



BOARD OF REGENTS

COMMITTEE ON AUDIT

Notes from Closed Session

April 16, 2010

Mr. Shea called the meeting of the Committee on Audit of the University System of Maryland Board of Regents to order in closed session at 12:10 PM on March 25 at Towson University.

Those Regents in attendance included: James L. Shea (*chair*), Gary L. Attman, Earl Hance, Francis X. Kelly, C. Thomas McMillen, Frank M. Reid III and Clifford M. Kendall (*ex officio*) Also present were: Mr. Brown, Ms. Denson, Ms. Doyle, Ms. Moeller, Mr. Mosca, Mr. Page, Mr. Vivona, Mr. Smith and Ms. Booker (Engagement Partners – S.B. and Company, LLC), and Mr. Travieso (Office of the Attorney General).

The following agenda items were discussed:

1. USM's Director of Internal Audit, Mr. Mosca presented on the Office of Legislative Audit (OLA) Process. Discussion included improvements to be made in USM's reporting process that will provide formal notification and analysis to the Audit Committee of key issues identified by OLA at specific milestones throughout their audit process. The analysis of OLA's findings would include any issues related to Presidents and key Officers, fraud, repeat findings, significant conflicts of interest and any significant findings and recommendations for management to follow up. Additionally, OLA Audit updates will be a permanent agenda item at each Audit Committee meeting.
2. USM's Comptroller, Mr. Page presented and led discussion on the results of Financial Dashboard Indicators for each institution. The indicators visually summarize financial health or performance against a set of benchmarks. It was the sense that action plans be developed and performance objectives be set for those institutions that reflected certain areas of concern.
3. USM's Independent Auditor, SB and Company's (SB & C) Engagement Partner, Ms. Booker gave a report on the status of SB & C's management recommendations between FY 2005 and FY 2009.

4. Mr. Page presented and led discussion on USM's Interim Financial Statements for the Six Months Periods Ended December 31, 2009 and 2008 and the Year-ended June 30, 2009. Financial results were reported to be within expected ranges.
5. Ms. Booker provided an update on USM A133 Single Audit. The Single Audit Report consists of the Auditor's Report, the Summary of Federal Expenditures, Schedule of Federal Award Findings and Questioned Costs, and the Summary of Prior Audit Findings. Federal expenditures and audit findings for USM are included in the State of Maryland Single Audit Report.
6. USM's Director of Internal Audit provided an update of Internal Audit's CY 2010 Audit Plan.
7. The Audit Committee approved USM's Office of Internal Audit reports from February 2009 to January 2010.
8. Mr. Mosca updated the Audit Committee on its review of USM institutions' reconciliation practices. The Office of Internal Audit agreed to perform a survey of standard reconciliation practices across the nation and review reconciliation practices in place at USM institutions. A summary of the results will be provided to the Audit Committee at its June 2010 meeting.
9. Mr. Mosca updated the Audit Committee on consideration of having an independent consultant review UMB's grant management practices. Further inquiries will be made by USM's Comptroller and Director of Internal Audit for the purpose of identifying and defining a scope of review. A summary of these inquiries will be provided to the Audit Committee at its meeting in June, along with a suggested course of action.
10. USM's Director of Internal Audit introduced a "draft" policy that would govern the oversight management of an independent reporting mechanism "Hotline" for the communication of suspected fraud, unethical and illegal business activity.