A meeting of the Committee on Audit and Risk (the Committee) of the Board of Trustees was held, on Thursday, May 2, 2019, at 1:00 p.m. in Room 203, Penn Stater Hotel and Conference Center. 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 (presiding); Edward “Ted” B. Brown; Donald G Cotner, and Brandon D. Short. Present staff included: Joseph J. Doncsecz, Stephen W. Dunham, David J. Gray, Daniel, Gary J. Grgurich, Dan Heist (via telephone), Michael J. Kubit, Gary W. Langsdale, Matthew A. Stolberg, and Donald J. Welch. Constituent representative, Ryan Godbey and Nicholas Rowland, was present via the phone. Also in attendance from the audit firm Deloitte & Touche LLP were John Neary and Edward Krzemien.

Chair Rakowich called the meeting to order.

A. Approval of minutes from February 14, 2019

The Committee voted and approved the minutes of the February 14, 2019 meeting.

B. Roles and Responsibilities Matrix

Regarding the Roles and Responsibilities Matrix, Dan Heist noted that following today’s meeting, all has been accomplished in line with the expectations.

C. Annual Review of Committee Charter

Dan Heist noted that there are no proposed changes to the Charter/Operating Guidelines. Chair Rakowich noted that the current noted cycle of meetings may not match what is currently done, but all were in agreement that the substance of the document was on target and as it is a best practice to approve such a document, the Committee voted unanimously for approval, noting that the Committee meets typically either during a scheduled BOT meetings cycle and/or at other times off-cycle.

D. Review June 30, 2018 Office of Management and Budget Uniform Guidance Report

Joe Doncsecz reviewed the results of the current audit, noting it was a clean and straightforward year. Based upon our results and history, we have been categorized as a low-risk auditee for next year.
E. Update from Risk Subcommittee

Gary Langsdale reviewed the process of the assignment of risks for Board oversight, and that each year, those noted for review for the upcoming year. Gary noted that the oversight risks for the year closing have all been appropriately discussed and reviewed either one or two times by each of the assigned committees. He noted that for the upcoming year there will be an additional risk focusing on admissions, which will be overseen by the Committee on Academic Affairs and Student Life. The Committee unanimously approved the list.

F. Intercollegiate Athletics (ICA) Monitoring Procedures

Joe Doncsecz reviewed the testing basis for various areas of the NCAA Agreed-Upon Procedures, and highlighted a few specific areas of discussion from an overall clean report with no reports of concern. Matt Stolberg, Associate Athletics Director of Compliance, provided some context of the process overview and reporting obligations, including specific to components of booster clubs and the nuances associated with those organizations. Associate Director of Internal Audit, Gary Grgurich, reviewed several examples of audit testing in this area, and Dan Heist then stated Internal Audit has an excellent working relationship with ICA and the ongoing testing they do annually for not only booster clubs, but components of ICA.

G. Internal Audit Update

Dan Heist reviewed the Internal Audit Big 10 Survey Results; Quality Assurance Program Review/Satisfaction Surveys; and, Internal Audit Department Charter Update and Approval. Several Committee members noted the stellar results and complemented Dan and his colleagues for the work they do to reveal such results.

H. Nittany Insurance Engagement Letter

Gary Langsdale reviewed the need for the Committee to approve the audit engagement for Nittany Insurance Company, which was approved unanimously.

The public meeting was adjourned at 2:00 p.m. Following the public meeting, the Committee went into executive session.

Respectfully submitted,

Janine S. Andrews, Director
Office of the Board of Trustees