

Minutes  
Board of Trustees  
Audit, Operations Review, Compliance, and Ethics Committee  
University of Central Florida  
Live Oak Center  
January 26, 2012

Trustee Alan Florez, vice chair of the Audit, Operations Review, Compliance, and Ethics Committee, called the meeting to order at 9:15 a.m.

Attending were Rhonda Bishop, Chief Compliance and Ethics Officer, and Amy Voelker, Director, University Audit.

**MINUTES**

Due to a lack of quorum, the September 28, 2011 committee meeting minutes were not approved. The minutes will be brought forward for approval at the next committee meeting.

**NEW BUSINESS**

Audit Update

Amy Voelker provided an overview of the Direct Support Organization's (DSO) external audits of the financial statements for fiscal year 2010-11. All the DSOs had unqualified opinions. Athletics had two minor internal controls that require improvement. The Research Foundation had one internal control identified as a material weakness. A comparison of years 2010-11 was provided and large variances were explained and justified. It was noted that one board member is assigned to each DSO for oversight and control.

The State Auditor General, the university's external auditor, will be sending the board several reports in the next several months to include the federal financial audit. The State Auditor General's report includes a finding concerning the university's procedures for cost accounting standards exemptions for research and development grants. The current procedures used by the university have been reviewed by the federal Department of Health and Human Services (DHHS). DHHS approved of the university's procedures for determining exemptions. The operational audit report contains comments, but the findings are minor.

Ms. Voelker covered two recent fraud issues under review by her office; one is a \$35,000 fraud as a result of an employee adding hours to student paychecks. The department reimbursed all fraudulent funds and terminated the employee. However, there was not enough evidence to proceed with prosecution. The second fraud is currently under investigation and involves over \$10,000. The responsible employee was terminated and the findings will be reported to the board when completed.

### Compliance and Ethics Update

Rhonda Bishop provided an update on the compliance, ethics, and risk management program including the hiring of a Director of Compliance and Risk Management. This position will assist in developing a comprehensive enterprise risk management program. The final three candidates are scheduled for on-campus interviews February 1 and February 9. Ms. Bishop extended an invitation to committee members to attend the open interview sessions.

Ms. Bishop discussed the response to the NCAA Notice of Allegations and the corrective actions underway to strengthen the athletics compliance program. As part of the corrective action, the reporting line for the athletics compliance office includes both a reporting line to the Vice President and Athletics Director and the Chief Compliance and Ethics Officer. To assess the athletics compliance program, Ms. Bishop retained The Compliance Group, to conduct an on-campus review during January. The final report from the review is expected within the next several weeks. In addition to the on-site review, The Compliance Group provided training. The training was mandatory for all coaches and athletics' administrators as well as key university personnel who work closely with athletics. The Compliance Group will conduct an annual audit over the next four years. As part of the university's commitment to compliance, the athletics compliance offices' staffing will expand from three to five.

President Hitt joined Ms. Bishop in thanking Vice President and Interim Athletics Director Al Harms for his strong support of the compliance initiative and for stepping in for a second time to serve as the interim athletics director.

Ms. Bishop introduced Courtney Vinson, Assistant Athletics Director for Compliance, to the committee and thanked her for all her hard work.

The meeting adjourned at 9:30 a.m.