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**BOARD OF REGENTS
COMMITTEE ON AUDIT**
Minutes from Open Session
October 16, 2017

Chairman Augustine called the meeting of the Committee on Audit of the University System of Maryland Board of Regents to order at approximately 12:01 P.M. at the University of Maryland, Baltimore.

Regents in attendance included: Mr. Augustine (Chair), Mr. Brady, Ms. Fish (phone), Ms. Gooden, Mr. Gossett, Mr. Pope. Also present were: USM Staff -- Chancellor Caret, Mr. Brown, Ms. Denson, Ms. Doyle, Mr. Mosca, Mr. Vivona, Ms. White; Office of the Attorney General -- Mr. Palkovitz; S.B. & Co., LLC (USM's Independent Auditor) -- Ms. Booker, Mr. Seymour, Mr. Smith.

The following agenda items were discussed:

1. FY 2017 Audit Committee Work Plan (Information & Discussion)

USM's Director of Internal Audit presented the Audit Committee's Annual Work Plan for FY 2017, which is based upon the Audit Committee charter and bylaws.

2. FYE 2017 – System Wide Draft Financials, Balance Sheet & Statement of Changes (Information & Discussion)

USM's Comptroller presented FY 2017 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, 2017 as prepared on the 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 they will include an audit opinion (System officials anticipate a "clean" or unqualified opinion), appropriate footnote disclosures, management's discussion and analysis, and supplementary financial statements for each of the USM institutions.

The System's independent auditors indicated there have been no significant issues to bring to the Audit Committee's attention. They also stated the most significant pending matter is the implementation of the new GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which will be implemented for the fiscal year ending June 30, 2018.

3. Review of Board of Regents' Policies & Bylaws (Information & Discussion)

USM's Director of Internal Audit presented the current Committee of Audit Charter and Board of Regents Bylaws Section 3, *Committee on Audit*, for which no modifications were proposed.

4. Completed Office of Legislative Audit Activity (Information & Discussion)

USM's Director of Internal Audit conveyed that no audit reports have been issued by the Office of Legislative Audit since the last meeting of the Audit Committee in June 2017.

5. Follow up of Open Action Items from Prior Audit Committee Meetings (Information & Discussion)

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 Ms. Gooden, seconded by Mr. Gossett; unanimously approved.]

Closed session commenced at approximately 12:58 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 Ms. Gooden, seconded by Mr. Gossett; unanimously approved.] The closed session commenced at approximately 12:58 P.M.

Regents in attendance included: Mr. Augustine (Chair), Mr. Brady, Ms. Fish (phone), Ms. Gooden, Mr. Gossett, Mr. Pope. Also present were: USM Staff -- Chancellor Caret, Mr. Brown, Ms. Denson, Ms. Doyle, Mr. Mosca, Mr. Vivona, Ms. White; Office of the Attorney General -- Mr. Palkovitz; S.B. & Co., LLC (USM's Independent Auditor) -- Ms. Booker, Mr. Seymour, Mr. Smith.

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 2017 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 1:30 P.M.