



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

**Friday, April 15, 2016  
10:30 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 10:32 a.m.

The following committee members were present: Bill Thorndike, Lyn Hennion, Paul Nicholson, Teresa Sayre and April Sevcik. The following member was absent: Judy Shih. Trustees Dennis Slattery and Roy Saigo (ex officio) also were in attendance.

Others attendees included: Dr. Susan Walsh, Provost and Vice President for Academic and Student Affairs; Craig Morris, Vice President for Finance and Administration; Sabrina Prud'homme, Board Secretary; Ryan Schnobrich, Internal Auditor; Ryan Brown, Head of Community and Media Relations; John Stevenson, IT User Support Manager; Don Hill, Classroom and Media Services Manager; Kathy Park, Executive Assistant; and David Coburn, OSA.

Trustee Sevcik moved to approve the January 22, 2016 meeting minutes as drafted. Trustee Sayre seconded the motion and it passed unanimously.

**Public Comment**

There was no public comment.

**Board Staffing Discussion and Process (Action)**

Sabrina Prud'homme introduced the item, saying the board needed to discuss how it would move forward with the unexpected vacancy resulting from former Trustee Bodager's recent resignation. She said she obtained an extension until April 20 to submit the recommendation to the Governor's office to fill that vacancy. Chair Thorndike said he hoped the committee could propose a process for the board to follow in the future but, for this particular vacancy, the board must decide how to proceed in order to meet the April 20 deadline. To protect the privacy of potential nominees and to avoid the appearance of usurping the Governor's powers, no names were submitted for consideration during the public meeting.

Trustee Nicholson thought the proposed policy covered all the bases but wondered if a criterion like "plays well with others" should be added. He asked about the board's willingness to having someone who will be confrontational, citing recent literature noting the effectiveness of a contrarian on the board. Trustee Sayre also thought the

process was great as outlined and emphasized the importance of the needs assessment to ensure representation of a broad range of professional fields on the board.

Trustee Sevcik expressed concern over the lack of public input but not necessarily recommending it be included. Ms. Prud'homme stressed that this was not an elected position, the Governor could appoint an individual who was not nominated by the board and anyone interested in serving on the board could submit an application as a member of the public. Jason Catz later said the policy could include a provision that encourages individuals to apply independently. Trustee Sevcik wanted to ensure trustees knew they could submit their own recommendations.

In creating the initial list of recommendations for board membership, President Saigo said people were encouraged to submit applications and some were upset when they were not chosen. President Saigo encouraged the board to submit nominations or for people to self-nominate but to make it clear that the Governor makes the final decision.

Discussion ensued on the needs assessment and the importance of a broad range of community representation on the board, including the health industry, criminal justice, law enforcement, K-12 education, information technology, the largest majors at SOU (communications, psychology, business and criminal justice), environmental sustainability and major employment sectors. Trustee Slattery added the caveat that a position should not become industry- or business-specific. President Saigo stressed the need for a mix of individuals and having people with a vision for the future.

Trustee input is helpful for developing the policy but Chair Thorndike reminded the committee of the compressed timeline for submitting a recommendation to fill the current vacancy. Referring to the draft policy, Trustee Sevcik asked how the chair would consult with board members regarding candidates. Chair Thorndike said, in this specific case, some candidates previously considered are still in play.

Trustee Nicholson said it would be important to convey to the Governor the criteria used when evaluating and recommending nominees. He also thought "board staffing" was not an accurate characterization of this process. The consensus was that it should be called "appointment recommendation process."

Trustee Nicholson moved that the Executive and Audit Committee recommend that the full board authorize the Chair to engage in a board appointment recommendation process, guided by the "Proposed Policy on Recommending Candidates for At-large Board Positions." He further added that the Chair shall consult with the President and members of the board before putting forward a recommendation to the Governor's office. Trustee Sevcik seconded the motion and it passed unanimously.

### **Introduction of Internal Auditor**

Ryan Schnobrich introduced himself and shared information on his background, including experience as a chief financial officer, education, various licenses and receipt of his CPA pre-approval letter. He mentioned training he has attended, upcoming conferences and contacts he has made. His goal is to bring a systematic approach to risk management control and governance.

## **Review of Audit Charter**

Mr. Schnobrich presented the proposed Audit Charter, which will guide his work. While auditing is simply reviewing information, assurance is a type of auditing with the objective of examining evidence to provide an independent assessment on risk management control or governance processes. Attestation is another type of auditing used by external auditors. As SOU's internal auditor, he may also be asked to provide consulting services, conduct investigative and follow up engagements and coordinate with external auditors. He sees his next primary responsibility as drafting the internal audit plan for the next fiscal year.

Chair Thorndike asked Mr. Morris and Mr. Catz if they had any perspective on what has been done in the past and where SOU is headed in the future. Mr. Morris thought it essential to establish the independent authority of the internal auditor so he has the ability to review whatever he deems appropriate. Mr. Catz said he was thrilled to have Mr. Schnobrich as SOU's internal auditor and is pleased to have him as an additional and independent source to receive complaints and perform an investigatory function.

Responding to President Saigo's comment about everyone being evaluated, including trustees, Mr. Schnobrich said an audit of the board would include reviewing the bylaws; discussions with the board secretary on policies and procedures; and measuring results of strategic plans and objectives. He added that trustee presence is more than physical attendance at meetings but he would recommend a minimum attendance requirement.

Chair Thorndike stressed the need to be in compliance with grants and resources received from outside sources. Another concern is a prioritization in terms of where the dollars are, placing a high priority on those areas with the largest dollar impact. As Mr. Schnobrich develops a priority plan, it helps direct the board's focus but can also identify any issues with personnel.

Trustee Nicholson pointed out that Mr. Schnobrich would be the person who faculty and staff could contact with concerns of fraud or related issues and asked how he planned to encourage contact. When the internal audit plan is presented, Mr. Schnobrich hoped the board would include time for management consulting activities, time to interact proactively and effectively with departments, assess risks and identify and address key concerns.

Dr. Susan Walsh said SOU has made great strides regarding compliance and accountability of faculty but can do better. She looks forward to working closely with Mr. Schnobrich. Mr. Morris said he has added Mr. Schnobrich to his business affairs council so Mr. Schnobrich can be connected with business processes.

Trustee Sayre asked if the audit charter would include a calendar and how that would be communicated to the board. Chair Thorndike said it would be an important item to include regularly on the board's and the committee's agenda. Mr. Schnobrich added that when he presents the recommended audit plan it will be after receiving input on priorities from those on campus and any official audit reports will follow the internal auditors' professional practices framework.

## **Adjourn**

Chair Thorndike adjourned the meeting at 11:29 a.m.

Date: JUNE 17, 2016

Respectfully submitted by,

Sabrina Prud'homme

Sabrina Prud'homme  
University Board Secretary

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