TO: The Audit and Compliance Committee:

Hunter E. Craig, Chair
Frank B. Atkinson
Kevin J. Fay
Frank E. Genovese
Victoria D. Harker
Bobbie G. Kilberg
John L. Nau III
Linwood H. Rose
Adelaide Wilcox King, Faculty Consulting Member
George Keith Martin, Ex Officio

and

The Remaining Members of the Board and Senior Advisor:

Allison Cryor DiNardo  Stephen P. Long, M.D.
Helen E. Dragas  Edward D. Miller, M.D.
Marvin W. Gilliam Jr.  Timothy B. Robertson
William H. Goodwin Jr.  Blake E. Blaze
John A. Griffin  Leonard W. Sandridge Jr.

FROM: Susan G. Harris

SUBJECT: Minutes of the Meeting of the Audit and Compliance Committee on September 20, 2013

The Audit and Compliance Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 9:20 a.m., on Friday, September 20, 2013, in the President’s Reception Room of the Rotunda; Hunter E. Craig, Chair, presided.

Present were Frank B. Atkinson, Kevin J. Fay, Frank E. Genovese, Bobbie G. Kilberg, Linwood H. Rose, Leonard W. Sandridge Jr., and Rector George Keith Martin.

Adelaide Wilcox King, Faculty Consulting Member, was present as well.
Present, too, were Paul J. Forch, Susan A. Carkeek, Anthony de Bruyn, Patrick D. Hogan, R. Edward Howell, Marcus L. Martin, M.D., Nancy A. Rivers, and Debra D. Rinker

The Chair welcomed the newest members to the Audit Committee, Kevin Fay and Frank Genovese. He also welcomed the past chair, Rector George Martin, and the Faculty Consulting Member, Adelaide King. He introduced Barbara J. Deily to the members and stated she had been with the Audit Department for over 30 years and in her current role for over 22 years. Ms. Deily asked the Executive Vice President and Chief Operating Officer, Patrick Hogan, to introduce the University's new Chief Compliance Officer.

Information Item: Introduction of Mr. Gary S. Nimax, the University's Chief Compliance Officer

Mr. Hogan introduced Gary Nimax, who recently assumed the role of Assistant Vice President for Compliance & Enterprise Risk Management, reporting directly to Mr. Hogan. He explained briefly what that position entailed and provided a little background on Mr. Nimax.

Information Item: Compliance Office Accomplishments

Lori Strauss, Corporate Compliance & Privacy Officer, gave a report on the accomplishments of her office for the last fiscal year. She pointed out that the office completed 100% of the revised scheduled projects. She said it had been a very successful year; they utilized their resources efficiently and completed additional unscheduled projects as well as those scheduled.

Ms. Strauss said a significant amount of time was spent on monitoring, auditing, observing, and educating staff on patient privacy.

Information Item: Audit Department Accomplishments

Ms. Deily reported on the Audit Department accomplishments. As background information for the newest Board members, Ms. Deily explained that the role of the Audit and Compliance Committee is to oversee financial accounting and reporting, to assess the performance of external and internal auditors, to review the scope of audit activities, and to evaluate the adequacy of internal accounting controls.

Ms. Deily reported another successful year for scheduled audit completion. She said they had set a goal of 90% and achieved 100% completion. The Audit Department assisted with some major
institutional initiatives such as the Job Family Project and ARMICS (Agency Risk Management and Internal Control Standards), the Commonwealth's version of Sarbanes-Oxley. They served on key committees including the Policy Review Committee and Recon@UVA, the committee that oversees electronic reconciliation of all accounts.

At Mr. Craig's request, Ms. Deily explained the role of the Auditor of Public Accounts and how they interface with the University. She also explained the audit roles they assume with the Medical Center and touched briefly on the foundations. Ms. Deily was asked by Mr. Craig to send an email to each member of the committee explaining the duties and responsibilities of the Audit Department.

Information Item: Summary of Audit Findings

Ms. Deily reported on the review of the President's travel and entertainment expenses. She said this was an annual project undertaken at the request of the President. She reported all of the expenses tested were reasonable and were transacted in accordance with applicable policies.

Ms. Deily gave two additional reports which covered specific aspects of athletics: the first addressed the need to improve controls over equipment, and the second provided positive assurance regarding the governance structure over athletics at the University. She then called the committee's attention to written reports on their compliance projects, follow-up audits, and annual inventories.

Executive Session

Upon motion, the committee adopted the following resolution and went into Executive Session at 9:31 a.m.:

That the Audit and Compliance Committee of the Board of Visitors convene in Closed Session to consider, discuss and evaluate audits of the performance of specific University departments and schools as they concern the performance of specific employees and managers responsible for fundraising communications, financial performance and information security, as well as audits of the Medical Center's regulatory compliance, billing practices, and related-proprietary business information where disclosure would adversely affect the competitive position of the Medical Center, as permitted by Sections 2.2-3711(A) (1),(8),(19), and (22) of the Code of Virginia.

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The committee resumed its meeting in Open Session at 9:58 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 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 Compliance Findings discussed in Executive Session. The following resolution was adopted and recommended to the full Board for approval:

**APPROVAL OF THE SUMMARY OF AUDIT AND COMPLIANCE FINDINGS**

RESOLVED, the Summary of Audit Findings for the period February 1, 2013 through August 15, 2013, as presented by the Chief Audit Executive, and Compliance Projects for the period of January 1, 2013 through June 30, 2013, as presented by the Corporate Compliance Officer, is approved as recommended by the Audit and Compliance Committee.

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On further motion, the committee adjourned at 10:00 a.m.

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