1. Approval of November 7, 2014 minutes
2. Approval of new auditors
4. New auditors’ discuss anticipated billing for 2014 - 15 services
5. Recommendation to appoint audit firm for Fiscal Year ended July 31, 2015
6. Other Business
7. Executive Session with New auditors’
8. Executive Session with the Internal Auditor
MINUTES OF THE AUDIT COMMITTEE
OF THE BOARD OF TRUSTEES
November 7, 2014

PRESENT:  N. John Simmons, Chair (via teleconference)
Paul Soukup, S.J., Vice Chair (via video conference)
Donald Faust, M.D. (via teleconference)
R. Bentley Anderson S.J. (via teleconference)
Joseph E. Mahoney, Jr.
Stephen Landry (via teleconference)

ABSENT:  Virginia Angelico-Tatum

INVITED:  Lynn Hoffman, Internal Auditor, Executive Secretary (ex officio)
Alex Reyes Rubio
Leon Mathes
Martha Alguera, Recording Secretary

Deloitte & Touche attendees:
Elaine Reyes
Kristi Sharp

GUESTS:  Tootie Buisson
Mike Connick

The meeting was called to order at 9:31 a.m. by John Simmons.

1. ACTION ITEM #1: Approval of October 9, 2014 Minutes

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

2. ACTION ITEM #2: Discussion and Approval of Loyola University New Orleans
Financial Statements for the year ended July 31, 2014

Mr. Simmons addressed the financial statements and asked if anyone had any questions or thoughts regarding the same. No one had any questions.

Mr. Mathes referenced the balance sheet, Page 3, under “Prepaid Expenses and Others” there was a substantial increase due to payroll which occurred on August 1 and had to be funded on July 31st. Mr. Mathes also noted an increase under “other liabilities” from $6.8M in 2013 to $9.8M in 2014 due to the Voluntary Severance Program (VSP).

On Page 4, “Statement of Activities”, Mr. Mathes noted the total net assets increased by $3M from the previous year.
Mr. Simmons noted the $28M increase noted on Page 17 under “Property, Plant & Equipment” which is due to Monroe Hall renovations. Mr. Mathes stated this increase is due to the parts in use of Monroe Hall since it is a “renovation in place”. There was a decline in “Construction in progress” from $74M to $45M but the increase moved up to “Buildings” from 2013 to 2014.

Mr. Simmons asked Mr. Mathes to lead discussion regarding Page 22 “Statement of Activities-Unrestricted (Unaudited)”. Mr. Mathes stated the Undesignated Column is the University’s operating budget. The $1M decline in net assets from operating activity is due to the plant fund move for maintenance. This move is noted under transfers. He stated this reconciles the budget results as reported to the board with the audit.

Mr. Landry asked about the “Scholarship and fellowships” number showing up as a reduction of revenue on Page 22 but under released restrictions it is designated as an expense to which Mr. Mathes explained the $52M under this section is University aid. The aid seen under released restrictions is restricted scholarships from 3rd parties to be used as scholarship money. These scholarship donations are from different sources and this is why they appear in different places.

Dr. Faust asked if the $9M decrease in net assets was how much the University lost last year. Mr. Mathes responded that it was not, stating that in terms of total net assets the permanently restricted and temporarily restricted are the columns to be reviewed. The net assets have increased by $3M. Mr. Mathes explained the designated column on Page 22 includes depreciation, interest expense on the 2006 bond issue that is funded directly from the Endowment, capitalized interest on LPFA 2011 which has to be recognized as an expense but in terms of budget it is provided from bond proceeds.

Ms. Reyes highlighted that Deloitte is issuing an unqualified opinion on the financial statements as of July 31, 2014 and the financials are not materially misdated. Referencing Page 23, Expenditures of Federal Awards, Ms. Reyes explained any University receiving Federal awards or grant money from the Government who spends more than $500,000 is required to have an audit. This is the reason for the inclusion of this schedule in the document. The audit is governed by the A133 and as such any programs within the schedule classified as major must be reported.

Ms. Reyes referenced Page 32 which provides a summary of auditors’ results and the bottom half of the page identifies the major programs in the University. Loyola University receives a substantial amount of aid and the financial aid cluster is tested as a major program every year. Deloitte tested the requirements, looked at controls and they did not have any negative findings based on their audit of expenditures and Federal awards.

Ms. Reyes referenced the Communications letter from D&T highlighting Page 2 under “Accounting Estimates”. She stated there have been no changes from the previous year and no negative findings regarding accounting estimates. Ms. Reyes also stated there were no uncorrected misstatements or material corrected misstatements.

Regarding assistance from University management, Ms. Reyes stated there were no issues and applauded management’s efforts and timely responses.

Mr. Simmons asked for approval of the financial statements as submitted. A motion was made
and seconded. All were in favor, and the financial statements were approved.

Ms. Sharp went on to explain the Management letter, specifically future investments. She urged management to arrange with funds and our advisor to obtain all required financial information on a timely basis.

Mr. Simmons asked Mr. Mathes to explain Alternative Investments such as hedge funds & private equity and what the reporting process is every quarter. Mr. Mathes stated that State Street Bank is the custodian as well as LCG, the investment advisor, both looking at the alternative investments.

Mr. Mathes mentioned there is a 1-3 month lag due to investment in Sail, this is the University’s 5th year with sale and the first time there has been a change at July 31 from what State Street and the advisor reported based on March month end evaluation. Discussion ensued regarding the 1-3 month lag in reporting alternative investments.

Mr. Mathes commended Mike Connick (Controller) and Tootie Buisson (Assistant Controller) for their work involving the change in purchase orders and prepaids.

Mr. Simmons asked Ms. Reyes and Ms. Sharp about IT overviews. Ms. Reyes stated IT is indeed reviewed, including change management, password parameters, user access and security. Based on the IT audit there were no recommendations. Mr. Simmons asked to see communication/IT reports from this year and years past.

Mr. Simmons asked for Deloitte to submit their engagement letter for following year.

3. Other Business

No other business was discussed.

4. Executive Session with Deloitte & Touche

The Audit Committee members went into executive session with the auditors from Deloitte & Touche.

5. Executive Session with the Internal Auditor

The Audit Committee members went into Executive Session with Internal Auditor, Lynn Hoffman.

6. Adjournment

There being no further business, the meeting was adjourned. The next meeting is scheduled for Thursday, March 12, 2015 at 9:30 a.m. in Seminar Room #2 of the Monroe Library.
MINUTES OF THE AUDIT COMMITTEE
OF THE BOARD OF TRUSTEES
December 17, 2014

PRESENT:
N. John Simmons, Chair (via teleconference)
Paul Soukup, S.J., Vice Chair (via teleconference)
Steve Landry (via teleconference)
Joseph E. Mahoney, Jr. (via teleconference)
John Finan, Jr. (via teleconference)

ABSENT:
Donald Faust, M.D.
Virginia Angelico Tatum
R. Bentley Anderson, S.J.

INVITED:
Lynn Hoffman, Internal Auditor, Executive Secretary (ex officio)
Jay Calamia (Absent)
Leon Mathes

Meeting was called to order at 4:05 p.m. by John Simmons

ACTION ITEM #1: Discuss External Auditors Selection Process.

After discussion, the Committee agreed to solicit proposals from independent certified public accountants to serve as the external auditor for the fiscal year ending July 31, 2015, and subsequent years, possibly replacing Deloitte & Touche. The Committee agreed to solicit:
1. Carr, Riggs & Ingram
2. Duplantier Hrapmann Hogan & Maher LLP
3. Ericksen Krentel & LaPorte LLP
4. LaPorte Sehrt Romig Hand
5. Postlethwaite & Netterville
6. Gurtner Zuniga Abney, LLC (used to be Silva, Gurtner & Abney)

Mr. Finan made the motion, Fr. Soukup seconded the motion. There was no opposition.

The Committee would like to present to the Board of Trustees at the March 12, 2015 meeting an action item whereby the Board would approve the decision of auditor appointment made by the Executive Committee.

Adjournment

There being no further business the meeting was adjourned at 4:30 p.m.
MINUTES OF THE AUDIT COMMITTEE
OF THE BOARD OF TRUSTEES
January 12, 2015

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

ABSENT:
Donald Faust, M.D.
Virginia Angelico Tatum
Steve Landry
R. Bentley Anderson, S.J.
John Finan, Jr.

INVITED:
Lynn Hoffman, Internal Auditor, Executive Secretary (ex officio)
Jay Calamia
Leon Mathes

Meeting was called to order at 1:00 p.m. by John Simmons

ACTION ITEM #1: Discuss External Auditors Proposals.

Mr. Simmons opened the meeting by addressing the higher education clients of the four independent certified public accountants firms that remitted proposals: Carr, Riggs & Ingram (who merged with Gurtner Zuniga Abney, LLC as of January 1, 2015), Duplantier Hrapmann Hogan & Maher LLP, LaPorte Sehrt Romig Hand, and Postlethwaite & Netterville. Ericksen Krentel & LaPorte LLP did not submit a proposal.

Members of the Committee who were present recommended that we select the top three firms to request a three year fee proposal with a description of the respective services, which would be due to Ms. Hoffman by Friday, January 30, 2015. In addition, Mr. Mathes and his team in Financial Affairs would meet with these firms to discuss our accounting and reporting processes. The three top firms selected were Carr, Riggs & Ingram, LaPorte Sehrt Romig Hand, and Postlethwaite & Netterville.

Adjournment

There being no further business the meeting was adjourned at 1:15 p.m.
MINUTES OF THE AUDIT COMMITTEE
OF THE BOARD OF TRUSTEES
February 13, 2015

PRESENT:
N. John Simmons, Chair (via teleconference)
Paul Soukup, S.J., Vice Chair (via teleconference)
Joseph E. Mahoney, Jr. (via teleconference)
Steve Landry (via teleconference)

ABSENT:
Donald Faust, M.D.
Virginia Angelico Tatum
R. Bentley Anderson, S.J.
John Finan, Jr.

INVITED:
Lynn Hoffman, Internal Auditor, Executive Secretary (ex officio)
Jay Calamia
Leon Mathes

Meeting was called to order at 3:36 p.m.by John Simmons

ACTION ITEM #1: Discuss External Auditors Proposals.

Mr. Simmons opened the meeting by asking Mr. Mathes to tell the committee about his meetings with Carr, Riggs & Ingram, LaPorte Sehrt Romig Hand, and Postlethwaite & Netterville. Mr. Mathes described the meetings and felt that the firms received an appropriate briefing of our processes to submit a fee quote.

Discussion ensued regarding having the audit firms present their proposal to the Audit Committee via video conferencing or face to face. The Committee would like to have the audit partner, manager, senior/in-charge and a tax partner or manager attend the presentation.

Mr. Simmons asked for approval to rank the three audit firms and select the top two firms to give a presentation of their proposal. The top two firms selected were Carr, Riggs & Ingram, and LaPorte Sehrt Romig Hand. A motion was made to rank the firms and to invite the top two firms to make a presentation. The motion was seconded and approved. There was no opposition.

Adjournment

There being no further business the meeting was adjourned at 4:05 p.m.