Chair Furman 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 April 11, 2017 meeting and asked for any corrections. With no corrections, the minutes were approved.

Chair Furman then announced the meeting’s agenda.

**Report by the Director of Internal Audit**

Mr. David provided a brief summary of University Internal Audit’s mission and purpose and then updated the Committee on staffing resources, progress toward filling a vacancy, staff qualifications and the successful cultivation of talent internally. He highlighted examples of ad-hoc projects where Internal Audit provided Management with valuable assistance in a number of
areas. He presented the Fiscal Year 2018 Internal Audit Plan, including how audits were selected; examples of areas throughout the University to be audited; required and risk based audits; and allocated consultative and investigative project time. Mr. David walked through how Enterprise Risk Management ("ERM") intersects with the Internal Audit Plan, gave examples of ERM risks covered in recent audits and how current and emerging ERM risks are covered in the FY2018 Plan, including third-party service provider and cloud technology risks. In addition, he discussed risks to completing the Audit Plan and that the Audit Plan is necessarily flexible to accommodate ad-hoc requests from Management and the Committee.

Mr. David provided a brief summary of the external quality assessment review that was performed by an independent firm, Control Solutions International, to determine if the Internal Audit department complies with the Institute of Internal Audit’s International Standards for the Professional Practice of Internal Audit (the “Standards”) and to benchmark its maturity level. He highlighted the results of the review which included the following: Internal Audit conformed to the Standards; is rated a four out of five on the maturity scale, five being the highest level of maturity; and there are a few areas where enhancements can be made to Internal Audit’s processes.

President Meehan made comments regarding a state audit of the University of California’s President’s Office budget and reserves and how his office is performing a post-mortem of the findings to benchmark UMass’ processes. Committee members asked questions and discussion ensued.

Following Mr. David, Mr. Warren provided a status of his firm’s assessment of the Boston campus. He described how his firm was hired by the President, the scope of their work and that they are coordinating the review with President’s Office and campus personnel. He summarized the assessment procedures, including policy review, interviews, and walkthroughs of the budget and other related processes. He made comments about preliminary observations and next steps to validate these observations. He noted that as the assessment has progressed, campus Management has been making improvements to processes and personnel changes where necessary. Mr. Warren noted that a written report of the assessment’s results will be provided to Internal Audit, President’s Office and campus. Committee members asked questions, including, if KPMG’s report will provide feedback on staffing, staff qualifications, impediments to conducting business, best practices regarding the campuses’ relationship with the President’s Office, and sharing and implementing lessons learned and best practices at other campuses. Mr. Warren, Mr. David and Management responded.

Mr. Hescock provided an ERM program update to the Committee. He discussed the importance of ERM, why the University has instituted the program and progress made since he last updated the Committee. He highlighted the processes to identify and rank risks across the University, including the risk groups, examples of top risks and their ratings, and analysis of rankings. He noted that each campus developed their ERM risk inventories, UMPO developed a system-wide risk inventory, UMPO facilitated various system-wide workshops to review and rank risks and top risks were reviewed with the President’s Council. Jeff went on to outline the next steps in the ERM process and Chair Furman requested an update at the next meeting. Committee members and Trustee Fubini asked questions to which Mr. Hescock and Management responded.
Audit Committee  
June 14, 2017  

Following Mr. Hescock, Mr. Page, Ms. Warger and Ms. Kelley reviewed their firm’s Fiscal Year 2017 Audit Scoping Presentation and required communications, including their risk assessment process, areas of focus, additional audit procedures planned for the Boston campus and a technical update regarding the adoption of Governmental Accounting Standard Board No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Questions were asked by the Committee and discussion ensued.

Chair Furman then asked for a motion to approve the **FY2018 Internal Audit Plan**.

It was moved and seconded.

To recommend that the Board approve the following:

- FY2018 Internal Audit Plan (Doc. T17-034)

Chair Furman asked for a vote and the motion passed unanimously.

There being no further business, the meeting adjourned at 9:31 a.m.

Christina Kelley  
Assistant Secretary to the Board