A meeting of the Audit Committee of the Board of Trustees of the University of Vermont and State Agricultural College was held on Friday, August 15, 2008 at 8:00 a.m. in room 351 Waterman Building.

MEMBERS PRESENT: Chair Edwin Amidon, Jr., Vice Chair Bill Botzow*, Jeffrey Davis*, Susan Hudson-Wilson*, and Beth Rice

MEMBERS ABSENT: Samuel Bain, John Snow and Jeannette White

REPRESENTATIVES PRESENT: Faculty Representative Bud Meyers, Staff Representative Renee Berteau and Alumni Representative Bill Cimonetti

REPRESENTATIVES ABSENT: Student Representative Benjamin Porter

PERSONS ALSO PARTICIPATING: Karen Meyer, Vice President for Federal, State and Community Relations, Richard Cate, Interim Vice President for Finance and Administration and Treasurer, Bonnie Cauthon, Associate Vice President for Finance and University Controller, John Evans, Professor, College of Medicine, Tanya Morehouse*, Vermont State Auditors Office, Renee Bourget-Place and Sara Timmerman, KPMG and Matt Faris*, Huron Consulting

*Via teleconference call

Chair Amidon opened the meeting at 8:00 a.m.

Approval of Minutes

A motion was made, seconded and voted to approve the minutes of the meeting of June 2, 2008.

Year End Grants and Contracts Accounting Status

Matt Faris, Huron Consulting, gave a very optimistic report on the major highlights and activities completed to date. His Summary Status Report is attached to these minutes. Nineteen reports, of approximately 900 due in FY 2008, were past due as of June 30th. Fifteen are still due. Half of these are federal reports and two are large projects worth between $500,000 and $1,000,000. Mr. Faris stated that there will always be a backlog due to the inherent complexities of certain reports but, with proper training of new staff, reports should be kept up-to-date. He maintained that many universities would be envious of our present condition.
In the areas of invoicing and cash management, all invoicing is now being processed through PeopleSoft. We are billing approximately $8-10 million monthly. Only one outstanding Letter of Credit remains unreconciled but that should be completed by the end of August. Award set-up has a five-day backlog with several not set up due to their complexity. Draft award set-up documentation has been completed and ongoing meetings with Office of Special Programs are being held to make the end-to-end process more efficient. By year end, the majority of journal entries and budget checking errors were cleared with only a negligible amount being deleted.

Richard Cate, Interim Vice President for Finance and Treasurer, announced the selection of Jennifer Gagnon as Interim Director of Grants and Contract Accounting. Dr. John Evans, Professor, College of Medicine, is leading the recruitment process to fill six positions. As of this date, five have been filled with one billing specialist position outstanding. All positions are expected to start by September 2nd. Dr. Evans stated that Human Resource Services has worked diligently with Grants and Contract Accounting and they received over 200 applications for these positions. A full week of training is scheduled for new staff in mid-September. He was impressed by the core UVM employee group in Grants and Contract Accounting and stressed the need for putting in place documentation of policies and procedures. The total financial impact of these additional positions is around $500,000. The position of Assistant Director still needs to be filled with some strong candidates coming from within the University community. Huron consultants will remain on board for two more months to train all new positions and are expected to leave UVM in November.

**Year End Financial Statement Audit and OMB Circular A-133 Audit Status Report**

Renee Bourget-Place, KPMG, reported that preliminary field work was performed with little difficulty and that year-end closing was going well. They plan to be on site in early September for three weeks for the annual audit. She reported we are back on target to issue the A-133 in January. Her Audit Status and Schedule are attached. The NCAA report will be completed in the fall with the report to the Audit Committee in January.

**Process for Hiring an Audit Firm for the FY09 Financial Audit**

Richard Cate reported that every five years an RFP is prepared for selection of an external auditor. Due to expected complications in last year’s audit with regard to the implementation of PeopleSoft, the RFP was delayed for one year. After review by the Audit Committee and the Vermont State Auditor’s Office, the RFP should be sent out in late fall/early winter. This will be discussed by the Audit Committee at their October meeting.

A sub-committee consisting of Ed Amidon, Bill Botzow, Beth Rice, and acting State Auditor Tanya Morehouse was appointed to monitor preparation and issuance of the RFP.
Appropriations/Medicaid Issue – Status Report

Karen Meyer, Vice President for Federal, State and Community Relations, reported that a Memorandum of Understanding regarding the $4 million of Global Commitment dollars as part of the university’s state appropriation money has been signed by the state. The language that was crafted by the university states that the University will educate 100 medical students to become physicians. This will cover the money received in FY’08. Another similar agreement regarding FY’09 money is due to Mr. Cate for signature within the week. Trustee Susan Hudson-Wilson felt the university needs to talk with legislature regarding receiving appropriation money only from the general fund. Chair Amidon felt that the Memorandums of Understanding sufficiently address the issue and that it was unwise to turn down the money.

Mr. Amidon and Ms. Hudson-Wilson will speak to Ian Boyce, Chair of Board of Trustees, regarding whether this issue should be determined by the full board.

Status Report on Deloitte Audit

Mr. Amidon reported that a draft report was received on time in late July. The subcommittee consisting of Ed Amidon, Susan Hudson-Wilson, Beth Rice and Jeff Davis reviewed this report with the attorneys. A great deal of follow-up work remains. As soon as the report is in final form, Chair Ian Boyce will report findings to the full board. Next an action plan will be developed as a response to the report with certain items coming back for follow-up by the Audit Committee.

Adjournment

There being no further business, the meeting was adjourned at 9:17 a.m.

Respectfully submitted,

Edwin Amidon, Jr., Chair
Summary Status Report
Grant and Contract Administrative Services
Reporting Period: November 1, 2007 – August 1, 2008

Major Highlights/Activities Completed

1. FINANCIAL REPORTING

June 30 Summary

- 19 financial reports were past due as of June 30, which we consider to be only slightly above the expected norm for future operations

- Statistics
  - Total Amounts
    - 1,310 Financial Reports due
    - 957 Completed to date
  - Reports with due dates through December 31, 2007
    - 558 Financial Reports due
    - 551 Completed to date
  - Reports with due dates January 1 – June 30, 2008
    - 341 Financial Reports due
    - 333 Completed to date
  - Current Reports with due dates July 1 – November 30, 2008
    - 411 Financial Reports due
    - 73 Completed to date

- Process Updates
  - Sent status updates through June 30 to all Colleges, Schools and Divisions responsible for financial reports (15 updates total)
  - Sent update and solicited feedback for financial reports due July–November 2008 to all Colleges, Schools and Divisions responsible for financial reports in order to facilitate compliance with upcoming deadlines (15 updates total)

2. INVOICING AND CASH MANAGEMENT

June 30 Summary

- The invoicing reconciliation process was completed, with only one outstanding Letter of Credit agency remaining to be reconciled (expected completion date at the end of August)

- Currently, PeopleSoft is being relied upon for all invoicing and allowed us to invoice all sponsors for the month of July. In addition, the majority of sponsors have been invoiced for August

- Total non-LOC collection for the period of October 2007-August 1 2008 was approximately $30M
3. AWARD SET-UP

June 30 Summary

- The Award Set-up process continues to operate efficiently with the outstanding backlog remaining at the anticipated level.

- Statistics
  - 14 Award Setups to be processed
  - 7 Backlog (older than 10 days) of Award Setups to be processed
  - 3 Sub-Award Setups to be processed

- Process Updates
  - Continue to hold monthly meetings with the Office of Sponsored Programs to discuss operational issues in order to make the end-to-end process more efficient
  - Award Setup training material and documentation has been completed in draft

4. PEOPLESOF T PROCESSING TASKS

June 30 Summary

- The majority of both journal entries and budget checking errors were cleared by year-end, with only an immaterial number of those transactions being deleted

- The journal entry process required approximately four FTEs to work for one month to clear over 700 journal entries with only 15 being deleted for year-end close purposes

5. ORGANIZATIONAL

- GCA Recruiting
  - Administrator, Billing and Accounts Receivable Specialists
    - Reviewed over 200 resumes
    - Identified 28 potential candidates for interview
    - Conducted 20 first round interviews
    - Conducted 12 second round interviews
    - Plan to extend offer to fill three (3) open positions by August 11
    - Anticipated start date would be mid to late August
  - GCA Recruiting – Interim Director
    - Jen Gagnon was announced as Interim Director

- National Science Foundation (NSF) Audit
  - Contacted by NSF who informed the University that they would be performing a Desk Audit for one award
  - Provided an initial response to their request for data, which has resulted in a follow-up meeting and further data requests
### Audit Status and Schedule

#### University of Vermont

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<tr>
<th>Date</th>
<th>Issue</th>
<th>Description</th>
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<tr>
<td>January 2008</td>
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<td>Issue New Budget Procedures Report</td>
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<td>October 2008</td>
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<td>New Revisions, Policy and Procedures</td>
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<td>September 2008</td>
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<td>Performance and Academic Procedures</td>
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<td>October 2008</td>
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<td>Student Services and Operations</td>
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<td>November 2008</td>
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<td>Audit in accordance with Circular A-133A Audit</td>
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<td>January 2009</td>
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<td>Issue Management Letter</td>
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<td>December 2008</td>
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