

**Minutes of the Meeting
of the
Oakland University Board of Trustees
Audit Committee Meeting
October 4, 2016**

Present: Chair Ronald E. Robinson; Trustee Melissa Stolicker

Absent: Trustee Mark E. Schlussel

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 Sean M. Foe and Cassandra M. Hock

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

A. Call to Order

Chair Ronald E. Robinson called the meeting to order at 10:02 a.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 8, 2016

Trustee Robinson requested a clarification in the minutes to reflect his position that the Board policy should clarify the business associate provision and eliminate the provision that requires disclosure of another person's possible conflict of interest on the annual disclosure report and not, as currently stated, as eliminating the business associates from the Conflict of Interest Policy.

Trustee Robinson, seconded by Trustee Stolicker, moved approval of the Minutes of the Audit Committee Meeting of August 8, 2016, as revised above, and the motion was unanimously approved by those present.

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

Trustee Robinson indicated 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 Pavlik, 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. Oakland is a low-risk auditee as there have been no findings in each of the last two years.

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 gross health benefits liability is \$38.4M of which \$25.1M is unfunded. That amount will be required to be recorded in 2018 when the new GASB 75 recording standard is implemented.

In response to a question from Trustee Robinson, Mr. Beaghan indicated that Oakland is considering early implementation of GASB 75. He is talking to peers and wants to see what other peer institutions are doing first.

In response to a question from Trustee Stolicker, Mr. Beaghan explained that the gross tuition accounts receivable went up by \$4M, which was really an issue of timing. He also explained the use of collection agencies and not allowing students to register if they owe for tuition to enhance collection. In response to another question by Trustee Stolicker about using balance sheet ratios to compare Oakland to other universities, Mr. Morse explained that it is difficult to compare institutions based upon strict ratios.

A motion by Trustee Robinson to accept the Financial Statements as presented by Mr. Morse, as 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 Pavlik, 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.

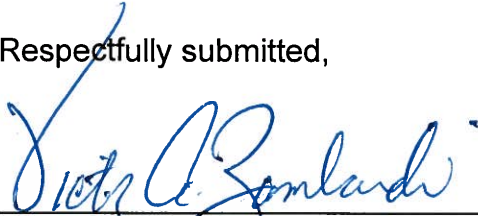
A motion by Robinson to accept the Schedule of Expenditures of Federal Award Programs as presented by Mr. Morse, as seconded by Trustee Stolicker, was unanimously approved.

C. Adjournment

The meeting adjourned into closed session at 10:25 a.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