



OFFICE OF THE BOARD OF TRUSTEES

Public Meeting Notice

October 11, 2019

TO: Southern Oregon University Board of Trustees, Executive and Audit Committee

FROM: Sabrina Prud'homme, University Board Secretary

RE: Notice of Regular Meeting of the Executive and Audit Committee

The Executive and Audit Committee of the Southern Oregon University Board of Trustees will hold a regular meeting on the date and at the location set forth below.

The topics of the meeting will include a report from the internal auditor and an update from the governance work group. The meeting will include a review of the president's evaluation, to be held in executive session, pursuant to ORS 192.660(2)(f) and (i). In a public session, the committee will discuss and take action on the president's proposed goals for 2019-2020.

The meeting will occur as follows:

Friday, October 18, 2019
9:30 a.m. to 11:30 a.m. (or until business concludes)
Hannon Library, DeBoer Room, 3rd Floor, Room #303
Visit governance.sou.edu for meeting materials.

The Hannon Library is located at 1290 Ashland Street, on the Ashland campus of Southern Oregon University. **If special accommodations are required or to sign-up in advance for public comment, please contact Kathy Park at (541) 552-8055 at least 72 hours in advance.**



**Board of Trustees
Executive and Audit Committee Meeting
October 18, 2019**

Call to Order / Roll / Declaration of a Quorum



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

**Friday, October 18, 2019
9:30 a.m. – 11:30 a.m. (or until business concludes)
DeBoer Room, Hannon Library**

AGENDA

Persons wishing to participate during the public comment period shall sign up at the meeting. Please note: times are approximate and items may be taken out of order.

- | | | | |
|---------|----------|--|---|
| | 1 | Call to Order/Roll/Declaration of a Quorum | Vice Chair Nicholson |
| | 1.1 | Welcome and Opening Remarks | |
| | 1.2 | Roll and Declaration of a Quorum | Sabrina Prud'homme,
SOU, Board Secretary |
| | 1.3 | Agenda Review | Vice Chair Nicholson |
| | 2 | Public Comment | |
| 5 min. | 3 | Consent Agenda | |
| | 3.1 | Approval of June 21, 2019 Meeting Minutes | Vice Chair Nicholson |
| | 4 | Reports | |
| 10 min. | 4.1 | Internal Audit Report | Ryan Schnobrich, SOU,
Internal Auditor |
| | 5 | Action, Information and Discussion Items | |
| 10 min. | 5.1 | Governance Work Group Update | Vice Chair Nicholson;
Trustee Lightman |
| 35 min. | 5.2 | Review of President's Evaluation – Executive Session [Pursuant to ORS 192.660(2)(f) and (i)] | Vice Chair Nicholson |
| 25 min. | 5.3 | President's 2019-2020 Goals (Action) | Dr. Linda Schott, SOU,
President |
| | 5.4 | Future Meetings | Vice Chair Nicholson |
| | 6 | Adjournment | Vice Chair Nicholson |

Public Comment

Consent Agenda

**Board of Trustees
Executive and Audit Committee Meeting
Friday, June 21, 2019**

MINUTES

Call to Order/Roll/Declaration of a Quorum

Committee Members:

Lyn Hennion	Present	Paul Nicholson	Present
Sheila Clough	Present	Daniel Santos	Present
Megan Davis Lightman	Present	Bill Thorndike	Present

Chair Lyn Hennion called the meeting to order at 9:30 a.m. in the DeBoer Room of the Hannon Library. The secretary recorded the roll and a quorum was verified.

Other trustees in attendance: Deborah Rosenberg and Dr. Linda Schott.

Other attendees included: Dr. Neil Woolf, Vice President for Enrollment Management and Student Affairs; Greg Perkinson, Vice President for Finance and Administration; Jason Catz, General Counsel; Sabrina Prud'homme, Board Secretary; Ryan Schnobrich, Internal Auditor; Joe Mosley, Marketing and Communications; Steve Larvick, Business Services; Max Jensen, OSA; John Stevenson, Information Technology; and Kathy Park, Office of the Board Secretary.

Public Comment

There was no public comment.

Consent Agenda

Vice Chair Nicholson moved to approve the consent agenda, as presented. Trustee Santos seconded the motion and it passed unanimously.

Reports

Internal Audit Annual Report

Ryan Schnobrich discussed his internal audit (IA) activity for fiscal year 2019. There was considerable turnover in key collaborator positions, which disrupted progress.

Mr. Schnobrich also reviewed the status of IA assurance and consulting services, as outlined in the meeting materials. Consulting services had to be postponed because management did not have the capacity for various reasons. Responding to Trustee Clough's inquiry about management's capacity, the causes, and the consequences of putting off audits, Mr. Schnobrich said he is very ambitious in his plans on what one person can do and it can be received as overwhelming for staff. Jason Catz added that some of the services were postponed due to timing or redirection of resources, and that each postponement differs. Trustees Clough and Santos expressed concern with those audits that have been postponed repeatedly. Mr. Schnobrich said the board has been supportive of additional IA resources but thinks any additional resources should be focused on compliance. When management did not have capacity, he said he shifted his efforts towards internal control assessments.

Mr. Schnobrich then discussed the status of the internal control assessments, as included in the meeting materials. Regarding investigative services, Mr. Schnobrich encouraged trustees to contact him if they wanted to review any particular reports.

Action, Information and Discussion Items

2019-20 Internal Audit Plan (Action)

Transitioning to the IA plan for fiscal year 2020, Mr. Schnobrich responded to Trustee Clough's inquiry about setting priorities by describing the process, how it has been maturing, and how he has worked with management to help them develop risk assessment capabilities. Mr. Schnobrich said he feels that he has addressed the highest risks on campus over the last three years and asked the trustees to identify any areas not included in the plan that they want him to focus on.

Trustee Santos continued to express concern over identified resource limitations, specifically the statement in the plan that "full organizational coverage over a five-year period is untenable." Mr. Schnobrich clarified that, if the board expects him to look at every major source of risk in a five-year cycle (which is the gold standard for internal auditors), it is an unreasonable expectation. If the board wants to make sure every major risk is addressed inside a five-year cycle, more IA staff would be needed plus three or four people on the compliance or management side to respond to the work.

Responding to Chair Hennion regarding the priority order for assurance/audit and consulting services for fiscal year 2020, Mr. Schnobrich said he purposefully did not prioritize them. Responding to Vice Chair Nicholson's inquiry regarding setting priorities, Mr. Schnobrich said he and management conduct risk assessments then meet to discuss the results and set agreed-upon priorities. He added that management is doing all they can, short of dedicating additional resources. President Schott reiterated the difficulty of balancing tuition increases, staffing, and service to students.

Responding to Trustee Lightman's inquiry about cost control efforts, Greg Perkinson said SOU does not have rigorous control measures for purchases. However, clear direction will be provided to the staff that if a purchase is nonessential, then do not buy it. Business Services completes a variance analysis monthly to identify any issues that need to be addressed. Mr. Perkinson said quarterly analyses of spending in each unit would be more rigorously implemented and stressed that each unit is accountable for its spending. Mr. Catz mentioned the monetary thresholds for procurement and signature authority that also serve as checkpoints for purchases. Trustee Clough recommended high priority be assigned to the consulting service item "Office of the Vice President of Finance & Administration – Culture of Continuous Process Improvement, Assessment/Analysis, and Accountability (in conjunction with the Financial Analyst)."

Trustee Santos moved to approve the resolution to refer the Fiscal Year 2020 Internal Audit Plan to the board for adoption. Trustee Clough seconded the motion and it passed unanimously.

Amendments to Governing Documents (Action)

Chair Hennion said she, Vice Chair Nicholson, Jason Catz and Sabrina Prud'homme worked on the proposed revisions to the governing documents. Mr. Catz highlighted some of the proposed changes, as included in the meeting materials.

Resolution on the Responsibilities of Individual Trustees

Mr. Catz said more emphasis was placed on attendance and giving clarity to the balance of a trustee directing an employee and providing appropriate oversight. Trustee Clough and President Schott recommended the last paragraph in section 3 be amended as follows: "A Trustee who is unable to ensure regular attendance at Board and Committee meetings may be asked to resign their position on the Board."

President Schott stressed her appreciation for the inclusion of the appropriate method for trustees to request information. She said trustees may not realize the weight they carry when they confront staff or faculty and doing so takes away management's ability to prioritize people's work.

Trustee Clough moved approval to refer the Resolution, as amended, to the board for adoption. Trustee Lightman seconded the motion and it passed unanimously.

Board Statement on the Performance of Official Business

Following Mr. Catz's short explanation of the proposed revisions, Trustee Thorndike moved approval to refer the Board Statement to the board for adoption. Vice Chair Nicholson seconded the motion and it passed unanimously.

Board Statement on Evaluation of the University President

Chair Hennion said the proposed revisions were made in an effort to make the evaluation process less awkward. Mr. Catz said the evaluation process needed to be streamlined. Ms. Prud'homme added that the role of the vice chair also was inserted in the process.

Trustee Thorndike moved approval to refer the Board Statement to the board for adoption. Trustee Clough seconded the motion and it passed unanimously.

University President's Contract Renewal (Action)

Chair Hennion said Jason Catz has reviewed and revised the president's contract to eliminate unnecessary provisions (e.g., moving expenses). Chair Hennion and President Schott have had several meetings about the contract renewal and those discussions have been reviewed with Mr. Catz for inclusion in the contract. Chair Hennion said coming up with a recommended new salary was difficult but she and President Schott came up with very similar numbers. Chair Hennion said President Schott has not had a raise since her arrival at SOU, not even a COLA increase. Chair Hennion detailed how the salary for the first year of the contract was calculated, which involved applying a COLA-type of increase for the past couple of years; that figure was about \$275,000. Chair Hennion stressed that President Schott is very concerned about public perception of her receiving a raise when SOU has just had to increase tuition. The base salary was then reduced by \$3,000 and the automobile allowance increased from \$1000 per month to \$1250. The annual base salary was then increased by just

under 5 percent for the second and third years of the contract. Chair Hennion said President Schott is the lowest paid of all the seven university presidents and is the only woman, which creates equity issues.

Chair Hennion said the campus conversations she and Vice Chair Nicholson had were extremely positive, the details of which would be discussed in the board's meeting.

Trustee Clough said she is highly supportive of the contract but is also concerned that SOU is underpaying its president. From an equity perspective, she and Trustee Lightman said they were uncomfortable with that. Trustee Clough said she would support the contract because President Schott is comfortable with it, but deserves it plus more, and the institution is lucky to have her be receptive to this compensation.

Chair Hennion asked Mr. Catz if it would be appropriate to add a provision in the contract to the effect that the salary for the second and third year of the contract would be on par with the president's peers. Mr. Catz said it could be included in the contract but added that the board and, especially, the Executive and Audit Committee has the inherent authority to review the public salaries of the other presidents and consider salary adjustments whether specifically included in the contract or not.

Responding to Trustee Lightman's comment, Chair Hennion and President Schott said they have already reviewed the salaries of the president's peers in the Oregon public universities. Chair Hennion and Vice Chair Nicholson said they also considered the possibility of deferred compensation being added.

In the first sentence of paragraph 5.0 of the contract, Chair Hennion recommended adding "pending annual review by the Executive and Audit Committee" after "each year of the contract term." Mr. Catz said language to that effect could be added to the contract and would be appropriate to discuss in the board meeting. Trustee Clough said including this in the contract forces the committee to complete the review and protects the president.

Discussing deferred compensation, Vice Chair Nicholson asked if it would be appropriate to include a provision to the effect that, during the first year of the contract, the Executive and Audit Committee would examine potential implementation of deferred compensation. Mr. Catz opined that such an issue could be set as a priority but should not be a contract term. To ensure the committee's and president's understanding, Mr. Catz stressed that he represents the university and the board, not the president, in this matter.

Trustee Santos noted a correction in the gender language in the second sentence of paragraph 1.0.

Trustee Lightman said the three escalating salary figures are starting too low and she is uncomfortable with that. She does not want to oppose the president, but it sends a message. President Schott said she wants the board to make the decision; she takes the health of the institution very seriously and cannot see herself taking an even larger

salary in the context of other financial issues SOU is facing.

Trustee Rosenberg said that, as a faculty member, she appreciates the delicacy in this matter, President Schott's worth as a president, and her interest in gender equity. President Schott's choice to take less is a very strong choice for the campus and will be appreciated by faculty, staff and students.

Trustee Santos moved the motion to forward the proposed Employment Agreement and Notice of Appointment to the board, with the amended language previously discussed. Trustee Clough seconded the motion and it passed unanimously.

Governance Work Group Update

Vice Chair Nicholson and Trustee Lightman reviewed the work plan and progress, as presented in the meeting materials. Ms. Prud'homme discussed the draft Board of Trustees Self-Evaluation and the Board Composition and Recruitment Matrix and said she would distribute both electronically.

Future Meetings

Chair Hennion said the next meeting would be on October 18. She will not be present so Vice Chair Nicholson will chair the meeting.

Adjournment

Chair Hennion adjourned the meeting at 11:24 a.m.

Internal Audit Report

Executive & Audit Committee
Internal Audit Quarterly Update

October 18, 2019

By

Ryan Schnobrich, CPA, CIA

<https://inside.sou.edu/ia/electronic-reports.html>

Good Morning Trustees, Executives, and Guests.

I am pleased to inform the Board that the Clery Act compliance audit is complete. While I am unable to provide the Board assurance, compliance, specifically the annual security reports, has improved significantly since 2016. Unfortunately one of the key people responsible for the improvements, the Director of Campus Public Safety, Andrew MacPherson, is moving on to other opportunities, so management's action plan will likely be delayed until the position is filled.

In regards to Title IX, Clery Act and Violence Against Women Act compliance, the new Chief Diversity and Inclusivity Officer/Title IX Coordinator, Suresh Appavoo and I have had several productive meetings regarding management's action plans.

Jeanne Stallman, Associate Vice President of Government Relations and Outreach, and I recently met with Suresh regarding how the university is going to prove compliance with House Bill 2864 - regarding cultural competency, to the Higher Education Coordinating Commission by the end of next year.

The Association for the Advancement of Sustainability in Higher Education Sustainability Tracking Assessment and Rating self-reporting audit is also complete. I am pleased to offer the Board assurance as to its accuracy. I had been previously encouraged to bring on a student employee. Kyle Peterson, a returning; now junior, majoring in Economics and Political Science performed much of the fieldwork on this audit. He assisted me about six hours a week for three months and did a great job providing me the flexibility to go from topic to topic while he hunkered down and reviewed the former Sustainability & Recycling Coordinator's support documentation. While I am budgeted for a student employee this academic year, I am going to hold off filling the position and return some budget savings to the President's Office.

I have reviewed a revised draft of ASSOU's Student Fee process bylaw changes and provided input to ASSOU President Britney Sharp and General Counsel, Jason Catz. Jason is advising ASSOU on revisions to their student fee bylaws. He is also bringing forward administrative policy changes to bring the university into compliance. I am considering my time on this, prior to starting the audit, to be consulting in nature.

The planned Human Resources audit of Oregon Equal Pay Act compliance will be late spring or early summer after a key Human Resources staff person returns from maternity leave.

Management is responding to its management action plans with renewed energy. I am having regular meetings with those involved.

Vice President of Finance & Administration, Greg Perkinson and I have gone through last year's annual assessments of management responsibility and fraud risk control in detail. He is working various

improvements with his Directors and coordinating with the other Vice Presidents. Fiscal year 2020's annual assessments will be provided to the Board for the March Board meeting.

The Contracts Administrative Officer/Risk Manager and I have met several times over the summer; exploring contracting and procurement risk management and compliance.

The Director of Financial Aid promoted Eric Walker into the Financial Aid Compliance Coordinator position. This dedication to compliance resources around one of the university's most key risks is commendable.

I met with Executive Director of Enrollment Services & University Registrar, Dr. Matt Stillman, regarding consulting on student record maintenance – which would include compliance with student information privacy.

On the topic of information privacy and data security, Chief Information Officer, Tom Battaglia and I have been meeting regarding the Gramm-Leach-Bliley Act and Red Flags Rule compliance.

Policy Council continues to work on a standard of ethical conduct and a shared governance policy.

Management has kicked off an initiative focused on continuous process improvement. It is based on Kaizen process improvement – which has a small group of subject matter experts, decision makers, and those that perform the process working through reengineering processes for the better with the assistance of a facilitator. Some of their first topics will be irregular employment agreements and payroll process integration.

The Director of Business Services is wrapping up the external audit so we will discuss several internal control assessments in the coming months. I have been able to provide some input into payroll processes in the meantime.

Jeffrey Gayton, Director of Grants and Contracts, and I met regarding new Federal Uniform Guidance and internal controls around grants compliance.

I would be happy to answer any questions.

Governance Work Group Update

Review of President's Evaluation – Executive Session [Pursuant to ORS 192.660(2)(f) and (i)]

President's 2019-2020 Goals (Action)

Proposed Goals 2019-2020
President Linda Schott
Southern Oregon University

GOAL ONE: Provide continued leadership for Strategic Direction V: SOU will maintain financial stability and invest for institutional vitality.

Action Step 1:

Collaborate with VP for Development to raise \$3.75M in support of SOU and to enhance and/or alter infrastructure in support of this work.

Action Step 2:

Work with campus leaders as well as the Oregon Council of Presidents to revise the formula for distribution of the Public University Support Fund.

Action Step 3:

Work with VP Perkinson to explore additional public-private partnerships to develop new or renewed housing and/or revenue-generating assets.

Action Step 4:

Work with Provost Walsh to ensure that SOU is offering a portfolio of academic programs that will continue to attract students, serve the needs of employers in our region and the state, and prepare SOU graduates for a rapidly changing future.

Action Step 5:

Work with VP Woolf to develop and implement a plan for stable enrollment, including the development of enhanced “pipelines” from regional high schools.

Action Step 6:

Carefully monitor revenue and expenditures to ensure a fiscal year ending fund balance greater than 8%.

GOAL TWO: In support of Strategic Direction II, lead a campus discussion of shared governance in order to more fully engage the talents of all campus members

Action Step 1:

Identify and implement a process for engaging the campus and its boards in greater understanding of the principles and implementation of shared governance.

Action Step 2:

Explore the creation of a governance body similar to the Faculty Senate that would represent the interests of classified and administrative staff members.

Action Step 3:

Continue to provide information about the challenges facing higher education to enable all members of campus to contribute to solutions to those challenges.

GOAL THREE: Provide continued institutional leadership to Strategic Direction VII: SOU will be a catalyst for economic vitality, civic engagement and cultural enrichment through ongoing collaboration with local, state, tribal, national, and global partners.

Action Step 1:

Advance the development of the Southern Oregon Higher Education Collaborative.

Action Step 2:

Advance the University-Community Collaboration work begun in 2019.

Action Step 3:

Host fall conference on creating “Seamless and Future Ready Education in Southern Oregon.”

Action Step 4:

Continue outreach and service to Oregon tribes.

Action Step 5:

Enhance SOU's relationship with the Oregon Shakespeare Festival.

GOAL FOUR: Continue developing my role as a "higher education thought leader" in Oregon and across the United States

Action Step 1:

Continue to shape national higher education policy by serving on the national board of AASCU and on its Council of State Representatives.

Action Step 2:

Continue to build relationships with state and regional political leaders in order to increase their understanding of higher education and SOU in particular.

Action Step 3:

Express my views in writing by blogging and authoring occasional op-ed pieces.

Professional development plans:

I engage in professional development throughout the academic year, primarily by attending conferences and meetings. This year, I anticipate attending the annual AASCU Fall Conference for Presidents and Spouses in Phoenix AZ (October 26-30), the AASCU Spring meeting of the Board and the Council of State Representatives, and the AASCU Summer Council of Presidents in Portland OR (July 2020). In addition, I will attend EAB's Presidential Experience Lab at LinkedIn Headquarters in Silicon Valley (January 30-31, 2020) to "envision bold new ways higher education can serve and credential the workforce of the future."

Key areas in which the President would especially benefit from Board support:

In the coming year, I expect that the Board will continue the high level of engagement and effectiveness it has shown in the past. At some point during the year, it may be necessary to ask selected Board members to talk to members of the HECC or to legislators about the revision of the funding formula. I know that I can call upon Board members when I need to do so—access and support that I greatly appreciate!

Future Meetings

SOU Board of Trustees
Board and Committee Meeting Schedule
Academic Years 2019-20 and 2020-21

MEETING	Academic and Student Affairs	Finance and Administration	Executive and Audit	Board of Trustees
DAY	Third Thursdays	Third Thursdays	Third Fridays	Third Fridays
FREQUENCY	Four Times Per Year (As needed for curriculum approvals)	Seven Times Per Year	Four Times Per Year	Five Times Per Year
TIME	12:00-3:30 p.m.	4:00-6:00 p.m.	9:30-11:30 a.m.	12:00-5:00 p.m.
	January 16, 2020	January 16, 2020	January 17, 2020	January 17, 2020
		February 20, 2020 (Budget focus)		
		March 19, 2020 (Budget focus)		
	April 16, 2020	April 16, 2020	April 17, 2020	April 17, 2020
		May 21, 2020 (Budget focus)		
	June 18, 2020	June 18, 2020	June 19, 2020	June 19, 2020
	October 15, 2020	October 15, 2020	October 16, 2020	October 16, 2020
	January 21, 2021	January 21, 2021	January 22, 2021	January 22, 2021
		February 18, 2021 (Budget focus)		
		March 18, 2021 (Budget focus)		
	April 15, 2021	April 15, 2021	April 16, 2021	April 16, 2021
		May 20, 2021 2:30-4:00 p.m. (Budget focus)		Special Meeting May 20, 2021 4:30 – 6:00 p.m.
	June 17, 2021	June 17, 2021	June 18, 2021	June 18, 2021
	October 21, 2021	October 21, 2021	October 22, 2021	October 22, 2021

Adjournment