

SUMMARY MINUTES
RISK MANAGEMENT COMMITTEE
SPECIAL MEETING OF MARCH 18, 2015

Ms. Wells chaired the March 18 Special Risk Management Committee Meeting, calling it to order at 8:18 a.m. A quorum was present during the Meeting: Mr. Session, Co-Chair, Mr. Kennedy, Mr. Mims and Mr. Conner, *ex officio*. Mr. Caputo, Mr. Chapman, Mr. Curto, Ms. Hanley, Ms. Lang and Mr. McDermott were also present. Mr. Griffin joined the Meeting by phone.

Recommendation to Amend the Office of Audit Charter. Julia Hodge, Acting Vice President for Audit, reported that the amendment would provide for a dual reporting relationship between the Board and the President and Chief Executive Officer (CEO) by incorporating administrative reporting to the CEO. Additionally, independent assessments would be conducted as part of the updates to the quality assurance and improvement program. The results of these assessments, which would be reported to senior management, the Risk Management Committee and the Board, would be included in the amended Charter. Ms. Hodge recalled that the Board had adopted the Office of Audit Charter (Charter) in September 2014. She referenced the Institute of Internal Auditors' (IIA) mandatory guidelines and reviewed information with regard to functional reporting to the Board, including: approving the internal audit activity's overall charter; approving the internal audit risk assessment and audit plan; receiving communications from the chief audit executive on the results of all internal audit activities or other matters deemed necessary; approval of all decisions regarding the performance evaluation, appointment and removal of the chief audit executive; approving the annual compensation and salary adjustment of the chief audit executive; and making appropriate inquiries of management and the chief audit executive to determine whether there is audit scope or budgetary limitations that impede the office of audit's ability to perform its responsibilities. She clarified that administrative reporting is the relationship within the organization's management structure that facilitates the day-to-day operations of the audit activity, including budget and management accounting; human resource administration; internal communications and information flows; and administration of the internal audit activity's policies and procedures.

Mr. Caputo inquired whether staff believed it is clearly defined who is responsible for evaluating the Vice President for Audit. Ms. Hodge responded that she believed that it is clear and stated that the Risk Management Committee is charged with approving the evaluation of the Vice President for Audit.

The Committee approved the recommended amendment to the Charter. Ms. Wells stated that she would offer a motion later at the day's Board Meeting.

The meeting was thereupon adjourned at 8:22 a.m.