

MINUTES OF THE AUDIT AND COMPLIANCE COMMITTEE
University of Kentucky Board of Trustees
February 23, 2018
9:00 a.m. – 10:00 a.m.

Committee Members Present

Claude “Skip” Berry, Jennifer Barber, James Booth, Mark Bryant, Angela Edwards and David Hawpe

Approval of Minutes

The minutes from the December 12, 2017 Audit and Compliance Committee (ACC) meeting were approved as presented.

Reports and Discussion Items

Comply Line Mid-Year Update Audit

Presented by: Martin Anibaba and Aleigha Colwell

Mr. Anibaba gave the overview of how University units receive Comply Line information and Internal Audit’s detailed process of dissecting and documenting the information received. Ms. Colwell reviewed the form that the Internal Audit team uses to identify concerns, process, and process owner. Additionally, the area where the concern originated is identified and documented in Internal Audit’s database repository.

Mr. Anibaba reviewed the number of Comply Line contacts (phone or email messages) received as of the first half of Fiscal Year 2018. The number of mid-year contacts for Fiscal Year 2016, Fiscal Year 2017 and Fiscal Year 2018 were compared; contacts for Fiscal Year 2018 were lower than prior years. Mr. Anibaba explained the decrease that coincided with the University’s compliance commitment; which can correlate to increased contacts made directly to supervisors and/or the process owners. Ms. Colwell reviewed how the reportable concerns from the Comply Line are trended across the University and discussed how inquiries and audit projects may originate from substantiated Comply Line reports.

Trustee Jennifer Barber asked what method Internal Audit uses to determine if Comply Line contacts are duplicate contacts, or the same concern identified by another person in that area.

Ms. Colwell explained that the subcontractor who manages the Comply Line assigns unique alphanumeric identifiers which increase incrementally when the same person contacts the Comply Line. Additionally, Internal Audit identifies trends in areas or persons identified in different contacts by breaking down the concern using its database repository fields.

Trustee Angela Edwards asked if the charts represented mid-year numbers or a full fiscal year. Mr. Reed clarified that only mid-year numbers (July 1 to December 31) for each fiscal year were represented on the chart.

Baird, Kurtz & Dobson (BKD) Report on January 2018 Bond Offering

Presented by: Susan Krauss, Treasurer

Ms. Krauss discussed BKD’s report regarding procedures performed on the bond offering document, as required by auditing standards. After detailing the procedures, which included reviewing the offering document and performing a subsequent events review, she indicated BKD noted no material incidents had occurred since June 30, 2017, that would require adjustment to the financial statements, and no material inconsistencies between the financial statements and other information within the offering document. Ms. Krauss stated that she was pleased with the results of the bond sale and that Dr. Monday will provide a full report on the bond sale at the Finance Committee meeting.

There were no questions from the Board.

UK Internal Audit (UKIA) Mid-Year Metric Update

Presented by: Joe Reed, Chief Audit Executive

Mr. Reed began discussing the final reports that UK Internal Audit had issued during the first six months of the fiscal year. These are the reports that have been issued to the Board during the time frame of July 1, 2017 to December 31, 2017.

Mr. Reed began with a review of Internal Audits's mid-year metrics. After a review of the average Audit Duration period of 12.3 weeks, he elaborated on the Audit Durations of the last three audits. Audit Duration exceeded 100 days due to shifting priorities. He added that a couple of the audits exceeding the metric goal required 100% manual testing, therefore extending the Audit Duration timeline. He proceeded to discuss the Internal Audit productivity; enterprise division audit coverage; number of person or areas who had contacted our office; Internal Audit cultivated partnerships; audit remediation recommendations; and client feedback surveys. As of mid-year, Fiscal Year 2018 metrics, Internal Audit has met or exceeded all mid-year metrics.

There were no questions from the Board.

UKIA 4th Quarter Work Plan Fiscal Year 2018

Presented by: Joe Reed, Chief Audit Executive

Mr. Reed closed his presentation with the 4th Quarter Work Plan proposal. After a review of 3rd Quarter Work Plan review, and a summary Forecast, he reviewed available resources, resting on the difficulty obtaining Information Technology support personnel. Commitment hours are the carry forward activity not completed within the prior quarter. Mr. Reed requested approval for ACC1.

There were no questions from the Board.

Action Items

Susan Krauss introduced the ACC1 Execute Fiscal Year 2017-2018 Audit Engagement Letter for Committee approval. A motion was made by Trustee Angela Edwards, and seconded by Trustee Jennifer Barber.

ACC1 was approved.

Chair Skip Berry introduced the ACC2, 4th Quarter Work Plan for committee approval. A motion was made by Trustee James Booth, and seconded by Trustee Anglea Edwards.

ACC2 was approved.

Other Business

No other business was discussed.

Adjournment

With no further business to discuss, Chair Skip Berry asked for a motion to adjourn the meeting. A motion to adjourned was initiated by Trustee Mark Bryant and seconded by Trustee Jennifer Barber.

The meeting was adjourned.

Next Meeting

May 1, 2018

Respectfully submitted,
Ralph Kimbrough