University of North Florida
Finance and Audit Committee

September 28, 2006
Minutes

Committee members present: Dr. Edythe Abdullah, Mr. Justin Damiano, Mr. Steve Halverson, Ms. Wanyonyi Kendrick, Ms. Carol Thompson, Mr. Kevin Twomey

Committee members absent: None

Item 2: Approval of Minutes, May 18, 2006 (Committee Chair Twomey). Minutes for the May 18, 2006 meeting were approved.

Item 3: Open Comments (Committee Chair Twomey). There were no comments from the public.

Item 4: Revised Educational Plant Survey (Vice President Shuman). Vice President Shuman stated that every five years the BOG determined what each institution’s space needs would be, based on enrollment growth. In determining that UNF needed additional space, the BOG’s staff requested a resubmission of the Educational Plant Survey, reflecting additional space that would be gained from the purchase of the AOL building.

Vice President Shuman stated that this purchase was an exciting opportunity. The BOG made a recommendation for $16 million to go toward the purchase of the AOL building, with the remainder being redirected from money approved for purchase of the Technology Park.

Vice President Shuman stated that in order to get this purchase on the PECO list, amendments were required to the master plan and the Educational Plant Survey.

Committee Chair Twomey asked for clarification on the process to submit this request to the BOG. Vice President Shuman stated that upon approval from the full Board, the proposal would be submitted to the BOG and they would move it forward.

President Delaney stated that the BOG had issued a green light and this proposal was moving forward.

Committee Chair Twomey asked for a motion to approve the revised Educational Plant Survey. The motion was offered, seconded and approved unanimously.

Item 5: Audit Plan for the 2006-2007 Fiscal Year (Dr. Marty Khan). Dr. Marty Khan began his discussion with an explanation of the items in the proposed audit plan, stating that this was a realistic plan in terms of resources available and that it would address the high-risk items identified in the risk assessment.

Committee Chair Twomey asked for an explanation regarding the methodology used to prepare the plan. Dr. Khan stated that he sent out questionnaires to key officers, seeking their
views on high-risk items. He noted that, in an attempt to eliminate redundancy, consideration was also given to the previous year’s plan, as well as the Auditor General’s previous and current audits.

Dr. Khan continued his discussion on the proposed audit, providing background information for each item. He stated that audit objectives listed were tentative and would be refined using audit resources.

Trustee Kendrick asked for clarification on tracking time for audits. Dr. Khan stated that he did track them and was very cognizant of the required hours, tracking all available time on a daily basis.

Trustee Kendrick suggested that updates be provided to the committee on work completed, including hours expended. Dr. Khan agreed to provide that information in future meetings.

Dr. Khan spoke about the Courtelis Funds Usage (item 4), stating that he planned to review the criteria established for these funds. Trustee Thompson asked for clarification on the hours used for this item – were they excessive. President Delaney stated that there were several projects involved in the Courtelis Funds program and indicated that the hours were reasonable.

Trustee Abdullah asked for clarification regarding the purchasing card audit (item 6). Dr. Khan stated that he planned limited testing on this item because of previous work by the Auditor General – he did not want to duplicate efforts. Vice President Shuman stated that Dr. Khan planned to make sure reconciliations were performed appropriately by UNF personnel.

Trustee Abdullah asked for further information on travel audits. Dr. Khan stated that management had oversight regarding travel audits; therefore, he felt there were sufficient controls in place.

Trustee Thompson asked for clarification on hours listed for the Enterprise Risk Management (item 8). Dr. Khan stated that the number of hours was based on current knowledge and would be adjusted after preliminary assessments.

Trustee Halverson stated that the audit plan looked good and represented a good use of the audit resources. Chair Taylor stated that he did not want to question the number of hours assigned as this would represent too much involvement in the management of the office.

Committee Chair Twomey asked for a motion to approve the audit plan for the 2006-2007 fiscal year. The motion was offered, seconded and approved unanimously.

**Item 6: Audit Follow-up Update (Dr. Marty Khan).** Dr. Marty Khan stated that this follow-up started one year ago and was an ongoing process.

Trustee Twomey asked for clarification regarding purchasing cards – does the Office of Internal Auditing review points from the Auditor General’s report. Dr. Khan stated that he had already reviewed that report and followed up.
This item was presented for review only. No further action was required.

**Item 7: Training and Service Institute (TSI) Audit (Vice President Shuman).** Vice President Shuman referred the committee to the meeting materials. She presented highlights of this audit, stating that there were no management comments and no adjustments or comments at the TSI Foundation Board meeting.

Vice President Shuman updated the committee on the Institute of Police Technology and Management (IPTM), stating that this entity was now fully University operated under the direction of Mr. Leonard Jacob and was doing very well. She reminded the committee that Trustee Kendrick was on the IPTM Board.

This item was presented for review and oversight only. No further action was required.

**Item 8: Foundation Audit (Vice President Shuman).** Vice President Shuman referenced the meeting materials, stating that the endowments for the year ending June 30, 2006 were $76 million, compared to $63 million from one year ago – this was a record increase.

Vice President Shuman presented highlights of the audit, stating that there were no comments from the auditors.

This item was presented for review and oversight only. No further action was required.

**Item 9: Financing Corporation Audit (Vice President Shuman).** Vice President Shuman stated that this corporation had applied for 501(c)(3) status and the application was pending. The process was taking slightly longer than indicated but a response was expected within four months.

Vice President Shuman highlighted the audit, speaking about the cash flow or lack thereof. She stated that since this was a new entity, there weren’t a lot of dollars flowing through it yet; however, progress was being made on this new corporation.

Trustee Twomey suggested that the committee receive an update on this corporation in a future meeting.

This item was presented for review and oversight only. No further action was required.

**Item 10: Accounts Receivable Write-offs (Vice President Shuman).** Vice President Shuman reminded the committee that the Board of Trustees delegated the authority for accounts receivable write-offs under $10,000 to the President of the University at their January 26, 2006 meeting. This authority provided that the University would provide quarterly reports to this committee for review and oversight.

Vice President Shuman stated that the total amount of write-offs was $230,302.60 – none of the individual accounts surpassed the $10,000 limit. (A list was included in the meeting
materials defining each type of account.) She included that last year’s total amount was about $296,000.

This item was presented for review and oversight only. No further action was required.

**Item 11: Treasurer’s Report (Vice President Shuman).** Vice President Shuman stated that this report contained comparatives from last year. She provided an overview of the report, including that investments were indicative of the market and cash balances were higher in 2006 than in 2005.

This item was presented for review only. No further action was required.

**Item 12: Quarterly Budget Report (Vice President Shuman).** Vice President Shuman discussed the auxiliary budget, stating that there were four major projects under preparation and once these projects were started, reserves would be reduced.

This item was presented for review only. No further action was required.

**Item 13: Litigation Update (Vice President Stone).** Vice President Stone stated that overall, there was very little litigation and existing claims were being managed well. She asked Mr. Chris Wrenn to provide an update on the litigation involving the Science and Engineering Building, the only pending litigation with significance.

Mr. Wrenn provided a summary of this litigation, stating that there were two areas of particular concern in the Science and Engineering Building – the HVAC and the building envelope. The engineering estimate to repair these areas of concern was about $3 million.

Mr. Wrenn discussed the legal process, including that in December 2005, UNF initiated a lawsuit against Granger, the general contractor, and USF&G, the bonding company. The case is moving from the initial pleading stage into the discovery stage. There have been continued efforts to address problems with the building and those repairs have been coordinated through Physical Facilities, Facilities Planning and the architect of record in consultation with outside counsel. This case was initiated by UNF in order to insure compliance limitations period of the surety bond.

Trustee Halverson asked if these problems had been evaluated by a professional design firm. Mr. Wrenn stated that an engineer had been retained and had undertaken an investigation. President Delaney stated that the functionality of the building was good. Trustee Halverson questioned the air quality, and Mr. Wrenn responded that water intrusion into the building was being very carefully monitored by Physical Facilities to avoid secondary problems from arising in the building.

This item was presented for review only. No further action was required.

**Item 14: Adjournment (Committee Chair Twomey).** Chair Twomey adjourned the meeting,