

**THE PENNSYLVANIA STATE UNIVERSITY
BOARD OF TRUSTEES**

**COMMITTEE ON AUDIT AND RISK
MINUTES OF MEETING
VOLUME AR 5**

October 30, 2015

A meeting of the Committee on Audit and Risk (the Committee) of the Board of Trustees was held via telephone conferencing on Friday, October 30, 2015. An executive session of the Committee occurred from 9:05-9:55 a.m., followed by a public meeting commencing at 10:00 a.m. The meeting was held pursuant to notice which was mailed to each of the members.

The following members, constituting a quorum, were present: Walter C. Rakowich, Chair, Edward B. Brown III, Vice Chair, Donald G. Cotner, Keith W. Eckel, Albert L. Lord, Matthew W. Schuyler and Keith E. Masser. Also attending were staff members Joseph J. Doncsecz, Stephen S. Dunham, David J. Gray, Frank T. Guadagnino, Daniel P. Heist, Nicholas P. Jones, Gary W. Langsdale, Kevin M. Morooney and Janine S. Andrews; and Edward C. Krzemien and Jessica Chen of the audit firm Deloitte & Touche.

PUBLIC MEETING: 10:00 a.m.

Walt Rakowich called the meeting to order.

A. Approval of minutes from September 17, 2015 meeting

The Committee voted and approved the minutes of the September 17, 2015 meeting.

B. Roles and Responsibilities Matrix

Dan Heist reviewed the Roles and Responsibilities Matrix with the Committee.

C. Review 2014-2015 Audited Financial Statements

Joe Doncsecz reviewed the 2014-2015 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, statement of activities, statement of cash flows, and a review and context of various fluctuations. The audited financial statements were unanimously accepted on behalf of the Board.

D. Internal Audit Department Charter Update and Approval.

The Internal Audit Department Charter was reviewed, including a change to reflect the interactions and report receiving protocols with the Office of Ethics and Compliance. The Charter was reviewed and approved by the Committee.

E. Internal Audit September 30, 2015 Follow-Up Report

Dan Heist reviewed and discussed the Audit Follow-Up Report as of September 30, 2015. Discussion included the importance of senior leadership support in addressing open audit issues.

Following adjournment of the public meeting, the Committee went into executive session.