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**BOARD OF REGENTS
COMMITTEE ON AUDIT**
Minutes from Open Session
April 3, 2017

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

The following agenda items were discussed:

1. Information & Discussion: USM's A133 Single Audit for Year End June 30, 2016

USM's independent auditor presented the status of the A133 Single Audit for the year ended June 30, 2016. The A133 Single Audit is a required compliance audit for the following major and federally funded programs:

- Student Financial Aid
- Higher Education – Institutional Aid

There was no material weakness reported. Also discussed were the A133 audit scope, FYE 2016 audit findings and the status of prior year findings.

2. Information & Discussion: USM's Half Year (12/31/2016) Financial Statements & Financial Comparison Analysis to Peer Institutions

USM's Comptroller presented interim financial statement highlights at December 31, 2016, which provided insights into USM's aggregate financial strength. The data presented also included comparisons to prior years' interim and year-end results. Commentary on the financial data also included:

- Trends in transfers of each institution's accounts receivable to the State Central Collection Unit; and
- Analysis of financial information used by debt rating agencies. This analysis included comparisons to peer institutions.

3. Information – Completed Office of Legislative Audit Activity:

Since the December 21, 2016 audit committee meeting, the Office of Legislative Audit has issued no audit reports on institutions included in the University System of Maryland.

4. Information and Discussion - Review of BOR Audit Committee Policies:

USM's Director of Internal Audit described procedures that assure that the modifications to the BOR Committee's Charter are followed. The revised Charter will be submitted to the full Board of Regents for final approval. The Committee also reviewed the following policies:

- VIII-7.10 – Policy on Reporting Suspected or Known Fiscal Irregularities; and
- VIII-7.11 – Policy on the Communication of Suspected Fraud, Unethical and Illegal Business Activity

5. 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.

6. 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 Ms. Gooden; unanimously approved.]

The closed session commenced at approximately 10:52 A.M.