

**UNIVERSITY OF MASSACHUSETTS
AMHERST•BOSTON•DARTMOUTH•LOWELL•MEDICAL•LAW•ONLINE**

**MINUTES OF THE MEETING OF THE
AUDIT AND RISK COMMITTEE**

Monday, December 13, 2021; 8:00 a.m.

Remote Meeting

**Pursuant to the Governor's Order Suspending Certain Provisions of the
Open Meeting Law, G.L. c.30A, s.20 dated March 12, 2020**

Committee Members Present: Chair Kelleher; Vice Chair Karam; Trustees Scheibel, Woolridge and Wu

Committee Members Absent: Trustees Bhandari and O'Brien

University Administration: President Meehan; General Counsel Leone; Senior Vice President Calise; Chancellors Subbaswamy, Suárez-Orozco, Fuller, Moloney and Collins; Director of Internal Audit David; University Controller Cevallos; Senior Associate Vice President Andrew Russell, Chief Information Officer Milligan

KPMG: Brock Romano, Engagement Partner; David Gagnon, Account Executive Partner; Nicole Darling, Senior Manager

Faculty Representatives: Professor Hoagland, UMass Amherst; Professor Kim, UMass Boston; Professor Hurwitz, UMass Lowell

Documents Used:

- Meeting Minutes: June 9, 2021
- Internal Audit Update, Doc. T21-006
- University's Annual Financial Statements, Doc. T21-053
- Report by KPMG, Doc. T21-007

Chair Kelleher convened the meeting at 8:04 a.m.

Director of Internal Audit David stated that the meeting was being recorded in accord with the Open Meeting Law, Massachusetts General Law Chapter 30A and the Massachusetts Attorney General's Guidelines, and those who provided proper advance notice to the Chair are allowed to conduct their own recording. He then stated that the Governor of Massachusetts issued an executive order on March 12, 2020, that was effective immediately, and will remain in place until it is rescinded or the state of emergency that was declared is terminated. The order is applicable to UMass Board of Trustees meetings because UMass is a public body.

Under the Emergency Order, the UMass Board may now meet without the Chair or a physical quorum of members present, as those requirements have been suspended. All members of the Board may participate by remote virtual means, without affording public access to the physical

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meeting locations, and without any subscription, toll or charge to the public. Under the Order, public access to meeting locations will not be required as long as they are engaged with adequate and alternative means of access available.

Issues and matters that relate to meetings of public bodies that are not addressed in the Order remain unchanged and fully applicable to the activities of public bodies, and are being carried out are subject to the provisions in The Attorney Generals Open Meeting Law Guidelines and MGL c. 30A, sections 18-25; and the UMass Board of Trustees By-Laws in Document T91-100, specifically Article II, Sections 1-3, and 6-7; and Article III, Section 4.

Any member of the public wishing to address the Board regarding an agenda item or issue related to the agenda, or to make an audio or video recording of the open public session of the Board meeting, was provided notice by the Secretary of the Board through a posting indicating that such written requests needed to be received no later than 24 hours prior to the Board meeting. Under the law, the Chair has complete discretion in granting or denying the request to speak, and may limit the duration that the public has to address the Board. These requirements were all done consistent with the UMass Board By-Laws T91-100, Article II, Section 3.; and OAG OML Guide and Educational Materials, January 2018, pp. 17-18.

Director of Internal Audit David then provided the remote meeting instructions and guidelines.

Consideration of Minutes of the prior meeting of the Committee

Chair Kelleher stated that the Committee was provided with a draft copy of the minutes of the June 9, 2021 meeting and asked for any corrections. With no corrections, the minutes were approved.

Chair Kelleher then announced the meeting's agenda.

Report by the Director of Internal Audit

Director of Internal Audit David provided a brief summary of Internal Audit's activity during fiscal year 2021, including progress against its audit plan. He highlighted the number of projects Internal Audit completed and is conducting and a status of recruiting efforts. He went on to discuss high level trends and observations, improvements made, specific risk areas, and common findings his team's work has highlighted over the last year and the status of open action plans. He also provided insight into how these risks and findings intersect with the University's various risk management mechanisms and how they are covered by his team's engagements.

Director of Internal Audit David provided a status of external audit activity around the University, including the University's and its related entities' financial statement audits and federal grant audits. The Committee made comments and asked questions to which Director of Internal Audit David responded.

University Insurance Program Update

Senior Vice President Calise and Senior Associate Vice President Russell provided highlights of the University's insurance program that included the processes for obtaining coverage, market analysis, in-force policy types and coverages, and benchmark comparisons of certain coverage

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limits against other institutions of higher education. The Committee made comments and asked questions to which Senior Vice President Calise responded.

Summary of Fiscal Year 2021 Financial Statements

Senior Vice President Calise and University Controller Cevallos provided highlights of the University's fiscal year 2021 financial results, including the impact of Covid-19, revenues, expenses, net position and operating margin.

Report by KPMG

Mr. Romano and Ms. Darling presented results from KPMG's audits of the University's Financial Statements and noted that the Federal Uniform Guidance was ongoing. He stated, among other things, required communications, that to-date there are no Uniform Guidance audit findings and the audit of the University's Financial Statements resulted in an unmodified audit opinion. He also stated that there were no material control weaknesses or significant control deficiencies identified and discussed a control observation that was reported to Management. Mr. Gagnon then provided a higher education industry update that included, among other things, Covid-19 impacts, environmental, social and governance agenda and reporting considerations, trends and emerging topics. The Committee made comments and asked questions to which Mr. Romano, Mr. Gagnon and Management responded.

Action Item #1: Approval of the University's Annual Financial Statements, Doc. T21-053

Chair Kelleher asked for a motion to approve the University's Annual Financial Statements. He indicated that the Committee had a chance to review the background materials that were provided and asked for questions or discussion. It was moved by Vice Chair Karam and seconded by Trustee Woolridge.

To recommend that the Board approve the following:

- University's Annual Financial Statements.

Chair Kelleher then asked for a Roll Call vote and the Secretary called the Roll with each Committee member asked to vote yes or no.

Chair Kelleher and Vice Chair Karam voted for the motion as did Trustees Scheibel, Woolridge and Wu.

Chair Kelleher adjourned the meeting.

The time was 9:34 a.m.

Zunilka Barrett
Secretary to the Board