

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

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

**Wednesday, February 12, 2014; 10:00 a.m.
Amherst Room
225 Franklin Street – 33rd Floor
Boston, Massachusetts**

Committee Members Present: Chair Furman; Vice Chair Woolridge; Trustees Campbell and Collins; Chairman Thomas

Phone Participation: Trustee Buonomo

Other Trustees Present: Trustee Kingston

University Administration: President Caret; General Counsel Heatwole; Senior Vice President Wilda; Chancellors Subbaswamy, Motley, Grossman, Meehan and Collins; Director of Internal Audit David

Chair Furman convened the meeting at 10:07 a.m. and stated that Trustee Buonomo will be participating by telephone pursuant to 940 CMR 29.10, since he is traveling and geographically distant from Boston making it unreasonably difficult for him to attend the meeting in person.

Chair Furman then stated that the Committee had been provided with draft minutes for the December 4, 2013 meeting and asked for any corrections. With no corrections, the minutes were approved.

Report by the Director of Internal Audit:

Mr. David provided the Committee with a status of audit activities during the first half of Fiscal Year 2014 where he highlighted the Audit Plan's completion percentage; audits that are in process and those completed; audit observations; and the status of management's action plans. He stated that the progress against the Audit Plan was adversely impacted by unexpected staff vacancies and then noted that recently the vacancies had been filled. He then provided examples of the types of audits in process around the University. In addition, Mr. David provided highlights of the University-wide Chief Executive Officer Compensation review. He commented that overall the review went well and that there was a recommendation made to enhance certain processes and controls.

Mr. David then reported on the status of management's action plans and noted how many were opened and closed during the first half of Fiscal Year 2014. He then summarized the areas affected by the open action plans and that Internal Audit provides campus management and the

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President with a quarterly listing of open and overdue action plans to increase awareness and promote more timely completion.

Mr. David went on to discuss Internal Audit's newly developed methodology for ranking the level of risk a reported observation poses to the University. He described the risk rankings that are utilized, the assessment process and provided examples of the various criteria used to determine a ranking.

Mr. David then reported on external audit activities. He went on to highlight the types of audits that are underway. He then provided a summary of a controls review being performed by Ernst & Young, LLP within Commonwealth Medicine. He described the objectives of the review and that the review's outcome will be reported directly to Chairman Thomas and University Management.

Chair Furman asked if cyber security and business continuity are audited. Mr. David responded and discussion was had about benchmarking and verifying information technology controls performed by Internal Audit and the University's Information Technology Services, and the coordination of emergency management and business continuity across the University. Mr. David suggested having Mr. Hescok, the Director of University Emergency Management and Business Continuity update the Committee at a future meeting.

Mr. McCormick, Internal Audit Senior Manager, summarized the results of the Intercollegiate Athletic Department Reviews performed at the Amherst and Lowell campuses and financial statement audits of WFCR-FM, Combined WFCR-FM and the New England Public Radio Foundation, and WUMB-FM. He stated that both Intercollegiate Athletic Reviews resulted in no significant errors or omissions identified, and that the aforementioned financial statement audits received unqualified audit opinions. He also highlighted the results of the University of Massachusetts Building Authority and Worcester City Campus Corporation financial statement audits since they are consolidated into the University's financial statements. Both audits resulted in unqualified opinions.

Chair Furman asked if Internal Audit had appropriate resources. Mr. David responded and described a long-term plan that is underway to increase Internal Audit resources, including the addition of full-time staff and the potential development of an Internal Audit internship program.

Action Items:

Chair Furman asked for a motion on the Independent Auditor's Reports. She indicated that the Committee had a chance to review the background materials that were provided and asked for questions or discussion. It was moved and seconded.

The Secretary called the roll with each Trustee asked to vote yes or no: Chair Furman voted for the motion as did Vice Chair Woolridge; Trustees Buonomo, Campbell, Collins and Chairman Thomas.

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To recommend that the Board approve the following Audit Reports:

1. Intercollegiate Athletic Department Report, UMass Amherst (Doc. T14-009)
2. Intercollegiate Athletic Department Report, UMass Lowell (Doc. T14-010)
3. WFCR-FM Audit Report, UMass Amherst (Doc. T14-011)
4. Combined WFCR-FM and New England Public Radio Foundation, Inc. Audit Report, UMass Amherst (Doc. T14-012)
5. WUMB-FM Audit Report, UMass Boston (Doc. T14-013)

There being no other business the meeting adjourned at 10:31 a.m.

Kate Wilkinson
Staff Assistant