

**THE PENNSYLVANIA STATE UNIVERSITY  
BOARD OF TRUSTEES**

**COMMITTEE ON AUDIT AND RISK  
MINUTES OF MEETING  
VOLUME AR 27**

**June 18, 2020**

A meeting of the Committee on Audit and Risk (the Committee) of the Board of Trustees was held via Zoom on Thursday, June 18, 2020, beginning at 9:00 a.m.

The following members, constituting a quorum, were present: Walter Rakowich, Chair (presiding); Edward Brown III, (Vice Chair); Alice Pope, Stanley Rapp, and Brandon Short. Also attending were William Shipley (*Ex Officio*), Sandy Barbour, Joseph Doncsecz, Shannon Harvey, Daniel Heist, Jennifer Santiago, Richard Sparrow, and Donald Welch; and Faculty Senate Representative Bonj Szczygiel. Also, in attendance from the audit firm Deloitte & Touché, LLP was Benjamin Gasbarre, Edward Krzemien, and John Neary.

Chair Rakowich called the meeting to order at 9:00 a.m.

**A. Approval of Minutes from May 7, 2020**

The Committee voted unanimously to approve the *Minutes* of the May 7, 2020 meeting.

**B. Roles and Responsibilities Matrix**

Dan Heist, Director of Internal Audit, noted that all items of responsibilities will have been met at the conclusion of the meeting as outlined by the committee charter.

**C. Annual Review of Committee Charter**

Dan Heist noted that there was only one significant change to the Operating Guidelines in the committee charter. The change documented the open communication with the Chief Risk Officer and the committee. The committee voted and unanimously approved the change.

**D. Review June 30, 2019 Office of Management and Budget Uniform Guidance Report**

Joe Doncsecz, Corporate Controller, reviewed the Deloitte audit of Penn State's Federal Funds (Uniform Guidance Report). The report was good; except, for one significant deficiency regarding charitable gifts. However, this deficiency was reported previously as part of the Financial Statement Audit and has been remedied. However, it was further noted that this deficiency had no impact on Federal Funds. He summarized as the result of the audit Penn State remains a low-risk auditee.

**E. Internal Audit Update**

Dan Heist reviewed necessary requirements to maintain the Institute for Internal Auditors Standards. As part of maintaining these standards, he reviewed the Penn State Quality Assurance Program Review/Satisfaction Surveys.

He also reported on some special audit projects including the management of the Federal Cares Act monies. Dan's team was and continues to be an integral part of the collaboration in the distribution of the monies to the students and the spending of the University portion of the Cares Act funds. He further reported on the audit of the refund process for reimbursement of student room and board monies.

The committee then voted and unanimously approved the Internal Audit Department Charter noting the only change was the date.

**F. Intercollegiate Athletics (ICA) Monitoring Procedures**

Joe Doncsecz gave an overview of the NCAA Agreed-Upon Procedures Reports and as summary noted that Deloitte found no exceptions to the procedures as provided in their audit.

Dan Heist followed with an overview of internal audits with respect to Intercollegiate Athletics. He summarized that there were no NCAA rules compliance violations found during the recently completed NCAA Compliance Audit.

Rick Kaluza, Senior Associate Athletic Director, Finance and Business Operations provided an overview and summary of the Agreed Upon Procedures regarding Booster Clubs. Sandy Barbour, Vice President for Intercollegiate Athletics provided input regarding revenue and expenditures for the department and comparison of Penn State's bottom line to that of other major universities and collegiate institutions. She further commented on communications between the Internal Audit office and her department. She recognized the ease and ability for both offices to have open dialogues regarding internal monitoring and scrutiny of processes within the department including but not limited to the Booster Clubs.

**G. Approval of the Crowe Engagement Letter**

Joe Doncsecz, Corporate Controller, provided an overview of the engagement letter for Crowe to provide auditing services for Nittany Insurance Company and preparation of financial statements for the year ending June 30, 2020. The committee then voted and unanimously approved Crowe's engagement.

The public meeting was adjourned at 10:00 a.m., at which time the Committee went into conference and executive session. An executive session was also held from 10:00-11:00 a.m.

Respectfully submitted,

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