A meeting of the Audit Committee of the Board of Trustees of the University of Vermont and State Agricultural College was held on Monday, October 6, 2008 in Room 351 Waterman Building.

MEMBERS PRESENT: Chair Edwin Amidon, Jr., Vice Chair Bill Botzow*, Samuel Bain*, Jeffrey Davis*, Beth Rice, John Snow, and Jeanette White*

MEMBER ABSENT: Susan Hudson-Wilson

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

REPRESENTATIVE ABSENT: Student Representative Benjamin Porter

PERSONS ALSO PARTICIPATING: Richard Cate, Interim Vice President for Finance and Administration and University Treasurer, Francine Bazluke, Vice President for Legal Affairs and General Counsel, Charles Jefferis, Associate Vice President for Institutional Risk Assessment and Audit Services, Tanya Morehouse, Vermont State Auditors Office, and Renee Bourget-Place, KPMG

*Via teleconference call

Chair Edwin Amidon, Jr. called the meeting to order at 9:32 a.m.

Approval of Minutes

A motion was made, seconded and voted to approve the minutes of the August 15, 2008 meeting.

Report on the Status of the FY’08 External Audit

Renee Bourget-Place, KPMG, reported that the field work for the FY ’08 financial audit took place during the first three weeks of September, which puts the schedule on track for submission of a draft to the State of Vermont by October 15. The draft is now being reviewed by her and another partner at the firm and should be in final form by November. She referred to the timetable given to this committee at its August meeting and commented that KPMG has been able to adhere to that schedule.

Some of the issues from the previous A-133 audit were not resolved until after June 30, 2008, and therefore will be noted again this year. She was not sure how serious these issues will be until performing a comprehensive review.
Richard Cate said that he had previously reported to Ms. Bourget-Place the post-audit event regarding the withdrawal limitations imposed on the University by the CommonFund. She said many institutions had reported to her and that every institution’s situation was different because of the GASB/FASB reporting requirements.

Draft responses to the Internal Controls Review

Richard Cate reported that the draft management response to the Deloitte report was completed on October 3 and after further review will be discussed at a later meeting of this Committee.

The Board, at its September meeting, passed a resolution for this committee to prepare an RFP for the scope of work for consultant assistance in responding to the Deloitte report. Mr. Cate reported that an external RFP is not necessary at this time as the scope of work needed would not exceed the threshold that requires a RFP. Consulting help will be sought for different areas which may require different skill sets.

Final Report on Grants and Contract Accounting and Huron

Mr. Cate reported that Grant and Contract Accounting operations are on track after the June 30 closing. Training modules are being put in place for the new and experienced employees. Huron consultants are cross-training UVM staff. A complete phase-out of Huron staff is expected by November 30.

All new positions have been filled as of September 15. An opening for Jennifer Gagnon’s old position of Assistant Director will be filled as soon as a competent replacement can be recruited and hired.

Bud Meyers asked if training would be offered to the academic departments of the University. Mr. Cate commented that the Huron consultants were concentrating on documentation of policies and procedures which will then be made more readily available to the larger University community.

Bill Botzow asked if the outstanding letter of credit, mentioned in the August meeting minutes, had been taken care of and Mr. Cate replied it had.

External Audit RFP

Richard Cate reported that an RFP for external audit services traditionally has been done every five years. The current contract was extended to a sixth year to avoid the possibility of a new auditor coming on in the middle of the Peoplesoft complications. A subcommittee will be meeting shortly to work on an RFP for external audit services for 5 years beginning in FY ’09.
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Audit Issue – Valuation of Marketable Alternatives

Richard Cate thanked John Snow and members of the Investment Subcommittee for their work on this topic. In performing due diligence, contacts have been made with the various management firms, yielding much of the pertinent information that is necessary to address the audit requirements.

Mr. Snow commented we have made substantial progress towards a foundation for future disclosures. The SEC’s prohibitions on short-selling have made a very difficult time for hedge fund managers. The University of Vermont’s endowment is not large enough to leverage these firms for information, but in time larger universities will also need it. This tool of disclosure might also be an incentive to attract new clients.

Ms. Bourget-Place said that she had received copies of all the materials and that the information was way ahead of material received in the last few years and will provide a foundation for future years. She stated there may be yet more requirements ahead for transparency in the future.

Other Business

At 10:22 a.m. a motion was made, seconded, and approved to go into executive session to discuss a personnel matter and to receive advice of counsel.

Adjournment

The meeting was re-opened to the public at 11:55 a.m. There being no further business, the meeting was adjourned at 11:57 a.m.

Respectfully submitted,

Edwin H. Amidon, Jr.
Chair