

**Minutes of the Meeting
of the
Oakland University Board of Trustees
Audit Committee Meeting
October 14, 2015**

Present: Chair Ronald E. Robinson; Trustees Mark E. Schlussel (via teleconference) and Melissa Stolicker

Also Present: President George W. Hynd; Senior Vice President for Academic Affairs and Provost James P. Lentini; Vice President for Finance and Administration and Treasurer to the Board of Trustees, John W. Beaghan; Vice President for Student Affairs, Glenn McIntosh; Vice President for Communications and Marketing John O. Young; Vice President for Legal Affairs, General Counsel and Secretary to the Board of Trustees Victor A. Zambardi; and Student Liaisons Elizabeth J. Iwanski and Annie M. Meinberg

Also Present: External Auditor Randy Morse, Andrews Hooper and Pavlik

A. Call to Order

Chair Ronald E. Robinson called the meeting to order at 3:03 p.m. in the Auditorium of Elliott Hall of Business and Information Technology.

B. New Items for Consideration

1. Approval of Minutes of the Audit Committee Meeting of August 26, 2015

Trustee Robinson seconded by Trustee Schlussel moved approval of the Minutes of the Audit Committee Meeting of August 26, 2015 and the motion was unanimously approved by those present.

2. Draft Financial Statements, June 30, 2015 and 2014

Trustee Robinson began by indicating that the Audit Committee has a specific oversight charge per its charter to oversee the integrity of the University's financial statements, accounting, and financial reporting process, with the full Board being responsible to understand and accept the financial statements.

Randy Morse of Andrews Hooper Pavlic, P.L.C. presented draft Financial Statements to the Board's Audit Committee. He described the audit process and summarized the results of the financial statements. He indicated that there were no internal control material weaknesses or significant deficiencies and there was no noncompliance related to the financial statements.

Mr. Morse described the review of capital improvements, derivative instruments, capital appropriations receivables that are outstanding, and post-retirement health benefits.

Mr. Morse indicated the current unfunded health care liability is recorded at \$11 million. If calculated on the actual evaluation in the statements, the unfunded liability is \$35 million. That amount will be required to be recorded in 2018 when a new GASB recording standard is implemented. He noted that Oakland is in a better position than many other Michigan state universities that are part of MPERS.

Trustee Schlusell inquired as to why the investment income dropped 70% from 2014 to 2015 from \$22M to \$6.7M. Mr. Morse indicated that it is likely due to market fluctuations and the fact that when investments are recorded at fair value they are recorded at a point in time.

A motion by Trustee Schlusell to accept the Financial Statements as presented by Mr. Morse, seconded by Trustee Stolicker, was unanimously approved.

3. Draft Schedule of Expenditures of Federal Award Programs in Accordance with OMB Circular A-133 Year Ended June 30, 2015

Randy Morse of Andrews Hooper Pavlic, P.L.C. presented a Draft Schedule of Expenditures of Federal Awards and indicated that significant federal expenditures are being flowed through the University and that there were no internal control material weaknesses noted and no significant deficiencies. Finally, there were no audit findings that were required to be disclosed in accordance with OMB Circular A-133 in the past two years and with that, the University remained a low-risk auditee.

A motion by Trustee Schlusell to accept the Schedule of Expenditures of Federal Award Programs as presented by Mr. Morse, seconded by Trustee Stolicker, was unanimously approved.

C. Adjournment

The meeting adjourned into closed session at 3:23 p.m.

Respectfully submitted,

Approved,



Victor A. Zambardi
Vice President for Legal Affairs,
General Counsel and
Secretary to the Board of Trustees

Ronald E. Robinson
Chair
Audit Committee of the
Board of Trustees