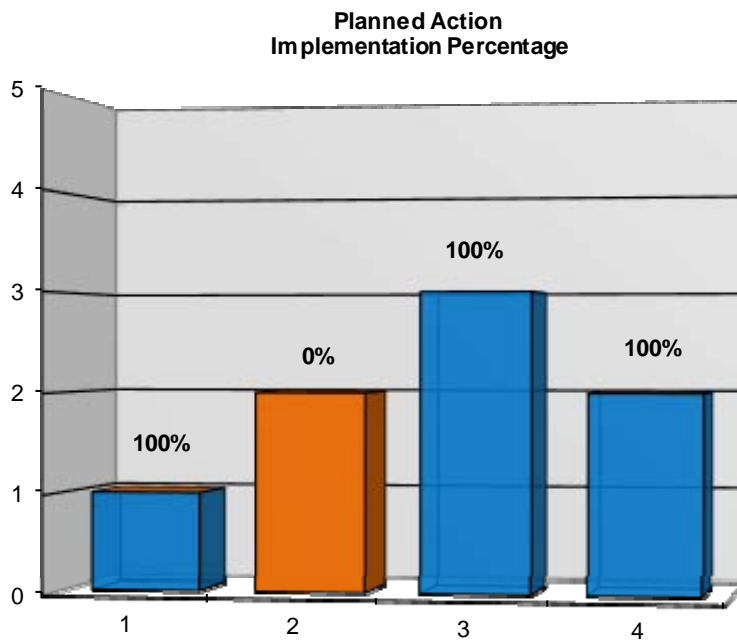
(3rd Quarter)

The planned action stated for **Expenditure Contracts**:

UF Purchasing management will enhance training and guidance to university units on expenditure contract management.

Plans were to enhance core office policies and unit training on continued contract management. Contract management software integrated into the *myUF Market* requisitioning system has been acquired and initially installed. Training and conversion of existing contracts into the new tool is ongoing. Policy and training enhancements as well as methods for monitoring contracts (both revenue and expenditure) have been delayed. **Partially implemented, follow-up ceased.**

**University of Florida Office of Internal Audit
Follow-up Statistics as of March 31, 2016
(Third Quarter)**



1. Academic Affairs 3. UAA
2. Chief Financial Officer 4. UF Foundation

Oversight by	Total	Balance	Current Quarter Statistics				
	Outstanding as of 3/31/2016	Due in Subsequent Quarters	Follow Up Due and Reviewed	Implemented	In process (extended)	Follow Up Ceased	Percent Implemented
Academic Affairs	2	1	1	1	-	-	100%
Chief Financial Officer	4	2	2	-	-	2	0%
Chief Information Officer	2	2	-	-	-	-	N/A
IFAS	5	5	-	-	-	-	N/A
Athletic Association	5	2	3	3	-	-	100%
UF Foundation	2	-	2	2	-	-	100%
Totals	20	12	8	6	-	2	75%

Office of Internal Audit



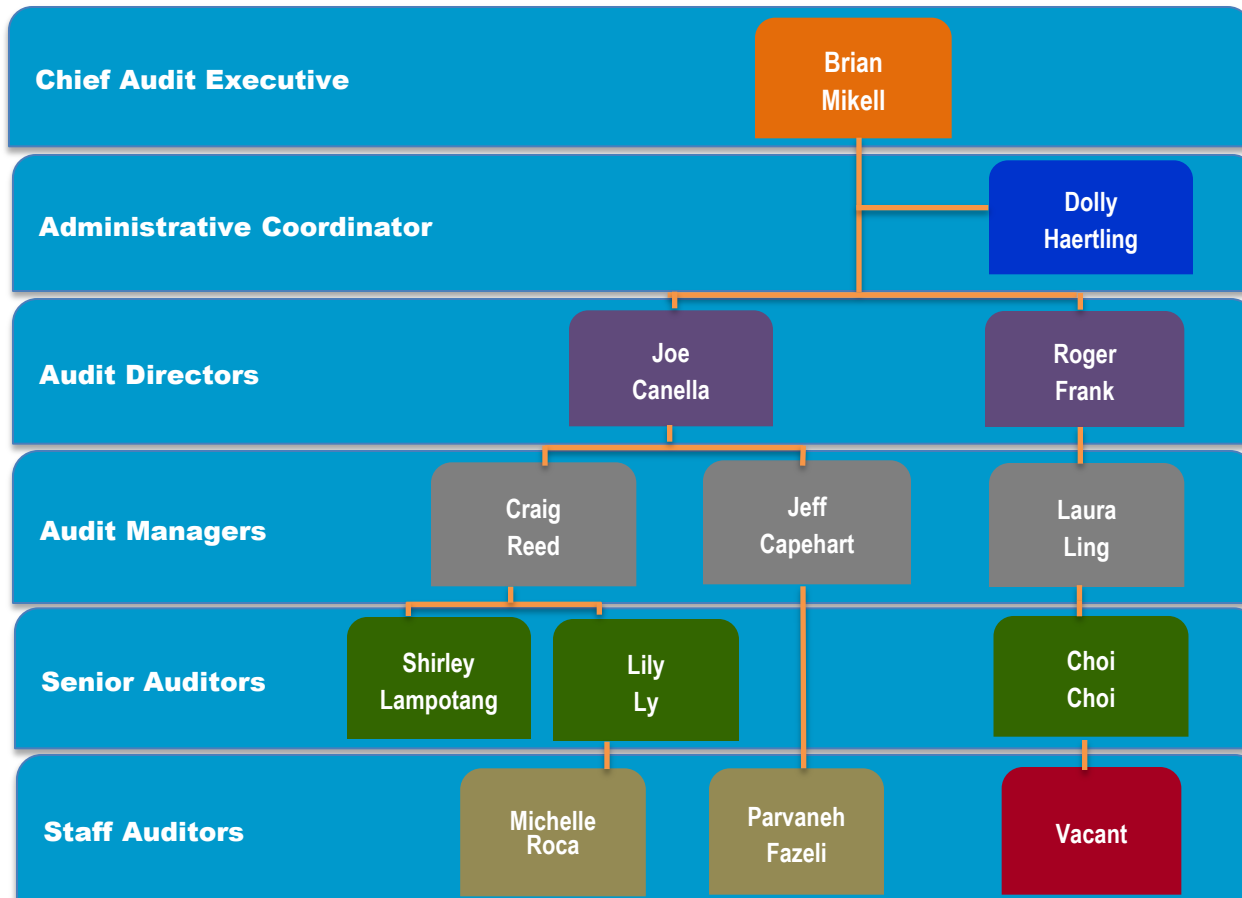
2016-2019

Draft Audit Work Plan

RISK ANALYSIS AND AUDIT PLANNING PROCESS

- Solicit Input related to Audit Risks from:
 - Key University Stakeholders
 - OIA Staff
 - Peer Universities
 - External Auditors
- Identify High Risk Areas
 - Shared with Audit Committee and President
- Allocate Available Resources

ORGANIZATION CHART



AUDITS	2016-17	2017-18	2018-19
Academic Affairs – Budgeting and Commitments			✓
Academic Affairs – Distance Learning			✓
Agricultural Research & Extension – Agricultural Extension Depts.			✓
Agricultural Research & Extension – IFAS Global	✓		
Facilities and Operations – Facilities Planning and Construction		✓	
Fiscal & Financial Management – Consulting and Contracting			✓
Fiscal & Financial Management – Electronic Transfers	✓		
Fiscal & Financial Management – President’s Business, Travel and Entertainment Expenses	✓	✓	✓
Fiscal & Financial Management – Purchasing Card		✓	
Fiscal & Financial Management – Shared Service Centers	✓		
Fiscal & Financial Management – Vendor Management			✓

AUDITS	2016-17	2017-18	2018-19
Health Affairs – Academic Medical Center			✓
Information Resource Management – Decentralized IT Security & Comp.		✓	
Information Resource Management – Identity and Access Management			✓
Information Resource Management – Information Technology Policies			✓
Information Resource Management – Mobile and Storage Devices		✓	
Information Resource Management – Research Computing	✓		
Institutional Support – Control Self-Assessment Validation	✓		
Institutional Support – ID Card Services			✓
Institutional Support – International Activities			✓
Institutional Support – Performance Based Funding	✓	✓	✓
Institutional Support – Revenue Contract Management			✓

AUDITS	2016-17	2017-18	2018-19
Institutional Support – Title IX Compliance		✓	
Other Support – Gator Boosters	✓		
Other Support – UAA TBA		✓	✓
Other Support – UAA TBA	✓	✓	✓
Other Support – UAA TBA	✓	✓	✓
Other Support – UFICO		✓	
Other Support – UFF Endowed Restricted Gifts	✓	✓	✓
Other Support – UFF Non-Endowed Restricted Gifts	✓	✓	✓
Other Support – UFF TBA	✓	✓	✓
Personnel Administration – Employee Leave Administration	✓		
Research Administration – Animal Care Services		✓	

AUDITS	2016-17	2017-18	2018-19
Research Administration – Cont. & Grants Accounting & Reporting			✓
Research Administration – Effort Reporting	✓		
Research Administration – Emerging Pathogens Institute	✓		
Research Administration – Post Award Accounting and Monitoring		✓	
Research Administration – Research Misconduct	✓		
Research Administration – Subrecipient Monitoring		✓	
Student Support Services – Housing Construction and Maintenance		✓	

MANAGEMENT ADVISORY PROJECTS	2016-17	2017-18	2018-19
Academic Affairs – Admission Programs		✓	
Facilities and Operations – Risk Management and Prevention		✓	
Fiscal & Financial Management – Food and Beverage Contracts		✓	
Health Affairs – Information Security and Privacy		✓	
Institutional Support – Campus Safety			✓
Institutional Support – Enterprise Compliance Programs	✓		
Institutional Support – Off-Campus Controls Assessment			✓
Institutional Support – Public/Private Partnerships		✓	
Institutional Support – Strategic Planning Measures	✓		
Information Resource Management – Student Systems Implementation	✓	✓	✓
Research Administration – Export Controls Compliance Program		✓	
Research Administration – Lab Safety and Security			✓
TOTAL AUDITS & ADVISORY PROJECTS	20	25	24

OTHER MANAGEMENT ADVISORY SERVICES #	2016-17	2017-18	2018-19
Auxiliary & Contracted Services – Auxiliary Oversight and Monitoring	✓	✓	✓
Information Resource Management – Decision Support and Analytics	✓		
Information Resource Management – IT Security and Compliance	✓	✓	✓
Institutional Support – Campus Training Programs	✓	✓	✓
Institutional Support – Conflicts of Interests Working Group	✓	✓	✓
Institutional Support – Enterprise Risk Management and Compliance		✓	✓
Institutional Support – Export Control Compliance Program	✓		✓
Institutional Support – Governance	✓	✓	✓

Continuous Management Advisory Projects and/or No Planned Report

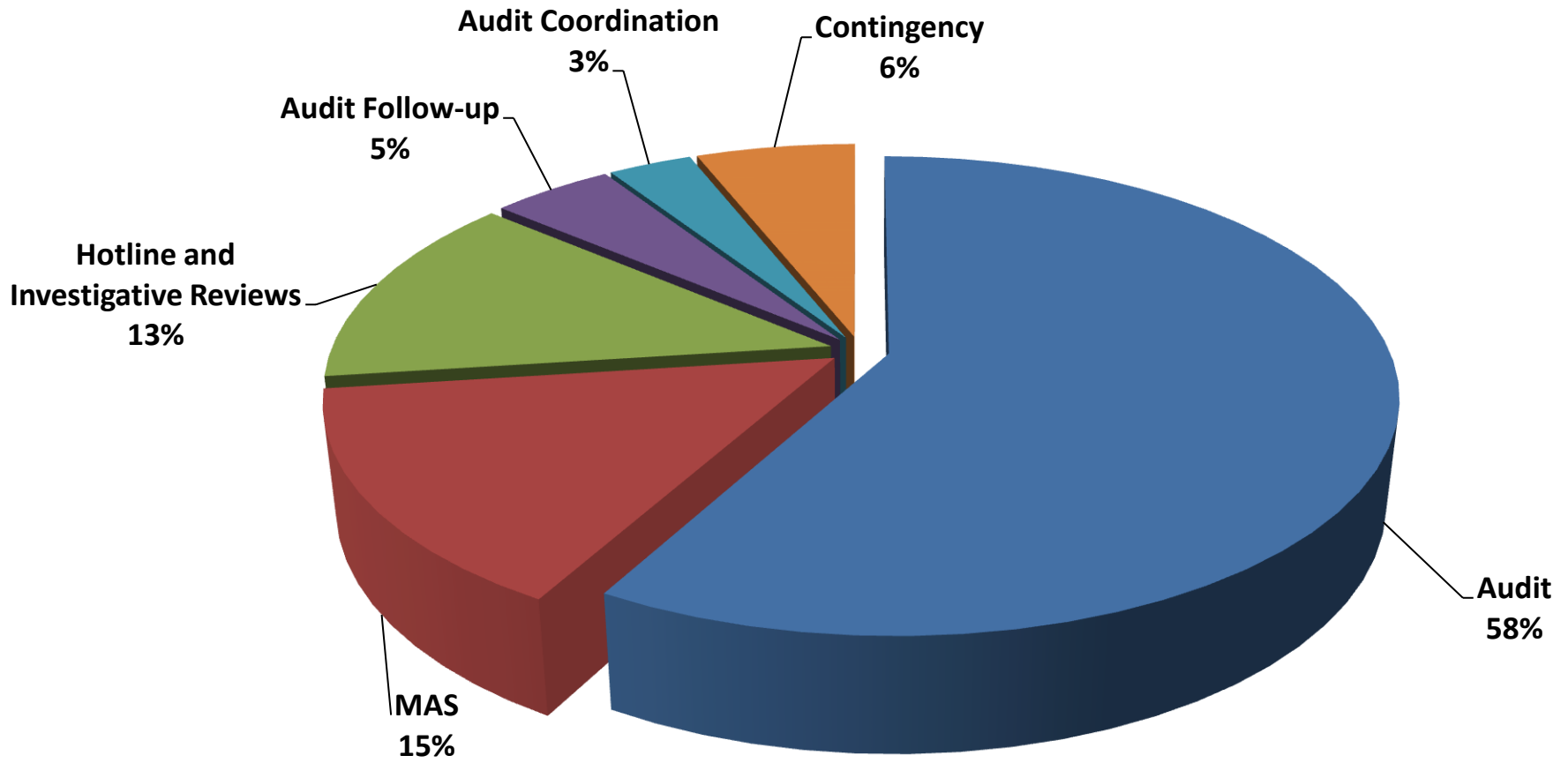
TIME ANALYSIS FOR 2016-2017

	HOURS
TIME AVAILABLE (11 x 2040) ¹	22,440
Vacant Positions	1,020
Less: Holiday, Vacation and Sick Leave ²	2,999
Administrative and Operational Support ²	2,142
Training and Continuing Professional Education ²	857
Annual Quality Assessment Review	350
	(7,368)
TOTAL TIME AVAILABLE	15,072
Audits Scheduled	
Carryover Projects	1,660
Current Period Projects	7,900
TOTAL AUDITS SCHEDULED	9,560
Other Planned Services	
Hotline and Investigative Reviews	2,000
Audit Follow-Up	700
Risk Assessment and Audit Coordination	600
Special/Contingency	562
Planned Management Advisory Services	1,650
TOTAL OTHER PLANNED SERVICES	5,512

Note 1 - All established audit positions less CAE

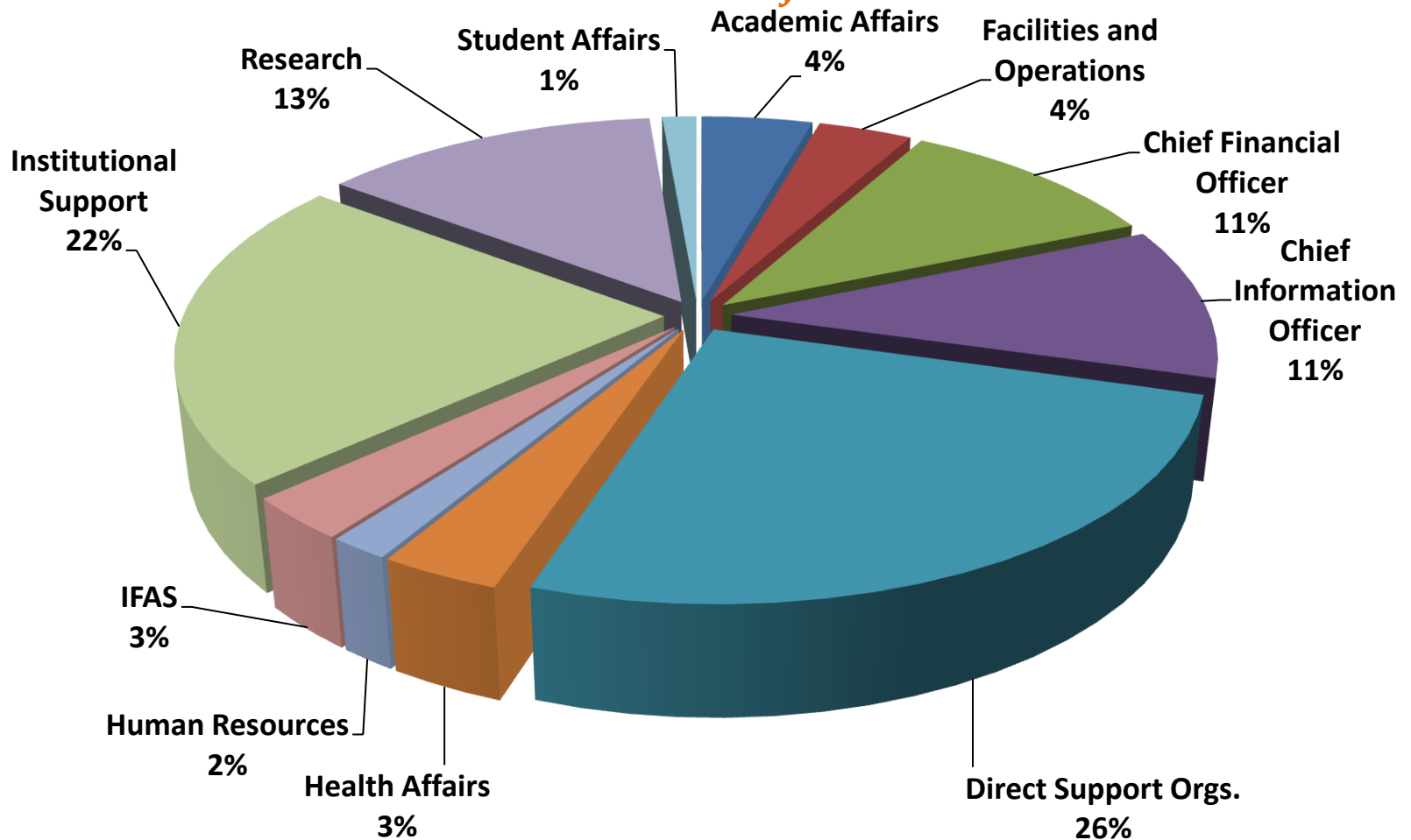
Note 2 - 28% of available time is budgeted Leave/Training/Operational Support

ALLOCATION OF DIRECT TIME TO PROJECTS *



* Allocation of time available for projects excluding time for training, leave, and administration.

ALLOCATION OF PLANNED PROJECTS BY OVERSIGHT *



UNIVERSITY OF FLORIDA
SUMMARY OF AUDIT REPORTS FOR AFFILIATED ORGANIZATIONS
Year Ended 2015

	Fiscal Year Ended	Auditors' Opinion on Financial Statements	Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters				Management Letter Comments?
			Instances of Noncompliance?	Control Deficiencies?	Control Deficiencies Significant?	Control Deficiencies Considered Material Weaknesses?	
DIRECT-SUPPORT ORGANIZATIONS							
1. University of Florida Foundation, Inc.	June 30, 2015	Unmodified	No	No	No	No	No
2. University of Florida Research Foundation, Inc.	June 30, 2015	Unmodified	No	No	No	No	No
3. The University Athletic Association, Inc.	June 30, 2015	Unmodified	No	No	No	No	Yes
4. Gator Boosters, Inc.	June 30, 2015	Unmodified	No	No	No	No	Yes
5. The University of Florida Law Center Association, Inc.	June 30, 2015	Unmodified	No	No	No	No	No
6. Florida Foundation Seed Producers, Inc.	June 30, 2015	Unmodified	No	No	No	No	No
7. Florida 4-H Club Foundation, Inc.	March 31, 2015	Unmodified	No	No	No	No	Yes
8. Southwest Florida Research and Education Foundation, Inc.	June 30, 2015	Unmodified	No	No	No	No	No
9. Citrus Research and Education Foundation, Inc.	June 30, 2015	Unmodified	No	No	No	No	No
10. Citrus Research and Development Foundation, Inc.	June 30, 2015	Unmodified	No	No	No	No	No
11. University of Florida Leadership & Education Foundation, Inc.	December 31, 2014	Unmodified	No	No	No	No	No
12. Treasure Coast Agricultural Research Foundation, Inc.	June 30, 2015	Unmodified	No	No	No	No	No
13. University of Florida Alumni Association, Inc. (1)	June 30, 2015	(1)	(1)	(1)	(1)	(1)	(1)
14. University of Florida Investment Corporation	June 30, 2015	Unmodified	No	No	No	No	No
15. University of Florida Historic St. Augustine	June 30, 2015	Unmodified	No	No	No	No	No
16. University of Florida Development Corporation	June 30, 2015	Unmodified	No	No	No	No	No
17. GatorCare Health Management Corporation	June 30, 2015	Unmodified	No	No	No	No	Yes
HEALTH SCIENCE CENTER AFFILIATES							
1. Florida Clinical Practice Association, Inc. (College of Medicine)	June 30, 2015	Unmodified	No	No	No	No	No
2. University of Florida Jacksonville Physicians, Inc.	June 30, 2015	Unmodified	No	No	No	No	No
3. Faculty Associates, Inc. (College of Dentistry)	June 30, 2015	Unmodified	No	No	No	No	No
4. Florida Health Professions Association, Inc.	June 30, 2015	Unmodified	No	No	No	No	No
5. University of Florida College of Nursing Faculty Practice Association, Inc.	June 30, 2015	Unmodified	No	No	No	No	Yes
6. University of Florida College of Pharmacy Faculty Practice Association, Inc.	June 30, 2015	Unmodified	No	No	No	No	No
7. Florida Veterinary Medicine Faculty Association, Inc.	June 30, 2015	Unmodified	No	No	No	No	No
8. University of Florida Jacksonville Healthcare, Inc.	June 30, 2015	Unmodified	No	No	No	No	No
9. Faculty Clinic, Inc.	June 30, 2015	Unmodified	No	No	No	No	No
OTHER AFFILIATED ORGANIZATIONS							
1. Shands Teaching Hospital and Clinics, Inc. and Subsidiaries	June 30, 2015	Unmodified	No	No	No	No	No
2. Shands Jacksonville Healthcare, Inc.	June 30, 2015	Unmodified	No	No	No	No	No
3. University of Florida Self-Insurance Program (Including HEIC)	June 30, 2015	Unmodified	No	No	No	No	No
Auditors' Report on Compliance and Internal Control Over Compliance Applicable to Each Major Federal Awards Program and/or State Financial Assistance Project and Schedule of Expenditures of Federal Awards (As Applicable)							
	Year Ended	Opinion	Report on Compliance - Instances of Non-Compliance?	Report on Internal Control Over Compliance - Control Deficiencies?	Report on Internal Control Over Compliance - Deficiencies Significant?	Report on Internal Control Over Compliance - Deficiencies Considered Material Weaknesses?	Other Findings and/or Questioned Costs?
AFFILIATED ORGANIZATION							
University of Florida Foundation, Inc.	June 30, 2015	Unmodified	No	No	No	No	No
Citrus Research and Development Foundation, Inc.	June 30, 2015	Unmodified	No	No	No	No	No
Shands Teaching Hospital and Clinics, Inc. and Subsidiaries	June 30, 2015	Unmodified	No	No	No	No	No
Shands Jacksonville Healthcare, Inc.	June 30, 2015	Unmodified	No	No	No	No	No

(1) The accounts related to the University of Florida Alumni Association, Inc. are included in the financial statements of the University of Florida Foundation, Inc. (UFF). The operating activities of the Alumni Association are presented in Note 13 to UFF's Financial Statements.

UNIVERSITY OF FLORIDA
SUMMARY OF AUDIT REPORTS FOR AFFILIATED ORGANIZATIONS
Year Ended 2015

	Control Deficiencies and/or Management Comments 2014?	Control Deficiencies and/or Management Comments 2015?	Repeat Finding(s) from Prior Year?	Summary of Repeat Finding(s)
DIRECT SUPPORT ORGANIZATIONS				
1. University of Florida Foundation, Inc.	No	No	N/A	
2. University of Florida Research Foundation, Inc.	No	No	N/A	
3. The University Athletic Association, Inc.	Yes	Yes	Yes	Seat contributions below required minimum
4. Gator Boosters, Inc.	Yes	Yes	Yes	Seat contributions below required minimum
5. The University of Florida Law Center Association, Inc.	No	No	N/A	
6. Florida Foundation Seed Producers, Inc.	Yes	No	N/A	
7. Florida 4-H Club Foundation, Inc.	No	Yes	N/A	
8. Southwest Florida Research and Education Foundation, Inc.	No	No	N/A	
9. Citrus Research and Education Foundation, Inc.	No	No	N/A	
10. Citrus Research and Development Foundation, Inc.	No	No	N/A	
11. University of Florida Leadership & Education Foundation, Inc.	No	No	N/A	
12. Treasure Coast Agricultural Research Foundation, Inc.	No	No	N/A	
13. University of Florida Alumni Association, Inc. (1)	(1)	(1)	(1)	
14. University of Florida Investment Corporation	No	No	N/A	
15. University of Florida Historic St. Augustine	No	No	N/A	
16. University of Florida Development Corporation	No	No	N/A	
17. GatorCare Health Management Corporation	No	Yes	N/A	
HEALTH SCIENCE CENTER AFFILIATES				
1. Florida Clinical Practice Association, Inc. (College of Medicine)	No	No	N/A	
2. University of Florida Jacksonville Physicians, Inc.	No	No	N/A	
3. Faculty Associates, Inc. (College of Dentistry)	Yes	No	N/A	
4. Florida Health Professions Association, Inc.	No	No	N/A	
5. University of Florida College of Nursing Faculty Practice Association, Inc.	Yes	Yes	N/A	
6. University of Florida College of Pharmacy Faculty Practice Association, Inc.	No	No	N/A	
7. Florida Veterinary Medicine Faculty Association, Inc.	No	No	N/A	
8. University of Florida Jacksonville Healthcare, Inc.	No	No	N/A	
9. Faculty Clinic, Inc.	No	No	N/A	
OTHER AFFILIATED ORGANIZATIONS				
1. Shands Teaching Hospital and Clinics, Inc. and Subsidiaries	No	No	N/A	
2. Shands Jacksonville Healthcare, Inc.	Yes	No	N/A	
3. University of Florida Self-Insurance Program (Including HEIC)	No	No	N/A	

(1) The accounts related to the University of Florida Alumni Association, Inc. are included in the financial statements of the University of Florida Foundation, Inc. (UFF). The operating activities of the Alumni Association are presented in Note 13 to UFF's Financial Statements.

UNIVERSITY OF FLORIDA
SUMMARY OF AUDIT REPORTS FOR AFFILIATED ORGANIZATIONS
Year Ended 2015

	Fiscal Year Ended	Net Position or Fund Equity EOY per PY's FS	Net Position or Fund Equity Beginning of Year (As Restated If Applicable)	Year Ended 2015		Net Position or Fund Equity End of Year	Fiscal Year Totals		
				Total Assets and Deferred Outflows	Total Liabilities and Deferred Inflows		Total Revenues and Other Additions	Total Expenses and Other Deductions	Change in Net Position (Increase/(Decrease))
DIRECT-SUPPORT ORGANIZATIONS									
1. University of Florida Foundation, Inc.	June 30, 2015	1,903,073,667	1,903,073,667	1,860,569,309	96,964,697	1,763,604,612	189,743,626	329,212,681	(139,469,055)
2. University of Florida Research Foundation, Inc.	June 30, 2015	103,378,781	103,378,781	120,555,609	25,840,181	94,715,428	28,138,835	36,802,188	(8,663,353)
3. The University Athletic Association, Inc.	June 30, 2015	152,810,942	152,810,942	316,869,377	151,748,973	165,120,404	149,892,133	137,582,671	12,309,462
4. Gator Boosters, Inc.	June 30, 2015	995,197	995,197	13,563,363	15,495,317	1,004,729	55,399,256	55,389,724	9,532
5. The University of Florida Law Center Association, Inc.	June 30, 2015	7,023,750	7,023,750	7,186,257	18,032	7,168,225	1,125,947	981,472	144,475
6. Florida Foundation Seed Producers, Inc.	June 30, 2015	5,166,053	5,166,053	11,116,052	5,367,675	5,748,377	2,556,561	1,974,237	582,324
7. Florida 4-H Club Foundation, Inc.	March 31, 2015	3,021,723	2,992,378	3,254,770	62,262	3,192,508	2,516,030	2,315,900	200,130
8. Southwest Florida Research and Education Foundation, Inc.	June 30, 2015	128,109	128,109	119,191	202	118,989	99,991	109,111	(9,120)
9. Citrus Research and Education Foundation, Inc.	June 30, 2015	1,371,275	1,371,275	1,058,977	38,491	1,020,486	807,607	1,158,396	(350,789)
10. Citrus Research and Development Foundation, Inc.	June 30, 2015	2,014,540	2,014,540	3,690,629	1,846,816	1,843,813	12,357,483	12,528,210	(170,727)
11. University of Florida Leadership & Education Foundation, Inc.	December 31, 2014	1,026,957	1,026,957	2,774,668	1,750,896	1,023,772	3,428,344	3,431,529	(3,185)
12. Treasure Coast Agricultural Research Foundation, Inc.	June 30, 2015	218,552	218,552	165,005	0	165,005	210	53,757	(53,547)
13. University of Florida Alumni Association, Inc. (1)	June 30, 2015	(1)	(1)	(1)	(1)				
14. University of Florida Investment Corporation	June 30, 2015	634,654	634,654	2,289,537	1,764,097	525,440	3,358,769	3,467,983	(109,214)
15. University of Florida Historic St. Augustine	June 30, 2015	1,289,632	1,289,632	1,819,136	69,623	1,749,513	830,864	370,983	459,881
16. University of Florida Development Corporation	June 30, 2015	10,795,674	10,795,674	13,129,847	264,674	12,865,173	5,038,251	2,968,752	2,069,499
17. GatorCare Health Management Corporation	June 30, 2015	387,556	387,556	36,672,384	36,482,660	189,724	426,171	624,003	(197,832)
HEALTH SCIENCE CENTER AFFILIATES									
1. Florida Clinical Practice Association, Inc. (College of Medicine)	June 30, 2015	109,710,702	109,710,702	173,244,441	44,197,355	129,047,086	563,242,778	543,906,394	19,336,384
2. University of Florida Jacksonville Physicians, Inc.	June 30, 2015								
3. Faculty Associates, Inc. (College of Dentistry)	June 30, 2015	5,925,091	5,925,091	8,933,765	137,772	8,795,993	19,209,041	16,338,139	2,870,902
4. Florida Health Professions Association, Inc.	June 30, 2015	3,275,298	3,275,298	4,734,445	676,982	4,057,463	6,582,330	5,800,165	782,165
5. University of Florida College of Nursing Faculty Practice Association, Inc.	June 30, 2015	4,722,373	4,722,373	4,419,816	0	4,419,816	808,559	1,111,116	(302,557)
6. University of Florida College of Pharmacy Faculty Practice Association, Inc.	June 30, 2015	1,736,697	1,736,697	3,377,278	1,219,831	2,157,447	5,126,457	4,705,707	420,750
7. Florida Veterinary Medicine Faculty Association, Inc.	June 30, 2015	7,877,992	7,877,992	9,937,600	1,143,280	8,794,320	8,968,414	8,052,086	916,328
8. University of Florida Jacksonville Healthcare, Inc.	June 30, 2015	369,091	369,091	3,821,102	3,452,011	369,091	34,269,870	34,269,870	0
9. Faculty Clinic, Inc.	June 30, 2015	1,496,967	1,496,967	4,916,602	3,382,714	1,533,888	1,526,498	1,489,577	36,921
OTHER AFFILIATED ORGANIZATIONS									
1. Shands Teaching Hospital and Clinics, Inc. and Subsidiaries (In Thousands)	June 30, 2015	937,365	796,428	2,111,464	1,241,023	870,441	1,315,527	1,241,514	74,013
2. Shands Jacksonville Healthcare, Inc. (In Thousands)	June 30, 2015	168,347	148,705	476,933	307,720	169,213	608,799	588,291	20,508
3. University of Florida Self-Insurance Program (Including HEIC)	June 30, 2015	138,279,176	138,279,176	237,627,923	89,874,020	147,753,903	16,679,424	7,204,697	9,474,727

(1) The accounts related to the University of Florida Alumni Association, Inc. are included in the financial statements of the University of Florida Foundation, Inc. (UFF). The operating activities of the Alumni Association are presented in Note 13 to UFF's Financial Statements.

**UNIVERSITY OF FLORIDA
SUMMARY OF AUDIT REPORTS FOR AFFILIATED ORGANIZATIONS
Year Ended 2016**

	Control Deficiencies and/or Management Comments 2015?	Control Deficiencies and/or Management Comments 2016?	Repeat Finding(s) from Prior Year?	Summary of Repeat Finding(s)
DIRECT SUPPORT ORGANIZATIONS				
1. University of Florida Foundation, Inc.	No		N/A	
2. University of Florida Research Foundation, Inc.	No		N/A	
3. The University Athletic Association, Inc.	Yes		Yes	Seat contributions below required minimum
4. Gator Boosters, Inc.	Yes		Yes	Seat contributions below required minimum
5. The University of Florida Law Center Association, Inc.	No		N/A	
6. Florida Foundation Seed Producers, Inc.	No		N/A	
7. Florida 4-H Club Foundation, Inc.	Yes		N/A	
8. Southwest Florida Research and Education Foundation, Inc.	No		N/A	
9. Citrus Research and Education Foundation, Inc.	No		N/A	
10. Citrus Research and Development Foundation, Inc.	No		N/A	
11. University of Florida Leadership & Education Foundation, Inc.	No	No	N/A	
12. Treasure Coast Agricultural Research Foundation, Inc.	No		N/A	
13. University of Florida Alumni Association, Inc. (1)	(1)	(1)	(1)	
14. University of Florida Investment Corporation	No		N/A	
15. University of Florida Historic St. Augustine	No		N/A	
16. University of Florida Development Corporation	No		N/A	
17. GatorCare Health Management Corporation	Yes		N/A	
HEALTH SCIENCE CENTER AFFILIATES				
1. Florida Clinical Practice Association, Inc. (College of Medicine)	No		N/A	
2. University of Florida Jacksonville Physicians, Inc.	No		N/A	
3. Faculty Associates, Inc. (College of Dentistry)	No		N/A	
4. Florida Health Professions Association, Inc.	No		N/A	
5. University of Florida College of Nursing Faculty Practice Association, Inc.	Yes		N/A	
6. University of Florida College of Pharmacy Faculty Practice Association, Inc.	No		N/A	
7. Florida Veterinary Medicine Faculty Association, Inc.	No		N/A	
8. University of Florida Jacksonville Healthcare, Inc.	No		N/A	
9. Faculty Clinic, Inc.	No		N/A	
OTHER AFFILIATED ORGANIZATIONS				
1. Shands Teaching Hospital and Clinics, Inc. and Subsidiaries	No		N/A	
2. Shands Jacksonville Healthcare, Inc.	No		N/A	
3. University of Florida Self-Insurance Program (Including HEIC)	No		N/A	

(1) The accounts related to the University of Florida Alumni Association, Inc. are included in the financial statements of the University of Florida Foundation, Inc. (UFF). The operating activities of the Alumni Association are presented in the notes to UFF's Financial Statements.

Note: Changes to report subsequent to March 2016 BOT Audit Committee Meeting are highlighted in green.

UNIVERSITY OF FLORIDA
SUMMARY OF AUDIT REPORTS FOR AFFILIATED ORGANIZATIONS
Year Ended 2016

	Fiscal Year Ended	Net Position or Fund Equity EOY per PY's FS	Net Position or Fund Equity Beginning of Year (As Restated If Applicable)	Year Ended 2016		Net Position or Fund Equity End of Year	Fiscal Year Totals		
				Total Assets and Deferred Outflows	Total Liabilities and Deferred Inflows		Total Revenues and Other Additions	Total Expenses and Other Deductions	Change in Net Position (Increase/(Decrease))
DIRECT-SUPPORT ORGANIZATIONS									
1. University of Florida Foundation, Inc.	June 30, 2016	1,903,073,667							
2. University of Florida Research Foundation, Inc.	June 30, 2016	103,378,781							
3. The University Athletic Association, Inc.	June 30, 2016	152,810,942							
4. Gator Boosters, Inc.	June 30, 2016	995,197							
5. The University of Florida Law Center Association, Inc.	June 30, 2016	7,023,750							
6. Florida Foundation Seed Producers, Inc.	June 30, 2016	5,166,053							
7. Florida 4-H Club Foundation, Inc.	March 31, 2016	3,021,723							
8. Southwest Florida Research and Education Foundation, Inc.	June 30, 2016	128,109							
9. Citrus Research and Education Foundation, Inc.	June 30, 2016	1,371,275							
10. Citrus Research and Development Foundation, Inc.	June 30, 2016	2,014,540							
11. University of Florida Leadership & Education Foundation, Inc.	December 31, 2015	1,023,772	1,023,772	1,672,602	680,794	991,808	3,635,668	3,667,632	(31,964)
12. Treasure Coast Agricultural Research Foundation, Inc.	June 30, 2016	218,552							
13. University of Florida Alumni Association, Inc. (1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
14. University of Florida Investment Corporation	June 30, 2016	634,654							
15. University of Florida Historic St. Augustine	June 30, 2016	1,289,632							
16. University of Florida Development Corporation	June 30, 2016	10,795,674							
17. GatorCare Health Management Corporation	June 30, 2016	387,556							
HEALTH SCIENCE CENTER AFFILIATES									
1. Florida Clinical Practice Association, Inc. (College of Medicine)	June 30, 2016	109,710,702							
2. University of Florida Jacksonville Physicians, Inc.	June 30, 2016								
3. Faculty Associates, Inc. (College of Dentistry)	June 30, 2016	5,925,091							
4. Florida Health Professions Association, Inc.	June 30, 2016	3,275,298							
5. University of Florida College of Nursing Faculty Practice Association, Inc.	June 30, 2016	4,722,373							
6. University of Florida College of Pharmacy Faculty Practice Association, Inc.	June 30, 2016	1,736,697							
7. Florida Veterinary Medicine Faculty Association, Inc.	June 30, 2016	7,877,992							
8. University of Florida Jacksonville Healthcare, Inc.	June 30, 2016	369,091							
9. Faculty Clinic, Inc.	June 30, 2016	1,496,967							
OTHER AFFILIATED ORGANIZATIONS									
1. Shands Teaching Hospital and Clinics, Inc. and Subsidiaries (in Thousands)	June 30, 2016	796,428							
2. Shands Jacksonville Healthcare, Inc. (in Thousands)	June 30, 2016	148,705							
3. University of Florida Self-Insurance Program (Including HEIC)	June 30, 2016	138,279,176							

(1) The accounts related to the University of Florida Alumni Association, Inc. are included in the financial statements of the University of Florida Foundation, Inc. (UFF). The operating activities of the Alumni Association are presented in the notes to UFF's Financial Statements.

Note: Changes to report subsequent to March 2016 BOT Audit Committee Meeting are highlighted in green.

UNIVERSITY OF FLORIDA
BOARD OF TRUSTEES

Board Operations

Adopted: June 13, 2003

Amended: ~~December 6, 2012~~ June 9, 2016

**COMMITTEE ON AUDIT AND OPERATIONS REVIEW
CHARTER**

Purpose

To assist the Board of Trustees in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process, and the university's process for monitoring compliance with laws and regulations. Key principles in fulfilling this objective include:

- Key role in monitoring and reviewing the performance of ~~all~~ the internal audit ~~activity~~ processes
- Independent audit communication and information flow
- Diligent and knowledgeable membership

The Committee on Audit and Operations Review ~~Committee~~ shall take all appropriate actions to set the overall university tone for quality financial reporting, sound business risk practices, and ethical behavior.

Organization/Composition

The Committee on Audit and Operations Review will be comprised of a minimum of four trustees. The members will be free from any financial or personal conflicts that would interfere with the exercise of their independence with respect to management or the institution. All members of the Committee on Audit and Operations Review ~~Committee~~ will have a working familiarity with basic finance and accounting practices and at least one member must have accounting or related financial management expertise.

The Chairman of the Board of Trustees, recognizing the need for continuity of membership from year to year, shall appoint the members of the Committee on Audit and Operations Review ~~Committee~~.

University staff liaisons are the Chief Audit Executive or designee, the Vice President and Chief Financial Officer ~~or designee~~, and the Executive Associate Vice President and Deputy General Counsel for Business Affairs or designee, and the Chief Audit Executive or designee.

Meetings

The Committee on Audit and Operations Review will meet at least four times annually. ~~Additional~~ meetings may occur as circumstances dictate. ~~The~~ Committee Chair and the Chief Audit Executive should discuss and finalize the meeting agenda and overview the issues to be discussed. The meetings are open to the public. ~~The~~ Committee on Audit and Operations Review will invite members of management, auditors, or others to attend meetings and provide pertinent information as necessary.

Responsibilities and Duties

The Committee on Audit and Operations Review believes its policies and procedures should remain flexible in order to best react to changing conditions and provide reasonable assurances to the Board that the scope of audit activities and the adequacy of the system of internal controls ~~ensure~~ promote compliance with state and federal laws, regulations and requirements. The Committee on Audit and Operations Review shall make reports to the Board ~~as~~ it deems necessary.

The Committee on Audit and Operations Review will fulfill their duties and responsibilities as follows:

- **General**

Adopt a formal written charter that is approved by the full Board of Trustees that specifies scope of responsibility, process, membership, etc. The charter will be reviewed as necessary, but at least every other year.

Maintain minutes or other records of meetings and activities.

Report Committee actions to the Board with such recommendations as the Committee may deem appropriate.

Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain independent counsel, accountants, or others to assist it in the conduct of any investigation.

Review and monitor implementation of management's response to internal and external audit recommendations.

Other governance oversight as assigned by the Board.

- **External/Independent Auditors**

Currently, The Office of Auditor General performs the financial audits of the university. Procurement of external accountants for direct support and other related-affiliated organizations (~~affiliated organizations~~) falls under the oversight of these organizations' Board of Directors.

- **Internal Audit Function**

Review and approve the annual internal audit plan and any significant changes to the internal audit plan.

Annually, review the staffing levels to fulfill the plans and mission as well as the adequacy of internal audit staff qualifications.

Approve and periodically review the internal audit charter and the internal audit function including its independence and authority.

Inquire of the Chief Audit Executive regarding the adequacy and effectiveness of accounting and financial controls and request recommendations for improvements.

Review a summary of findings and completed internal audits and a progress report on executing the approved internal audit plan.

Maintain adequate policies and guidelines for receiving complaints regarding accounting controls and reports of financial fraud. Review significant findings and issues identified as a result of special reviews or whistleblower complaints.

Inquire of the Chief Audit Executive regarding any difficulties encountered in the course of their audits, including any restrictions on the scope of their work or access to required information or any lack of cooperation.

Require the Chief Audit Executive to report in writing annually on activities of the office.

[Inquire of the Chief Audit Executive regarding the Quality Assurance and Improvement Program; including periodic internal and external quality assessment results.](#)

Review and concur in the appointment, compensation, replacement, reassignment, or dismissal of the Chief Audit Executive.

- **Financial Statements/Internal Controls**

Management is responsible for the preparation, presentation, and integrity of the university's financial statements and for the appropriateness of the accounting principles and reporting policies used by the university. The following shall be the principal duties and responsibilities of the Committee [on Audit and Operations Review](#) regarding financial statements.

Review annual audited financial statements with management and the independent auditors to determine that the independent auditors are satisfied with the disclosure and content of the financial statements, application of conservative accounting principles and approve such financial statements.

Consider external auditors' judgments regarding the quality, consistency, and appropriateness of financial statements.

Make inquiries of management and external auditors concerning the adequacy of the university's system of internal controls.

Require financial management and the independent auditor to discuss with the Committee [on Audit and Operations Review](#) their qualitative judgments about the appropriateness, not just acceptability, of accounting principles and financial disclosure practices used or proposed to be adopted by the institution.

Review, accept, and recommend for the Board approval [of](#) the university's annual audit of accounts and records/financial statements and the report on internal controls and compliance.

Review the programs and policies of the university designed by management to assure compliance with applicable laws and regulations and monitor the results of compliance efforts ~~including those involving environmental health and safety.~~

Charter

Introduction

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Mission and Scope of Work

The mission of the Office of Internal Audit (OIA) is to provide independent, objective assurance and consulting services, using a risk-based approach, to add value and improve the operations of the University of Florida and its affiliated organizations, including its direct support organizations and Faculty Practice Plan corporations. The OIA will serve as a central point for coordination of and oversight for activities that promote accountability, integrity, efficiency, and compliance.

The scope of work of the OIA is to determine whether the university's network of risk management control and governance processes, as designed and represented by management, is ~~are~~ adequate and functioning in a manner to ensure ~~promote~~:

- Risks impacting the achievement of the university's strategic objectives are appropriately identified and managed
- Interaction with the various governance groups occurs as needed
- Significant financial, managerial, and operating information is accurate, reliable, and timely
- Employee's actions are in compliance with policies, standards, procedures, and applicable laws and regulations
- Resources are acquired economically, used efficiently, and protected adequately-
- Achievement of Programs, plans, and objectives ~~are achieved~~
- Quality and continuous improvement ~~are fostered~~ in the university's controls process
- Recognition and appropriate action relative to Significant legislative or regulatory issues impacting the university ~~are recognized and addressed properly~~

Opportunities for improving management control may be identified during audits. They will be communicated to the appropriate level of management.

Organization, Independence and Authority

To provide for the independence of the OIA, its staff report to the Chief Audit Executive (CAE), who is appointed by and operates under the general oversight of the university President. The CAE reports administratively to the Senior Vice President and Chief Operating Officer and functionally to the Board of Trustees through its Committee on Audit and Operations Review as to the process and content of its reports. This reporting relationship promotes independence and assures adequate consideration of audit findings and planned actions.

The CAE and staff of the OIA are authorized to:

- Have unrestricted access to all functions, records, property, and personnel
- Have full and free access to the Committee on Audit and Operations Review
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives
- Obtain the necessary assistance of personnel in units of the university where they perform audits, as well as other specialized services from within or outside the university

The CAE and staff of the OIA are not authorized to:

- Perform any operational duties for the university or its affiliated organizations
- Initiate or approve accounting transactions external to the OIA-
- Direct the activities of any university employee not employed by the OIA, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the OIA staff

Accountability

The CAE, in the discharge of his/her duties, shall be accountable to management and the Committee on Audit and Operations Review to:

- Provide assessments on the adequacy and effectiveness of the university's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work
- Report significant issues related to the processes for controlling the activities of the university and its affiliated organizations, including potential improvements to those processes, and provide information concerning such issues through resolution-
- Provide information periodically on the status and results of the annual audit plan and the sufficiency of department resources
- Coordinate activities with other control and monitoring functions (e.g., risk management, compliance, security, information technology legal, ethics, environmental, and external audit) to ensure promote proper coverage and minimize duplication of efforts
- Communicate the results of the quality assurance and improvement program-

Duties and Responsibilities

- Develop a flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the Committee on Audit and Operations Review
- Implement the annual audit plan as approved, including, ~~as appropriate,~~ any appropriate special tasks or projects requested by management and the Committee on Audit and Operations Review
- Conduct and coordinate audits, investigations, and management reviews relating to the programs and operations of the university and its affiliated organizations-
- Perform, or coordinate, other consulting services or activities carried out or financed by the university for the purpose of assisting management in meeting its objectives, promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in its programs and operations. These may include facilitation, training and advisory services
- Issue periodic reports to the Committee on Audit and Operations Review and management summarizing results of audit activities
- Receive complaints and coordinate all activities of the university as required by the Whistle-blower's Act pursuant to Sections 112.3187-112.31895, Florida Statutes
- In accordance with the university's Policy on Fraudulent and Dishonest Acts, receive and consider complaints that do not meet the criteria for an investigation under the Whistle-blower's Act and conduct, supervise, or coordinate such inquiries, investigations, or reviews as appropriate
- Keep the university President, the Senior Vice President and Chief Operating Officer, management and the Committee on Audit and Operations Review for the university's Board of Trustees informed concerning fraud, abuses, and internal control deficiencies relating to programs and operations, facilitate initiation of corrective actions, and report on the progress made in implementing -corrective actions
- Consider the scope of work and ensure effective coordination and cooperation between the Auditor General, federal auditors, and other governmental bodies and external auditors with a view toward avoiding duplication-

- Review, as appropriate, rules and procedures relating to the programs and operations of the university and make recommendations concerning their impact. Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter
- ~~Provide-Confirm to~~ the Committee on Audit and Operations Review, an annual report at least annually, on the OIA organizational and staff independence of the OIA
- ~~Establish~~Develop and Mmaintain a quality assurance and improvement program ~~by which the CAE assures the covering all aspects-operations~~ of the OIA ~~activities and communicate the results of the quality assurance and improvement program to management and the Committee on Audit and Operations Review-~~
- Keep the Committee on Audit and Operations Review informed of emerging trends and successful practices in internal auditing
- Provide an annual report with significant measurement goals and results to the Committee on Audit and Operations Review

In the performance of these services, the Office of Internal Audit will ensure that an appropriate balance is maintained between audit, investigative, and other activities. Detailed operational procedures for the OIA will be established and maintained.

Standards of Audit Practice

The OIA will meet or exceed the Institute's of Internal Auditors International Standards for the Professional Practice of Internal Auditing.

The OIA staff members have a responsibility to the interest of those they serve and should refrain from entering into any activity that may create a conflict of interest. They have an obligation of self-discipline above and beyond the requirements of laws and regulations. They should uphold and demonstrate qualities of integrity, honesty, loyalty, morality, dignity, and confidentiality consistent with the Institute of Internal Auditors Code of Ethics.
