Chair F urman convened the meeting at 8:01 a.m. and stated that the Committee had been provided with a draft copy of the Open Session minutes of June 8, 2016 meeting and the Executive Session minutes of June 8, 2016 meeting and asked for any corrections. With no corrections, the minutes were approved.

Chair Furman then announced the day’s agenda.

Report by the Director of Internal Audit

Mr. David provided a brief summary of Internal Audit’s activity during Fiscal Year 2016. He highlighted the status of the Audit Plan and year-over-year statistics regarding audit observations and action plans, including how many are complete or outstanding and that 60% of Fiscal Year 2016 observations were addressed substantially reducing the University’s risk. Mr. David noted Management continues to prioritize addressing their action plans and closing control gaps. He then briefly discussed the types of higher level risks associated with these observations and information
technology ("IT") risks affecting the University. The Committee asked questions about IT risks the University is facing to which Mr. David and Management responded. Trustee Manning suggested that the University leverage its talent instead of hiring consultants to identify solutions for issues categorized as higher risk and for IT security and systems risks. He went on to make comments regarding the significant cost savings it would create. Chancellors responded and commented on IT security on their Campuses and the IT threats they are facing.

Mr. David went on to explain that annually the Committee has an opportunity to review and approve the Internal Audit Charter ("Charter"). He stated that the Charter complies with the Institute of Internal Auditors Standards and meets the needs of the University. He highlighted one minor change made to the Charter since it was last approved.

Mr. Hescock and Mr. David then provided a status of the University’s Enterprise Risk Management ("ERM") efforts. Mr. David highlighted the benefits it provides the University, including having a holistic view of risks, a consistent process across the organization and how it ties into Internal Audit’s work. Mr. Hescock went on to discuss how the President’s Office is championing the ERM effort. He then highlighted that the campuses compiled their risk registers, and discussed some of the campus level risks. He also provided examples of University level risks and the factors used to determine their risk score. He stated that President Meehan has made ERM a priority to ensure all significant university-wide and campus specific risks are identified and reviewed at the appropriate level. The process for identifying and determining emerging risks was discussed. The President made comments about the importance of the ERM process and addressing these risks. Mr. Hescock discussed project next steps and a timetable for providing a ranked list of risks. The Committee asked questions and discussion ensued.

Chair Furman then asked for a motion to approve the Internal Audit’s Charter. He indicated that the Committee had a chance to review the background materials that were provided and asked for questions or discussion.

It was moved, seconded and voted:

To recommend that the Board approve the following:

- Internal Audit Charter (Doc. T06-061), as amended.

Report by Grant Thornton

Mses. Esten and Wagner provided a brief overview of their firm’s audits of the University’s financial statements and A-133 compliance. They highlighted, among other things, significant risks, their areas of focus and testing results. It was noted that the audit of the University’s financial statements resulted in an unqualified audit opinion, their A-133 audit resulted in no findings and the prior year A-133 finding was remediated appropriately. Ms. Wilda highlighted this was the first year without an A-133 finding and Ms. Esten noted that given the size and complexity of the University this was something to be commended. Mses. Esten and Wagner went on to highlight the summary of financial statement adjustments identified and that they agreed with the way Management handled them. They commented that there were no material control weaknesses or
significant control deficiencies identified regarding the University’s financial statements. Discussion was had regarding the financial statement consolidation process, ways to improve it and make it more efficient.

Ms. Esten briefly discussed the impact accounting for Governmental Accounting Standards Board Statement No. 72 *Fair Value Measurement and Application* has on the University’s financial statements regarding the recognition of investments. Also, the Committee made comments and inquiries regarding the effect that the allocation of the University’s share of the Commonwealth’s pension liability has on the financial statements and credit ratings to which Mses. Esten and Wagner responded.

Ms. Esten concluded by noting her firm evaluated the accounting for transactions to finance and construct the residence hall on the Boston campus via a public private partnership and no issues were noted.

Chair Furman then asked for a motion to approve the **University’s Annual Financial Statements** and **The Report on Major Federal Program Compliance with OMB Circular A-133**. Chair Furman indicated that the Committee had a chance to review the background materials that were provided and asked for questions or discussion.

It was moved, seconded and voted:

To recommend that the Board approve the following:

- The University’s Annual Financial Statements (T16-083)
- The Report on Major Federal Program Compliance with OMB Circular A-133 (T16-089)

Chair Furman then asked the Committee to vote to enter into **Executive Session** for a discussion of an investigation pursuant to General Law Chapter 30A, section 21(a)(7) to comply with the provisions of General Laws to protect the privacy rights of individuals.

Chair Furman announced that the Committee will not reconvene in open session.

It was moved and seconded and the Secretary called the roll with each Trustee asked to vote yes or no to enter in Executive Session for the purpose listed. Chair Furman voted for the motion as did Vice Chair Collins, and Trustee Buonomo. Chairman Woolridge also voted for the motion.

The time was 8:58 a.m.

Christina Kelley
Assistant Secretary to the Board