

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

September 8, 2005

A meeting of the Audit Committee of the Board of Regents was held on Thursday, September 8, 2005, at 8:15 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: John Frobenius, presiding; Clyde Allen, Dallas Bohnsack, David Larson, and Patricia Simmons.

Staff present: Senior Vice President and Provost Thomas Sullivan; Vice Presidents R. Timothy Mulcahy, Kathleen O'Brien, and Richard Pfitzenreuter; Executive Director Ann Cieslak; Associate Vice Presidents Steve Cawley, Gail Klatt, and Michael Volna.

Student Representatives present: Joshua Colburn and Tom Zearley.

INSTITUTIONAL RISK PROFILE

Regent Frobenius reported that this is the last in a series of discussions on developing an institutional risk profile. In these discussions, a common "heat map" was used to illustrate specific risks based on their probability of occurrence and their impact on the institution if they occur. At this meeting, the committee will synthesize what has been learned from the previous discussions, and assess and identify those areas of greatest importance to the committee in its oversight and fiduciary capacities. A "heat map" will be constructed prioritizing the risks of greatest concern to the committee.

Frobenius referred committee members to the institutional risk profile heat map and supporting materials distributed at the meeting (on file in the Board Office), which illustrate the combined input of committee members. The input fell into two categories: those elements that are critical factors to the core mission, which are identified as high risk and impact, and those activities considered to have less risk and impact.

A lengthy discussion ensued. Committee members prioritized all areas for the greatest focus and agreed the heat map will be used to structure future committee discussions to assess the adequacy of 1) the measures in place to manage these risks, and 2) the means by which the Board monitors them.

INTERNAL AUDIT PLAN

Associate Vice President Klatt presented the proposed 2005-06 Internal Audit Plan. The Audit Plan is intended to demonstrate the breadth and depth of audit activities addressing financial, operational, and compliance risks of the University; accountability for the University's resources; and progress in efforts to continually improve the Internal Audit program. The plan is risk-based and continues to reflect the principles of the Integrated Framework of Internal Control, which identifies interrelated components of internal control, and was previously adopted by the Board of Regents.

The Department of Audits performs three functions: auditing University units, process and activity; providing advisory services to the administration; and conducting investigations into allegations of operational or financial misconduct.

Klatt summarized the development and components of the plan as included in the docket materials on file in the Board Office.

INTERNAL AUDIT UPDATE

Associate Vice President Klatt presented the Internal Audit Update, as included in the docket materials.

Klatt reported that this past quarter, 30% of the outstanding recommendations rated as “essential” were implemented by University departments, a percentage slightly less than the average implementation rate achieved during the preceding seven updates. She noted that the overall progress toward implementation has been satisfactory. Three units fully implemented all their remaining “essential” recommendations.

COMMITTEE WORKPLAN 2005-06

Associate Vice President Klatt presented the proposed 2005-06 committee workplan. The proposed plan focused on two overarching themes:

- A continuation of the review of instructional risks; specifically the assessment of: 1) the measures in place to manage those risks and 2) the extent to which the Board monitors them.
- A study of fiduciary responsibilities and best practices for fulfilling them.

The workplan also ensures that the committee receives information necessary to carry out its governance responsibilities.

By consensus, the committee agreed to the proposed workplan.

INFORMATION ITEMS

Associate Vice President Klatt referred committee members to the Information Items contained in the docket, including:

- NCAA Agreed-Upon Procedures (FY2003-04).

The meeting adjourned at 9:30 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary