

**University of Central Missouri**  
**Board Committee on Finance & Administration**  
**Committee of the Whole Meeting**  
**October 16, 2014**

The University of Central Missouri (UCM) Board of Governors Finance & Administration Committee convened as a Committee of the Whole on Thursday, October 16, 2014, at 1:00 p.m. in UN 237A on UCM's main campus in Warrensburg, Missouri. The meeting was convened by Board President Marvin E. Wright and presided over by Committee Chair Weldon Brady. Others in attendance included Governors Gus Wetzell II, John Collier, Mary Long, Mary Dandurand, Walter Hicklin, and Elizabeth Wood. Also present were University President Charles Ambrose; Vice President for Law, Policy and Strategy Mike Racy; Vice President for Finance John Merrigan, Assistant Secretary to the Board Monica Huffman; and Kaleb Lily and Katherine Girgis of RubinBrown.

**Call to Order**

The meeting was called to order and it was determined that a quorum was present to conduct business.

**External Audit Report**

Mr. Merrigan commended Ms. Toni Kreke and the Accounting staff for their contributions to completing this year's audit. He then introduced Mr. Kaleb Lily and Ms. Katherine Girgis of RubinBrown. Mr. Lily reviewed contents of a PowerPoint that included an explanation of auditing standards and the areas that were audited. He also reviewed "Opportunities for Improvement," New Accounting Pronouncements and Developments, Issuance of OMB Super Circular and associated administrative requirements, cost principles and audit requirements. A review was made of Rubin Brown's Management Letter and UCM's response, and the results of the audited Financial Statements were reported. RubinBrown did not identify any deficiencies in internal control that were considered material weakness; however it did identify certain deficiencies in internal control that were considered to be significant deficiencies, which is defined by RubinBrown as a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance. The deficiency identified is a "lack of segregation of duties related to payroll process," which arises due to limited staff in the Payroll department and the need for multiple staff to have duplicative access in order to back up other staff in the case of absences. RubinBrown noted the University has many mitigating controls as indicated in UCM's response, but further recommended that the Payroll Department review, and where appropriate, limit access that will help prevent or deter misappropriation of University assets.

The University responded with a corrective plan that includes the creation of an audit report that identifies all changes made to employee records and/or pay between time sheets being pulled in and final payroll processing. Since the report is generated automatically, any potential misappropriation of University assets by Payroll staff would be identified almost immediately and the threat eliminated. Controller Toni Kreke audited the newly created report and reviewed for support documentation and accuracy. She noted the program still needs to be tweaked to identify who is making a change to records. Mr. Brady stated that this needs to be made a priority and that hopefully, this item will not appear again in next year's audit report.

Katherine Girgis reviewed significant deficiencies included in the Single Audit (OMB Circular A-133) related to Exit Counseling not performed within the required time frame and “Comingling” of Perkins Funds with other University funds and not properly identifying the account as a federal account.

President Ambrose stated that overall results of the audit (see Attachment 12 of October 17, 2014, Plenary Session Minutes) were very positive. Mr. Lilly noted that UCM staff was very well prepared, organized and cooperative in providing all the information they needed to conduct the audit.

*Mr. Brady moved that the Board of Governors accept the year ending June 30, 2014, audit conducted by RubinBrown. The motion was seconded by Dr. Wetzel and carried unanimously.*

### **Adjournment**

There being no further business to conduct, the meeting adjourned at 1:50 p.m.