

UNIVERSITY OF MEDICINE AND DENTISTRY OF NEW JERSEY
AUDIT COMMITTEE REPORT AND EXECUTIVE SUMMARY
October 1, 2008

Trustees: Bradford Hildebrandt, Chairman
 Robert J. Del Tufo, Esq.
 John A. Hoffman, Esq.
 Harold T. Shapiro, PhD.
 Oliver B. Quinn, Esq.
 Kevin Covert, Esq. (via conference call)

Management: William F. Owen, Jr., MD., President
 Denise V. Rodgers, MD, Executive Vice President, Academic & Clinical Affairs
 Denise Mulkern, Senior Vice President, Finance
 Lester Aron, Esq., Senior Vice President & General Counsel of UMDNJ
 James J. Rowan, Vice President, Internal Audit
 Dan Walsh, Senior Vice President, Office of Ethics & Compliance
 Denise Romano, Interim Vice President, IS&T
 Wilhelmina C. Curtis, JD, Director, Corporate Compliance Operations
 John W. Ras, Director, Healthcare Auditing
 Tom Kenyon, Vice President, Supply Chain Management
 Francis X. Colford, Vice President for Finance and Treasurer
 Robert L. Johnson, MD, FAAP, Interim Dean, NJMS

Staff: Fred Cantz, Senior Audit Manager, Internal Audit
 Peter Sahu, NJMS

Guests: James J. Maguire, PricewaterhouseCoopers, LLP
 Karen Kassar – PricewaterhouseCoopers, LLP

- A. The September 3, 2008 Audit Committee Report and Executive Summary was presented and accepted with no changes.

- B. Mr. Rowan provided an update on the activities of Internal Audit. Two audit reports were included in the package: An audit of Transportation Services Core functions and activities within Logistical Services and a Review of the Bank Account Activity of NJ Med, PC.

Mr. Rowan discussed the five opportunities for improvement identified in the Transportation Services audit. The audit identified significant dollars that could be put to better use by eliminating vehicles in the current UMDNJ fleet. Other issues related to vehicle maintenance, fuel credit cards and defensive driver training. Mr. Hildebrandt noted that these issues should

be addressed as soon as possible and asked Mr. Kenyon to come back to the committee with an update in 1-2 months.

Mr. Kenyon noted that a complete reorganization of the management team that oversaw this function is in progress and the activity is being centralized. In addition, Supply Chain Management is working on aligning repairs and maintenance with state contracts and eliminating vehicles where possible by working with the schools and units who utilize the vehicles.

In response to a question raised by Mr. Hoffman on the daily charge assessed to departments using university vehicles other than the President's Office, Mr. Rowan advised that a further analysis would be necessary. Mr. Hoffman also advised that any disagreements between Internal Audit and management be resolved prior to issuance of the audit report.

Mr. Rowan discussed the results of the NJ Med, PC report. Dean Johnson advised the committee of the plans to address the issues including an external audit firm to perform a financial statement audit.

The quarterly internal audit follow-up was presented next. The committee members expressed their concerns about the number of open items and the length of time it is taking to close various issues.

In the case of petty cash, Ms. Mulkern advised that the number of open sites has been reduced as previously discussed and presented to the committee but Internal Audit kept the item open and is recommending further elimination of sites.

The committee asked that the presentation and format of the follow-up report be reviewed further and tightened up for next time and that management focuses on closing up outstanding items. Mr. Hildebrandt requested an update on the Mediclick System be provided to the committee in November.

During discussions on open issues relating to the Travel and Entertainment audit, Mr. Del Tufo asked that UMDNJ's Travel and Entertainment policies and procedures be forwarded to the State for review to help resolve issues around the applicability of the State circular for entertainment and meals.

- C. Dr. Rodgers provided an update on University-wide credentialing process.
- D. The Committee on Internal Control Processes submitted the minutes of its meetings. Included in the package was a proposed schedule to benchmark future audit committee agenda items going forward. Ms. Mulkern provided an update on IDT's and was requested to provide another update in November.
- E. At this point the Committee went into executive session.