



**BOARD OF REGENTS
COMMITTEE ON AUDIT**

Notes from Closed Session
December 19, 2012

Mr. Augustine called the meeting of the Committee on Audit of the University System of Maryland Board of Regents to order at approximately 10:00 AM on December 19, 2012 at the University System of Maryland Office in Adelphi, MD. Mr. Mosca read aloud and referenced the Open Meetings Act Subtitle 5, section 10-508(a) which permits public bodies to close their meetings to the public in special circumstances. Mr. Augustine made a motion to close the session, and the motion was seconded by Dr. Reid.

Regents in Attendance included: Mr. Norman R. Augustine (*chair*), The Honorable C. Thomas McMillen, Dr. Frank M. Reid III (via phone) and Dr. Paul Vance (via phone). Also present were: USM Staff: Mr. Brown, Ms. Denson, Ms. Doyle, Ms. Moeller, Mr. Mosca, Mr. Page and Ms. White; Mr. Faulk - Office of the Attorney General; Ms. Booker, and Mr. Seymour, - Partners – S.B. and Co., LLC.; and Mr. Robert Specter – Vice President of Administration and Finance and Mr. John Farley – Assistant Vice-President – UMCP.

The following agenda items were discussed:

1. The Audit Committee members present voted to approve prior meeting minutes.
2. UMCP's Vice-President of Administration and Finance and Assistant Vice-President provided the Committee with background and status of implementation of UMCP's Financial System (KAULI).
3. USM's Comptroller and the Engagement Partner from the independent audit firm (SB & Co.) presented FY 2012 Financial Statements, status of SB & Co.'s Management Letter recommendations, and Enrollment Reports. USM received an unqualified opinion on its FY 2012 Financial Statements.

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 financial ratio benchmarks. Trend data

was also provided. Annually, the dashboard indicators provide a basis for the Audit Committee to consider whether or not to include additional financial performance goals for Presidents.

5. USM's Director of Internal Audit presented for approval, Internal Audit's proposed schedule of audit engagements to be completed during Calendar Year (CY) 2013. 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.
6. USM's Director of Internal Audit provided an update of Internal Audit's 2012 plan of activity.
7. USM's Director of Internal Audit provided an update of the Office of Legislative Audit (OLA) activity since the Committee's October 2012 meeting. OLA had not issued any final reports over that time.
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 2012 through November 2012. These reports are not considered final or subject to public disclosure until they are accepted by the BOR Audit Committee.