

**THE PENNSYLVANIA STATE UNIVERSITY
BOARD OF TRUSTEES**

**COMMITTEE ON AUDIT AND RISK
MINUTES OF MEETING
VOLUME AR-1**

October 24, 2014

A meeting of the Committee on Audit and Risk (the Committee) of the Board of Trustees was held via conference call on Friday, October 24, 2014 at 10:45 a.m.

The following members, constituting a quorum, were present: Karen B. Peetz, Chair; Walter C. Rakowich, Vice Chair; Edward B. Brown III; Donald G. Cotner; Keith W. Eckel; and Albert L. Lord. Also attending were staff members Michael J. Degenhart, Joseph J. Doncsecz, David J. Gray, Frank T. Guadagnino, Daniel P. Heist, Gary W. Langsdale and Kevin M. Moroney. Jessica Chen, Edward Krzemien and Tara Weiner of the audit firm Deloitte & Touche were also in attendance.

PUBLIC MEETING 10:45 AM TO 11:45 AM

Karen Peetz called the meeting to order and welcomed the public.

A. Approval of minutes from September 18, 2014 meeting

The Committee voted and approved the minutes of the September 18, 2014 meeting.

B. Roles and Responsibilities Matrix

Dan Heist reviewed the Roles and Responsibilities Matrix, noting that if governance changes occur in November to establish a Subcommittee on Risk, this would need to be revisited. Dan reminded everyone that this matrix is important as a guideline to make sure management is fulfilling its responsibilities and likewise that trustees are aware of their responsibilities.

C. Review 2013-2014 Audited Financial Statements

Joe Doncsecz reviewed the 2013-2014 audited financial statements, including the draft of Deloitte's opinion, subject to acceptance by the Committee. Among the areas of information and discussion were the balance sheet review, campaign impact, and review of liabilities and net assets. The audited financial statements were unanimously accepted on behalf of the Board.

D. Internal Audit Department Charter Approval

The Internal Audit Department Charter was reviewed, including a change to reflect that the Office of Ethics and Compliance now has lead responsibility for the hotline administration. The Charter was reviewed and approved by the Committee.

E. Internal Audit Follow-Up Report

Dan Heist reviewed and discussed the Audit Follow-Up Report as of September 30, 2014. Questions surfaced regarding the open items in the College of Earth and Mineral Sciences, and David Gray indicated that he would have a conversation with Provost Jones about those items.

The meeting was adjourned at 11:45 a.m.

Separate Executive Session was conducted with the Director of Internal Auditing, and Management.