MEMORANDUM

TO: The Audit and Compliance Committee:

Frank E. Genovese, Chair
L.D. Britt, M.D.
Allison Cryor DiNardo
Barbara J. Fried
William H. Goodwin Jr.
George Keith Martin, Ex Officio
Adelaide Wilcox King, Faculty Consulting Member

and

The Remaining Members of the Board

Frank B. Atkinson
Frank M. Conner III
Helen E. Dragas
Kevin J. Fay
John A. Griffin
Victoria D. Harker
Bobbie G. Kilberg
Stephen P. Long, M.D.
John G. Macfarlane III
Edward D. Miller, M.D.
John L. Nau III
Daniel T. Judge

FROM: Susan G. Harris

SUBJECT: Minutes of the Meeting of the Audit and Compliance Committee on June 12, 2015

The Audit and Compliance Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 8:00 a.m., on Friday, June 12, 2015, in the Auditorium of the Albert and Shirley Small Special Collections Library of the Harrison Institute. Frank E. Genovese, Chair, presided.

Present were L.D. Britt, M.D., Allison Cryor DiNardo, Barbara J. Fried, William H. Goodwin Jr., and Adelaide Wilcox King.

Present as well were Teresa A. Sullivan, Susan G. Harris, Susan Carkeek, Donna P. Henry, Patrick D. Hogan, Alison P. Landry, David W. Martel, Nancy A. Rivers, Roscoe C. Roberts, Richard P. Shannon, M.D., and Debra D. Rinker.
Carolyn D. Saint, Gary S. Nimax, Eric M. Sandridge, Lori J. Strauss, and Richard H. Tarr were the presenters.

Mr. Genovese opened the meeting and introduced Ms. Saint, noting that this was her first meeting as the Chief Audit Executive.

Interim Audit Schedule, 2015-2016

Ms. Saint presented the interim audit schedule for the first quarter of FY 2016. The department is in the process of defining an overall audit scope and assessing related risks. A schedule for the fiscal year will be presented at the September meeting.

On motion, the committee approved the following resolution and recommended it for full Board approval:

INTERIM AUDIT SCHEDULE FOR FISCAL YEAR 2015-2016

RESOLVED, the Interim Audit Schedule for fiscal year 2015-2016 is approved as recommended by the Audit, Compliance, and Risk Committee.

Corporate Compliance Project Schedule, 2015-2016

Ms. Strauss reviewed the FY 2016 projects for the Corporate Compliance and Privacy Office. These include: privacy auditing and monitoring for 36 areas; three outpatient and procedure area reviews; three inpatient audit projects; and compliance and privacy training for new hires and employees.

On motion, the committee approved the following resolution and recommended it for full Board approval:

CORPORATE COMPLIANCE PROJECT SCHEDULE FOR FISCAL YEAR 2015-2016

RESOLVED, the Corporate Compliance Project Schedule for fiscal year 2015-2016 is approved as recommended by the Audit, Compliance, and Risk Committee.

Auditor of Public Accounts Audit Entrance Meeting for Fiscal Year 2015

Mr. Sandridge, Director of Higher Education Programs for the Auditor of Public Accounts (APA), reviewed the schedule, objectives, approach, and responsibilities for the audit of the FY 2015 financial statement. The audit will be completed in October and presented to the committee in November. The presentation will include a risk discussion. The APA will issue a report on internal controls and compliance that will include any findings or recommendations resulting from the audit. By January 15, 2016, the APA will issue a report on the financial activity of the athletic department. This year the APA will conduct its biennial audit of the University’s research and development cluster for federal funding.
Committee discussion focused on the institutional risk posed by athletics in terms of finances, academics, injuries, and stipends. Committee members asked about departmental oversight procedures. Mr. Sandridge stated that the APA audits the department’s revenues and expenses. Mr. Hogan reported that the University’s Internal Audit Department also audits the program and the University has an internal compliance team. Ms. Sullivan said the Atlantic Coast Conference (ACC) conducts compliance reviews, and given the issues that have occurred at other institutions, the University views athletics as a risk area. She has created a faculty committee to review the academic provisions for athletes. Mr. Hogan said a review of reports prepared by the National Collegiate Athletic Association and the ACC shows the department’s revenues and expenses are in line with those at other institutions. The committee chair requested a presentation on athletics at the next meeting.

Report on Enterprise Risk Management

Mr. Nimax presented action plans for three risk categories: 1) effectively pursue organizational excellence; 2) maintain sufficient funding and resources to achieve goals; and 3) compliance with federal, state, and regulatory requirements. He also reviewed the revised action plans for the Managing Human Capital risk category, which had been presented at the March meeting. The revised plans have the metrics or key performance indicators requested by the committee.

Report on Internal Audit Quality Assessment

Mr. Tarr, president of Richard Tarr and Associates, reported on the recently completed external Quality Assurance Review of the University’s Internal Audit Department. These reviews are completed every five years. The review gave the department the highest rating - “Generally Conforms.” This means that the department has policies, procedures, a charter, and practices judged to be in accordance with professional standards of the Institute of Internal Auditors.

Executive Session

The following motion was read and approved, and the committee continued in closed session at approximately 9:00 a.m.:

That the Audit and Compliance Committee of the Board of Visitors go into Closed Session to discuss audits of University departments, and consult legal counsel, concerning the performance of specific University and Medical Center personnel responsible for information security facilities and the evaluation of performance of departments and personnel with respect to security and related regulations, and also to confer with the independent quality assurance reviewer on the performance of the Internal Audit Department as permitted by Sections 2.2-3711 (A) (1), (7) and (19) of the Code of Virginia and where, in the case of the Medical Center, disclosure at this time would adversely affect the Medical Center’s competitive position as permitted by Section 2.2-3711 (22) of the Code of Virginia.
At 9:20 a.m. the committee concluded closed session and approved the following motion:

That we vote on and record our certification that, to the best of each Member’s knowledge only public business matters lawfully exempted from open meeting requirements and which were identified in the motion authorizing the closed session, were heard, discussed or considered in closed session.

On motion, the committee approved the following resolution and recommended it for full Board approval:

SUMMARY OF AUDIT FINDINGS FOR THE PERIOD JANUARY 1, 2015 THROUGH MAY 15, 2015

RESOLVED, the Summary of Audit Findings for the period January 1, 2015 through May 15, 2015, as presented by the Chief Audit Executive, is approved as recommended by the Audit, Compliance, and Risk Committee.

On further motion, the committee adjourned at 9:20 a.m.

SGH:wtl
These minutes have been posted to the University of Virginia’s Board of Visitors website:  http://www.virginia.edu/bov/auditminutes.html