

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

April 9, 2010

A special meeting of the Audit Committee of the Board of Regents was held on Friday, April 9, 2010 at 10:00 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Steven Hunter, presiding; Richard Beeson, Maureen Ramirez, Linda Cohen, John Frobenius, and Patricia Simmons participated via phone.

Staff present: Vice President Richard Pfutzenreuter; and Associate Vice Presidents Gail Klatt, Michael Volna, and Stuart Mason.

Student Representatives present: Christina Brakken-Thal.

APPOINT EXTERNAL AUDITOR

Associate Vice President Michael Volna reported that five firms responded to the request for proposals (RFP) for external audit services. The selection committee interviewed two finalists and recommends Deloitte, LLP for appointment. Vice President Richard Pfutzenreuter as well as Regents Hunter and Cohen also interviewed members of the Deloitte team. Volna and Associate Vice President Klatt stated that Deloitte was being recommended because of their significant higher education audit experience as well as their philosophy and approach to audit work.

In response to a question from Regent Simmons, Volna noted that Deloitte has significant experience with large research universities, including Northwestern University, The Ohio State University, and Pennsylvania State University.

In response to questions from Regent Frobenius, Volna stated that Deloitte chose not to continue auditing the University of Minnesota in 2004 because it did not have clear industry guidance regarding the circumstances under which an auditor could rely on the opinions of other auditors. This was an issue when it came to the alternative investment holdings of University affiliated organizations. Deloitte is now comfortable with industry guidance on this matter.

Volna reported that Deloitte was not the lowest bidder, but did bid below the University's FY 2009 external audit contract. He also stated that a contract would be executed with Deloitte setting the parameters for how additional fees, if any, are incurred.

In response to a question from Regent Beeson, Cliff Hoffman and Tom Roos from Deloitte reported that the audit team would primarily be made up of staff from the

company's Minneapolis office, several of which previously worked on the University's account. Staff from the company's Chicago office will audit alternative investments.

A motion was made and seconded, and the committee voted unanimously to appoint Deloitte, LLP as the University of Minnesota's external auditor.

The meeting adjourned at 10:15 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary