

**UNIVERSITY OF KENTUCKY
BOARD OF TRUSTEES**

Minutes of meeting of the Audit Subcommittee of the Finance Committee

Tuesday, June 17, 2008

Subcommittee members in attendance:	JoEtta Y. Wickliffe, Chair Stephen P. Branscum Dermontti F. Dawson
Board members in attendance:	Mira S. Ball C. Frank Shoop
University staff:	Lee T. Todd, Jr., President Frank Butler, Executive Vice President for Finance and Administration Barbara W. Jones, General Counsel Marc Mathews, Treasurer Ronda Beck, Controller Joseph Reed, Senior Director of Internal Audit
Invited guest:	Mary McKinley, BKD, LLC.

Chair Wickliffe called the meeting to order at 9:00 AM.

The minutes of the January 22, 2008 meeting were reviewed and approved,

Mary McKinley, partner from BKD, UK's external auditors, reviewed the pre-audit report with the Audit Subcommittee. The report is a required communication under auditing standards and outlined the entities to be audited, the planned scope of the audit and deadlines. The key risk areas are highlighted on page 3. October 1, 2008 is the deadline for the final report. Ms. McKinley shared that the audit work has already begun and she has had many interviews already with senior management and Chair Wickliffe. The audit subcommittee may contact her at any time.

Chair Wickliffe reported to the Subcommittee that she had met privately with Ms. McKinley prior to the audit subcommittee meeting to be interviewed by Ms. McKinley as part of BKD's risk assessment procedures.

Joseph Reed discussed the Internal Audit 2008-09 Work Plan. He shared the addition of Information Systems in the plan for the coming year. The plan was developed based upon risk assessment, management comments and staff input. The plan includes 2 carry forward items from the current fiscal year plan. The plan totals 12,355 hours, which will be an aggressive plan with current staffing. Mr. Reed has agreed to delay hiring of one new staff member until mid year to help fund a Quality Assurance review for his department.

Chair Wickliffe commented that she has read the various reports during the year and found comfort in the management responses to the audits. She has noted a change in the tone of the responses and commented it could be based upon the new approach of process improvements. It can also be observed through the increase in departmental requests for internal audit reviews.

Stephen Branscum made motion to approve the Internal Audit 2008-09 Audit Plan as submitted. Dermontti Dawson seconded the motion. There was no discussion and motion was approved unanimously.

Being no further business, the meeting was adjourned at 9:15 am. The next meeting of the Audit Subcommittee will be held on October 14, 2008. The audited consolidated financial report will be presented at that session.