

MINUTES OF THE SEPTEMBER 29, 2015, AUDIT AND REVIEW COMMITTEE MEETING

The Audit and Review Committee (“Committee”) of the Board of Regents of the Smithsonian Institution (“Smithsonian”) held a meeting on September 29, 2015, at the Smithsonian Castle in Washington, DC. Participating were Committee Chair Ambassador Barbara Barrett* and Committee member Dr. Shirley Ann Jackson*.

Also present by invitation of the Committee were Secretary David Skorton*; Acting Chief of Staff to the Secretary Greg Bettwy*; Office of the Regents Senior Researcher and Writer Jennifer Ehlinger (recorder); Director of Finance and Accounting Jean Garvin; Assistant to Congressman Johnson Amanda Hamilton*; Inspector General Cathy Helm; Under Secretary for Finance and Administration and Chief Financial Officer Albert Horvath; Deputy Under Secretary for Finance and Administration John K. Lapiana; General Counsel Judith Leonard; Deputy Chief of Staff to the Regents Rachel Parker; Director of Government Relations Nell Payne; Chief of Staff to the Regents Porter Wilkinson*; and Assistant Inspector General for Audits Tom Yatsco. Also in attendance were Rosemary Meyer, Wendy Lewis, and Erik Causey, who represented the Smithsonian’s external auditors, KPMG, LLP (“KPMG”).

CALL TO ORDER

Ambassador Barrett called the meeting to order at 2:04 p.m.

COMMITTEE CHARTER AMENDMENTS

Deputy Under Secretary for Finance and Administration John Lapiana presented proposed changes to the Committee charter. The proposed amendments to the charter will be voted upon by email ballot to formally recommend the amendments to the Governance and Nominating Committee. The proposed amendments reflect changes, which would formally recognize the role and appointment of a special advisor to the Committee and ensure the Committee’s processes and practices are accurately reflected in the language of the charter.

AUDIT UPDATE

KPMG reviewed its plan for the fiscal year 2015 audit, including an identification of potential risk areas and the manner in which those areas would be addressed. No significant changes from prior year audit plans were noted and the auditors anticipate signing off on the closing package required by the federal government no later than November 16, 2015. Sign off on the full audit report is expected by January 15, 2016.

INTEGRATED RISK MANAGEMENT AND MITIGATION INITIATIVE

Under Secretary for Finance and Administration and Chief Financial Officer Albert Horvath updated the Committee on the status of the Integrated Risk Management Initiative

**participated by telephone*

("Initiative"). The Committee reviewed the Initiative, which initially focused on the top 25 identified risks to the Smithsonian. The Committee agreed to bring the Initiative before the full Board of Regents for discussion at its next meeting scheduled on October 19, 2015.

INSPECTOR GENERAL REPORT

Inspector General Cathy Helm updated the Committee on the activities of the Office of the Inspector General ("OIG"). Ms. Helm informed the Committee that one audit was completed and seven audits are in progress. The Committee was presented with the fiscal year 2016 annual audit plan and with new metrics for monitoring open audit recommendations. As of September 14, 2015, there were 12 open recommendations, with the three most important relating to information security.

EXECUTIVE SESSION

The Committee adjourned its open session at 2:45 p.m. to conduct executive sessions with the Inspector General, the General Counsel, the Chief Financial Officer, and the Secretary, followed by a member-only session.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at approximately 2:58 p.m.

EMAIL BALLOT

Due to a lack of quorum at the scheduled meeting, the Committee voted to approve the following two motions via email ballot on October 5, 2015:

VOTED that the Audit and Review Committee approves the minutes of July 28, 2015, meeting.

VOTED that the Audit and Review Committee recommends that the Governance and Nominating Committee recommend to the Board of Regents the approval of the proposed amendments to the Audit and Review Committee Charter.

Respectfully submitted,

Barbara Barrett, Chair