

Agenda  
**Board of Regents**  
**Audit Committee Agenda**  
Friday, December 13, 2013; \*7:30 a.m. – 9:30 a.m.  
Butrovich Building, Room 109  
University of Alaska Fairbanks  
Fairbanks, Alaska

*\*Times for meetings are subject to modifications within the December 13, 2013 time frame.*

**Committee Members:**

Kenneth Fisher, Committee Chair  
Michael Powers

Timothy Brady  
Patricia Jacobson, Board Chair

**I. Call to Order**

**II. Adoption of Agenda**

**MOTION**

**"The Audit Committee adopts the agenda as presented.**

- I. Call to Order**
- II. Adoption of Agenda**
- III. Executive Session**
- IV. New Business**
  - A. UAF Heat and Power Plant Update**
  - B. Risk Identification and Management Plans Annual Reports**
- V. Ongoing Issues**
  - A. Final Audit Reports Issued**
  - B. Audit Status Report**
- VI. Annual Report**
  - A. External Auditor Report by Moss Adams**
- VII. Full Board Consent Agenda**
  - A. Adoption of the FY13 Audited University of Alaska Financial Statements**
  - B. Adoption of the FY13 Audited Education Trust of Alaska Financial Statements**
- VIII. Annual Review**
  - A. Review of the FY13 University of Alaska Foundation and Consolidated Endowment Fund Financial Statements**
- IX. Future Agenda Items**
- X. Adjourn**

**This motion is effective December 13, 2013."**

### **III. Executive Session**

#### **MOTION**

**"The Audit Committee of the Board of Regents goes into executive session to discuss matters the immediate knowledge of which could affect the reputation or character of a person or persons related to fraud and bullying. This motion is effective December 13, 2013."**

*(To be announced prior to commencing executive session:)*

The Audit Committee of the Board of Regents goes into executive session at \_\_\_\_ a.m. Alaska Time in accordance with AS 44.62.310. The session will include members of the Board of Regents, Chief Audit Executive Pittman, General Counsel Hostina, and other university staff designated by the audit chair and will last approximately \_\_\_\_\_.

*(To be announced at the conclusion of executive session:)*

The Audit Committee of the Board of Regents concluded an executive session at \_\_\_\_ a.m. Alaska Time in accordance with AS 44.62.310 to discuss matters the immediate knowledge of which could affect the reputation or character of a person or persons related to fraud and bullying. The session included members of the Board of Regents, Chief Audit Executive Pittman, General Counsel Hostina, and other university staff designated by the audit chair and lasted approximately \_\_\_\_\_.

### **IV. New Business**

A. UAF Heat and Power Plant Update Addendum 22

Dr. Ashok Roy, vice president for finance and administration and chief financial officer will present an update on the risks involved with the UAF heat and power plant.

B. Risk Identification and Management Plans Annual Reports

The Statewide Offices of Risk Services and Audit and Consulting Services resumed efforts with each university and statewide administration to facilitate the identification of the three top ranking risks and plans to mitigate the risks. The top three risks for each university and statewide administration have been included in the "Risk Register" portion of the Risk Services Annual Report (see page 5 of the Risk Services Annual Report Addendum 2). Further information regarding risk mitigation for these risks is available to the board upon request. The risk identification and risk management plan processes are intended to aid the Board of Regents with its oversight and fiduciary responsibilities.

Executive risk assessments were originally facilitated at each university in fiscal year 2010 and updated in fiscal year 2011. The consolidated risk register was presented to the Board of Regents at its June 2010 meeting and updated via the Risk Services Annual Report in December 2011.

Audit and Consulting Services utilized the results during development of the audit plans for FY11 and FY12. It is appropriate for internal auditors to assist with promoting this activity and lend advice on best practices for enterprise risk management (ERM). The chief audit executive has assisted in this activity while following guidance from the Institute of Internal Auditors regarding appropriate auditor roles in ERM.

Related to identification and notification of risks, the university continues to move forward with the selection of a hotline that will facilitate anonymous reporting of risk incidents. Incidents or concerns will be able to be reported in regard to a wide range of topics, including fraud, waste and abuse of resources, bullying, safety and compliance. Vendors have demonstrated the ability to receive risk incidents in formats tailored to the University of Alaska via toll-free telephone and an online intake form.

**V. Ongoing Issues**

A. Final Audit Reports Issued

Nichole Pittman, chief audit executive, will review with the Audit Committee, the final audit reports issued since the last Audit Committee meeting and answer any questions members of the committee may have.

B. Audit Status Report

Addendum 23

Nichole Pittman, chief audit executive, will review with the Audit Committee, the audit status report and answer any questions members of the committee may have. This is an information item; no action is necessary.

**VI. Annual Report**

A. External Auditor Report by Moss Adams

Addendum 24

Tammy Erikson, Partner, and Kim Koch, Senior Manager, from Moss Adams will discuss with the Audit Committee results and related matters regarding the FY13 annual financial statements, federal single audits, and answer any questions the committee may have. This is an opportunity to discuss audit findings, action management to address the findings and a reporting schedule on corrective actions.

**VII. Full Board Consent Agenda**

- A. Adoption of the FY13 Audited University of Alaska Financial Statements  
Addendum 25

The president recommends that:

**MOTION**

**"The Audit Committee recommends that the Board of Regents adopt the audited financial statements of the University of Alaska for the year ended June 30, 2013 as presented. This motion is effective December 13, 2013."**

Dr. Ashok Roy, vice president for finance and administration and chief financial officer will present an overview of the University of Alaska audited financial statements for the year ended June 30, 2013. The audit firm Moss Adams expressed an "unmodified" opinion on the financial statements.

The University of Alaska Annual Financial Report for year ended June 30, 2013 was sent under separate cover for Board of Regents' review prior to the December 12-13, 2013 board meeting. The annual financial report is available at the following link: <http://www.alaska.edu/financial-statements/>

- B. Adoption of the FY13 Audited Education Trust of Alaska Financial Statements  
Addendum 26

The president recommends that:

**MOTION**

**"The Audit Committee recommends that the Board of Regents adopt the audited financial statements of the Education Trust of Alaska for the year ended June 30, 2013 as presented. This motion is effective December 13, 2013."**

Chet Godrick, the engagement partner from PricewaterhouseCoopers, will participate in the meeting by phone to discuss the results and related matters regarding the audit of the FY13 annual financial statements for the Education Trust of Alaska and answer any questions the committee may have regarding the audits of the trust and its college savings plans.

Jim Lynch, associate vice president for finance, will present an overview of the annual financial statements of the Education Trust of Alaska for the year ended June 30, 2013 and answer any questions members of the

committee may have regarding the college savings plans. He will also present a few College Savings Program highlights and discuss the due diligence procedures conducted on behalf of the Board of Regents.

**VIII. Annual Review**

A. Review of the FY13 University of Alaska Foundation and Consolidated Endowment Fund Financial Statements Addendum 27

Tammi Weaver, chief investment officer, will review with the Audit Committee, highlights from the audited financial statements of the University of Alaska Foundation and the Consolidated Endowment Fund and answer any questions members of the committee may have. This is an information item; no action is necessary.

**IX. Future Agenda Items**

**X. Adjourn**