

March 26, 1999

MEMORANDUM

TO: The Audit Committee:

Elizabeth A. Twohy, Chair
Timothy B. Robertson
Benjamin P.A. Warthen
James C. Wheat, III
John P. Ackerly, III, Ex Officio

and

The Remaining Members of the Board:

J. Michael Allen	Elsie Goodwyn Holland
Charles M. Caravati, Jr., M.D.	Terence P. Ross
Champ Clark	Albert H. Small
William G. Crutchfield, Jr.	Henry L. Valentine, II
William H. Goodwin, Jr.	Walter F. Walker
T. Keister Greer	Joseph E. Wolfe

FROM: Alexander G. Gilliam, Jr.

SUBJECT: Minutes of the Meeting of the Audit Committee

The Audit Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 11:45 a.m., Friday, March 26, 1999, in the East Oval Room of the Rotunda; Ms. Elizabeth A. Twohy, Chair, presided. Timothy B. Robertson, Benjamin P.A. Warthen and John P. Ackerly, III, Rector, were present. Also present were Charles M. Caravati, Jr., M.D., Champ Clark, William G. Crutchfield, Jr., William H. Goodwin, Jr., T. Keister Greer, Mrs. Elsie Goodwyn Holland, Albert H. Small, Henry L. Valentine, II, Walter F. Walker, Joseph E. Wolfe, and J. Michael Allen; as well as John T. Casteen, III, Alexander G. Gilliam, Jr., Paul J. Forch, Leonard W. Sandridge, Jr., Ms. Barbara Deily, Ralph W. Traylor, Robert W. Cantrell, M.D., Peter W. Low, William W. Harmon, Ms. Polley Ann McClure, Gene D. Block, L. Jay Lemons, and Ms. Jeanne Flippo Bailes.

The Chair asked Mr. Sandridge, Executive Vice President and Chief Financial Officer, to present the first Item on the Agenda, a discussion of proposed revisions to the Audit Charter.

Mr. Sandridge explained that the Audit Charter was last brought up to date in 1979; that update covers the financial auditing functions of the Audit Department but not the operational audits functions. It has been recommended that the Audit Charter be examined for possible revision whenever there is a change in the scope of audits or a change of Chairs of the Audit Committee.

Ms. Deily, the Director of Audits, was present but unable to speak because of laryngitis. Mr. Ralph Traylor of the Audits Department acted in her stead.

Mr. Goodwin said that he had read the proposed Charter revisions; he wanted to point out that on all other boards he serves on, the auditors report directly to the board and not to the administration. Mr. Sandridge said the Charter proposes a continuation of the present system, which is that the Auditor reports to Board of Visitors and to the President, and to no intermediate administrators. Mr. Wolfe observed that at the most recent Council of Visitors meeting he attended, it was recommended strongly that auditors at the state schools report directly to the governing boards and not to the administration. Mr. Warthen seconded Mr. Wolfe's observation. The Chair and Mr. Valentine suggested that the proposed Charter be tabled so that the Audit Committee could study the matter further.

The President, who had just returned to the meeting and thus had not heard most of the discussion, talked about the dual nature of the auditing function at the University - that is, operational as well as financial - and summed up his observations by paraphrasing the old saw, "If it ain't broke, don't fix it." Which is to say that audits at the University work, under the present system.

Mr. Robertson also spoke to the dual nature of audits at the University, saying that financial audits clearly should be a function of the Board while operational audits are properly a concern of the administration.

It was decided to follow the suggestion of the Chair and Mr. Valentine; the proposed Charter was tabled for

further study and will be brought back to the Board at a future meeting.

The Committee recessed for lunch at 12:05 p.m., and resumed at 1:15 p.m.

Mr. Traylor gave a brief report on the status of audit projects in progress.

On motion, the Committee went into Executive Session at 1:20 p.m.

The following motion was adopted:

That the Audit Committee of the Board of Visitors of the University of Virginia go into Executive Session for the purpose of discussing with General Counsel reports and recommendations of the University Auditor related to the recently completed performance evaluations of certain University departments and programs, as provided for in Section 2.1-344 (A)(1) and (7) of the Code of Virginia.

The Committee resumed in Open Session at 2:05 p.m., and, on motion, adjourned.

AGG:jfb

Copies to: Mr. John T. Casteen, III
Mr. Paul J. Forch
Mr. Gene D. Block
Dr. Robert W. Cantrell
Mr. Peter W. Low
Mr. Leonard W. Sandridge
Mr. Robert D. Sweeney
Mr. Ernest H. Ern
Mr. William W. Harmon
Ms. Colette Capone
Ms. Polley Ann McClure
Mr. Terry Holland
Mr. L. Jay Lemons
Ms. Barbara Deily
Ms. Louise Dudley

At a meeting of the Audit Committee of the Board of Visitors of the University of Virginia held on March 26, 1999, a roll call vote was taken immediately following an executive session. Members voting "yes" certify that to the best of the Member's knowledge (1) only public business matters lawfully exempted were discussed in closed session; and (2) only public business matters identified in the public motion by which the executive or closed meeting were discussed. In accordance with the law, any member of the public body who believes that there was a departure from the foregoing shall so state prior to the vote indicating "the substance of the departure". Any such statements are recorded below under "comments".

<u>NAME</u>	<u>VOTE</u>	<u>COMMENTS</u>
	<u>yes or no</u>	
<u>John P. Ackerly, III</u>	<u>yes</u>	
<u>Charles M. Caravati, Jr.</u>	<u>yes</u>	
<u>Champ Clark</u>	<u>yes</u>	
<u>William G. Crutchfield, Jr.</u>	<u>yes</u>	
<u>William H. Goodwin, Jr.</u>	<u>yes</u>	
<u>T. Keister Greer</u>	<u>yes</u>	
<u>Mrs. Elsie Goodwyn Holland</u>	<u>yes</u>	
<u>Timothy B. Robertson</u>	<u>yes</u>	
<u>Terence P. Ross</u>	<u>yes</u>	
<u>Albert H. Small</u>	<u>yes</u>	
<u>Elizabeth A. Twohy</u>	<u>yes</u>	
<u>Henry L. Valentine, II</u>	<u>yes</u>	
<u>Walter F. Walker</u>	<u>yes</u>	
<u>Benjamin P.A. Warthen</u>	<u>yes</u>	
<u>James C. Wheat, III</u>		<u>absent</u>
<u>Joseph E. Wolfe</u>	<u>yes</u>	
<u>J. Michael Allen</u>	<u>yes</u>	

ADDENDUM TO THE OFFICIAL MINUTES OF THE MEETING
OF THE BOARD OF VISITORS OF THE UNIVERSITY OF
VIRGINIA

Meeting Date: March 26, 1999

CERTIFICATION OF EXECUTIVE MEETING

WHEREAS the Audit Committee of the Board of Visitors has convened an executive meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS Section 2.1-344.1 of the Code of Virginia requires a certification by this Audit Committee that such executive meeting was conducted in conformity with Virginia law;

NOW THEREFORE BE IT RESOLVED that the Audit Committee hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the executive meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the executive meeting were heard, discussed or considered by the Audit Committee.

VOTE

AYES: 16

NAYS: 0

[For each nay vote, the substance of the departure from the requirements of the Act should be described].

ABSENT DURING VOTE: 1

ABSENT DURING MEETING: 1

Alexander G. Gilliam, Jr.
Secretary, Board of Visitors,
University of Virginia