

UNIVERSITY OF MASSACHUSETTS

AMHERST•BOSTON•DARTMOUTH•LOWELL•WORCESTER

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

**Wednesday, June 2, 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, Meehan 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. McCormick, Ms. Galica, Mr. Scano and Ms. Mongeau, Senior Internal Auditors; Mr. O'Riordan, Associate Vice Chancellor for Financial Services;

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

PriceWaterhouseCoopers: Glenn Williams, Engagement Partner; Brian Huggins, Senior Manager; Jewel Cornelius, Manager

Chair Furman convened the meeting at 10:01 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 February 10, 2010 meeting of the Committee.

Chair Furman reported that today's agenda includes the quarterly summary report from Internal Audit Director Robert Harrison, which will include updates on System-wide audit activities, and acceptance of several formal internal audit reports. Joining us from the Internal Audit Office are Senior Internal Auditors Brian McCormick, Christine Galica, Derek Scano and Sarah Mongeau. Glenn Williams, Engagement Partner, Brian Huggins, Senior Manager and Jewel Cornelius, Manager will present the Fiscal Year 2010 Audit Services Plan. We will conclude in Executive Session.

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Under the **Report by the Director of Audit**, Associate Vice President Harrison began by acknowledging Mr. Williams and his team. The independent work by PriceWaterhouseCoopers is very important to the University. Senior Internal Auditors Chris Galica and Brian McCormick will provide a summary of two particular audits.

Several items were sent to the Committee members in a separate mailing, including two internal audit memorandums dealing with anonymous allegations and personnel issues that required Executive Session discussion, and four State Auditor's Office reports, the state-wide review of Contract Employees, and three reports related to year-end closing steps at Lowell. All of these reports were for informational purposes, not requiring a Committee vote, and the applicable campuses responded with adequate action plans to address all comments.

Referencing the **Quarterly Activity Summary**, Associate Vice President Harrison provided an update to Chair Furman and Trustee Wooldridge's interest in follow-up audit results. He noted that several actions have been initiated as to follow-ups, including closure of a most important follow-up on the prior audit addressing Disaster Recovery, and follow-ups on Time and Labor Controls at the Amherst campus and System-wide Background Checks.

In addition, Internal Audit will be sending correspondence follow-ups to over a dozen reports requesting that campus management attest to the completion of prior stated action plan responses to audit recommendations. The Committee reiterated their interest in receiving results of these attestations and in holding responsible persons accountable as to compliance with audit findings. This project is expected to send all requests out this summer, with a full report back to the Committee when completed.

Three other projects were also highlighted for the Committee – a system-wide risk assessment on the subject of Student Payroll, compliance reviews will be initiated this summer for the six chief executive officers of the University, and updates as to Requests for Bid proposals on a multi-year Internal Audit Support Services request for all-inclusive hourly rates from CPA firms, internal audit consultants, and risk advisory firms.

Associate Vice President Harrison briefed the Committee on two Boston information technology reviews at the Library Services Division and the Computer Sciences Department. Two similar reviews are now in progress at Dartmouth, as well as a new approach for the Lowell campus involving conducting reviews of 18 campus departments.

Senior Auditor Chris Galica provided highlights of the Amherst Campus Procurement Function review, this being the last of the detailed studies of the purchasing function at all five campuses and the President's Office. Chair Furman asked if the Amherst campus had standard contracts for operational services. Auditor Galica stated that they do not and that— University policy separates operational services from consultant services. For some time the General Counsel's Office has been looking into this. Procurement Survey discussions are underway with the Purchasing Council. Chair Furman next noted that some of the policies ... Policy on Faculty

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Consulting, Consultant Services, Intellectual Property & CVIP, and Conflicts of Interest are similar, with some campuses having their own separate policy document, and asked if they could be combined into one policy. General Counsel Heatwole stated that it is possible, but challenging because the policies are impacted by collective bargaining issues. Chancellor Collins expressed concern with combining the policies.

Senior Auditor Brian McCormick provided highlights of the Disaster Recovery / Business Continuity Planning report, a follow-up to the 2006 original audit. There was a brief exchange of comments between the Committee members and the auditors as to coordination progress and future attention needs of this important subject.

Lastly, Associate Vice President Harrison provided an update on the independent Quality Assessment Review of the Internal Audit Department. A discussion was lead by Vice Chair Woolridge as to high points and a request to provide the Committee members with his comments on certain suggestions made in the report. The Committee also asked for a study on the possibility of revising written report protocol by submitting only brief summaries to the Committee with specific detailed report narratives available if requested.

It was then moved, seconded and

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

1. Procurement Operations Review, UMass Amherst (Doc. T10-020)
2. Information Technology Controls Review, UMass Boston Computer Sciences (Doc. T10-021)
3. Information Technology Controls Review, UMass Boston Library Services (Doc. T10-022)
4. Disaster Recovery/Business Continuity Planning (Doc. T10-023)
5. Internal Audit Quality Assurance Review (Doc. T10-024)

The Committee next heard from Mr. Glenn Williams and his team from PricewaterhouseCoopers. Mr. Williams highlighted his detailed document containing the FY2010 audit services plan, including the annual financial statement audit and the OMB Circular A-133 Federal Financial Assistance audit. He noted that the UMass Building Authority is now a part of this service plan. He also noted areas of emphasis this year will include disaster recovery / business continuity efforts, grant revenues, and American Recovery & Reinvestment Act stimulus funds. A brief discussion ensued as to sampling size and audit coverage. The Committee will receive all PwC reports and hear from the PwC team at its December 1st meeting.

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

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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.

The time was 11:15 a.m.

Zunilka Barrett
Assistant Secretary to the Board