

**UNIVERSITY OF MASSACHUSETTS
AMHERST•BOSTON•DARTMOUTH•LOWELL•MEDICAL•LAW**

**MINUTES OF THE MEETING OF THE
AUDIT AND RISK COMMITTEE**

Tuesday, December 17, 2024; 8:00 a.m.

Remote Meeting via Zoom

**Pursuant to the Governor's Order Suspending Certain Provisions of the
Open Meeting Law, G.L. c.30A, §20 dated March 12, 2020, and subsequently updated
and extended by the Governor and their staff**

Committee Members Present: Chair Scheibel; Vice Chair Sullivan; Trustee Wu

Committee Members Absent: Trustees O'Brien and Oliveira

University Administration: President Meehan; General Counsel Lowy; Senior Vice President Calise; Chancellors Reyes, Suárez-Orozco and Chen; Vice Chancellors Mangels, Kirleis, Doyle, Yestramski (Interim) and Lindstedt; Chief Audit Officer David; Director of Internal Audit Scano; Assistant Vice President of Enterprise Risk Management Packard; Assistant Vice President and University Controller Hitchcock

Faculty Representatives: Professors Hoagland, UMass Amherst; Marchand, UMass Lowell

KPMG: David Gagnon, Engagement Partner; Sara Timmerman, Senior Manager; Ernest Obubah, Managing Director

Documents Used:

- Meeting Minutes: May 22, 2024
- Internal Audit Report, Doc. T24-005
- UMass Enterprise Risk Management Program Update, Doc. T24-013
- Fiscal Year 2024 Financial Results Summary, Doc. T24-057
- Independent External Auditor Report, Doc. T24-006
- University's Annual Financial Statements, Doc. T24-033

Chair Scheibel convened the meeting at 8:09 a.m.

Chief Audit Officer David stated that the Committee continues to meet remotely under the Governor's executive order issued on March 12, 2020, which has been extended until March 31, 2025. The Committee will address necessary and required Action Items for Board vote in open session, and where required, in Executive Session.

Any member of the public wishing to address the Board regarding an agenda item or issue directly related to the UMass publicly posted agenda, must have provided the Secretary of the UMass Board with a written request no later than 24 hours prior to the Board or Committee meeting

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occurring. The Chair of the Board or Board Committee shall have complete discretion in granting or denying the request to speak, applying applicable UMass and MA Attorney General guidelines, and may limit the duration that each public speaker has to address the Board. The Secretary has received no requests to speak, or to make an audio or videotape recording of the meeting.

Chair Scheibel welcomed Student Trustee Oliveira to the Committee. She then announced the meeting's agenda.

Consideration of Minutes of the prior meeting of the Committee

Chair Scheibel stated that the Committee was provided with a draft copy of the minutes of the May 22, 2024 meeting and asked for any corrections. With no corrections, the minutes were approved.

Internal Audit Report

Chief Audit Officer David and Director of Internal Audit Scano briefed the Committee on Internal Audit's fiscal year 2024 activity and results, including the trends and observations highlighted by their team's work and provided an update on the Committee's and Internal Audit's priorities. Chief Audit Officer David discussed the results of the external quality assessment review of Internal Audit performed by Baker Tilly. He highlighted that they concluded Internal Audit generally conforms with the International Standards for the Professional Practice of Internal Auditing and Code of Ethics, which is the top rating that can be given. Their review also noted Internal Audit's strengths and leading best practices when compared to peer institutions as well as opportunities for enhancement. Director Scano then highlighted examples of how Internal Audit is leveraging new technology to increase departmental and project efficiencies.

Chief Audit Officer David also provided a status of external audit activity around the University, including the University's and its related entities' financial statement audits, state operational and information technology audits, and federal grant audits.

Enterprise Risk Management Report

Assistant Vice President of Enterprise Risk Management Packard provided an Enterprise Risk Management Program update, including how it guides the prioritization of risk mitigation activities, the addition of sustainability risk to the University's Risk Registry, and program accomplishments. She also provided insight into how the Enterprise Risk Management Program supported campus and systemwide activities. The Committee made comments and asked questions to which management and Assistant Vice President Packard responded.

Fiscal Year 2024 Financial Results Summary

Senior Vice President Calise and Assistant Vice President and University Controller Hitchcock provided highlights of the University's fiscal year 2024 financial performance regarding revenues, expenses, operating margin, net position, cash and investments. University Controller Hitchcock outlined the University's early adoption of new tuition discounting methodology and how it results in more accurate and transparent financial reporting of student aid. The Committee made comments and asked questions to which Senior Vice President Calise, University Controller Hitchcock and management responded.

Independent External Auditor Report

Mr. Gagnon, Ms. Timmerman and Mr. Obubah presented results from KPMG's audit of the University's Financial Statements, and an update on the Federal Uniform Guidance audit which was ongoing. Mr. Gagnon highlighted, among other things, their required communications, that the audit of the financial statements resulted in an unmodified audit opinion and there were no material control weaknesses or significant control deficiencies identified, and to date, no Federal Uniform Guidance findings. He also commended the high quality of data and level of transparency within the University's financial statements. Ms. Timmerman and Mr. Obubah reviewed the detailed results of areas audited. Mr. Gagnon then highlighted upcoming changes to the Uniform Guidance audit, results of KPMG's higher education remote work survey and commented on artificial intelligence in higher education. Chair Scheibel commented that the Committee appreciates the professional relationship they have developed with KPMG.

Action Item #1: Approval of the University's Annual Financial Statements, Doc. T24-033

Chair Scheibel asked for a motion to approve the University's Annual Financial Statements, Doc. T24-033. It was moved by Vice Chair Sullivan and seconded by Trustee Wu.

To recommend that the Board approve the University's Annual Financial Statements.

The Chair then asked for a roll call vote and the Assistant Secretary called the roll with each Committee member asked to vote yes or no. Chair Scheibel and Vice Chair Sullivan voted for the motion as did Trustee Wu.

Consent Agenda

Chair Scheibel asked for a motion to place the action item on the Consent Agenda for the full meeting of the UMass Board. It was moved by Vice Chair Sullivan and seconded by Trustee Wu.

The Chair then asked for a roll call vote and the Assistant Secretary called the roll with each Committee member asked to vote yes or no. Chair Scheibel and Vice Chair Sullivan voted for the motion as did Trustee Wu.

Chair Scheibel wished everyone a happy holiday and New Year and adjourned the meeting. The time was 9:21 a.m.

Chelsey L. Burke
Assistant Secretary to the Board of Trustees