A meeting of the Committee on Audit and Risk (the Committee) of the Board of Trustees was held in Room 218, Penn Stater Conference Center Hotel, on Thursday, September 15, 2016 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: Donald G. Cotner, Vice Chair (presiding); Edward B. Brown III; Valerie L. Detwiler; Ira M. Lubert; and, Elliott W. Weinstein. Also attending were staff members Nicholas P. Jones, Joseph J. Doncsecz, Stephen S. Dunham, Kenneth G. Forstmeier, Frank T. Guadagnino, Daniel P. Heist, and Gary W. Langsdale; and, Student Representative Marina P. Cotarelo was also in attendance as well as Jessica Chen and Edward Krzemien of the audit firm Deloitte & Touche.

PUBLIC MEETING 12:30 p.m.

Committee Vice Chair Cotner called the meeting to order.

A. Approval of Minutes from July 21, 2016 meeting

   The Committee voted and approved the minutes of the July 21, 2016 meeting.

B. Roles and Responsibilities Matrix

   Dan Heist reviewed the Roles and Responsibilities Matrix, an important guideline to make sure management is fulfilling its responsibilities and, likewise, that trustees are aware of their responsibilities.

C. Results of Committee Self-Assessment

   Dan Heist reported that everyone had a copy of the self-assessment result information; and so that Committee Chair Rakowich can participate in the discussion, that item will be deferred until the next meeting of the Committee.
D. **Update on Risk Subcommittee**

Vice Chair Cotner reported that a tour of the Data Center for the Risk Subcommittee would occur that afternoon (9/15/2016); and, Gary Langsdale reported that efforts are ongoing for risk oversight presentations.

E. **Update on Status of External Financial Statements Audit and Other Audit Matters**

Joe Doncsecz reported that all is on track for the review, and that this is merely an interim report. He also reported receipt of a draft of Penn State Health’s audit, with one or two items subject to change; and, he noted that one may likely be a significant deficiency. On the IT front, some management level comments, but he does not expect any to rise to significant deficiencies or otherwise. Deloitte representative Krzemien reported that all appears on track with audit procedures and all required communications will be followed.

In other matters, Joe Doncsecz reported that the State Employees Retirement System (SERS) is requiring a special audit of the University’s payroll records for purposes of compliance and reporting as part of their annual financial audit process, with more discussion forthcoming at the Committee’s October meeting.

The public meeting was adjourned at 12:50 p.m., at which time the Committee went into executive session.

Respectfully submitted,

Janine S. Andrews  
Director  
Office of the Board of Trustees