

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

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

**Wednesday, December 2, 2009; 10:00 a.m.**  
**University of Massachusetts Club**  
**Dining Room**  
**225 Franklin Street – 33rd Floor**  
**Boston, Massachusetts**

**Committee Members Present:** Chair Boyle; Trustees Collins, DeSisto and Reville

**Committee Members Absent:** Trustees Johnston and Tocco; Chairman Manning

**University Administration:** President Wilson; General Counsel Heatwole; Senior Vice Presidents Gray and Williams; Chancellors Holub, Motley, MacCormack and Collins; Vice Chancellors for Administration and Finance Hatch, O'Connor, McLaughlin, Yestramski and Jenal; Mr. Douglas, Budget Director; Ms. Wilda, University Controller; Mr. Harrison, Associate Vice President for Auditing; Mr. Sarazen, Internal Auditing, Senior Auditor; Mr. O'Riordan, Associate Vice Chancellor for Financial Services; Associate Vice Chancellor Mitchell

**Faculty Representatives:** Professor Adrion, UMass Amherst; Ms. Gibbs, UMass Dartmouth

**PricewaterhouseCoopers:** Glenn Williams, Engagement Partner; Marcy Culverwell, Manager; Lyndsay Signori, Manager

Chair Boyle convened the meeting at 11:05 a.m. and asked for the **Consideration of Minutes of the Prior Meeting of the Committee.**

It was moved, seconded and

**VOTED:** To approve the minutes of the September 25, 2009 meeting of the Committee.

Chair Boyle then indicated that we will hear the quarterly summary report from Associate Vice President Harrison, which will include updates on System-wide audit activities and the acceptance of a number of internal audit reports. Also, Senior IT Auditor Sarazen will highlight some highpoints from his work on the Information Technology Reviews, including the Amherst campus data incident.

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Also joining the meeting are members of our general Audit Firm, PricewaterhouseCoopers (PwC), represented by Mr. Glenn Williams, our Engagement Partner, Ms. Marcy Culverwell, Manager, and Ms. Lyndsay Signori, Manager. They will discuss the annual audits which include: the University's Annual Financial Report, the Federal Financial Assistance Programs Review, and the annual Letter to Management.

Under the **Report by the Director of Audit**, Associate Vice President Harrison indicated that his comments on the latest activities will be brief due to the time.

Referencing the **Informational Items**, two items were sent to Committee members last week. One item dealt with work on a procurement card fraud which resulted in employee termination and referral to law enforcement; Associate Vice President Harrison did not recommend an Executive Session be held for this one personnel item. Also, included was a copy of the State Auditor's Office Report on their work on the Lowell Campus, this was an information technology focused audit. Internal Audit actively assisted the campus throughout the review. The State did conclude that adequate controls are in place to safeguard and account for the campus technology resources. Their formal comments about improving physical security, environmental protection, and disaster recovery planning, resulted in good campus action plans.

Referencing the **Quarterly Activity Summary**, this summary was also sent to the Committee and Associate Vice President Harrison indicated that he is available to answer questions Committee members may have.

Referencing the **Internal Audit Reports**, the Medical School had an intensive survey of its Revenue/Cash Receipting Locations. This was the fourth campus review, with the objective to identify and evaluate internal controls and compliance with policy as to the practices at all departments that collect miscellaneous revenue. Other reviews cover the Boston campus Enrollment Services Division and the Dartmouth campus School for Marine Science and Technology (SMAST).

After concluding the review of seven key departments at the Amherst campus, Mr. Sarazen's work on information technology controls continues at several departments in Boston and Dartmouth. Mr. Sarazen then commented about the Internal Audit report on a data incident on the Amherst campus. This incident presents an opportunity to educate the other campuses on IT controls. The main conclusion is that the University is in need of a systematic and collaborative incident response plan.

Chair Boyle then called for a motion to recommend that the Committee accept the following audit reports:

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It was then moved, seconded and

**VOTED:** To recommend that the Board accept the following Internal Audit Reports:

1. Information Technology General Controls Reviews – UMass Boston Enrollment Services, UMass Dartmouth SMAST (Doc. T09-068);
2. Inquiry on UMass Amherst Campus Data Incident (Doc. T09-069);
3. Revenue/Cash Receipting Locations Review – UMass Medical School (Doc. T09-070)

Glenn Williams, Marcy Culverwell, and Lyndsay Signori of PwC then briefed the Committee on the Fiscal Year 2009 Contracted Audits. Overall, there was excellent collaboration across the campuses. With regards to the Financial Report there were no material adjustments, and discussions with management have been properly addressed. Audit issues related with the OMB Circular A-133 were discussed as to improvement from prior year findings, and Mr. Williams noted he has discussed all audit results with Senior Vice President Gray.

The investment performance of the University has been very good, and the Medical School's \$30M contract is in compliance and has been verified with PwC's national office as regards the appropriate revenue recognition period. Management Letter comments were discussed with a focus on data privacy.

Associate Vice President Harrison indicated that a final copy of the PwC reports will be sent to the Audit Committee members later this month.

Chair Boyle then called for a motion to recommend that the Committee accept the following audit reports:

It was then moved, seconded and

**VOTED:** To recommend that the Board accept the following External Audit Reports:

1. The University of Massachusetts Annual Financial Report (Doc. T09-065);
2. The Report on Federal Financial Assistance Programs in Accordance With OMB Circular A-133 (Doc. T09-066);
3. The Annual Letter of Comments and Recommendations with Respect to Accounting and Operating Controls and Procedures (Doc. T09-067)

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The meeting adjourned at 11:34 a.m.

Zunilka Barrett  
Assistant Secretary to the Board