TO: The Audit and Compliance Committee:

George Keith Martin, Chair
Frank B. Atkinson
A. Macdonald Caputo
The Hon. Alan A. Diamonstein
Victoria D. Harker
Edward D. Miller, M.D.
Adelaide Wilcox King, Faculty Consulting Member
Helen E. Dragas, Ex Officio

and

The Remaining Members of the Board and Senior Advisor:

Hunter E. Craig
Allison Cryor DiNardo
Marvin W. Gilliam Jr.
William H. Goodwin Jr.
Bobbie G. Kilberg
Stephen P. Long, M.D.

FROM: Susan G. Harris

SUBJECT: Minutes of the Meeting of the Audit and Compliance Committee on February 22, 2013

The Audit and Compliance Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 8:40 a.m., on Friday, February 22, 2013, in the Auditorium of the Harrison Institute/Small Special Collections Library; George Keith Martin, Chair, presided.

Present were Frank B. Atkinson, A. Macdonald Caputo, the Honorable Alan A. Diamonstein, and Edward D. Miller, M.D.

Also present were Hunter E. Craig, Ms. Allison Cryor DiNardo, Marvin W. Gilliam Jr., William H. Goodwin Jr., Stephen P. Long, M.D.,

Ms. Adelaide Wilcox King, Faculty Consulting Member, was present as well.

Present, too, were Ms. Teresa A. Sullivan, Patrick D. Hogan, John D. Simon, Ms. Susan G. Harris, Paul J. Forch, Ms. Susan A. Carkeek, R. Edward Howell, Ms. Patricia M. Lampkin, Ms. Nancy A. Rivers, Ms. Colette Sheehy, Thomas C. Skalak, Ms. Donna Price Henry, Ms. Barbara J. Deily, Ms. Laurie Hicks, Ms. Martha Mavredes, Ms. Lori J. Strauss, and Ms. Debra D. Rinker.

The Chair introduced Ms. Barbara J. Deily, Chief Audit Executive. Ms. Deily provided a brief background on how her office and the Auditor of Public Accounts (APA) interface with one another. The APA expresses the opinion on the reliability of the University’s financial statements and the University Audit Department serves as the internal audit department coordinating efforts with the APA to perform work in the areas of risk assessment, compliance, internal controls, and fraud. Ms. Deily introduced Ms. Laurie Hicks who is an Audit Director for the APA.

Information Report – Auditor of Public Accounts Audit and Management Letter

Ms. Hicks reported that the APA had issued an unqualified opinion on the University’s financial statements for the year ended June 30, 2012. Their opinion was included in the University’s fiscal year 2012 Financial Statement Report.

She said they had also issued a separate report on Internal Controls and Compliance that was distributed to the Board of Visitors. Their audit did not identify any matters that were considered to be material weaknesses. They found one instance of noncompliance, related to information systems security that was required to be reported. They found no indications of fraudulent transactions or illegal acts. There were no material changes to accounting and reporting policies and standards during the year. There were no material alternative accounting treatments identified as a result of the 2012 audit and there were no unusual transactions or significant accounting policies in controversial or emerging issues.

Ms. Hicks said they also performed an agreed-upon engagement to assist the University in complying with NCAA Bylaw 3.2.4.16.1. They issued their report and no findings resulted.

She said all of the University’s audit adjustments were reviewed with management and recorded in the audited financial statements.
During the 2012 audit, there were no disagreements with management about auditing, accounting, or disclosure matters.


Mr. James Hilton gave a response to the APA Management Letter on the adequacy of certain information security controls around the student system. Management has reviewed the comments, agrees that the controls the University has in place can be strengthened, and they are taking corrective action.

Information Report – Corporate Compliance and Privacy Office Status Report for Fiscal Year 2012-2013

Ms. Lori Strauss provided a status report on the Corporate Compliance and Privacy Office work for FY 2012-13. Of the 39 scheduled projects, 18, or 46%, were completed, and four projects, or 10%, are still in process. They are currently on schedule to complete the revised project schedule for this fiscal year. The schedule was revised due to a six month vacancy of a full time analyst and the necessary skills to perform certain projects.

Information Report – Audit Department Status Report for Fiscal Year 2012-2013

Ms. Deily gave a quick status report on the Audit Department work for FY 2012-13. They had a goal of completing 33% of their projects by December 31, and they have come in at 35% overall for the department, which is exactly the same as it was at this time last year. She stated they usually complete 80-90% of their scheduled audits (after adjustments) by June 30th and they have a goal of completing 90% for the year, so it still appears that they will be able to accomplish that goal given that over 70% of their projects are in process as of December 31.

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 Closed Session to discuss the compliance reviews of Medical Center operations as they concern the evaluation of performance of various Medical Center departments and personnel with respect to their compliance with policies and standards relating to documentation and billing, the adequacy of patient record security and information access, and to confer with the Auditor of Public
Accounts on the performance of University management as permitted by Section 2.2-3711 (A) (1), and where, in the case of the Medical Center, disclosure at this time would adversely affect the Medical Center’s competitive position as permitted by Section 2.2-3711 (22) of the Code of Virginia.

The committee resumed its meeting in Open Session at 9:05 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 COMPLIANCE FINDINGS AND AUDITOR OF PUBLIC ACCOUNTS FINDINGS

RESOLVED, the Summary of Compliance Projects for the period July 1, 2012 through December 31, 2012, as presented by the Chief Corporate Compliance and Privacy Officer and the Auditor of Public Accounts Findings for fiscal year 2011-2012 are approved.

On further motion, the committee adjourned at 9:05 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