I. General Update                      Fr. Wildes
II. Audit Committee                     Fr. Wildes

**ACTION ITEM**: Approval of Audit Charter

III. Legal Update                       Gita Bolt
IV. October Board Meeting               Fr. Wildes
Loyola University New Orleans

Executive Committee of the Board

Minutes
September 15, 2009
10 a.m. Central Time
President’s Dining Room


By Phone: Fr. Mark Massa, S.J., and J. Kevin Poorman

Absent: Fr. Gerald Cavanagh, S.J., and Joseph Mahoney, Jr.

Fr. Wildes called the meeting to order at 9:05 a.m.

General Update. Although official numbers will not be available until September 30, Fr. Wildes reported it is clear we will exceed our enrollment projections. He explained the budget included 750 incoming freshmen and that the number of incoming freshmen will fall somewhere between 790-800 students. We will meet our projection for 120 transfer students. It is also clear we will exceed the retention projections. Our retention rate for this year will be between 79-80 percent exceeding the projection of 76 percent. He reminded the committee Loyola’s retention rate had been 73 percent.

In terms of finances, Fr. Wildes reported that we closed last fiscal year with a $5.6 million deficit which was $50,000 less than had been projected.

In terms of academics, Fr. Wildes reported there is movement in the implementation of the revisions to the common curriculum. The reshaping of the university honors program is moving forward with a good integrated effort between the Offices of Enrollment Management and Mission and Ministry.

Fr. Wildes explained in an effort to address the larger issues facing higher education such as accountability, Provost Kvet is working to improve how institutional effectiveness is measured on Loyola’s campus. Fr. Wildes said it is incumbent upon universities and colleges to show their effectiveness. Mrs. Mestayer asked what are the measurements used to show institutional effectiveness. Fr. Wildes responded that there are no standard ones. He said two simple ones he uses are retention and graduation rates. He has made it
clear to the Cabinet that both are priorities for Loyola and he believes there is room for improvement in these areas. He added that the Southern Association of Colleges and Schools (SACS) Commission on Colleges, our regional accrediting body for higher learning institution, is focusing on this and we can work with them on establishing what measurements to use and how to measure.

Fr. Wildes announced that the First Year Experience (FYE) is well underway. He explained FYE is a principle element in the strategy to improve retention. This initiative blends the efforts of Academic Affairs, Student Affairs and Mission and Ministry in offering 30 seminars to freshmen. In addition, the seminars are supplemented with co-curricular learning communities. The feedback from students has been positive.

Fr. Wildes reported that to date, there have been a total of 19 cases of H1N1 on campus of which four are current cases. He said the university has been well-prepared because of the planning that has taken place on campus.

Also in the area of student affairs, Fr. Wildes announced the residence halls are 92 percent occupied. The bookstore has been renovated and is under new management. Dr. Petty conducted a student leadership retreat in which 30 students participated. Loyola and Tulane are jointly sponsoring a career fair.

Related to Student Affairs, Fr. Wildes reported that in order to address the need for outdoor playing fields for athletics, he has had a preliminary meeting with representatives of the Orleans Parish School Board and Senator Murray regarding the Kennedy High School site which had damage from Katrina and will not re-open. This will be a long process as OPSB still has issues with FEMA regarding razing the building. He will keep the Board updated on this initiative.

Fr. Wildes further reported he met with Grenzebach, Glier and Associates, Inc., (GG&A) about the Capital Campaign and the feasibility study. The feedback was positive and focus is being put on the Capital Campaign. He also reported that Ms. Frank has made some good changes in her area, specifically to better focus the annual fund.

**Audit Committee.** Fr. Wildes referenced the revised audit charter which was sent via email to the executive committee and asked for a motion to approve it. **Motion** was made by Fr. Moore and seconded by Fr. Massa. Motion carried.

Fr. Wildes and Mrs. Mestayer recognized Mr. Barry LeBlanc for his diligent work on the revisions to the charter and committee.
Legal Update. Ms. Bolt gave an update on pending litigation.

Ms. Bolt also reported she is in the process of establishing Loyola’s first Office of General Counsel. As such, she is conducting a legal review of all university policies to ensure proper compliance with federal and state laws. In addition, the office is implementing training modules on ADA, FERMA and other legal and employment related issues; developing a licensing program; finalizing a university-wide contract administration policy; and developing a webpage to house legal documents.

October Board Meeting. Fr. Wildes explained the focus of the October Board meeting will be the facilities portion of the strategic plan. Henry Muñoz will make a presentation on the master facilities plan at the sub-committee on facilities, the finance committee as well as the full Board meeting. Fr. Wildes explained that the master plan sets out an overall strategy for the development of the facilities over the next several years. The specifics for design and finance, for every project, will be brought to the Board as we move forward.

With no further business, the meeting was adjourned at 10:55 a.m.
ACTION ITEM

Approval of the Audit Committee Charter
LOYOLA UNIVERSITY NEW ORLEANS
Board of Trustees
REVISED COMMITTEE DESCRIPTION

COMMITTEE:  Audit Committee

MISSION STATEMENT / CHARGE

The Committee shall be a standing committee and shall assist the Board of Trustees in overseeing the University’s financial practices, risk assessment and internal controls, financial management, and standards of financial conduct.

It shall review, appraise, and assure the independence of the audit efforts of the University’s independent auditor and the Internal Auditor.

It shall also review and understand the University’s financial condition, determine the adequacy of internal controls (including business, financial, and information systems), assure the Board of University compliance with federal and state regulations, and assure adherence to the University’s conflict of interest policy by senior administrators and Trustees.

MEMBERSHIP, LEADERSHIP AND ORGANIZATION:

- **MEMBERSHIP**: Members of the Committee shall be appointed by the chair of the Board of Trustees and shall consist of no less than five Trustees (including the Board chair), the majority of whom shall have a working familiarity with basic University financial reporting, accounting and audit practices, selection and retention of outside auditors, public finance, and key fiscal issues in higher education. Each member shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a Committee member. At least one member should be an expert in financial matters, meaning an understanding of accounting principles, GAAP and FASB; experience with preparing and analyzing financial statements; an understanding of internal control over financial reporting; and an understanding of audit committee functions. Members shall serve until their resignation, retirement, or removal.

- **LEADERSHIP**: The chair and vice chair of the committee must be experienced Trustees committed to the institution’s mission and goals and have a strong understanding of higher education. The Committee shall receive staff support from the Vice President of Finance and Administration and his or her staff, Controller, Internal Auditor, Risk Manager, and General Counsel.
ORGANIZATION: The Committee shall meet at least four times a year. It shall meet at least one time with the University’s independent auditors and outside counsel, and shall meet as needed but at least twice a year with the Internal Auditor. The Committee shall meet in executive session with the independent auditors as necessary but no less than once a year.

RESPONSIBILITIES

The Committee’s principal activities will include:

- Oversight of the University’s internal control structure;
- Review of the University’s internal audit function;
- Oversight of the University’s risk assessment, management, and prevention functions;
- Oversight of the University’s financial reporting and integrity of financial statements;
- Selection and retention of independent auditors and approval of audit fees; and
- Review of the annual audit plan.

Oversight of the University’s Internal Control Structure:

Internal control is a process designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations.
- Reliability of financial reporting.
- Compliance with applicable laws and regulations.
- Compliance with contracts and regulations for programs funded by governmental and private sources.

The Audit Committee will:

1. Review with management, the Internal Auditor, and the independent auditor the adequacy and effectiveness of the University’s business, financial, and information system controls, and recommendations for establishing new or enhanced controls and procedures.

2. Consider the nature and disposition of relevant comments relating to weaknesses in the internal control structure appearing in the independent auditor’s letter of
recommendation, the reports of the Internal Auditor, and reports of other organizations and government agencies.

3. Review the University’s Conflict of Interest policy and the University’s monitoring of compliance with the policy.

**Review of Internal Audit Function:**

The Audit Committee will:

1. Assure the independence of the internal audit function. This includes the following:

   - The Internal Auditor, with respect to their audit activities and findings has direct and unrestricted access to the Committee chair and other Committee members. On a day-to-day administrative basis, the internal auditor reports to the President.

   - The Committee will review and must approve of the appointment, reassignment, or dismissal of the Internal Auditor.

   - The Committee will assure that adequate resources in terms of staff and budget are provided to the internal audit function to enable it to effectively perform its responsibilities.

2. Review with the Internal Auditor the annual plan for the coming year and the results of the prior year’s work. Changes to the annual plan will also be reviewed.

3. Receive and review reports and other work prepared by the Internal Auditor, as follows:

   - Review significant findings and management’s responses thereto.

   - Review any difficulties encountered in the course of the internal auditor’s work, including any restrictions on the scope of the work or access to required information.

4. Review and consider with the Internal Auditor management’s requests for unplanned assignments.
5. It shall review the results of the work done by the Internal Auditor, review and approve proposed activities for the coming year, and meet with the Internal Auditor in executive session to consider any problems encountered in the course of audit functions.

6. Review and approve any changes in the Charter for Internal Audit.

**Selection and Retention of Independent Auditors:**

The Committee shall:

1. Select and recommend independent auditors for Board approval; approve audit arrangements and fee schedule; and when necessary, review and recommend to the Board the dismissal of the independent auditor.

2. Meet with the auditors before they commence the annual audit of financial statements and procedures in order to understand the auditors’ methodology and approach, understand any relevant changes in accounting or regulatory standards, review any changes to the University’s selection or application of accounting principles, identify areas of special interest to the Committee, focus on internal controls, and review use of information technology to perform the audit.

3. Meet with the auditors upon completion of the audit to review the financial statements; review the auditors’ “management letter,” together with the response by management, to determine the significance of issues and the appropriateness of the University’s response. Identify other required work and approve in advance all additional services to be performed, especially any which are non-audit related.

4. Present the audit report to the full Board, together with its assessment of and recommendation on the work of the auditing firm.

**Oversight of the University’s Financial Reporting & Integrity of Financial Statements:**

The Audit Committee will:

- Review and discuss with management and the independent auditor the University’s annual financial statements, critical accounting policies and significant accounting and reporting issues underlying those statements, including the quality of the accounting principles applied and judgments made affecting the University’s financial statements.

- Review and discuss with management other relevant financial statements and reports, including those submitted to the external rating agencies, as well as financial data to be included in official statements used to market the University’s tax exempt bonds.
Other:

The Audit Committee will:

1. Review and assess the Committee’s Charter annually and recommend any proposed changes to the Board of Trustees for approval.

2. Assist the Board of Trustees in fulfilling their oversight responsibilities for legal compliance.

3. Establish and ensure the efficacy of procedures for the receipt and investigation of complaints including confidential anonymous submissions received by the University from faculty, employees, students, or others regarding questionable accounting and internal financial controls, auditing practices, policies, and procedures.

4. Receive and review at least annually a report prepared by legal counsel and/or the internal auditor and/or the risk manager concerning key legal issues and regulatory compliance matters affecting the University which require or suggest Audit Committee involvement or oversight with regard to assessing preventable risks to the University.

5. The Committee shall monitor compliance with the University’s internal policies and procedures as they pertain to Trustees, including investigations of the conflict of interest policy. Waivers of policies, principles, and guidelines related to business conduct for senior administrators or Trustees shall be made only upon approval of the Committee.

6. As necessary, but at least once a year, the Finance and Audit Committees shall meet to consider areas of mutual concerns (e.g., quality of internal controls).

7. The Audit Committee shall have the power to conduct or authorize investigations into matters involving errors and irregularities or any other matters within the Committee’s scope of responsibilities, and will have full access to all books, records, facilities, and personnel of the University. The Committee shall be empowered to retain independent counsel, accountants, or others to assist it in the conduct of investigations.

8. The Committee will perform such other functions as assigned by the University’s Charter or Bylaws, or the Board of Trustees.