A meeting of the Audit and Insurance Committee of the Board of Trustees convened in Room 326 of Stewart Center, Purdue University, West Lafayette, Indiana at 2:43 p.m. on Wednesday, February 11, 2015.

All members of the Committee were present: John Hardin, chair; Sonny Beck; and Vanessa Castagna. Other trustees present were: Michael Berghoff; JoAnn Brouillette; Gary Lehman; Kelsey Quin; and Thomas Spurgeon. Don Thompson was not in attendance.

Also in attendance were: Mitch Daniels, President; Deba Dutta, Provost and Executive Vice President for Academic Affairs; Bill Sullivan, Treasurer and Chief Financial Officer; Jim Almond, Senior Vice President and Assistant Treasurer; Steve Schultz, Legal Counsel; and Janice Indrutz, Executive Assistant to the Board and Corporate Secretary.

I. APPROVAL OF 2014 ANNUAL REPORT OF THE DIRECTOR OF AUDITS

Ms. Peg Fish, Director of Audits, discussed the 2014 annual report of the Internal Audit Office that had been provided to the Board members. She noted that all audits were performed in accordance with the Institute of Internal Auditors’ *International Standards for the Professional Practice of Internal Auditing*. The report illustrated allocation of audit resources, data regarding audits conducted throughout the Purdue system, and audits by risk category. The report also discussed anonymous reporting activity and the steps of the internal audit process.

In response to a question from Trustee Castagna regarding cyber security and data breaches, Ms. Fish informed the Committee that the university had a security team that reported through the Chief Information Officer and with whom the Internal Audit Office collaborated closely. She recognized the extreme challenges in higher education but assured the Committee that the university had an infrastructure in place to respond to threats quickly. Ms. Fish indicated that faculty and students, through the Center for Education and Research in Information Assurance and Security (CERIAS), were studying these issues. In response to a question from Trustee Brouillette, Ms. Fish discussed movement and encryption of data.

Upon proper motion duly seconded, the Audit and Insurance Committee voted to recommend full Board approval of the 2014 annual report of the Internal Audit Office. A copy of the report was filed with the minutes.
II. DISCUSSION OF AUDIT PLAN FOR CALENDAR YEAR 2015

Ms. Fish discussed the audit plan for the 2015 calendar year that had been provided to the Board members. She stated that the plan (1) was developed with consideration of the potential risk assessment impact measures and risk drivers, (2) focused on risk management and governance, with the internal controls providing the means to mitigate those risks, and (3) was designed with flexibility to facilitate unanticipated strategic or operational initiatives. She explained the decreased budget for audits at the regional campuses and outlined the risk categories for the planned audits, which incorporated new or modified regulations. Ms. Fish pointed to the sections in the plan that discussed staffing and the initiative, goals, and priorities of the Internal Audit Office, which she said aligned with those of the university. She also informed the Board that the university was working on an initiative that would allow it to engage a firm to assess university-wide networks.

In response to questions from Trustee Hardin, Treasurer Sullivan and Legal Counsel Schultz explained how the university’s cyber security efforts were coordinated. Ms. Fish also discussed the plans of the Internal Audit Office with regard to construction project audits. Upon proper motion duly seconded, the Audit and Insurance Committee voted unanimously to approve the audit plan for calendar year 2015. A copy of the plan was filed with the minutes.

III. ADJOURNMENT

By consent, the meeting adjourned at 3:01 p.m.

Following the meeting, the Committee met in executive session with Ms. Fish in accordance with the Indiana Open Door Law as well as in conformance with the Bylaws of The Trustees of Purdue University.