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**BOARD OF REGENTS
COMMITTEE ON AUDIT**
Minutes from Open Session
December 21, 2016

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), Ms. Fish, Mr. Brady, Ms. Gooden, Ms. Johnson, and Mr. Pope. Also present were: USM Staff -- Chancellor Caret, Mr. Balakrishnan (Phone), Mr. Brown, Ms. Denson, Ms. Doyle, Mr. Mosca, Dr. Spicer (Phone), Mr. Page, Mr. Vivona, and Ms. White; Office of the Attorney General -- Ms. Langrill; S.B. & Co., LLC (USM's Independent Auditor) -- Ms. Booker, Mr. Smith, Mr. Seymour, and Ms. Hart.

The following agenda items were discussed:

1. Information and Discussion - FY 2016 Independent Audit of USM's Financial Statements and Enrollment Reports

USM's independent auditor presented FY2016 financial statements, which included an unmodified (unqualified) opinion. The independent auditor noted that;

- No material weaknesses in internal controls were discovered;
- No instances of fraud were discovered as a result of their audit procedures;
- The auditor received full cooperation from management.

The independent auditor also conveyed the results of their agreed upon procedures which tested enrollment information provided to the Maryland Higher Education Commission (MHEC) to source documentation. These procedures provided a statistically reliable conclusion [90% confidence interval] that the enrollment information reported to MHEC was accurate.

2. Information and Discussion - Independent Auditor's Recommendations to Management

USM's independent auditor presented various recommendations to develop a policy for financial reporting for new start-up companies, and to continue the evaluation of CSU's financial functions. An update was provided on the status of prior year recommendations.

3. Information & Discussion – Information & Discussion - Financial Dashboard Indicators

USM's Controller presented FY2016 financial dashboard indicators, which provided insights into each USM institution's financial strength. The dashboard also provided a comparison of each institution's performance to the prior year's results.

4. Information – Completed Office of Legislative Audit Activity:

Since the October 19, 2016 audit committee meeting, the Office of Legislative Audit issued its audit report on Towson University and its special review report on UMBC.

5. Information, Discussion & Action - Review of BOR Policies:

USM's Director of Internal Audit presented proposed modifications to of BOR Committee on Audit's Charter and the Office of Internal Audit' Charter. The Committee approved the updates to the Internal Audit Charter and made recommendations for additional modifications to the Committee's charter. The Committee's charter will be reviewed again at the Committee's April meeting.

6. Information & Discussion - Follow up of Action Items from Prior Meetings

USM's Director of Internal Audit provided a status 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. Brady, seconded by Ms. Gooden; unanimously approved.]

The closed session commenced at approximately 10:55 A.M.