

**THE PENNSYLVANIA STATE UNIVERSITY
BOARD OF TRUSTEES**

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

May 7, 2015

A meeting of the Committee on Audit and Risk (the Committee) of the Board of Trustees was held in Room 211 of The Penn Stater Conference Center Hotel on Thursday, May 7, 2015 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: Ira M. Lubert, Chair, Walter C. Rakowich, Vice Chair, Edward B. Brown III, Donald G. Cotner, Keith W. Eckel, and Keith E. Masser. Also attending were staff members Eric J. Barron, Joseph J. Doncsecz, Stephen S. Dunham, David J. Gray, Gary J. Grgurich, Frank T. Guadagnino, Daniel P. Heist, Nicholas P. Jones, Gary W. Langsdale, Kevin M. Morooney, and Susan E. Stout; Jessica Chen and Edward Krzemien, of the audit firm Deloitte & Touche and Charles P. Scheeler, Senior Counsel, DLA Piper Law Firm.

PUBLIC MEETING 7:30 AM TO 8:15 AM

Ira Lubert called the meeting to order and welcomed the public.

A. Approval of minutes from January 15, 2015 meeting

The Committee voted and approved the minutes of the January 15, 2015 meeting.

B. Roles and Responsibilities Matrix

Dan Heist reviewed the Roles and Responsibilities Matrix with the Committee. The meeting between Committee Chair and the Milton S. Hershey Medical Center Audit and Compliance Committee did not take place.

C. Annual Review of Operating Guidelines

The Committee performed its annual review of its Charter. Revised and proposed changes are highlighted in red. There were no additional changes recommended and the committee will vote to approve the amended Charter at the next meeting.

D. Review June 30, 2014 Office of Management and Budget (OMB) Circular A-133 Reports

Joseph Doncsecz reviewed the OMB Circular A-133 reports as prepared by Deloitte & Touche. There were no control deficiencies or material weaknesses noted.

E. Audit Follow-up Report

Dan Heist reviewed the Internal Audit Follow-up Report and highlighted that the percentage of open issues to total issues has decreased to 16%. Dr. Nicholas P. Jones, Provost and Mr. David J. Gray, Senior Vice President for Finance & Business/Treasurer, have been very engaged in the follow-up process.

F. Update from Risk Subcommittee

Ted Brown and Gary Langsdale reported that the Risk Subcommittee has conducted two meetings. The meetings have been very productive with good questions being asked and follow-up discussion. There are three risks assigned to the Audit and Risk Committee, Penn State Hershey Medical Center, Minors on Campus, and IT Security Issues.

The meeting was adjourned at 7:45 a.m.

Separate Executive Sessions were conducted with Deloitte & Touche and the Internal Audit Director.