

May 29, 2003

MEMORANDUM

TO: The Audit and Compliance Committee:

Charles L. Glazer, Chair
Thomas J. Bliley, Jr.
Don R. Pippin
Terence P. Ross
Warren M. Thompson
Georgia M. Willis
Gordon F. Rainey, Jr., Ex Officio

and

The Remaining Members of the Board:

William G. Crutchfield, Jr.	Lewis F. Payne
Susan Y. Dorsey	Thomas A. Saunders, III
Thomas F. Farrell, II	E. Darracott Vaughan, Jr., M.D.
William H. Goodwin, Jr.	John O. Wynne
Mark J. Kington	John R.M. Rodney

FROM: Alexander G. Gilliam, Jr.

RE: Minutes of the Meeting of the Audit and Compliance
Committee on May 29, 2003

The Audit and Compliance Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 3:45 p.m., on Thursday, May 29, 2003, in the Lower East Oval Room of the Rotunda; Charles L. Glazer, Chair, presided.

Thomas J. Bliley, Jr., Don R. Pippin, Terence P. Ross, Warren M. Thompson, Ms. Georgia M. Willis, and Gordon F. Rainey, Jr., Rector, were present.

Also present were Ms. Susan Y. Dorsey and John R.M. Rodney.

Present as well were John T. Casteen, III, Leonard W. Sandridge, Alexander G. Gilliam, Jr., Paul J. Forch, Ms. Barbara Deily, Craig K. Littlepage, Ralph W. Traylor, David A. Storm, and Ms. Jeanne Flippo Bailes.

The Chair asked Ms. Deily, Director of Audits, to present the Agenda.

Ms. Deily discussed the proposed audit schedule for Fiscal Year 2003-2004, a copy of which is appended to these Minutes as an Attachment. On motion, the Committee adopted the following resolution approving the schedule and recommended it to the full Board for approval:

APPROVAL OF THE AUDIT SCHEDULE

RESOLVED that the Audit Schedule for Fiscal Year 2003-2004, is approved as recommended by the Audit & Compliance Committee.

(See also the Minutes of the meeting of the Board of Visitors of May 31, 2003.)

- - - - -

Mr. Ralph Traylor and Mr. David Storm then reviewed for the Committee the compliance programs in the Medical Center and in the Department of Athletics.

- - - - -

Noting the new name of the Committee, *Audit and Compliance*, the Chair led a discussion of a mission statement for the Committee. The general conclusions reached in the discussion were summarized in a statement proposed for the Audit and Compliance Committee Manual.

The Committee also discussed the following proposed revision of Section 3.26 of the Board of Visitors Manual, and on motion recommended it to the Manual Revision Committee for consideration:

Board of Visitors Manual - Current Version:

Section 3.26 AUDIT COMMITTEE - The Audit Committee shall be responsible for all matters relating to financial accounting and reporting. The Audit Committee shall have direct access to internal and external auditors to assess their performance, the scope of audit activities and the adequacy of the system of internal accounting controls.

Board of Visitors Manual - Proposed Version:

Section 3.26 AUDIT & COMPLIANCE COMMITTEE - The Audit & Compliance Committee shall be responsible for all matters relating to financial accounting and reporting and for compliance issues. The Audit & Compliance Committee shall have direct access to internal and external auditors and to compliance officers to assess their performance, the scope of audit and compliance activities, and the adequacy of the system of internal accounting controls and compliance monitoring.

- - - - -

Ms. Deilly reviewed briefly for the Committee proposed changes in the Audit Department's Follow-up Program.

On motion, the Committee went into Executive Session at 4:15 p.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, will involve consideration of personnel performance and regulatory compliance involving the Medical Center's proprietary business-related information at the Medical Center where disclosure at this time would adversely affect the competitive position of the Medical Center. This action is provided for in Section 2.2-3711 (A) (1), (7) and (23) of the Code of Virginia.

The Committee resumed in Open Session at 5:00 p.m., and after voting to certify that its discussions had been held in accordance with the exemptions permitted by the Virginia Freedom of Information Act:

On motion, the Board of Visitors, sitting in Open Session, unanimously adopted a resolution certifying that while meeting in Executive Session - as permitted by the relevant provisions of the Code of Virginia - only public business authorized by its motion and lawfully exempted from consideration in closed session, was discussed.

on further motion, adjourned.

AGG:jb

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

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

2003 - 2004 Audit Schedule

UNIVERSITY

DEPARTMENT/DIVISION	BUDGETED HOURS
ADMINISTRATIVE & SUPPORT SERVICES	
Facilities Management - Facilities Planning & Construction	500
Office of Sponsored Programs	450
Payroll System	450
W-2 Audit	250
Tuition & Fees/International Student Requirements	450
Printing Services	300
Hazardous Materials	300
Procurement Services	200
ATHLETICS	
NCAA Compliance	300
Game Settlements - Football	50
OTHER ACTIVITIES	
University Bookstore/Cavalier Computers/Inventory	50
Follow-up Audits	120
ISP CONSULTING	300
UNIVERSITY TOTAL	3,720

2003 - 2004 Audit Schedule

HEALTH SYSTEM

DEPARTMENT/DIVISION	BUDGETED HOURS
PATIENT CARE ACTIVITIES	
Radiology	400
Transplant	150
ADMINISTRATIVE & SUPPORT SERVICES	
Facilities Management - Construction Accounting	200
HealthSouth Contractual Agreement	400
Outpatient Charge Capture Review	400
Provider Based Clinics	400
Short Stays	100
SCHOOL OF MEDICINE	
Dean's Office	400
Department of Biochemistry & Molecular Genetics	400
INFORMATION TECHNOLOGY	
PeopleSoft System	400
OTHER ACTIVITIES	
OIG/EPLS Review	200
Central Sterile Inventory	80
Pharmacy Inventory	80
Follow-up Audits	200
HEALTH SYSTEM TOTAL	3,810
UNIVERSITY & HEALTH SYSTEM TOTALS	7,530