LOYOLA UNIVERSITY NEW ORLEANS
AUDIT COMMITTEE OF THE BOARD OF TRUSTEES

Thursday April 12, 2012
Danna Center, Claiborne Room, 1st Floor
9:00 a.m.

1. Approval of February 9, 2012 minutes  
   Action Item
2. Annual approval of the Internal Audit Charter  
   Action Item
3. Review IRS Form 990
4. Recommend to Board of Trustees to Review IRS Form 990  
   Action Item-Note
5. Discuss External Auditors Selection Process
6. Audit Update Fiscal Year 2011 – 2012, including the discussion of significant Audit or Accounting issues, if any
7. Audit Plan Fiscal Year 2012 - 2013
8. Other Business
9. Executive Session with the Internal Auditor

Note - For the Board of Trustees, the Form 990 will be posted on the Board of Trustees’ website for their review.
PRESENT:  Barry D. LeBlanc, Chair    Kevin Poorman
Anne Gauthier
Robert Gerlich, S.J.
N. John Simmons, Jr., via teleconference

ABSENT:  Lynn Hoffman, Internal Auditor, Executive Secretary (ex officio)
Jay Calamia
Leon Mathes
Gita Bolt
Tammy Jackson, Recording Secretary

The meeting was called to order at 9:22 a.m.

ACTION ITEM #1: Approval of the October 25, 2011 Minutes.
Mr. LeBlanc made a motion to approve the minutes of October 25, 2011. John Simmons made
the motion, seconded by Anne Gauthier, there was no opposition.

AGENDA ITEM #2: Deloitte & Touche LLP, Anticipated Billing for 2011-2012 services.
Deferred until next meeting since no representative from Deloitte & Touche was present.

ACTION ITEM #3: Recommendation to appoint audit firm for Fiscal Year ended July 31,
2012
Deferred until next meeting.

AGENDA ITEM #4: Audit plan progress
Deferred until next meeting.

AGENDA ITEM #5: Executive Session with Internal Auditor.
The committee moved into executive session with Internal Auditor.
Purpose

The Internal Audit Department function is to be an independent appraisal function established within the University to review activities as a service to management and the Board of Trustees. The objective of the position of Internal Auditor is to assist managers of all units of the University in the effective discharge of their responsibilities by furnishing them with independent objective appraisals, analyses, recommendations, counsel, and information for improving the activities reviewed. Internal auditing is intended to be a protective and constructive link between policy making and operational levels.

In performing these functions, the Internal Auditor has no direct responsibility or authority over any activities reviewed. Therefore, the internal audit review and appraisal does not relieve persons in the University of the responsibilities assigned to them.

Authority

The Internal Auditor is authorized to direct a broad, unrestricted, comprehensive program of internal auditing and operations analysis within the University. The Internal Auditor examines and evaluates the adequacy and effectiveness of the administrative and management control systems provided by the University to direct its activities toward the accomplishment of its objectives in accordance with University policies and procedures. In accomplishing these activities, the Internal Auditor is granted full, free, and unrestricted access to all University functions, records, information, property, and personnel of the particular activity that he has been assigned to audit; in this connection, it is not envisioned, for instance, that the Internal Auditor would have access to personnel matters or tenure deliberations. Departments and activities under review are required to render every possible assistance that will facilitate the progress of the audit. The Internal Auditor shall exercise discretion and assure the confidentiality of all audit matters.

Responsibilities

The Internal Auditor is responsible for:

1. Determining that the overall system of internal control and the controls in each activity under the audit are adequate, effective, and functioning.

2. Ascertaining the extent of compliance with established policies, procedures, plans, and laws.

3. Reviewing operations, programs, procedures, and records for their adequacy to accomplish intended objectives and goals.

4. Ascertaining the reliability and appropriateness of reports and data developed within the University.
5. Appraising the audited unit’s quality of performance in carrying out assigned responsibilities.

6. Ascertaining the extent to which University resources are accounted for, safeguarded, and used economically, effectively, and efficiently.

7. Conducting special examinations at the request of management, including the reviews of representations made by persons outside the University.

8. Reviewing any frauds, embezzlements, and defalcations in the University.


10. Recommending operating improvements designed to safeguard and conserve University resources, promote University objectives, reduce costs, and ensure compliance with government laws and regulations.

11. Reviewing implementation of recommendations.

12. Conducting reviews of the internal operations of any organizational unit or function as are necessary to accomplish the above listed objectives.

Organizational Status

1. The Director of Internal Audit is charged with the duty of managing the internal audit function of the University. The Director of Internal Audit has direct access to the President. The Director of Internal Audit reports directly to Audit Committee of the Board of Trustees. The Director of Internal Audit works with the Vice President for Business and Finance for administrative, logistic, and external audit planning purposes.

2. The Director of Internal Audit is expected to attend Audit Committee meetings, and is responsible for notifying and meeting with the President and/or Audit Committee directly at any time if such action is necessary to protect the University’s interests. Activity reports highlighting significant audit findings and recommendations including significant deviations from the approved audit work schedule, staffing plans, and financial budgets should be submitted at least every six months to the President and/or Audit Committee.

3. In order to enhance independence of the Internal Auditor, the President and the Audit Committee of the Board of Trustees should concur in the appointment and removal of the Internal Auditor.

4. The President shall prepare the Internal Auditor’s annual evaluation. Annually, the President will review the Auditor’s evaluation in executive session with the Audit Committee.

5. The Internal Auditor shall receive a copy of each report of the Certified Public Accountants and will also receive copies of any management response to such reports.
6. The internal and external audit work should be coordinated to ensure adequate audit coverage and to avoid duplicate efforts.

7. The Internal Auditor should maintain an independent mental attitude and not subordinate to others his judgment on audit matters.

8. The Internal Auditor should not perform nonaudit work, except under extreme circumstances for short period of time after appropriate discussion with the President and/or Audit Committee.

**Reports and Following Up**

Findings and recommendations will be discussed with representatives of the audited organization. The auditee will ordinarily be shown an advance draft of the report for review, comment, and appropriate action. A final written report is distributed to the President and to the respective vice president and department head.

As deemed appropriate by the Internal Auditor, a written reply from the audited department may be required within 30 days from receipt of the report. This reply must describe any action that has been taken or is planned as a result of the review. When there is disagreement with the recommendations, the reply should give the reasons – thus providing the basis for decision at the vice presidential level. Communications expressing disagreement can be incorporated as a part of the final report after discussion with the administrators of the audited unit has failed to provide reconciliation. Replies should be addressed to the President with a copy to the respective vice president and department head.

The final audit report and management reply will be made available to the President, external auditors and the Audit Committee as appropriate and/or upon request from the President, external auditors and the Audit Committee.
Approved:

Reverend Kevin Wm. Wildes, S. J.
President
Loyola University New Orleans

Date

Barry D. LeBlanc
Chairman, Audit Committee
Loyola University New Orleans

Date

Lynn Hoffman
Director, Internal Audit
Loyola University New Orleans

Date
<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
<th>Risk Level</th>
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<tbody>
<tr>
<td>Financial Audits</td>
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<tr>
<td>University Financial Statements</td>
<td>Complete - No</td>
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<tr>
<td>A-133 Filing</td>
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<tr>
<td>eZ-Audit Filing</td>
<td>Complete - No</td>
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<td>University Tax Returns - 990, 990T</td>
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<td>Gillis Long Poverty Law Center</td>
<td>In Progress</td>
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<td>Commonwealth of Kentucky Annual Report for Maintenance of a License</td>
<td>Complete - No</td>
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<td>Risk Assessment (includes Compliance Assessment)</td>
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<td>Internal Audit Projects Fiscal Year 2011 - 2012</td>
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<tr>
<td>Residence Hall Occupancy</td>
<td>Complete - No</td>
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<tr>
<td>ID Card Operation, e.g., building access, meal plan, etc.</td>
<td>Complete - Issues</td>
<td>M</td>
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<tr>
<td>Travel Expense</td>
<td>In Process</td>
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<tr>
<td>Major Gifts</td>
<td>In Process</td>
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<tr>
<td>Special Projects (i.e. Management requests, training etc.)</td>
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<tr>
<td>Bookstore Fraudulent Transactions</td>
<td>Complete - Issues</td>
<td>H</td>
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<tr>
<td>Bookstore House Charge</td>
<td>Complete - Issues</td>
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<tr>
<td>Compilation of Fr. Wildes Expenses</td>
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<td>Credit Card Violation Letters</td>
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<tr>
<td>Training</td>
<td>41 hours</td>
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**Note:**
Risk Level:
- H - High
- M - Medium
- L - Low

S/U: Satisfactory or Unsatisfactory conclusion
TBD: To be discussed