University of Maine System
Board of Trustees
at the University Maine System, Rudman Board Room
with Polycom locations at UMFK, UMPI and USM

February 17, 2011

Audit & Technology Joint Session

Present: **Committee Members:** Samuel Collins, Chair of Audit Committee (by polycom); Kurt Adams (by polycom), Eleanor Baker (by polycom), Norman Fournier (by polycom), and Tamera Grieshaber (by polycom), Marjorie Medd (by polycom), and Victoria Murphy (by polycom). **Student Representatives**: Nathan Grant (by polycom). **Chancellor:** Richard Pattenaude. **System Staff:** Chip Gavin (by polycom), John Grover, Kelley Wiltbank, Rebecca Wyke (by polycom), and Ralph Caruso (by polycom). **Campus Staff:** Janet Waldron – UM, John Gregory – UM, and Steve Houser – USM (by polycom). **Guests:** George Doliker – Protiviti (by polycom) and Dick Thompson (by polycom).

Absent: Kevin McCarthy, Charles O'Leary and Lyndel Wishcamper.

Trustee Collins called the meeting to order.

New Board Policy 901: Information Security Policy. Mr. George Dolicker from Protiviti reviewed the new Board Policy 901: Information Security Policy focusing on the minor amendments since it was last reviewed by the Technology Committee and by the Board of Trustees at its January 10, 2011 meeting. All of the amendments are in Section 2.1 - Internal Organization. In the previous version of the Policy this section had standard, boilerplate language and has now changed to be specific for the needs of the UMS. It includes the creation and responsibilities of an Information Security Office, headed by a Chief Information Security Officer (CISO). In Sections 2.1.2 and 2.1.3 an Information Security Governance Council is established to ensure the Policy is implemented effectively in supporting information security standards, the specific governance makeup of the Council, and the Council's responsibilities.

Trustee Medd raised a few language amendments to the document and inquired about the review process for the Policy following implementation. Mr. Dolicker commented that the Policy outlines a requirement for an annual review. Mr. Ralph Caruso, Chief Information Officer, explained that the Policy has been reviewed and discussed with all of the campuses.

On a motion by Trustee Medd, which was seconded by Trustee Fournier, the Audit & Technology Committees agreed to forward the recommendation to the Consent Agenda at the March 14, 2011 Board meeting, with the additional amendments noted by Trustee Medd.

Information Security Plan Update. Mr. George Dolicker, Protiviti, provided an update on the Information Security Plan. Mr. Dolicker reviewed the progress and detail that has been added to the Plan since the Board reviewed it on January 10, 2011. The most significant change is to account for the three staff members who will be doing the in house monitoring and risk analysis tasks. At this point it has not been determined if this group will report to the operations or the security area. Chancellor Pattenaude noted that the salary costs outlined in the Plan are inclusive of benefits.

Trustee Adams inquired who the CISO will report to and will the CISO be responsible for execution of the Plan. Mr. Dolicker explained that the CISO will report to the Vice Chancellor for Finance and

Administration and the CISO will have operational responsibility for the Plan. Trustee Fournier asked about the funding for the Plan. Ms. Rebecca Wyke, Vice Chancellor for Finance and Administration and Treasurer explained that the initial cost will be covered by the System for FY2012 and it is hoped that there will be a strategy for cost sharing by the campuses annually after the first year. Ms. Wyke commented that because the Board asked to move quickly on the Plan and the UMS is currently paying Protiviti to fill the role of interim CISO, the CISO position was posted internally within the UMS on February 16, 2011 which allows an opportunity for current employees to apply for the position. It is the desire to fill the position internally, if there is a qualified candidate. However, if there is not a qualified internal candidate a broader search will take place.

Data Center Update. Ms. Rebecca Wyke, Vice Chancellor for Finance and Administration and Treasurer, explained the UMS Information Technology Services request to increase the authorization for the Data Center Upgrade by $3.89 million to address critical electrical and mechanical system deficiencies and other needed upgrades at the computer data center located in Orono.

UMS Information Technology Services (ITS) operates data centers located at UM and USM. Each data center is critical for UMS academic and business operations in terms of reliability, capacity, recoverability and security. Additionally, a failure of either data center would adversely affect services offered to the K-12 community, state government and others which are supported by UMS ITS.

In July 2009, the Board of Trustees approved a $1.1 million project to address critical deficiencies identified in a 2007 high level analysis of the physical vulnerabilities of both data centers conducted by Forsythe, an IT infrastructure consultant. $400,000 was allocated to the USM Data Center and $700,000 was allocated to the UM Data Center.

Harriman Architects + Engineers of Auburn, ME were hired to review and design the improvements for both data centers. Review of the USM data center project shows the budget is sound and the project is currently being coordinated with USM's $700,000 energy upgrade and the capital renewal project for the Science Building that was approved by Board in January 2011.

Harriman's review of the UM Data Center in Neville Hall has revealed systemic deficiencies in the mechanical and electrical systems that will require an additional $3.89 million to properly correct in order to reduce vulnerability to failure, improve electrical reliability, improve back up power systems, increase energy efficiency, increase IT operating efficiencies and provide for improved physical security and fire control.

Ms. Wyke explained that UMS is in the process of receiving a second opinion on the Data Center upgrades, which was at the request of the Board Chair and Vice Chair. Woodard and Curran is the company who will provide this information and the UMS has received a verbal briefing that indicated the projected costs for the Data Center upgrades are in line with what is stated in the current proposal.

Funding will come from UMS unrestricted reserves and may be phased, if necessary, to spread the cost over two fiscal years. This will bring the total cost for both data center projects to $4.99 million. Ms. Wyke indicated that other funding options are being pursued to share in the costs including grant funding or a Legislative bill. Ms. Wyke commented that the Maine Schools and Libraries already pay for services to help cover operating costs.

Trustee Grieshaber inquired about the time frame for completion of the upgrades and what measures are in place for the interim period. Ms. Wyke explained that the project will likely take one year to a year and a half and UMS is working on a disaster recovery plan which will be in place for the interim.

KPMG External Audit Services Proposal for FY2011. Ms. Tracy Elliott, Director of Finance and Controller, explained the KPMG External Audit Services Proposal for FY2011. UMS' current contract with KPMG expires with the fiscal year 2010 (FY10) audit. At the request of the Audit Committee Chair and management, KPMG has provided a quote to continue their services for one year.

KPMG base audit fees have been increasing at 3.8% per year. Being cognizant of the System's budget challenges KPMG has offered a one year fee extension with a 3% increase over the FY2010 financial statement fees. KPMG's proposed fees for the FY2011 audit are:

Financial Statement	$240,400
A-133	100,300
Total	$340,700

The financial statement and A-133 audit fees are based on KPMG's current level of effort. These fees do not contemplate additional audit effort related to future accounting or any other unforeseen regulatory changes. The A-133 quoted fees anticipate that student financial aid, research and development, and the supplemental nutrition assistance program (food stamps) will be audited in FY2011. Should any additional federal programs need to be audited, the fees would be adjusted accordingly.

In addition to the fee quoted above, KPMG may be required to audit State Fiscal Stabilization Fund if this area of funding is considered to be a major program under the A-133 rules. This will be determined when the federal government issues the 2011 rules. Auditing this program would add $10,300 to the fee for a total of $351,000 for the FY2011 audits.

During FY2012, the University of Maine System anticipates conducting a request for proposal process for external audit services for the five year period FY2012 through FY2016.

On a motion by Trustee Medd, which was seconded by Trustee Fournier, the Audit Committee agreed with the recommendation to extend KPMG's appointment as the University's external auditors for fiscal year ended 2011.

Adjournment

Ellen Doughty for
J. Kelley Wiltbank, Clerk of the Board