The Regents of the University of California

COMMITTEE ON AUDIT
August 6, 2002

The Committee on Audit met on the above date at the Faculty Center, Los Angeles campus.

Members present: Regents Connerly, Hopkinson, Lee, Moores, Saban, and Terrazas

In attendance: Regent Montoya, Associate Secretary Shaw, General Counsel Holst, Treasurer Russ, Senior Vice President Mullinix, Vice Presidents Broome and Hershman, University Auditor Reed, and Recording Secretary Nietfeld

The meeting convened at 10:00 a.m. with Committee Chair Terrazas presiding.

1. PUBLIC COMMENT

There were no members of the public wishing to address the Committee.

2. OVERVIEW AND ORIENTATION OF THE DUTIES, FUNCTIONS, AND RESPONSIBILITIES OF THE COMMITTEE ON AUDIT AND THE AUDIT PROGRAM

Committee Chair Terrazas commented that his goal for the Committee over the coming year is that there are no surprises to the University of a financial nature. The most important role for the Committee in adopting the audit plan is the identification of risk.

Senior Vice President Mullinix referred to two publications that had been mailed to members of the Committee in advance of the meeting: Audit Committee Effectiveness - What Works Best and Current Developments for Audit Committees 2002, both of which were prepared by PricewaterhouseCoopers, The Regents’ external auditor. He noted that the University’s situation is slightly different from the type of organization that these reports address because it is subject to the Governmental Accounting Standards Board rather than the Financial Accounting Standards Board. In addition, the University is a State institution with a different governance structure. The books’ overall contents, however, discuss the issues that are appropriate for an audit committee to address.

Mr. Mullinix outlined the principle components of an audit committee. The committee’s ultimate objective is the selection of the external auditor and ensuring that the work performed is thorough and appropriate. This process should lead to a better assurance of the quality of the financial controls. With respect to internal audit procedures, the Regents have a role in reviewing the work of the internal auditor and assuring themselves that the scope of the work performed is appropriate. They also receive occasional communications from the internal auditor on investigations that he has undertaken. Equally important is the general review of the accountability and financial control procedures that management has put into place as part of the University’s overall financial systems. The highest level of
concern is with the practices and procedures that are used to ascertain that transactions are recorded appropriately at the campuses. Senior Vice President Mullinix suggested that the role of The Regents’ Committee on Audit should go slightly beyond the responsibilities that he had outlined to include an open flow of communication from the Committee to both the internal and external auditors as well as to financial management in order to gain a clear understanding of the finances of the University. He hoped that the Committee would be able to allocate additional time to meeting in order to gain a genuine sense of those processes.

Senior Vice President Mullinix recognized that the University faces a unique challenge that results from its decentralized administrative structure. It also operates in a system of shared governance with the faculty that lacks traditional reporting relationships. Many faculty believe that the grants or clinical income they receive belong to them; the challenge is to instill the fiduciary nature of that income and the need for controls that respond to both University and external guidelines. Because the University receives the majority of its funding from governmental agencies, it is subject to more reviews than is typical for a corporation. The Committee may wish to become better informed about regulatory compliance issues.

University Auditor Reed provided an overview of the internal audit program. He presented the internal audit mission statement which was adopted by The Regents in March 1995, as follows:

The mission of internal audit is to assist the Board of Regents and University management in the discharge of their oversight, management, and operating responsibilities through independent audits and consultations designed to evaluate and promote the system of internal control, including effective and efficient operations.

A significant change which occurred in 1995 was the introduction of a dual reporting relationship, which recognized that the Office of the University Auditor has direct access to the President and The Regents while reporting to both the Senior Vice President–Business and Finance and the Board. The intention of the dual reporting relationship was to ensure the independence of the University Auditor. The internal audit departments on the campuses report directly to the chancellor and to the Office of the University Auditor. In response to a question from Regent Connerly, Mr. Reed stated his belief that this relationship was working extremely well, giving him the opportunity to strengthen the relationship between his office and the campuses. At the same time, the chancellors and laboratory directors understand their ability to communicate to the Regents regarding any internal pressures. He could not recall an instance when a campus auditor had withheld information because local management did not want it disclosed.

Regent Connerly believed that for the external auditor, its client was clearly the Board of Regents. He expressed concern, however, that this independence was not always preserved
in the case of internal audit, which might tend to view the chancellor as a client. He referred in particular to an audit conducted on the Santa Barbara campus that fell short of reaching a conclusion. Questions arose during the course of the audit concerning the independence of the internal audit function. Regent Connerly suggested that University Auditor Reed walk through the unanswered questions for the Committee, using the audit as a “case study” for the internal audit function.

University Auditor Reed noted that he had invited the Committee Chair to attend the All-Auditors Conference in February 2003 to continue to open the lines of communication.

Regent Hopkinson suggested that the dual reporting relationship did not provide the University Auditor with the type of independence the University requires. She did not believe that the mission of the internal audit function should be to view management as customers.

Returning to his presentation, Mr. Reed recalled that internal audit is authorized to have full, free, and unrestricted access to information, including computer files, property, and personnel. While a unit may initially attempt to block access by internal audit, outstanding cooperation is provided by the General Counsel, campus counsel, and campus management. Internal audit staff consists of 127 authorized audit positions at 13 locations. The average experience of the staff at the University is 7.3 years, with an average general audit tenure of 15.4 years. A relatively high turnover among audit staff helps to provide a fresh look. The average director has held the position for almost 12 years. The Regents’ external auditor, PricewaterhouseCoopers, views internal audit as an element of internal control. Audit plans are shared and coordinated as appropriate, and internal audit informs PwC of significant investigations or audit matters. The University has in place a peer-review program which is built into the audit process and involves internal reviews every three years, with an external review every five years.

The Committee discussed which elements of the Santa Barbara campus audit referred to by Regent Connerly would need to be considered in Open Session. Auditor Reed stressed that the investigation program attempts to the degree possible to retain the confidentiality of its informants in order to encourage candor on their part. Regent Connerly suggested that one approach might be to highlight areas in the audit that were of concern. General Counsel Holst agreed with this approach in order to fashion an appropriate response.

Vice President Broome recalled that the position of controller was established on each campus in 1997. Prior to that time, there was no clear recognition that such a position was needed. Each controller has a dotted-line reporting responsibility to the Vice President–Financial Management. Once the position had been established and the controllers had been hired, each campus underwent a process to develop and improve the control environment, using various tools and self-assessments. In addition, a training program has been developed for the University’s business officers that is offered three times per year. This program is particularly valuable for business officers in an academic
environment who do not have easy access to the central administration. The controllers meet monthly in order to work together to effect cultural change. Ms. Broome reported that campus staff are now focused much more on the control environment than was true a decade ago.

3. REGENTS’ EXTERNAL AUDITORS’ REPORT

Vice President Broome observed that these are uncharted times for the accounting profession, particularly in light of the Sarbanes legislation which took effect on July 31. She believed that it would be important for the Committee to become acquainted with The Regents’ external auditors.

Regent Hopkinson recalled that concerns had been raised in the past about the consistency of the University’s financial reporting. Vice President Broome confirmed that the medical centers had different approaches to their reporting methodology. The goal has been to provide the Regents with a sense of how the medical centers are performing relative to one another, and this consistency of reporting is being achieved.

In response to a question from Regent Saban regarding services performed by the external auditor, Vice President Broome noted that the Sarbanes legislation had defined eight forbidden services. To her knowledge, none of the University’s external auditors had ever performed those services. The University does retain its external auditors as outside consultants. For example, this year PwC assisted the UCI Medical Center in determining how to right-size the hospital.

Regent Saban recommended that the University adopt a policy that would prohibit the University’s external auditors from conducting other consulting services for the University. He believed that other consultants could be identified who could perform this type of work.

Chairman Moores observed that the accounting profession appears to be in chaos as a result of circumstances in private industry. He agreed with Regent Saban’s comments but questioned whether the goal was achievable in today’s business climate.

The Committee discussed the optimal way to present Regent Saban’s recommendation to the Regents. Regent Hopkinson did not feel that the Committee should do its work on a piece-meal basis but rather in the larger context of the relationship between the internal and external functions. Chairman Moores believed that management should be afforded the opportunity to formulate a recommendation to The Regents with respect to the role of the external auditors. Regent Terrazas agreed and asked that the recommendation be made to the Committee at its next meeting.

Regent Hopkinson explained that she had concerns about the internal audit program which time would not permit her to articulate at the meeting. She suggested that the University
retain an outside consultant to evaluate the University’s internal audit process, including the reporting relationships. Chairman Moores supported Regent Hopkinson’s suggestion.

Vice President Broome introduced Mr. Mike Schini and Mr. Rick Wentzel of PricewaterhouseCoopers, noting that Mr. Schini is the managing partner of the engagement. Mr. Schini noted that PwC looks forward to an enhanced dialogue with the Committee as its meeting schedule is expanded. In contrast to a public company, the University reports its financial results annually rather than quarterly. PwC’s interaction with the University is therefore relatively limited in comparison with a public company. He recalled that at the March meeting he had informed the Committee of the intention to complete the interim phase of the audit by now. This phase, which involves visiting the campuses and laboratories to assess their internal controls, is substantially complete. Mr. Schini reported that there are no significant control issues to bring to the Committee’s attention as a result of that review. The final phase of the audit will take place within the next few weeks as much of the work is focused on the year-end balance sheet. Mr. Schini explained that the three risk areas for the University are investments, sponsored research, and medical centers. He recalled that significant changes with respect to reporting are being implemented this year by the Governmental Accounting Standards Board. The University’s financial statements will be easier to read, with less of an emphasis on fund accounting. PricewaterhouseCoopers has been working with management to identify crucial issues such as depreciation, which will be recorded for the first time. In concluding his remarks, Mr. Schini noted that the Sarbanes legislation which was referred to by Vice President Broome affects only publicly traded companies. Many aspects of the law will not go into effect until a public oversight board is created.

Regent Hopkinson asked whether or not the legislation would pertain to any limited liability companies that the medical centers had entered into with private companies. General Counsel Holst stated that this issue would need to be examined. Senior Vice President Mullinix was of the opinion that these companies are not publicly traded.

Mr. Schini commented on Regent Saban’s recommendation with regard to the separation of the external audit from other consulting activities. He believed that there were some specific issues, such as the implementation of the new GASB guidelines, that the external auditor was uniquely qualified to address.

Regent Montoya requested comment on the risk to the University that is presented by sponsored research. She mentioned specifically clinical trials at the San Francisco campus. Mr. Schini explained that the purpose of the audit performed under federal regulation A-133 is to obtain an understanding of the systems in place and management oversight with respect to activities such as clinical trials.

At Regent Lee’s request, Mr. Schini agreed to report on the provisions of the Sarbanes legislation at the Committee’s next meeting. Regent Terrazas commented that the Committee could be asked to recommend adoption of certain of the provisions to the Board.
Regent Lee commented that he would prefer more frequent interaction between the Committee and the external auditors. Vice President Broome pointed out that the University does not produce quarterly reports. Senior Vice President Mullinix added that Wilshire Associates provides quarterly reports to the Committee on Investments on the performance of The Regents’ portfolios.

Regent Connerly suggested that it would be helpful if a more direct relationship were established between the auditors, both internal and external, and the Chair of the Committee.

Chairman Moores asked about the policy of PricewaterhouseCoopers with respect to partner rotation. Mr. Schini explained that, for non-SEC clients, there is a ten-year limit on service to the engagement. The Sarbanes legislation has introduced a five-year limit for the engagement partner for SEC companies. Mr. Wentzel continued that PwC has a policy limiting the service of the management partner to five years. Mr. Schini pointed out that for an entity as large as the University, time is required for the partner to become familiar with the organization.

Regent Connerly recalled that the University is in the third year of a three-year contract with PwC. While he supported the RFP process, he also believed that consideration should be given to extending the arrangement with PwC in order to provide stability.

Regent Terrazas suggested the possibility of using a “Request for Information,” but he noted the need to understand what the contracting requirements are for the University.

4. UNIVERSITY AUDITOR’S REPORT

University Auditor Reed reported that for the fiscal year ended June 30, 2002, the actual hours devoted to the audit had exceeded the planned hours, due to an increase in the audit staff. During 2001-02, systemwide audits were conducted in connection with student financial aid, the health sciences compliance program, and HIPPA (Health Insurance Portability and Accountability Act) compliance. There are no open systemwide investigations. Mr. Reed displayed a chart showing the distribution of effort by service type since 1995-96, noting the increase in hours devoted to planned audit and advisory services and the decrease in hours devoted to investigations. He explained that advisory services includes such duties as consulting informally with managers and serving in an advisory capacity on committees.

Mr. Reed referred to the increased number of hours that were devoted to investigations during the early 1990s, following the series of voluntary retirement programs that were precipitated by the downturn in the economy. These programs resulted in the loss of institutional memory, and many controls were compromised. The shrinking workforce was being asked to do more with less, resulting in disgruntled employees. Beginning in 1995-96, the internal audit program was strengthened in a variety of ways and the controllership
program was introduced. University Auditor Reed presented the following statistics with respect to investigations:

- 54 percent of investigations are under the $1,000 threshold for reporting to the University Auditor.
- 37 percent are reported to the University Auditor ($1,000 to $25,000 range).
- 9 percent are reported to the Senior Vice President–Business and Finance.
- The police are notified in 55 percent of the cases.
- 25 percent involve faculty.

In response to a question from Regent Hopkinson, Mr. Reed reported that, in addition to money, the investigations relate to issues such as conflict of interest. Criteria other than money apply to which matters need to be reported, such as whether the matter will draw public interest and the nature of the allegation.

Regent Terrazas asked for further comment on the decrease in the time devoted to investigations. Mr. Reed recalled that the University’s controls had been strengthened over the past five to seven years, and initiatives such as the Business Officers Institute had increased awareness of the importance of controls.

University Auditor Reed commented briefly on the internal audit plan for 2002-03. The plan is designed to meet the objective of providing the most effective and efficient deployment of internal audit resources in a manner that addresses areas of highest relative risk, core business activities of the University, and broad coverage across the spectrum of University operations. Many of the high-risk areas, such as major construction projects and organized research units, overlap with core areas. Financial management receives the highest number of planned hours at 20 percent.

In response to a question from Regent Montoya, Mr. Reed explained that the national laboratories are audited for the federal government by KPMG. The weapons laboratories are under intense scrutiny by the Department of Energy.

University Auditor Reed concluded his presentation by noting the following goals for the new strategic audit plan:

- **Collaboration** - Improve knowledge-sharing, teamwork, and leverage.
- **Communication** - Improve communications with key customers – Regents, management, audit committees, audit customers, and the University community as a whole.
• **Competency** - Assure high-level expertise from internal or external resources are brought to bear across the spectrum of audit services and areas.

• **Catalyst** - Ensure that the auditors fulfill their potential to promote positive change locally and on a systemwide basis.

Mr. Reed acknowledged the concern that had been raised by Regent Hopkinson with respect to the term “customer” and stated his intention to address this issue internally.

5. **REVIEW OF EXTERNAL AUDITORS’ ACTIVITIES**

University Auditor Reed reported that internal audit departments on each campus coordinate various activities involved with the large number of annual visitations. Last year, internal audit spent approximately 5,000 hours coordinating visits by numerous federal and other agencies. The Department of Education recently visited three campuses to follow up on Clery Act reporting of crime statistics. There are several reviews under way that resulted from the terrorist acts of September 11. These include hazardous materials storage and accountability. The Bureau of State Audits (BSA) has a small investigation at the San Francisco campus that was instigated by the State Auditors’ hotline. The Committee is routinely informed of these reviews. Mr. Reed then asked Vice President Hershman to comment on the recently completed audit of the Partnership Agreement that was performed by the BSA.

Vice President Hershman observed that in his 35 years with the University, the BSA audit was the most extensive audit he had seen performed by the Bureau. The audit, which was requested by the State Legislature, required nine months to complete. On July 15, President Atkinson provided the University’s written response, which has been well received by all concerned. Mr. Hershman expressed pride in the University’s efforts under the Partnership, especially in light of the fact that the State has not been able to provide full funding under the agreement. The audit found that, by and large, the instances where the University failed to meet its commitments were caused either by the lack of State funding or the short time period under examination. In all other instances the University is on track for meeting its commitments under the Partnership Agreement. The auditors suggested that future partnerships with the State contain more specific outcomes for the University than is presently the case. Mr. Hershman noted that each accountability goal had been carefully negotiated with the Department of Finance and the Governor’s Office of Education.

The second part of the audit was concerned with how the University expended the funds that were provided under the Partnership, particularly with respect to large increases in the areas of research and public service. The auditors pointed out that the percentage increase to non-academic areas was greater than in academic areas. Much of this increase, however, can be attributed to the University’s expanded outreach programs. Payroll data indicated high increases in areas such as middle management. Vice President Hershman commented on the University’s long-term goal of improving the quality of undergraduate education, including
lower division. The University made the decision to reallocate funds from administration to instruction to help meet this goal. The University found that the amount spent on administration has actually decreased. The final part of the audit examined the faculty teaching load. The auditors found from the University’s annual report to the Legislature that there are a large number of classes with only one or two students enrolled. The University’s response will be to remove inappropriate classes from the list that it submits to the Legislature and to properly identify them as independent study. The University will continue to improve lower-division education by instituting freshman seminars at all of the campuses.

In response to a question from Regent Terrazas, University Auditor Reed stated that the University would provide responses in the time frames that were requested by the State Auditor.

Regent Montoya asked about a response to the audit by the Academic Senate. Vice President Hershman explained that the University administration had been working with the Senate on the issues that relate to the faculty. That coordination with the Senate will continue.

Regent Connerly believed that the University should look carefully at the question of whether management is growing too rapidly and how administrative salaries are growing in relation to those of the faculty. Vice President Hershman confirmed that one of the follow-up efforts in the Office of the President would be a report from each campus, particularly focused on middle management. The data will be included in the next report to the auditors.

Regent Montoya asked that the University’s response include a report on salaries within the Office of the President. Mr. Hershman confirmed that the Office of the President would be included in the University’s report, and he stated the intention to make budget cuts within the Office of the President.

6. **BRIEFING ON NEW WHISTLEBLOWER POLICY AND INVESTIGATION PROCEDURES**

University Auditor Reed presented data on the sources of UC audit investigations, noting that whistleblowers accounted for 25 percent, whereas management was responsible for 54 percent. The fact that whistleblowers tend to be correct in their allegations 25 percent of the time while management is correct 70 percent of the time reflects the fact that management has a better perspective when making such a report. The policy that was adopted by the University was intended to cover all investigations, regardless of the originating source. The policy was driven by changes in the California Whistleblower Protection Act which took effect on January 1, 2000. The most important feature of the act was the addition of protected disclosure, which was intended to simplify the whistleblower process. Mr. Reed explained that “protected disclosure” refers to any good-faith communication that discloses or demonstrates an intention to disclose information that may
evident (1) an improper act or (2) any condition that may significantly threaten the health or safety of employees or the public if the disclosure or intention to disclose was made for the purpose of remedying that condition.

University Auditor Reed discussed the revisions that were made to the University’s whistleblower and retaliation policies. The whistleblower policy creates an investigations work group at each location, headed by the locally designated official as the whistleblower coordinator. The workgroups are charged with analyzing the allegations and assigning the individual elements to the appropriate person. The policy establishes roles, rights, and responsibilities of all the parties to the investigation. The retaliation policy was revised to include protected disclosures and refusal to follow illegal orders. The work groups coordinate timely reporting to the appropriate officials and ensure that remedial actions are addressed.

Mr. Reed confirmed for Regent Terrazas that the California Whistleblower Protection Act does not create any payback mechanism similar to the federal *qui tam* relator provisions.

Regent Hopkinson raised the issue of protecting sources, given the fact that the University is a public agency. University Auditor Reed explained that University personnel inform potential whistleblowers that confidentiality will be maintained to the extent possible within the constraints of the law and the needs of the investigation. The State law does not guarantee confidentiality. Some of the campuses use intermediaries to receive whistleblower reports, and consideration is being given to adopting this procedure systemwide. Any critical witnesses must be identified to the relevant law-enforcement agency.

7. **PROCESS AND TIMETABLE FOR APPOINTMENT OF REGENTS’ AUDITORS**

Vice President Broome recalled that for most of the 20th century, the University retained Haskins & Sells, predecessor to Deloitte & Touche, as The Regents’ external auditors. In 1984, The Regents and the University administration conducted a proposal process and appointed KPMG as the external auditors of the University. KPMG served as the University’s auditors through 1995. In 1995, the Office of the President obtained proposals for auditing services from three national firms: KPMG, Deloitte & Touche (D&T), and PricewaterhouseCoopers. These three firms are the only remaining national firms with both the higher education and health care expertise required to service the University. The Regents appointed D&T as a result of that proposal process, and the firm served as The University’s auditors through 1999. In 1999, proposals were obtained as the result of the fee increase proposed by D&T. The culmination of this proposal process resulted in the appointment of PwC for an initial three-year term beginning in fiscal year 2000.

Ms. Broome believed that the University had received excellent service from PricewaterhouseCoopers during these three years. PwC’s fundamental relationship with UC is predicated on the audit, not consulting work. The audit is not viewed as a “loss leader.” The Regents and the administration are best served by this type of relationship. The current
fees are substantially less than they would have been with Deloitte & Touche and about comparable to the KPMG proposal. Vice President Broome outlined the key components of the high-quality service that is provided by PricewaterhouseCoopers:

- Audits have become efficient and focused on the key areas of risk.
- Advice on accounting and financial reporting issues is timely, thorough, practical, and conclusive.
- UC management receives rapid turnaround on accounting issues which at times require access to specialists in national offices.
- Firm specialists, partners, managers, and staff are very accessible and service oriented toward UC personnel and issues.
- There has been a high degree of continuity of staff at all levels.
- Management recommendations are based upon a thorough understanding of the issues and include a common sense approach to the advice given to UC and The Regents.

Vice President Broome continued that PwC brings an extensive amount of both national and regional industry expertise to bear on the engagement. On the west coast alone, other prominent clients include Stanford University, Stanford Medical Center, the University of Southern California, and Cal Tech. Leading firm specialists in both the higher education and health care industries are assigned to the University’s account.

Vice President Broome recommended that, based on the high degree of satisfaction with the services, the competitive value of the services, and the high costs associated with another change in auditors, the University should enter into negotiations to extend the existing contract with PwC under similar terms and conditions as the prior three years.

Regent Terrazas articulated the consensus that had been reached by the Committee with respect to the need for a creating a firewall between the external auditors and other consulting services. There must be compliance with any applicable vendor or bidding laws. He commented on the need for continuance in the key staff performing The Regents’ external audit.

Regent Hopkinson believed that PwC should be asked for its opinion on the proper length of service for an external auditor.

Vice President Broome stated her intention to provide the Committee with a recommendation pertaining to the retention of the external auditor as well as other services they might be asked to perform.
Regent Terrazas spoke to the need to determine whether or not there are any allegations against an auditing firm before entering into a contract. Vice President Broome recalled that when Pricewaterhouse merged with Coopers, the San Francisco office had provided the University with forthright information about any potential conflicts of interest.

Regent Lee noted the importance of the Committee’s meeting privately with the external auditors. General Counsel Holst recalled that each year a Regents Only session is scheduled for the purpose of discussing personnel matters without the President in attendance.

8. COMMITTEE ON AUDIT POLICIES, PROCEDURES, AND SCHEDULING FOR THE YEAR

Regent Hopkinson suggested that at the next meeting the Committee consider whether modifications should be made to its charter. Vice President Mullinix recalled that the charge to the Committee is outlined in Bylaw 12.1, which he would bring back for discussion.

Following discussion, the consensus was reached that the Committee’s next meeting should be scheduled for the afternoon of Thursday, September 19, following adjournment of The Regents meeting.

Senior Vice President Mullinix reviewed the issues that would be included on the Committee’s agenda, including the selection of the external auditor and the review of the internal audit function. University Auditor Reed suggested that the person who performed the last peer-review audit could be asked to make a report to the Committee.

Senior Vice President Mullinix asked that, prior to the next meeting, the members of the Committee provide the administration with the concerns that need to be addressed. He will then distribute them to the Committee.

Regent Moores pointed out that The Regents often take action on matters but never receive any feedback as to whether the intended consequences had occurred. He believed that management should make the practice of reporting back to the Board. University Auditor Reed commented that the question to be raised is who has the expertise to question the assumptions that are being made. Senior Vice President Mullinix asked that Regent Moores share these concerns with the administration.

Chairman Moores commented specifically on questions that have been raised with respect to comprehensive review. He pointed out that each campus was implementing the policy in a unique way. The University should be able to demonstrate that the process is transparent.

Vice President Mullinix believed that certain aspects of the procedures could be subject to audit. University Auditor Reed added that comprehensive review would be included in the audit plans of the campuses where it is applicable. The auditors should be able to ask
questions about how the 14 guidelines pertaining to comprehensive review are being applied and to provide the Regents with the confidence that the process is working.

Regent Hopkinson pointed out that it would be difficult to evaluate the success of the policy after one year of implementation.

The meeting adjourned at 12:55 p.m.

Attest:

Associate Secretary