

**THE PENNSYLVANIA STATE UNIVERSITY  
BOARD OF TRUSTEES**

**COMMITTEE ON AUDIT AND RISK  
MINUTES OF MEETING  
VOLUME AR 32**

**September 16, 2021**

A hybrid meeting of the Committee on Audit and Risk was held in Dean's Hall of The Penn Stater Hotel and Conference Center, State College, PA, and via video conference, at 8:45 a.m. on Thursday, September 16, 2021.

The following members, constituting a quorum, were present: Walter Rakowich, Chair (presiding); Edward Brown III, (Vice Chair); Randall Black, Donald Cairns, Alvin de Levie, Anthony Lubrano, Alice Pope and Brandon Short. Also attending were President Barron (*Ex Officio*), Matt Schuyler (*Ex Officio*), William Shipley (*Ex Officio*), and Faculty Senate Representative. Also present were Lisa Mangel, Joseph Doncsecz, Steve Dunham, Frank Guadagnino, Shannon Harvey, Daniel Heist, Nick Jones, Bill Sitzabee, Richard Sparrow, Sara Thorndike, and Donald Welch; Also, in attendance from the audit firm of Deloitte & Touche, LLP was Ben Gasbarre, and John Neary.

Chair Rakowich called the meeting to order at 8:45 a.m.

**A. Approval of *Minutes* from May 6, 2021**

The Chair called for a motion to approve the *Minutes*. Anthony Lubrano so moved. Alice Pope seconded the motion. The Committee members voted unanimously to approve the *Minutes* of the May 6, 2021, meeting.

**B. Meeting Schedules/Roles and Responsibilities Matrix Update**

Dan Heist, Director of Internal Audit, opened by describing the roles and responsibilities matrix as a checklist of items to accomplish throughout the year. He noted that the items move to green or red if they are on track or not. He noted that items coded red are addressed immediately. He further noted that an item seldom moves to red.

**C. Discussion and Approvals: Fiscal 2022 Internal Audit Plan**

Dan Heist also provided information about the audit plan for the upcoming year and noted that the plan must be approved by the Committee. He also explained the significant number of carryovers from last year were due to a considerable number of COVID related items that had to be audited and addressed to ensure that federal money was being spent correctly. He also noted that Commonwealth Campus audits would still take place. He further mentioned that due to COVID the auditors have become more efficient in pre-planning; and are able to limit the amount of time in-person at the Campuses. However, Dan stressed the importance of being present in-person at the Campuses. He went on to note that audits for all three Enterprise (ERP) systems including SIMBA will most likely be outsourced or co-sourced due to the complexity of an ERP system. Leadership is working with IT leadership and will most likely begin with LionPath the oldest ERP system. The Chair called for a motion to approve the Audit plan. Randy Black so moved; Alice Pope seconded the motion that was then unanimously approved.

**D. Financial Statement External Audit Update**

Joe Doncsecz, Corporate Controller and Associate Vice President for Finance and Business provided an update regarding the financial statement audits. He began by noting that this was the first year that SIMBA was the system of record for the financial statement audits. He further explained that external auditors from Deloitte have been engaged since the start reviewing and auditing the system relating to beginning balances, controls, etc. He also mentioned a few mid-year audits regarding leasing. A new accounting standard came online, and the University was on track for implementation of this new standard. He also mentioned the Higher Education Emergency Relief Funds (HEERF). He further noted two of the HEERF funds had been fully drawn and would be included in the 6/30/21 financial statements. The third would not be included since it had not been drawn. Management was working with Deloitte on all disclosures and auditing procedures for those funds. He also noted this being the first year for Financial Statements compiled via the new financial system (SIMBA). And Management and the SIMBA team are working hard to get the Financial Statements out and ironing out any glitches along the way; but look to get them out soon.

**E. IT Update**

Don Welch summarized the strategic plan for information technology across the University. He mentioned five goals: advancing digital transformation, enabling research, enabling teaching and learning, optimizing IT resources, and improving IT operational excellence. He underscored the difference for Penn State's IT strategic plan compared to other higher education institutions lies in the tracking of these goals. He stated that every leader in the University can view through the newly created dashboard the progression towards the individual unit goals. He also highlighted a few central IT projects including: COVID related projects; security and compliance, disaster recovery capability, cost effectiveness and cost saving measures.

Rich Sparrow stated that from a security perspective the continued focus was on ransomware. Central IT is working with units regarding technology and security tools as well as planning for tabletop exercises. He also stressed the importance of single sign-on now in the cloud and how that protects applications and provides for better user experience. This also allows for a better access Id management. Roles can be provisioned; but now the ability to remove access or roles can be accomplished from a central perspective. He finished by noting that finding qualified people with cybersecurity skills for any university is difficult at this time. Penn State has approached the difficulty by identifying people with cybersecurity skillsets and then leveraging those skills within units where possible. Don commented that many employees are already working remotely or a hybrid version as a work environment. This also always for hiring from cities like Philadelphia or Pittsburgh and work towards central IT's commitment to diversity.

**F. Update From the Subcommittee on Risk**

Prior to moving to the next agenda item, Chair Rakowich asked for an update from Vice Chair Brown regarding an update on Risk Management. Trustee Brown noted that a few key people were going to re-initiate visiting Commonwealth campuses with an eye toward risk vulnerabilities. He also noted that having a session reviewing active assailant training could also be on the horizon.

**G. Results of Committee Self-Assessment Survey**

Chair Rakowich then summarized the results of the recent Audit and Risk Self-Assessment Survey. He noted that there were three main items he wanted to address. One was a comment about roles and responsibilities. The second was providing more time for meetings. The third was more oversight over athletics. He noted that the three issues could be addressed individually offline. However, he did comment that he too would appreciate more meeting time. He also commented that he was aware of the time constraints given that all Trustees want to have the ability to attend all committee meetings. Overall, he and the Committee felt they were doing a good job.

**H. Adjournment of Public Meeting**

Chair Rakowich adjourned the public meeting at 9:14 a.m., at which time the Committee went into conference and executive session meeting individually and privately with Management, Internal Audit, and then themselves.

Respectfully submitted,

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