

**THE PENNSYLVANIA STATE UNIVERSITY
BOARD OF TRUSTEES**

**COMMITTEE ON AUDIT AND RISK
MINUTES OF MEETING
VOLUME AR 25**

February 20, 2020

A meeting of the Committee on Audit and Risk (the Committee) of the Board of Trustees was held, on Thursday, February 20, 2020, at 3:20 p.m. in room 208, of the Penn Stater Hotel and Conference Center.

The following members, constituting a quorum, were present: Walter Rakowich, Chair (presiding); Edward Brown III, Vice Chair; Donald Cotner, Stanley Rapp, and Brandon Short. Also attending were William Shipley (*Ex Officio*), Joseph Doncsecz, Stephen Dunham, David Gray, Daniel Heist, Nicholas Jones, Jennifer Santiago, Richard Sparrow, and Donald Welch; and Faculty Senate Representative Douglas Wolfe. Also, in attendance from the audit firm Deloitte & Touche, LLP was Edward Krzemien.

Chair Rakowich called the meeting to order at 3:24 p.m.

A. Approval of Minutes from October 25, 2019 and January 2, 2020

The Committee voted and approved the *Minutes* of the October 25, 2019 and January 2, 2020 meetings.

B. Roles and Responsibilities Matrix

Dan Heist reviewed the Roles and Responsibilities Matrix and noted that the Committee was on track for the year.

C. Review Deloitte June 30, 2019 Management Letter

Joe Doncsecz reported on Deloitte's Management Letter which included 13 comments centered around Access Security issues in the IT realm at Penn State. Don Welch and Rich Sparrow addressed the comments noting that the main issue revolves around deprovisioning Access and will be resolved with the update of new roles in IT, individual's and unit's awareness of University policy, IT professionals at Penn State following best practices regarding security, and a modern access identity system married with best practices and appropriate business processes. Joe Doncsecz commented on the one financial deficiency that had been identified as a result of management's discussions between Financial Reporting staff and Development staff. He further commented that increased frequency of communications between Development and management are enough to prevent material misstatements.

D. Information Technology Update

Don Welch gave a status update regarding the Penn State IT Modernization portfolio. Rich Sparrow gave an update on Information and Technology at Penn State specifically regarding IT security and reducing exposure to cyberattacks.

E. Review and Approval of External Audit Engagement Letter

Joe Doncsecz reviewed the letter to engage Deloitte & Touche LLP as the University's external auditors and recommended approval of the External Audit Engagement Letter. The Committee unanimously approved the recommendation of the following resolution to the Board:

RESOLVED, That the Officers of the University are authorized to engage Deloitte & Touche LLP, Certified Public Accountants, for the audit of the accounts of the University for the year ending June 30, 2020.

The public meeting was adjourned at 4:30 p.m. Following the public meeting, the Committee went into executive session.

Respectfully submitted,

Shelly Zeigler-Byers, Administrative Support
Office of the Board of Trustees