

Board of Trustees
Committee on Audit and Risk

Minutes of Meeting

VOLUME A&R 1

September 19, 2013

A meeting of the Committee on Audit and Risk (the Committee) of the Board of Trustees was held in Room 221 of The Penn Stater Conference Center Hotel on Thursday, September 19, 2013 at 8:00 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: Linda B. Strumpf, Vice Chair, Edward "Ted" B. Brown, Donald G. Cotner, Keith E. Masser, and Paul H. Silvis. Also attending were staff members Regis W. Becker, Joseph J. Doncsecz, Stephen S. Dunham, Rodney A. Erikson, David J. Gray, Daniel P. Heist, Gary W. Langsdale, Keith Masser, and Kevin M. Moroney; Jessica Chen, Edward Krzemien, and Tara Weiner of the audit firm Deloitte & Touche.

Vice chair Linda Strumpf called the meeting to order.

The Committee voted and approved the minutes of the May 2, 2013 meeting.

Linda Strumpf and Dan Heist noted the Roles and Responsibilities Matrix and referenced that it would be discussed in the upcoming joint meeting with the Committee on Legal and Compliance.

The Self-Assessment results were shared in the preparation materials provided to each committee member. Linda Strumpf reported that the results were overall positive and the committee should be pleased with the work. For next year, it was discussed that there may be value in looking at reviewing and making any modifications for the questions for next year.

Joe Doncsecz noted the acknowledgement of the Code of Ethics (Tab D in pre-meeting materials). Discussion occurred regarding overall conflict of interest policy, including Steve Dunham noting that while institutionally we have several "codes of conduct" in different areas, there is no classic code of ethics institutionally. One of the action items for next year will be a more simply stated code of ethics.

Joe Doncsecz provided an update and fielded questions regarding the financial statement audit, which includes the Hershey Medical Center standalone financial statements. All activity is on time and as expected, and discussions are occurring with Deloitte on appropriate recording. He noted the audit is progressing on time and the statements will be ready for review by the Committee at its next meeting.

Gary Langsdale discussed the importance of minimizing risk of too many executives in the same plane or car. Protocol is no more than three going more than 25 miles. The Executive Group Travel Policy, which now informal, will be formalized.

Dan Heist reviewed and discussed the following pre-meeting materials provided to the Committee:

Tab E – Summary of Internal Audit Reports issued from April 16 to August 31, 2013. Specifically, reviewed the export control audit and noted there was a scope limitation for certain areas that were not in a position to be audited. He noted senior management has developed a comprehensive plan to address export controls on a University-wide basis. Heist also specifically discussed the Board of Trustees expenses and the NCAA Compliance Audits.

Tab F – The quarterly Audit Follow-up Report for June 30, 2013.

Tab G – 2012/2013 Internal Audit Plan Status Report

Vice chair Strumpf adjourned the public meeting at 8:50 a.m.; the committee then moved into Executive Session Deloitte & Touche and the Internal Audit Director.

Respectfully Submitted,

Janine S. Andrews
Director
Office of the Board of Trustees