

January 31, 2003

MEMORANDUM

TO: The Audit Committee:

Elizabeth A. Twohy, Chair
Terence P. Ross
Warren M. Thompson
John P. Ackerly, III, Ex Officio

and

The Remaining Members of the Board:

Thomas J. Bliley, Jr.	Elsie Goodwyn Holland
William G. Crutchfield, Jr.	Mark J. Kington
Thomas F. Farrell, II	Don R. Pippin
Charles L. Glazer	Gordon F. Rainey, Jr.
William H. Goodwin, Jr.	Thomas A. Saunders, III
T. Keister Greer	E. Darracott Vaughan, Jr., M.D.
H. Timothy Lovelace, Jr.	

FROM: Alexander G. Gilliam, Jr.

RE: Minutes of the Meeting of the Audit Committee

The Audit Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 9:15 a.m., Friday, January 31, 2003, in the East Oval Room of the Rotunda; Ms. Elizabeth A. Twohy, Chair, presided. Warren M. Thompson and John P. Ackerly, III, Rector, were present.

Also present were Thomas J. Bliley, Jr., William G. Crutchfield, Jr., Thomas F. Farrell, II, William H. Goodwin, Jr., T. Keister Greer, Mrs. Elsie Goodwyn Holland, Mark J. Kington, Don R. Pippin, Gordon F. Rainey, Jr., E. Darracott Vaughan, Jr., M.D., and H. Timothy Lovelace, Jr.

Present as well were John T. Casteen, III, Leonard W. Sandridge, Alexander G. Gilliam, Jr., Paul J. Forch, Ms. Barbara J. Deily, Gene D. Block, Ms. Colette Sheehy, Robert D. Sweeney, Ms. Patricia M. Lampkin, Robert E. Reynolds, M.D., Ms. Yoke San Reynolds, R. Ariel Gomez, M.D., William W. Harmon, R. Edward

Howell, Arthur Garson, Jr., M.D., Ms. Barbara Baldwin, and Ms. Jeanne Flipppo Bailes.

Walter J. Kucharski, Auditor of Public Accounts of the Commonwealth, was present along with members of his staff: Joseph H. Stepp, Ms. Amy Asher, Ms. Leigh Lucas, and Gary Myers.

The Chair asked Ms. Deily, Director of Audits of the University, to present the Agenda. Ms. Deily reminded the Committee that the Auditor of Public Accounts of the Commonwealth customarily presents the findings of the annual audit of the University to the Committee and to the Board at the January Board meeting. She then introduced the Auditor, Mr. Kucharski.

Mr. Kucharski reported a favorable audit. The one comment noted by the auditors was similar to the one noted last year - the necessity for enhancing security in the information systems of the Health Systems. He reminded the Committee that last year, he had noted that it would take several years to bring security to a satisfactory level, and he reported that good progress is being made.

Ms. Barbara Baldwin of the Medical Center gave the Center's official reply to the audit note; she said progress was being made and it is hoped that all of the necessary safeguards will be in place by the end of the year.

After adopting the following motion, the Committee went into Executive Session at 9:20 a.m.:

That the Audit Committee of the Board of Visitors of the University of Virginia go into Executive Session to discuss and seek the advice of our General Counsel with respect to the auditor's evaluation of specific University departments, which will also involve discussion of the performance of University managers and personnel; and, in the case of the Medical Center, consideration of personnel performance and regulatory compliance involving the Medical Center's proprietary business-related information where disclosure at this time would adversely affect the competitive position of the Medical Center; as provided for in Section 2.2-3711 (A) (1), (7) and (23) of the Code of Virginia.

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The Committee resumed in Open Session at 9:50 a.m., and after voting to certify that nothing illegal had been discussed in Executive Session, adopted the following motion and adjourned.

Mr. Rector, I move that we vote on and record our certification that, to the best of each Board member's knowledge, only public business matters lawfully exempted from open meeting requirements and which were identified in the motion(s) authorizing the closed session, were heard, discussed or considered in closed session.

AGG:lah

These minutes have been posted to the University of Virginia's Board of Visitors website.

<http://www.virginia.edu/bov/auditminutes.html>