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| 1. | Approval of March 12, 2015 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**<sup>(A)</sup>
|   |   | 10:00-10:05 |
| 5. | Internal Audit Update Fiscal Year 2014 – 2015, 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 |
| 7. | Internal Audit Plan Fiscal Year 2015 - 2016 |   
|   |   | 10:25-10:35 |
| 8. | Other Business |   
|   |   | 10:35-10:50 |
| 9. | Executive Session with the Carr Riggs Ingram |   
|   |   | 10:50-11:10 |
| 10. | Executive Session with the Internal Auditor |   
|    |   | 11:10-11:25 |

**Note**<sup>(A)</sup> - 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 12, 2015

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

ABSENT:
Virginia Angelico-Tatum

INVITED:
Lynn Hoffman, Internal Auditor, Executive Secretary (ex officio)
Jay Calamia
Leon Mathes
Yen Vo
Alex Reyes Rubior
Martha Alguera, Recording Secretary

CRI attendees:
Kathleen Zuniga

Meeting was called to order at 9:30 a.m. by John Simmons

1. Action Item #1 - Approval of minutes

A. November 7, 2014
B. December 17, 2014
C. January 12, 2015
D. February 13, 2015
E. February 19, 2015

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

2. Action Item #2 - Approval of Carr, Riggs & Ingram (CRI)

Mr. Simmons asked for approval of CRI as auditing firm for 2014-2015 year.

Ms. Hoffman voiced concerns about the validity of the approval of the new Auditing firm (CRI). Mr. Simmons called for a motion to ratify Auditor selector processes and ultimate selection of CRI as new Auditing firm. Mr. Mahoney made the motion; R. Bentley Anderson S.J. seconded the motion to approve. All were in favor and CRI was approved.

3. CRI’s discuss plan for 2014 – 2015
Ms. Zuniga passed out copies of her presentation “Client Service Plan Audit & Tax Services”

Ms. Zuniga stated all the following topics will be covered in her Overview of Services:
1. Proposed Audit Timeline
2. Summary of Key Engagement Terms
3. CRI Audit Approach
4. Coordination w/Internal Audit
5. Coordination w/Management
6. Significant Audit Areas
7/8. Preliminary Audit Strategy
9. Tax Services/Proposed Timeline
10. Anticipated Timing of Billings
11. Required Audit Committee Inquiries
12. Questions?

Ms. Zuniga discussed the Proposed Audit Timeline (See handout Pg. 1).

She also highlighted some of the key engagement terms such as:
- Audit Objective
- Auditor Responsibilities
- Management Responsibilities

Ms. Zuniga went over the CRI Audit Approach (See handout Pg. 3) focusing on the following:
- OMB A-133 Single Audit
- Financial Statement Audit
- Management responsibilities

Mr. Simmons asked Ms. Zuniga if CRI would be reviewing Deloitte’s documents to which she responded yes.

Ms. Zuniga went on to discuss “Areas of significant Audit Focus” (See handout pg. 6) covering the following:
- Initial Audit procedure
- IT Systems
- Alternative investments
- Revenue recognition
- Single Audit
- Other areas of focus Loyola would like to focus on

Mr. Simmons asked Ms. Zuniga to note any National resources CRI might have available to aid in running Loyola University business better.

Mr. Mathes noted the Endowment/Finance Committee is highly scrutinized.

Mr. Simmons asked Ms. Hoffman to share Risk Assessment matrix with Ms. Zuniga.

Mr. Simmons asked Lynn to contact Deloitte about the change in Auditor selection. Mr. Mathes suggested waiting until after the Board Meeting to do so.

Dr. Faust asked how much cooperation was needed from Deloitte to complete Audit. Ms. Zuniga stated it was
mostly coordination of review of work documents.

Ms. Zuniga continued to discuss “Preliminary Audit Strategy” (See handout Pgs. 7/8)

Mr. Simmons asked Ms. Zuniga to share findings from Review of IT Systems as soon as it was available. Mr. Simmons also informed Ms. Zuniga another outside firm will be doing penetration testing (firewall) and Loyola can share that information with CRI.

Mr. Mathes stated the timing of 990 and 990T Review is confirmed to the full Board (by the Audit Committee) in MAY BOT meeting not March-April as shown on page 9 of handout. Ms. Hoffman added this will be discussed in the May Audit committee as well. Ms. Zuniga stated she would modify that information.

Mr. Simmons mentioned importance of transparency. He suggested a debriefing session after each audit between CRI and Management.

Mr. Simmons asked if anyone had any other questions. No one had any more questions.

4. **Action Item #3 Recommendation to appoint CRI for Fiscal Year ended July 31, 2015**

Mr. Simmons called for Motion to approve recommendation to appoint CRI for fiscal year ended July 31, 2015. Motion was made and seconded by all.

5. **Other Business**

No other business was discussed.

6. **Executive Session with CRI**

The Audit Committee members went into Executive Session with CRI representative.

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

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

8. **Adjournment**

There being no further business, the meeting was adjourned. The next meeting is scheduled for Thursday, May 14, 2015 in Seminar Room 2 in Monroe Library.
Purpose

The Internal Audit Department’s 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/she 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.  Date
President
Loyola University New Orleans

____________________________  __________________
N. John Simmons  Date
Chairman, Audit Committee
Loyola University New Orleans

____________________________  __________________
Lynn Hoffman  Date
Director, Internal Audit
Loyola University New Orleans