

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

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

**Monday, February 14, 2011; 10:00 a.m.**  
**Amherst Room**  
**225 Franklin Street – 33rd Floor**  
**Boston, Massachusetts**

**Committee Members Present:** Vice Chair Woolridge; Trustees Collins, Fox and Reid

**Committee Members Absent:** Trustees Johnston and Reville; Chair Furman

**University Administration:** President Wilson; General Counsel Heatwole; Senior Vice Presidents Gray and Williams; Chancellors Motley, MacCormack, Meehan and Collins; Vice Chancellors for Administration and Finance Hatch, O'Connor, McLaughlin and Yestramski; Mr. Douglas, Associate Vice President/University Budget Director; Ms. Wilda, University Controller; Mr. Harrison, Associate Vice President for Auditing; Senior Internal Auditors Galica and McCormick

**Faculty Representatives:** Ms. Gibbs, UMass Dartmouth

Vice Chair Woolridge convened the meeting at 10:56 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 1, 2010 meeting of the Committee.

Vice Chair Woolridge reported that today's agenda includes an update from Associate Vice President Harrison on the Quarterly Activity Summary Report, the acceptance of several contracted External Audit Reports, and updates on System-wide audit activities.

Under the **Report by the Associate Vice President of Audit,** Associate Vice President Harrison provided an update on the Request for Proposal Process to select an independent external audit firm for FY2011–2015. PricewaterhouseCoopers' contract recently concluded and a plan was developed and shared with Chair Furman and Vice Chair Woolridge. The RFP was formally released to CPA firms two weeks ago. For the first time related entities such as the UMass Foundation, the UMass Building Authority, the Worcester City Campus Corporation and sub-units were included in the bid. Under the guidance of Procurement Director Joubert a team is prepared to handle bidder questions and evaluate all bids received. All or some of the bidders will be invited to make a presentation to a well represented team, which will include Trustees

**Audit Committee**  
**February 14, 2011**

Woolridge and Furman. The goal is to come to an agreement on awarding a multi-year contract by mid-April. It is expected that the Audit Firm will present its FY2011 Services Plan at the June 1<sup>st</sup> meeting, where the Committee will take a formal vote to appoint them.

An email or mailed information was sent seeking input to the project updating the Long-Range Audit Plan. It is expected that an updated Audit Plan will also be presented at the June 1<sup>st</sup> meeting offering a guide for FY2012 activity.

Last week the Committee was sent informational items not requiring action. One item was a note that the Internal Audit Office has begun a formal bid processes for an NCAA and Radio Station Audit needing an outside CPA firm. Secondly, an Internal Memorandum on periodic reviews to study situations where employees receive salary payments post termination in excess of the normal and expected payroll cycle. Lastly, a Final Determination Letter for a Department of Education Compliance Review, with excellent results.

Referencing the **System-Wide Audit Activity Summary**, Associate Vice President Harrison reported that the Federal Audit Agency Reviews have been closed, and three State Auditor's Office Reviews are still in process at Amherst, Dartmouth and the Medical School, all being information technology related audits.

The IT Controls Reviews continue and the Medical School is the final location of the five-campus study plan. Although the 2010 Chief Executive Offices Review was presented at the last meeting of the Committee, the calendar year 2011 Audits will begin soon. Senior Internal Auditor McCormick highlighted the plan to review business and travel expenses and contractual fringe benefits expenditures. To organize and streamline the audit process for the review the goal is to reduce the amount of time and other resources required of Internal Audit, the campuses, and the President's Office Staff.

The next items were the Audit Reports for acceptance: **Time and Labor Follow-Up Report, UMass Amherst; Intercollegiate Athletic Programs, UMass Amherst; Intercollegiate Athletic Programs, UMass Lowell; Radio Station, WUMB-FM; Radio Station, WFCR-FM and WFCR Foundation.**

With the **Time and Labor Follow-Up Report, UMass Amherst** reviews and follow-ups at all five campuses and the Central Office have now concluded. Senior Internal Auditor Galica reported that the review of time and labor reporting practices was a follow-up to a 2005 review performed by an outside consulting firm. The University is currently updating its time reporting practices from manual approvals to self-service electronic workflow approvals.

Not all recommendations from the 2005 review were still applicable. Two pertinent issues include the development of overtime monitoring reporting and processes, and expanded personnel coordinator meetings and workplace learning opportunities for timekeepers. Management is developing action plans to address these observations, as well as the following

**Audit Committee**  
**February 14, 2011**

recommendations from the expanded review:

- Institute a Time and Labor reporting policy and Communicate comprehensive time reporting guidelines to Timekeepers, Faculty and Staff;
- Improve the controls over the completeness and accuracy of payroll;
- Institute a Telecommuting policy and guidelines;
- Determine whether electronic subsidiary systems are a better alternative than self-service for certain departments; and
- Implement “Self-Service” in phases to insure successful installation.

The **Intercollegiate Athletic Programs, UMass Amherst and Intercollegiate Athletic Programs, UMass Lowell** and affiliated organizations agreed-upon procedures are both contracted to the firm of Boisselle, Morton CPA’s of Hadley, this being the final year under contract (as mentioned earlier, a formal RFP process is underway). For the Amherst campus, this is an annual NCAA requirement for Division I Schools, and for Lowell it is a triennial requirement due to its one Division I team. There were no significant issues or accounting changes, or any particular highlight needing attention.

**WFCR-FM Radio Station** at the Amherst campus is a combined financial statement with its fundraising group, the WFCR Foundation Inc., and **WUMB-FM Radio Station** at the Boston campus had their annual financial statement audit as required by the Corporation for Public Broadcasting given its receipt of federal program grant monies. Both audits resulted in receiving unqualified opinions, with no deficiencies or material weaknesses indicated, and with no difficulties or disagreements with management during the CPA firm’s fieldwork.

It was then moved, seconded and

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

1. Time and Labor Follow-Up Report, UMass Amherst (Doc. T11-001)
2. Intercollegiate Athletic Programs, UMass Amherst (Doc. T11-002)
3. Intercollegiate Athletic Programs, UMass Lowell (Doc. T11-003)
4. Radio Station WUMB-FM (Doc. T11-004)
5. Radio Station WFCR-FM and WFCR Foundation (Doc. T11-005)

Vice Chair Woolridge asked who will oversee Internal Audit upon Associate Vice President Harrison’s departure. President Wilson has asked Senior Vice President Gray to oversee the Search Committee for a new Internal Auditor. Associate Vice President Harrison will meet with President Wilson in two weeks to discuss plans further.

The meeting adjourned at 11:21 a.m.

**Audit Committee**  
**February 14, 2011**

Zunilka Barrett  
Assistant Secretary to the Board