

**THE PENNSYLVANIA STATE UNIVERSITY  
BOARD OF TRUSTEES**

**COMMITTEE ON AUDIT AND RISK  
MINUTES OF MEETING  
VOLUME AR 7**

**May 5, 2016**

A meeting of the Committee on Audit and Risk (the Committee) of the Board of Trustees was held in Room 221, Penn Stater Conference Center Hotel, on Thursday, May 5, 2016 at 7:30 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; Keith E. Masser; and, Matthew W. Schuyler (via telephone). Also attending were staff members Eric J. Barron, Nicholas P. Jones, Joseph J. Doncsecz, David J. Gray, Stephen S. Dunham, Frank T. Guadagnino, Daniel P. Heist, and Gary W. Langsdale. Jessica Chen, Edward Krzemien and Matt Stelling of the audit firm Deloitte & Touche were also in attendance.

**PUBLIC MEETING 7:30 a.m.**

Committee Chair Rakowich called the meeting to order.

**A. Approval of minutes from February 25, 2016 meeting**

The Committee voted and approved the minutes of the February 25, 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. Dan noted that the Committee has met all obligations under the charter and guidelines.

**C. Annual Review of Committee Charter**

Dan Heist and Walt Rakowich facilitated a discussion on the annual review of the Committee charter. Changes incorporated will be to update the frequency of meetings to meet in conjunction with every Board meeting, and for the Committee to receive regular reports from both the Chief Information Security Officer and Vice President for Information Technology/CIO. Trustee Cotner motioned to adopt the changes, with a second provided by Trustee Eckel; the motion passing unanimously.

**D. Review June 30, 2015 Office of Management and Budget A-133 Audit Report**

Joe Doncsecz reviewed the OMB Circular A-133 reports as prepared by Deloitte & Touche. There were no instances of material weakness or significant deficiencies, with the University is deemed a low-risk auditee going forward.

**E. Internal Audit Update**

Dan Heist reviewed the Internal Audit Follow-up Report and Open Issues Status (as of March 31, 2016), noting that staff have been working actively on closing findings. Dan also reported on the Quality Assurance Program Review and a facilitated a discussion of the customer satisfaction survey. This effort is done in accordance with standards from the Institute of Internal Auditors. Part of the internal monitoring guidance is that the audit executive is required to develop and implement a quality assurance and improvement program to include ongoing monitoring and periodic self-assessment. Dan reviewed highlights of the program, the survey instrument, and the quality survey results from 2015 (both executive leadership and operating management). A discussion occurred regarding longitudinal trending, and Dan indicated it is typically and consistently in the same range, but that going forward, that will be included for the Committee if helpful.

**F. Update from Risk Subcommittee**

Don Cotner and Gary Langsdale reported that off-cycle meetings of the Subcommittee appear to be working well and are anticipating the next meeting in June. Gary reported that the work of asking other committees to be sure they were reviewing risks is going well and that three such opportunities for various committees would be occurring today (May 5). It was also reported that work is underway to review a draft risk management plan, i.e., a guide by which risks are managed by the University.

The public meeting was adjourned at 7:45 a.m., at which time the Committee went into executive session.

Respectfully submitted,

Janine S. Andrews  
Director  
Office of the Board of Trustees