

UNIVERSITY OF MASSACHUSETTS

AMHERST•BOSTON•DARTMOUTH•LOWELL•WORCESTER

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

**Wednesday, February 10, 2010; 10:00 a.m.
Amherst Room
225 Franklin Street – 33rd Floor
Boston, Massachusetts**

Committee Members Present: Chair Furman; Vice Chair Woolridge; Trustees Collins and DeSisto

Committee Members Absent: Trustees Boyle, Johnston and Tocco; Chairman Manning

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

Faculty Representatives: Ms. Gibbs, UMass Dartmouth

Chair Furman convened the meeting at 11:40 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 December 2, 2009 meeting of the Committee.

Chair Furman announced the agenda for today's meeting that included quarterly summary reports from Associate Vice President Harrison; this will include updates on System-wide Audit Activities. We will also seek acceptance of an internal audit report and several extended contracted audit reports as well as revisions to the Audit Charters.

Under the **Report by the Director of Audit,** Associate Vice President Harrison first acknowledged Senior Auditors Sarah Mongeau and Derek Scano. Included in the Informational items: two internal memorandums that deal with issues that need to be discussed in Executive Session. There was also an annual request of all of the campuses to issue certain University policies to employees, including Fraud Awareness, Employee Conduct, Conflict of Interest and Data Security. The Committee suggested a process whereby employees provide some

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certification, such as signature, that they received these important policy documents, and asked Mr. Harrison to convey this to the campuses.

Associate Vice President Harrison reported that Mr. Sarazen, Senior Auditor prepared a presentation on the subject of Information Technology controls presented to attendees in Amherst and Boston. There are plans to do the same at the Lowell campus. The presentation is directed at IT Administrators and the management they report to; it also outlines the IT controls they should be enforcing to ensure confidentiality, integrity and availability of their IT operations.

The Department contracted for an independent External Quality Assessment, an audit of their own operations. Mr. Harrison noted that it was time to see how the department lined up against the current Institute of Internal Auditors professional standards. University staff participated and shared their perspectives. The review is not yet completed; there has been feedback regarding the two Audit Charters which have been revised to comply with the best practices of the Sarbanes-Oxley Act.

Referencing the **Quarterly Activity Summary**, Associate Vice President Harrison reported on the status of a number of projects in process. All required external contract audits for Fiscal Year 2009 are now complete with Fiscal Year 2010 planning underway. At the next meeting we will have the Engagement Partner for PricewaterhouseCoopers here to present the Annual Audit Plan, which will include the Annual Financial Report and the A-133 Federal Audit. We may also have a requirement for four campus state student financial aid audits.

There was then a brief discussion about the types of projects currently in process and plans for the follow-ups. There was a request that Mr. Harrison consider the campus management follow-up of certain reports via onsite reviewing or seeking more management attestation that state actions to audit recommendations were in place.

Mr. Harrison also reported that at the next meeting there will be a Follow-up to the System-Wide Disaster Recovery-Business Continuity Audit of 2006, the final Procurement Function Review at UMass Amherst and several Information Technology Departmental Audits.

Auditor Mongeau then provided highlights on the **Procurement Function Review, UMass Boston**. Some of the key observations included a recommendation to improve the control environment over Procard. The campus responded that all the areas of potential risk would be addressed.

The Committee then heard a summary on the three regulatory required reviews, the annual **WFCR-FM Radio** and **WUMB-FM Radio Financial Statement Audits** and the **Amherst NCAA Programs Review**. It was found that there were no significant issues.

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It was then moved, seconded and

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

1. Procurement Operations Review, UMASS Boston
2. WUMB-FM Radio Financial Statements
3. WFCR-FM Radio and WFCR Foundation, Inc., Financial Statements
4. Intercollegiate Athletics Department Agreed-Upon Procedures, UMass Amherst

It was moved, seconded and

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

To approve the revisions to the Audit Committee Charter listed in the Addendum (Doc. T03-030) to the By-Laws. (Doc. T91-100)

And further,

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

To approve the revisions to the Internal Audit Charter listed in Doc. T06-061.

Chair Furman then announced that the Committee would enter **Executive Session** to **Consider Personnel and Employee Disciplinary Matters.**

The Committee will not reconvene in Open Session; the Secretary will call the Roll.

It was moved, seconded and

VOTED: To enter Executive Session to consider Personnel and Employee Disciplinary Matters.

Chair Furman voted for the motion as did Vice Chair Woolridge and Trustee Collins.

Chair Furman asked that Vice Chancellors O'Connor and McLaughlin, Senior Vice President Williams, Vice President Chmura, Associate Vice Chancellor Mitchell, Assistance Vice Chancellor Petrovic, Associate General Counsel Delgado Rodriguez and Internal Auditors Scano and Mongeau remain.

The time was 12:12 p.m.

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Barbara F. DeVico
Secretary to the Board of Trustees