



**Board of Trustees
Executive and Audit Committee Meeting**

**Friday, June 16, 2017
9:30 a.m. – 11:30 a.m. (or until business concludes)
DeBoer Room, Hannon Library**

MINUTES

Call to Order and Preliminary Business

Chair Thorndike called the meeting to order at 9:31 a.m.

The following committee members were present: Bill Thorndike, Lyn Hennion, Paul Nicholson, Teresa Sayre and April Sevcik. Trustee Judy Shih was absent. Trustees Joanna Steinman and Linda Schott (ex officio) also attended the meeting.

Others attendees included: Dr. Susan Walsh, Provost and Vice President for Academic and Student Affairs; Craig Morris, Vice President for Finance and Administration; Jason Catz, General Counsel; Ryan Schnobrich, Internal Auditor; Sabrina Prud'homme, Board Secretary; Marjorie Trueblood-Gamble, Director of Diversity and Inclusion; Steve Larvick, Director of Business Services; Joe Mosley, Director of Community and Media Relations; Devon Backstrom, ASSOU/SOU/OSA; John Stevenson, IT User Support Manager; Don Hill, Classroom and Media Services Manager; and Kathy Park, Executive Assistant.

Trustee Sayre moved to approve the April 21, 2017 meeting minutes as presented. Trustee Nicholson seconded the motion and it passed unanimously.

Public Comment

There was no public comment.

Fiscal Year 2018 Internal Audit Plan (Action)

Ryan Schnobrich provided a brief recap of the internal audit plan presented at the last committee meeting. There are three audit engagements and five consulting agreements for next year, which were discussed in detail.

Trustee Hennion moved that the Executive and Audit Committee approve the audit plan as proposed and, with that, recommend the Board of Trustees adopt the Fiscal Year 2018 Audit Plan. Trustee Sevcik seconded the motion and it passed unanimously.

Internal Audit Quarterly Update

Ryan Schnobrich said he and Jennifer Fountain, Director of Student Life, started working closely with Ricardo Valerio, an Associate Justice with ASSOU who was

charged with performing a judicial review of the student incidental fee process. Since Mr. Schnobrich and Mr. Valerio have shared goals, Mr. Schnobrich included Mr. Valerio's review activities in the engagement outline.

Mr. Schnobrich said he and key staff held an exit conference on the Title IX audit and the final report was been posted on the board reporting website. Marjorie Trueblood-Gamble added that it was a very thorough process and she was reassured the auditor concluded the processes were in compliance. President Schott praised Ms. Trueblood-Gamble's work and her leadership.

There have been three more allegations since the last board meeting, bringing the total to 24, which includes the substantial fraud incident in April. At the Service Center's request, Mr. Schnobrich said he created a presentation around "irregularities," both financial and non-financial, with some emphasis on possible signs of fraud. He presented this at the Service Center's year-end training.

Mr. Schnobrich said he met with SOU's external auditors and they discussed the internal control environment.

Internal Audit Annual Report

Mr. Schnobrich said the annual report is posted on the board reporting website. He completed everything in the fiscal year 2017 internal audit plan, except for the FERPA audit, which was discussed in April. Mr. Schnobrich also reviewed his time allocation.

Looking at the risk heat map, Trustee Hennion expressed concern over seeing financial aid and scholarships in the high impact, high likelihood area. Mr. Schnobrich explained that results from a combination of factors. Mr. Morris said that an issue could be in the red zone for two reasons: 1) management feels there is a problem in that area or 2) the issue is so complex and there is so much risk of noncompliance that we want to make sure we are always looking at it to stay in compliance. Financial aid hits both of those marks and is an area where SOU has to be 100 percent right all the time.

Turning to the Clery audit, Mr. Schnobrich said it was the first audit he started working on and saw quickly there was a significant gap between the standards and the report. He stopped the audit and engaged management to improve the product. Responding to various inquiries regarding his professional development, Mr. Schnobrich said he has benefitted from attending some Institute of Internal Auditing sessions and the amount of time devoted to professional development was less this year. Mr. Schnobrich also has reached out to local internal auditors in the valley and at Oregon's public universities.

Trustee Hennion expressed concern over cybersecurity only being in the yellow zone on the risk heat map. Mr. Schnobrich said cybersecurity is a very complex topic and is generally viewed from an IT perspective. He thought the recent fraud issue also involved payment card industry compliance. Responding to Trustee Nicholson's inquiry, Mr. Schnobrich said he thought SOU's CIO is extremely competent,

cybersecurity is top-of-mind, and SOU is doing a very good job on the IT side. Responding to Chair Thorndike's inquiry, Mr. Morris said SOU's software is up-to-date, maintained, and he praised Brad Christ's work. John Stevenson mentioned IT courses offered on issues such as security and taking care of PCs. Discussion ensued on cybersecurity (awareness, incidents and responses) and social engineering.

Governance Work Group Update

Trustee Steinman attended the meeting on behalf of the governance work group in Trustee Shih's stead. Trustee Steinman said the work group has been getting together regularly and will continue to work over the summer. The group is currently working on two main projects: the handbook and the self-evaluation. They have reviewed two of the eight sections of the handbook; the goal is to hopefully have something for the board to review in the fall. Regarding the self-evaluation, the group revised the assessment tool based on feedback received from the previous assessment. Trustee Steinman praised the board secretary's work and Trustee Shih's leadership.

Chair Thorndike also commended Ms. Prud'homme's work and her involvement with the Association of University Governing Boards. He also said Jim Baumgartner, the board chair at WOU, is encouraging trustees and chairs of the boards at the TRUs to get together in Portland to build the stronger relationships.

Presidential Evaluation

Chair Thorndike reminded the committee members that the board has goals for the president and previously identified the items on which to evaluate the president. The evaluation period is almost over and the board is compiling information for the evaluation. President Schott said her plan was to have her annual report ready by the second or third week of July. This would include the goals for the coming year, which she hoped to get in place by mid-August or so.

Ms. Prud'homme outlined the prescribed timeline for the review. To keep the process moving, Chair Thorndike said he may call a special committee meeting in September. The evaluation could then be wrapped up at the board's next quarterly meeting.

Future Meetings

Chair Thorndike reiterated the possibility of a special meeting in September and said the next regularly scheduled meeting will be in October.

Responding to Trustee Nicholson's inquiry, Mr. Catz detailed the current status of SOU's policies and the procedure by which they are adopted. He said the transition of policies from OUS is complete and departments are now reviewing their policies. Mr. Catz suggested that it might be time to review the board's bylaws and policies soon. Ms. Prud'homme added that she is maintaining a list of provisions that may warrant a review. She also praised Mr. Catz's leadership of the Policy Council.

Adjourn

Chair Thorndike adjourned the meeting at 10:42 a.m.

Date: October 20, 2017

Respectfully submitted by,

A handwritten signature in cursive script, reading "Sabrina Prud'homme", written in black ink. The signature is written over a horizontal line.

Sabrina Prud'homme
University Board Secretary