



**BOARD OF REGENTS
COMMITTEE ON AUDIT**
Minutes from Open Session
October 21, 2015

Chairman Augustine called the meeting of the Committee on Audit of the University System of Maryland Board of Regents to order at approximately 10:00 a.m. at the University System of Maryland Office.

Regents in attendance included: Mr. Augustine (Chair), Mr. Kelly, Mr. Brady, Ms. Gooden, Mr. Kinkopf. Also present were: USM Staff: Chancellor Caret (by phone), Mr. Brown, Ms. Denson, Ms. Doyle, Mr. Mosca, Mr. Page, Mr. Vivona, Ms. White; Office of the Attorney General: Ms. Langrill; and S.B. & Co., LLC (USM's Independent Auditor): Ms. Booker, Mr. Potter.

The following agenda items were discussed:

1. Information & Discussion – FYE 2015 – System Wide Draft Financials, Balance Sheet & Statement of Changes (affiliated foundations are not included):

USM's Controller presented FYE 2015 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, 2015 prepared on an accrual basis of accounting. This year will only include a single year presentation of the financials since there is no opportunity to restate June 30, 2014 statements for GASB 68 related transactions [Governmental Accounting Standards Board Statement (GASB) #68 required that the System record a liability for a proportionate amount of the state's unfunded pension liability of \$678M]. For informational purposes, the audited financial statements for the years ended June 30, 2014 and 2013 were provided. The final audited financial statements for the University System of Maryland will be available in early 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.

2. Information – Completed Office of Legislative Audit Activity:

Since the June 3, 2015 audit committee meeting, the Office of Legislative Audit (OLA) issued its audit report of the University of Maryland University College (UMUC) on June 8, 2015. OLA reported three IT/IS findings and no non-IT/IS findings. The findings were not considered significant.

3. Reconvene to Closed Session:

Mr. Augustine read aloud and referenced the Open Meetings Act Subtitle 5, section 3-305(b) which permits public bodies to close their meetings to the public in special circumstances. Ms. Gooden made a motion to move into Closed Session, seconded by Mr. Kelly, and unanimously approved by Regents Augustine (*chair*), Mr. Kelly, Mr. Brady, Ms. Gooden and Mr. Kinkopf. The closed session commenced at approximately 10:40 a.m.