



**BOARD OF REGENTS  
COMMITTEE ON AUDIT**

Notes from Closed Session

December 16, 2011

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Mr. Augustine called the meeting of the Committee on Audit of the University System of Maryland Board of Regents to order in closed session at approximately 10:00 AM on December 16, 2011 at the University System of Maryland Office in Adelphi, MD.

Regents in Attendance included: Mr. Norman R. Augustine (*chair*), The Honorable C. Thomas McMillen (via phone), Mr. James L. Shea (via phone) and Mr. Orlan M. Johnson (via phone). Also present were the Chancellor, USM Staff: Mr. Brown, Ms. Denson, Ms. Doyle, Ms. Moeller, Mr. Mosca, Mr. Page and Mr. Vivona; Ms. Skolnik - Office of the Attorney General; and Mr. Smith and Ms. Booker, Partners – S.B. and Co., LLC.

The following agenda items were discussed:

1. The Audit Committee members present voted to approve prior meeting minutes.
2. USM's Director of Internal Audit provided an update of action items from previous Audit Committee meetings.
3. USM's Comptroller and the Engagement Partner from the independent audit firm (SB & Co.) presented FY 2011 Financial Statements, SB & Co.'s Management Letter, and Enrollment Reports. USM received an unqualified opinion on its FY 2011 Financial Statements. Nothing of a significantly negative nature was reported.

SB&C's agreed upon procedures on USM's Enrollment Reports (testing integrity of certain enrollment information provided to MHEC) provided a statistically validating conclusion as to enrollment information provided to MHEC.

4. USM's Comptroller presented a set of financial dashboard indicators that visually summarize the financial health or performance against a set of benchmarks and financial ratios. Trend data was also provided. Annually, the dashboard indicators and surrounding context for each institution, provide a basis for the Audit Committee to consider whether or not to include additional, institution-specific financial performance goals in institution president's performance goals.

5. USM's Director of Internal Audit provided an update of the Office of Legislative Audit (OLA) activity since the Committee's October 2011 meeting. OLA had not issued any final reports over that time.
6. USM's Director of Internal Audit presented for approval, Internal Audit's proposed schedule of audit engagements to be completed during Calendar Year (CY) 2012. The schedule of engagements is developed and executed in order to assist the BOR in fulfilling its responsibilities for overseeing the adequacy of and compliance with the internal controls of USM. The Audit Committee members present, voted to approve Internal Audit's CY 2012 plan of engagements.
7. USM's Director of Internal Audit provided an update of Internal Audit's 2011 plan of activity.
8. USM's Director of Internal Audit provided a status update of reported allegations received by Internal Audit over the past 2 years.
9. The Audit Committee present, voted to approve Internal Audit Report Summaries from September 2011 through November 2011. These reports are not considered final or subject to public disclosure until they are approved by the BOR Audit Committee.

Note: The December 16, 2011 audit committee meeting did not constitute a quorum. As such and regards to voting, it was the sense of the audit committee to approve each voting item (noted as approved in agenda items #1, #6 and #9 above.)