

UNIVERSITY OF MASSACHUSETTS
AMHERST•BOSTON•DARTMOUTH•LOWELL•WORCESTER

**MINUTES OF THE MEETING OF THE
AUDIT COMMITTEE**

Wednesday, August 17, 2005; 9:30 a.m.
Knapp Room
225 Franklin Street – 12th Floor
Boston, Massachusetts

Committee Members Present: Chair White; Trustees Dubilo and McCarthy; Chair Karam

Committee Members Absent: Vice Chair Boyle; Trustee Fey

University Administration: President Wilson; General Counsel O'Malley; Vice Presidents Lenhardt, Motley and Williams; Mr. Harrison, Director of Auditing; Ms. Wilda, University Controller; Mr. O'Riordan, Budget Director; Vice Chancellors for Administration and Finance Hatch, O'Connor, Zekan and Griffin

Faculty Representatives: Professor May, UMASS Amherst

PricewaterhouseCoopers: Mr. Paul Hanley, Engagement Partner

Chair White convened the meeting at 9:45 a.m.

The first item on the agenda was **Consideration of Minutes of the Prior Meetings of the Committee.**

It was moved, seconded and

VOTED: To approve the minutes of the February 15, 2005 and May 24, 2005 meetings of the Committee.

Mr. Harrison, Director of Internal Auditing then reported on the **Quarterly Audit Activity Report.** He summarized the audit related activity in process throughout the University's five campuses and central offices. Highlights included:

- the State Auditor's Office state-wide review of computer virus control is on-going. Of the 32 state agency sites being analyzed, UMASS Boston was selected for a site visit;

- the State Audit Office study on tuition remission and tuition waiver process for the University and all state and community colleges continues to be in progress;

Audit Committee
August 17, 2005

- the State Audit Office has completed the Treasurer's Office Review. A report will be published soon and distributed to the Committee as an informational item. At the request of Chair White there was an extensive discussion of the audit with both President Wilson and Treasurer Lenhardt outlining the substance of the report and the current situation with those items cited by the State Auditor;

- a contract between the Medical School and the Massachusetts Department of Corrections is under review. Deputy Chancellor Rick Stanton is the liaison in that effort;

- UMASS Dartmouth has initiated a review of a grant from the State Department of Environmental Protection;

- the U.S. Department of Defense is conducting a review of grants and contracts at UMASS Amherst. This is part of an on-going national review in process;

- Internal audits have been initiated for reviews on attendance reporting controls;

- copies of published reviews from the State Auditor's Office will be provided to members of the Audit Committee.

- UMASS Lowell will initiate tri-annual reviews of NCAA programs beginning in FY07.

Mr. Paul Hanley, Engagement Partner from PricewaterhouseCoopers provided a brief update of the Audit Scope which was presented at the last meeting of the Committee. Highlights included:

- the Audit Service Plan is based upon a meeting with management and the Controller's Office. The Plan was distributed in the spring and presented at the May Committee meeting;

- an audit of the combined financial statements for the University for year end June 30, 2005 will be conducted;

- an audit of federal programs in accordance with Circular A-133, and an audit on compliance of Massachusetts' Student Financial Aid Guidelines will be performed;

- a letter of comments and recommendations known as the Management Letter will be provided.

Mr. Harrison reported that the hiring of two senior level auditors in the Internal Auditing department is in progress.

Audit Committee
August 17, 2005

Trustee McCarthy asked if there are guidelines or preparations in place in the event of a terrorist attack. Chancellor Lombardi indicated that the Amherst Campus' Emergency Preparedness Plan was updated after the September 11 attacks. Mr. Harrison indicated that an audit plan has not been discussed but it should be a short term plan.

The next item for action was **Operational Review of the Parking and Transportation Trust Fund, UMASS Boston**. Mr. Harrison reported that an audit of the Parking and Transportation department at UMASS Boston was initiated at the request of the Campus Controller and the Vice Chancellor for Administration and Finance. The fund is going through management transition. The review focused on the evaluation of the systems of financial internal controls.

It was moved, seconded and

VOTED: To recommend that the Board accept the following Audit report:

Operational Review of the Parking and Transportation Trust Fund,
UMASS Boston (**Doc. T05-027**)

The next item for action was **Operational Review of Continuing Studies and Corporate Education, UMASS Lowell**. Chancellor Hogan from the Lowell campus had requested an Operational Review of Continuing Studies and Corporate Education. The review focuses on the financial business and enrollment functions of Continuing Studies and Corporate Education as the operations and services move to the offices of the Vice Chancellor for Administration and Finance.

It was moved, seconded and

VOTED: To recommend that the Board accept the following Audit report:

Operational Review of Continuing Studies and Corporate Education,
UMASS Lowell (**Doc. T05-028**)

The next item for action was **Revisions to Audit Committee Charter**. Mr. Harrison explained the minor revisions made necessary due to the formation of this separate Audit Committee.

VOTED: To recommend that the Board take the following action:

To approve the revisions to the Audit Committee Charter listed in the Addendum to the By-Laws, Doc. T91-100.

Audit Committee
August 17, 2005

Chair White then announced that the Committee would enter into **Executive Session** to consider **Items Related to Possible Legal Procedures – UMASS Boston and UMASS Lowell.**

He indicated that the Committee would not reconvene in open session.

It was moved, seconded and

VOTED: To enter into **Executive Session** for the purpose of considering **Audit Items Related to Possible Legal Procedures – UMASS Boston and UMASS Lowell.**

Chair White and Chair Karam voted for the motion as did Trustees Dubilo and McCarthy. The time was 10:28 a.m.

Zunilka Barrett
Staff Associate

(as of 11/8/05)