

**BOARD OF REGENTS**

**COMMITTEE ON AUDIT**

Minutes from Open Session (2)

October 19, 2016

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Chairman Augustine called the meeting of the Committee on Audit of the University System of Maryland Board of Regents to order at approximately 3:00 p.m. at the University System of Maryland Office.

Regents in attendance included: Mr. Augustine (Chair), Ms. Fish (Phone), Mr. Gossett,

Mr. Pevenstein, and Mr. Pope. Also present were: USM Staff -- Mr. Balakrishnan, Mr. Brown, Ms. Denson, Ms. Doyle, Mr. Mosca, Mr. Page, Dr. Spicer (Phone), Mr. Vivona, Ms. White; Office of the Attorney General – Ms. Langrill; S.B. & Co., LLC (USM’s Independent Auditor) –

Ms. Booker and Mr. Seymour.

The following agenda items were discussed:

1. FYE 2016 – System Wide Draft Financials, Balance Sheet & Statement of Changes (affiliated foundations are not included) *(Information & Discussion)*:

USM’s Controller presented FYE 2016 Draft Financial statements. The financial statements reflect the preliminary financial position and the results of operations of the University System of Maryland for the year ended June 30, 2016 prepared on an accrual basis of accounting. The Draft Statements also provided a comparison of performance to the prior year’s results. The Final Audited Financial statements for the University System of Maryland will be available in December, and will include the auditors opinion (System officials anticipate a ‘clean’ or unqualified opinion at this point), all appropriate note disclosures, a section containing management’s discussion and analysis, the financial statements of the affiliated foundations, and supplementary financial statements for each of the USM institutions.

1. USM IT Standards, Revised September, 2016 *(Information & Discussion)*:

USM’s Assistant Vice Chancellor presented USM IT Security Standards Version 4.0 issued in September 2016.

1. Policy and Bylaw Review of the Board of Regents' Charge *(Information, Discussion & Possible Action)*:

USM’s Director of Internal Audit presented proposals for possible amendment to the Audit Committee Charter and the Internal Audit charter*.* The Committee members suggested some additional changes than those presented. These modifications will be presented to the Committee at its December meeting. The Committee approved of the changes for the Internal Audit Charter. The Committee also reviewed the BOR Bylaws Section 3, which pertains to the Committee’s charge and BOR Policy I-7.00 Policy on Public Ethics of Members of the BOR. No modifications were recommended for these policies.

1. USM Internal Audit Quality Assessment Report *(Information & Discussion):*

USM’s Director of Internal Audit presented the results from the July 2016 Quality Assessment Review. The results of the assessment affirmed that USM’s Office of Internal Audit *Generally Conforms* to the IIA *Standards*.

1. Completed Office of Legislative Audit Activity *(Information & Discussion)*:

USM’s Director of Internal Audit conveyed that, since the last meeting of the Audit Committee in June 2016, the Office of Legislative Audit issued its report on University of Maryland, Baltimore.

1. Open Action Items from Prior Meetings *(Information & Discussion)*:

USM’s Director of Internal Audit provided an update of action items from prior meetings.

1. Reconvene to Closed Session:

Mr. Augustine read aloud and referenced the Open Meetings Act Subtitle 5, §3-305(b) which permits public bodies to close their meetings to the public in special circumstances.

(Moved by Mr. Gossett, seconded by Regent Pope; unanimously approved.)

**The closed session commenced at approximately 4:16 p.m.**