

October 4, 2007

MEMORANDUM

TO: The Audit and Compliance Committee:

G. Slaughter Fitz-Hugh, Jr., Chair
Austin Ligon
Vincent J. Mastracco, Jr.
Don R. Pippin
Warren M. Thompson
W. Heywood Fralin, Ex Officio

and

The Remaining Members of the Board:

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|-----------------------|---------------------------------|
| Daniel R. Abramson | Lewis F. Payne |
| A. Macdonald Caputo | Gordon F. Rainey, Jr. |
| Alan A. Diamonstein | E. Darracott Vaughan, Jr., M.D. |
| Susan Y. Dorsey | John O. Wynne |
| Thomas F. Farrell, II | Carey J. Mignerey |
| Glynn D. Key | |

FROM: Alexander G. Gilliam, Jr.

SUBJECT: Minutes of the Meeting of the Audit and Compliance
Committee on October 4, 2007

The Audit and Compliance Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 9:00 a.m., Thursday, October 4, 2007, in the Board Room of the Rotunda; G. Slaughter Fitz-Hugh, Jr., Chair, presided. Austin Ligon, Vincent J. Mastracco, Jr., Don R. Pippin, Warren M. Thompson, and W. Heywood Fralin, Rector, were present.

Also present were John O. Wynne, Daniel R. Abramson, The Honorable Lewis F. Payne, E. Darracott Vaughan, Jr., M.D., and Carey J. Mignerey.

Present as well were John T. Casteen, III, Leonard W. Sandridge, Alexander G. Gilliam, Jr., Paul J. Forch, Arthur Garson, Jr., M.D., Ms. Barbara J. Deily, Ms. Susan Carkeek, James

L. Hilton, R. Edward Howell, Ms. Yoke San L. Reynolds, Ms. Colette Sheehy, and Ms. Jeanne Flippo Bailes.

Ricardo Padron, Chair of the Faculty Senate, was present.

The Chair opened the meeting and asked Ms. Deily, Chief Audit Executive, to present the Agenda.

Audit Charter Approval

Ms. Deily reminded the Committee that in 2004, it was decided that the Committee and the full Board would review and approve the Audit Charter if changes were necessary or whenever there is a new Chair of the Committee. There is both a new Chair and Ms. Deily's title has been changed to Chief Audit Executive.

The Committee adopted the following resolution approving the Audit Charter, and recommended it to the full Board for approval:

APPROVAL OF THE AUDIT CHARTER

RESOLVED that the Audit Charter is approved as recommended by the Audit and Compliance Committee.

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Enterprise Risk Management

The Chair reminded the Committee that a Committee goal for this year is to "work with appropriate individuals in identifying and developing Risk Management efforts for the institution." He went on to say that although the University does not have a formal ERM program, it has addressed risks in a variety of areas, the most advanced risk management programs being in the area of hazard risk - which includes IT risk planning and emergency preparedness. Non-IT emergency preparedness has been underway for several years and the position of Director of Emergency Preparedness was filled recently.

To minimize the financial exposures of hazard risks, the University's Risk Management Office obtains insurance, manages claims, and works to prevent financial losses in connection with property damage and liability claims.

The Chair pointed out that the Commonwealth has mandated the Agency Risk Management and Internal Control Standards (ARMICS) program for all state agencies. He said that when the assessments are completed for ARMICS, the University will be in a good position to determine necessary risk management actions.

There followed a brief discussion: Mr. Wynne emphasized the necessity of having a coherent, general plan, as opposed to piecemeal efforts. Mr. Ligon and Mr. Thompson recounted experiences in private business and suggested these would be relevant to the University's approaches.

The Chair said that Emergency Risk Management would be discussed in future meetings of the Committee.

Executive Session

On motion, the Committee went into Executive Session at 9:15 a.m.

That the Audit and Compliance Committee of the Board of Visitors of the University of Virginia convene in Closed Session to review and discuss the performance of specific University and Medical Center departments. The Board's oversight review will involve evaluating the performance of specific University managers and personnel and, in the case of the Medical Center, proprietary business-related information relating to billing documentation and posting of charges and use of donated equipment, where disclosure at this time would adversely affect the competitive position of the Medical Center. This is provided for in Section 2.2-3711 (A) (1), (7) and (22) of the Code of Virginia.

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The Committee resumed its meeting in Open Session at 9:20 a.m., and adopted the following resolution certifying that its discussions in Executive Session had been conducted in compliance with the provisions of the Virginia Freedom of Information Act:

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.

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

AGG:lah

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