Vice Chair Woolridge convened the meeting at 11:44 a.m. and stated that the Committee had been provided with draft minutes for the September 12, 2012 meeting and asked for any corrections. With no corrections, the minutes were approved.

Vice Chair Woolridge welcomed Director of Internal Audit David and Internal Audit Manager McCormick and outlined the agenda, which included the status of audit activity by Mr. David on the status of audit activity since the beginning of the fiscal year and Grant Thornton’s presentation of the results of their audits and other required communications.

**Report by the Director of Internal Audit:**

Mr. David briefed the Committee on the status of audit activities in the first four months of Fiscal Year 2013, which included highlighting certain audits that are in process and completed, audit observations and the status of management action plans. He discussed the Chancellors Transition Reviews underway at the Amherst and Dartmouth campuses and noted that these reviews are common when a new Chancellor is hired and similar to the recent review performed in the President’s Office. He also summarized the results of the recently completed Chief Executive Compensation and Expense audit that included all Chancellors and the President. He remarked that the Chief Executives and their staff were found to be
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transparent and diligent in communicating their expense activities and that there were no significant observations noted.

Mr. David then reported on the status of management action plans. Of the 96 outstanding action plans, 95 are on track and one is overdue. He also reported on the status of required external audits underway at the University, of which 18 are in progress.

Mr. David reported that the Audit Committee must annually review and approve the Internal Audit Charter. He then briefed the Committee on revisions made and explained that revisions were made to ensure compliance with The Institute of Internal Auditors International Professional Practices Framework, including the International Standards for the Professional Practice of Internal Auditing.

Report by Grant Thornton:
Mr. Page and Ms. Esten presented their firm’s audit results and required communications to the Committee. Mr. Page began by stating that the audit resulted in an unqualified audit opinion. He then reported that the same team as last year performed the audit and that there were no significant modifications to the audit plan as it was presented to the Committee. Ms. Esten reviewed each area of significant audit focus, which included cash and investments, contribution revenue, tuition revenue, grant revenue, compensated absences, capital assets, debt, and program service revenue.

Ms. Esten then summarized the accounting adjustments identified and noted that the number of adjustments was down from the prior year and that the impact of the adjustments to the financial statements was deemed immaterial. She also noted that there were no material weakness or significant deficiencies identified during the course of the audit and highlighted control recommendations that were communicated to Management.

Ms. Esten also reported on the four major programs reviewed for the U.S. Office of Management and Budget (“OMB”) Circular A-133 Compliance Audit, which included financial aid, research and development, cooperative extension services program, and U.S. Agency for International Development. She noted that there was one minor finding identified.

Action Items:
The first item was the Internal Audit Charter.

It was moved, seconded and

VOTED: To recommend that the Board take the following action:

To approve the revisions to the Internal Audit Charter as contained in Doc. T06-061, as amended.
The next item was the University’s Annual Financial Statements.

It was moved, seconded and

**VOTED:** To recommend that the Board take the following action:

To approve the University’s Annual Financial Statements as contained in Doc. T12-087.

The next item was the Audit Reports.

It was moved, seconded and

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

2. Internal Control Letter (Doc. T12-089)

There being no other business the meeting adjourned at 12:20 p.m.

Kate Wilkinson
Staff Assistant