LOYOLA UNIVERSITY NEW ORLEANS
AUDIT COMMITTEE OF THE BOARD OF TRUSTEES

Thursday May 15, 2014
Monroe Library, 1st Floor, Seminar Room 2
9:30 a.m.

1. Approval of March 13, 2014 minutes  Action Item  9:30-9:35
2. Annual review and approval of the Internal Audit Charter  Action Item  9:35-9:40
3. Review IRS Form 990  9:40-10:00
4. Recommend to Board of Trustees to Review IRS Form 990  Action Item-Note(A)  10:00-10:05
5. Internal Audit Update Fiscal Year 2013 – 2014, including discussion of any significant Audit or Accounting issues  10:05-10:15
6. Risk Assessment - Summary of Responses to Questionnaires  10:15-10:25
8. Other Business  10:35-10:50
9. Executive Session with the Deloitte & Touche  10:50-11:10
10. Executive Session with the Internal Auditor  11:10-11:25

Note(A) - For the Board of Trustees, the Form 990 will be posted on the Board of Trustees' website for their review.
MINUTES OF THE AUDIT COMMITTEE
OF THE BOARD OF TRUSTEES
March 13, 2014

PRESENT:
N. John Simmons, Chair
Paul Soukup, S.J., Vice Chair (via teleconference)
Donald Faust, M.D.
Joseph E. Mahoney, Jr.

ABSENT:
Virginia Angelico-Tatum
J. Kevin Poorman

INVITED:
Lynn Hoffman, Internal Auditor, Executive Secretary (ex officio)
Arlene McCarthy
Jay Calamia
Leon Mathes
Gita Bolt
Samantha Cuellar
Alex Reyes Rubior
Martha Alguera, Recording Secretary

Deloitte & Touche attendees:
Elaine Reyes
Kristi Sharp

Meeting was called to order at 9:33 a.m. by John Simmons

1. ACTION ITEM #1: Approval of November 12, 2013 minutes.

Mr. Simmons asked for approval of the minutes. A motion was made and seconded. All were in favor & minutes were approved.


Ms. Kristi Sharp introduced herself and stated they will now discuss their audit plan. Details of audit plans were passed around to board members.

Ms. Elaine Reyes also introduced herself and identified one significant risk being Management override of controls. Ms. Reyes explained their planned procedures for this area as follows:

Journal Entries

- Focus on journal entries by testing and obtaining an understanding of controls in place over journal entries and evaluate the design and implementation of such controls
- Identify significant management estimates and test these estimates
- Obtain an understanding of business rationale for significant transactions outside of the normal scope of business.

Ms. Sharp and Ms. Reyes both spoke on the plan to test on 4/30/14—see handout (Loyola University New Orleans-2014 Audit Plan).

Ms. Sharp also spoke about key schedules on bottom half of page (Planned Scope of Audit) and how the audit
will be moved up between May & June 2014.

Ms. Sharp stated that Deloitte & Touche will be working with Management in Financial Affairs and Financial Aid offices to streamline processes to provide information for the audit.

Ms. Hoffman voiced some concern over the fee increase which is now $105,000 (plus expenses) which is up from the previous fee of $95,000 over the last two years.

Ms. Sharp responded to Ms. Hoffman’s concern stating there are a number of reasons for the increase:

- From a planning perspective- there has been a documentation increase since 2011
- From a management perspective, there is more complexity in the audit so there is an increase in hours used by the firm
- Prior to 2011 a very simplistic method was used and they have since improved their approach and procedures

Ms. Sharp also added that accounts under $150K are being more thoroughly scrutinized and require more work overall.

Ms. Sharp stated she is also subject to review. There is a penalty to her for audit materials not being top quality. Depending on the lack of quality the penalty can range from as low as $10,000 to as high as $50,000. Ms. Sharp added there is a heightened sense of awareness to ensure quality. She and Ms. Reyes have been working very hard to improve the quality of the audit.

Ms. Sharp explained there was only 10 hours of testing controls in 2011 and since then they have advanced their techniques and spent a lot more time focusing on this component of the audit. She guaranteed that documentation will hold up to scrutiny at any level.

Ms. Sharp stated that the bulleted list (from the Loyola University 2014 Audit Plan handout) was really what they choose to focus on. By moving work forward (to May/June) it provides an opportunity for management to spread work load over a longer period of time and therefore help management. Mr. Mathes stated they were currently down two people in the accounting department.

Ms. Sharp stated they have also identified opportunities with timing and efficiencies in the preparation of information and execution of audit steps.

Ms. Sharp also stated that she has been with Loyola for three years and believes the audit can ultimately be performed in 900 hours versus the allotted 1100 hours for next year.

3. **Deloitte & Touche, LLP discuss anticipated billing for 2013 - 14 services.**

Ms. Sharp stated she is under pressure to obtain a fair fee from the University. Deloitte is reviewing smaller engagements that are under $150,000.

Mr. Simmons stated that the RFP process (including Deloitte & Touche) three years ago resulted in a fee quote of $95,000 for two years. The current request is $105,000.

Ms. Sharp stated they are trying to raise their effective rate to greater than $100 per hour.
4.   **ACTION ITEM # 2 Recommendation to appoint audit firm for Fiscal Year ended July 31, 2014**

   Fr. Soukup made a motion to approve Deloitte & Touche as the University’s auditors for the fiscal year ended July 31, 2014. The motion was seconded by Mr. Mahoney and approved.

5.   **Internal Audit’s Audit Plan Progress**

   Ms. Hoffman reported that Parking Services audit is in the report writing stage and the Summer Study Abroad program is being looked at as well. She is doing an annual audit of Summer Abroad program.

   Ms. Hoffman stated they are in the report writing process for the NAIA audit.

   She is working on risk assessments to be presented at the May Audit Committee Meeting. She also stated that the Maroon may be audited.

   Ms. McCarthy passed out and briefly reviewed an updated Document entitled “2013-2014 Compliance Calendar with Risk Mitigation Measures” which breaks down the regulatory filing requirements by department as well as risk mitigation measures. Ms. McCarthy also stated that various sexual assault classes were completed.

6.   **Executive Session with the Internal Auditor**

   The Audit Committee members went into executive session with Internal Auditor, Lynn

7.   **Adjournment**