

**THE PENNSYLVANIA STATE UNIVERSITY
BOARD OF TRUSTEES**

**COMMITTEE ON AUDIT AND RISK
MINUTES OF MEETING
VOLUME AR 3**

September 17, 2015

A meeting of the Committee on Audit and Risk (the Committee) of the Board of Trustees was held in Room 218 of The Penn Stater Conference Center Hotel on Thursday, September 17, 2015 at 12:30 p.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, Cynthia A. Dunn, Keith W. Eckel, Albert L. Lord, Matthew W. Schuyler and Keith E. Masser. Also attending were staff members Regis W. Becker, Joseph J. Doncsecz, Stephen S. Dunham, David J. Gray, Frank T. Guadagnino, Daniel P. Heist, Nicholas P. Jones, Gary W. Langsdale, and Carmella Mulroy-Degenhart; and Edward C. Krzemien and Matthew Stelling of the audit firm Deloitte & Touche.

PUBLIC MEETING: 12:30-1:30 p.m.

Walt Rakowich called the meeting to order and welcomed the public.

A. Approval of minutes from May 7, 2015 meeting

The Committee voted and approved the minutes of the May 7, 2015 meeting.

B. Roles and Responsibilities Matrix

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

C. Approval of Committee Operating Guidelines

The Committee reviewed and approved its operating guidelines. Comments were made on the oversight role on the guidelines regarding risk, and Gary Langsdale shared that the Subcommittee on Risk has taken on that responsibility.

D. Results of Committee Self-Assessment

Chair Rakowich led a discussion on the results of the committee self-assessment. Al Lord commented regarding the need for more context and comparative information when viewing financial information.

E. Update on Risk Subcommittee

Don Cotner provided an update on the Risk Subcommittee's work. It was noted that the Subcommittee has had several off-cycle conference call meetings to keep its members up-to-date. Benchmarking risks against peers was also discussed.

F. Update on Status of External Financial Statement Audit

Joe Doncsecz provided an update on the audit process. A meeting of the Committee via conference call is scheduled for October 30 to go over the draft of the audit report and financial statements.

G. Information Technology Status Update

Nick Jones reported on the DCAA findings as well as the CSIO position and associated costs.

H. Internal Audit Update

Dan Heist provided an Internal Audit Update, including a summary of internal audit reports, an audit follow-up report (as of June 30, 2015), and a status update of the fiscal year 2014-2015 audit plan (as of August 31, 2015).

Following adjournment of the public meeting, a brief executive session was held.