



**BOARD OF REGENTS
COMMITTEE ON AUDIT**
Minutes from Open Session (1)
October 19, 2016

Chairman Augustine called the meeting of the Committee on Audit of the University System of Maryland Board of Regents to order at approximately 2:00 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.

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.)
2. **Adjourn.** Mr. Augustine stated that the committee will reconvene in open session immediately following this closed session and then, at the conclusion of the open meeting, the Committee would again reconvene in closed session to complete the closed session agenda. Mr. Augustine adjourned the meeting at 2:05 p.m.



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1. 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 2:05 p.m.

The Committee discussed recent, anonymous allegations made to the Chancellor and the Board of Regents. If true, the allegations have the potential to lead to criminal prosecution.

The meeting adjourned at approximately 3:00 PM.



**BOARD OF REGENTS
COMMITTEE ON AUDIT**
Minutes from Open Session (2)
October 19, 2016

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.

2. 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.

3. 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.

4. 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.

5. 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.

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

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

7. 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.



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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 4:16 PM.

Regents in attendance included: Mr. Augustine (Chair), Ms. Fish (Phone), Mr. Gossett, Mr. Pevenstein, and Mr. Pope. Also present were: USM Staff -- Chancellor Caret (Phone), Mr. Balakrishnan, Mr. Brown, Ms. Denson, Ms. Doyle, Mr. Mosca, Mr. Page, Mr. 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. USM’s Director of Internal Audit provided an update on Office of Legislative Audit activity currently in process. (§3-305(b)(13)).
2. USM’s Director of Internal Audit provided an update of engagement additions, cancellations and completions to Internal Audit’s 2016 plan of activity. (§3-103(a)(1)(i)).
3. USM’s Director of Internal Audit provided a status update of reported criminal allegations received by Internal Audit. (§3-305(b)(12)).
4. The Committee members met separately with the Independent Auditors and the Director of Internal Audit. (§3-103(a)(1)(i)).

Closed session adjourned at approximately 4:30 p.m.