

February 25, 2011

MEMORANDUM

TO: The Audit and Compliance Committee:

The Hon. Alan A. Diamonstein, Chair
Hunter E. Craig
W. Heywood Fralin
Sheila C. Johnson
Glynn D. Key
Randal J. Kirk
Vincent J. Mastracco Jr.
John O. Wynne, Ex Officio

and

The Remaining Members of the Board:

A. Macdonald Caputo	Robert D. Hardie
Helen E. Dragas	Mark J. Kington
Susan Y. Dorsey	Austin Ligon
Marvin W. Gilliam Jr.	The Hon. Lewis F. Payne
Stewart H. Ackerly	

FROM: Susan G. Harris

SUBJECT: Minutes of the Meeting of the Audit and Compliance
Committee on February 25, 2011

The Audit and Compliance Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 8:30 a.m., on Friday, February 25, 2011, in the Board Room of the Rotunda; The Honorable Alan A. Diamonstein, Chair, presided.

Present were Hunter E. Craig, W. Heywood Fralin, Ms. Glynn D. Key, Vincent J. Mastracco Jr., and John O. Wynne.

Also present were A. Macdonald Caputo, Ms. Helen E. Dragas, Marvin W. Gilliam Jr., Robert D. Hardie, Mark J. Kington, Austin Ligon, The Honorable Lewis F. Payne, and Stewart H. Ackerly.

Present, too, were Ms. Teresa A. Sullivan, Leonard W. Sandridge, Ms. Susan G. Harris, Ms. Susan A. Carkeek, Paul J. Forch, Arthur Garson Jr., M.D., James L. Hilton, R. Edward Howell, Marcus L. Martin, M.D., David J. Prior, Ms. Yoke San L. Reynolds, Ms. Colette Sheehy, Ms. Barbara J. Deily, Ms. Lori Strauss, and Ms. Jeanne Flippo Bailes.

Also present was Jonathan B. Overdevest, the Student Member-Elect of the Board of Visitors, and Walter Kucharski, the Auditor of Public Accounts of the Commonwealth (APA). Joseph Stepp, Stephen Walker, and Rachel Webster, all from the APA, were also in attendance.

The Chair introduced Ms. Barbara Deily, Chief Audit Executive. Ms. Deily introduced Ms. Lori Strauss, Chief Corporate Compliance and Privacy Officer, to highlight accomplishments of her office for the last fiscal year.

Ms. Strauss reported on the work of the Compliance Office for the first six months of the 2011 fiscal year.

Ms. Deily summarized Audit Department projects and accomplishments for the first six months of the 2011 fiscal year, and plans for the remaining six months.

Ms. Deily introduced Mr. Walter Kucharski, the Auditor of Public Accounts of the Commonwealth, and Mr. Joseph Stepp, the Project Manager for the University audit. Mr. Kucharski introduced Mr. Stephen Walker. Mr. Kucharski said the APA does more than a private auditing firm would do in conducting an audit. He stated they look at financial statements and internal controls, and they do a security review. He said management has always been very cooperative. The APA issued an unqualified opinion for both the University and the Medical Center. They also conducted an NCAA-required audit. There were no written management comments, although a few matters were brought to management's attention which must be addressed before the next audit.

The chair thanked Mr. Kucharski for his comments and called on Leonard Sandridge for the University's response. Mr. Sandridge said the verbal comments were about the time and leave system, issues with a new system risk assessment, and an incorrect calculation which caused underfunding of the federal government. The underfunding was corrected, but also changes were made to confirm calculations. Mr. Sandridge said the APA has been professional, thorough, and fair.

Executive Session

The Committee adopted the following motion and went into Executive Session at 8:50 a.m:

That the Audit and Compliance Committee of the Board of Visitors go into Executive Session to discuss both audits of University operations and compliance reviews of Medical Center operations as they concern the performance of specific University managers and personnel who are responsible for the handling of accounting and billing transactions, discussions relating to the appropriateness of expenditures to grants, as well as the adequacy of patient records' security procedures and controls, where disclosure at this time would adversely affect the Medical Center's competitive position. And furthermore, to also confer with the Auditor of Public accounts on the performance of University management as permitted by Section 2.2-3711(A) (1), (8), and (22) of the Code of Virginia.

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The Committee resumed its meeting in Open Session at 9:15 a.m., and adopted the following resolution certifying that its discussions in Executive Session had been held in accordance with the exemptions permitted by 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.

Open Session

The Chair asked for a motion to approve the Summary of Audit Findings and the Summary of Compliance Findings discussed in Executive Session. The following resolution was adopted and recommended to the full Board of Visitors for approval:

APPROVAL OF THE SUMMARY OF AUDIT FINDINGS FOR THE PERIOD OCTOBER 1, 2010 THROUGH DECEMBER 31, 2010

RESOLVED, the Summary of Audit Findings for the period October 1, 2010, through December 31, 2010, as presented by the Chief Audit Executive, and the Summary of Compliance Findings for the period July 1, 2009 through December 31, 2010, as presented by the Chief Corporate Compliance and Privacy Officer, are approved.

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

SGH:lah

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