

August 29, 2008

Members of the Board Audit Committee

Marquita Wiley, Chair

Keith Sanders

Steve Wigginton

Dear Members of the Audit Committee:

There will be a meeting of the Audit Committee on Wednesday, September 10, 2008, at 2:30 p.m. in Special Events Room, 1st Floor, Birger Hall, Southern Illinois University Edwardsville, Edwardsville, Illinois. The following items have been suggested for the agenda:

1. Approval of the Minutes of the Meeting held July 9, 2008 (enclosure).
2. Procurement Card Report.
3. Revision to Internal Audit Policy
[Amendment to 5 Policies of the Board E] (Board Agenda Item AA).
4. Revision to Audit Committee Bylaws
[Amendment to III Bylaws of the Board 6] (Board Agenda Item BB).
5. Other business.

Sincerely,

Marquita Wiley, Chair
Audit Committee

MW:mdw

Enclosure

C:	Ed Hightower	Roger Tedrick	Samuel Goldman
	John Simmons	Demetrous White	Vaughn Vandegrift
	Amber Suggs	Glenn Poshard	

BOARD OF TRUSTEES

SOUTHERN ILLINOIS UNIVERSITY

Minutes of the Audit Committee Meeting

July 9, 2008

The Audit Committee met at 1:32 p.m. on July 9, 2008, in the Atrium Conference Room at SIU School of Medicine, 801 North Rutledge, Springfield. Chair Wiley called the meeting to order. Audit Committee members present were: Ms. Marquita Wiley (Chair), Dr. Keith Sanders, and Mr. Steve Wigginton. Executive Officer present was: Senior Vice President for Financial and Administrative Affairs and Board Treasurer Dr. Duane Stucky. Also present were: General Counsel Mr. Jerry Blakemore; Executive Secretary of the Board Ms. Misty Whittington; State Auditor Ms. Kimberly Labonte, Office of the Auditor General; and Certified Public Accountant Ms. Chris Mower, Crowe Chizek and Company LLC.

Minutes

Dr. Sanders moved that the minutes of the June 11, 2008, Audit Committee meeting be approved. The motion was duly seconded by Ms. Wiley and approved

Overview of Southern Illinois University Fiscal Year 2007 Audit

Ms. Labonte provided an overview of the 2007 audit. She advised the following:

1. The opinion provided is "Unqualified and Clean" with no significant deficiencies or material weaknesses noted.
2. The audit did find five areas of major compliance concerns (items 07-10 through 07-14) which have been repeated.
3. The audit found that there are nine items (07-1 through 07-09) which, though not material, reflect deficiencies such as late reporting which could and should be corrected.
4. A total of 14 deficiencies were found as opposed to the previous year of 5.

Chair Wiley and Dr. Sanders expressed their concern about the increase in findings (5 to 14), the lack of compliance particularly with federal requirements and the need for senior management to more closely monitor both state and federal compliance requirements.

Dr. Sanders proposed and Trustee Wigginton seconded the following resolution:

The Audit Committee is concerned about the increase in the number of findings and urges the President to work with the Chancellors and senior campus administrators to strengthen control and compliance processes throughout the system.

The motion was passed unanimously.

The Chair stated she would report the resolution to the full Board.

Other Business

Summary of Procurement Card Use

Dr. Duane Stucky presented an overview of the use of procurement cards (p-cards), procedures related to prohibited use, individual limits and the allocation of rebates. Dr. Stucky reported that approximately \$32 million of p-card purchases occurs on an annual basis. The Committee requested that it be provided information related to who audits purchases made, verification process, authority to report questionable purchases and method to monitor use and location of equipment, furniture and other University property.

Trustee Sanders, Trustee Wigginton and Chair Wiley made various inquiries regarding systems review, monitoring use of equipment and other property.

There being no other business, the meeting was adjourned at 2:25 p.m.

mdw