

Board of Trustees
Executive, Audit, and Governance Committee Meeting
Friday, January 19, 2024

MINUTES

Chair Daniel Santos called the meeting to order at 9:31a.m. He welcomed everyone to the first meeting of the new year and thanked attendees and presenters.

Call to Order/Roll/Declaration of a Quorum

Committee Members:

| | | | |
|---------------------|---------|----------------|---------|
| Chair Daniel Santos | Present | Liz Shelby | Present |
| Brent Barry | Present | Bill Thorndike | Present |
| Sheila Clough | Present | Shaun Franks | Present |

Other trustees in attendance: President Rick Bailey and Trustee Jason Mendoza

Public Comment

No members of the public offered comments.

Consent Agenda

Trustee Franks moved to approve the minutes of the October 20, 2023 meeting. Trustee Shelby seconded the motion and it passed unanimously.

Internal Audit (IA) Report

David Terry, the internal audit contractor for Southern Oregon University (SOU), presented an update covering three main areas: services provided since he last met with the committee, hotline activity, and proposed changes to internal audit standards. Regarding services, Mr. Terry meets regularly with SOU management as well as the General Counsel and Chair Santos to promote independence and communication and compliance with audit standards. Representatives from Mr. Terry's office attended a summit on Information technology (IT) risk and security including emerging topics and potential exposure. He also collaborated with the President's office to send out the "tone at the top" email to campus promoting ethical use of public resources and the hotline resource.

Mr. Terry also reviewed the four project areas for FY 2024, including financial aid process review and testing, agreeing on a process with SOU that does not duplicate the external single audit. The IA team consulted on the Workday implementation doing spot check testing whenever SOU is ready to test a new data set. The Veteran's Services work will be starting in late winter/early spring.

Regarding the hotline, those are triaged as they come in and there are no material issues to report at this time. Responding to trustees' questions about how the hotline resource is communicated, Mr. Terry noted that in addition to the "tone at the top" message, the hotline is advertised on the IA website, bulletin boards on campus, and a policy. The Ethics Point hotline is also shared with students during the grievance filing process. President Bailey added that advertising could be improved by sharing at quarterly campus conversations and with union partners.

Mr. Terry discussed a number of proposed changes to the Institute of Internal Auditor (IIA) standards in the areas such as the peer review process and the provision of a “mandatory” summary opinion or overall conclusion like a risk rating. Chair Santos requested future updates on substantive changes to the standards and Mr. Terry assured the committee of timely communication. He met with the Pacific Northwest Higher Education Internal Auditors and discussed other discussing other “hot topics” in IA, resources, foreign influence reporting requirements, for which the current guidance is unclear. He will follow up with additional information when more is available.

Action, Information and Discussion Items

External Audit Update

Jean Bushong of the external audit firm, CliftonLarsonAllen (CLA), updated the board on the current disposition of the audit. She noted that the trustees would receive the FY 2023 report audit when it is been completed in a couple of months. The CLA team performs two audit engagements: financial statements and the single audit of federal dollars, which they are required to test. Some unique items impacting FY 23 are the GASB 94 rules on public-private and public-public partnerships and how to account for them, affecting arrangements such as SOU’s North Campus Village. The GASB 96 rules on subscription-based information technology arrangements are moving away from software and toward subscription-based applications and programs; so, accounting for fiscal liabilities such as Workday will differ. Items such as this are across the landscape so their technical group is completing the documentation.

Much discussion ensued about the deadline, SOU-CLA’s preparedness to meet it, and any associated risks. Ms. Bushong said that they will issue the reports well before the federal financial audit clearing house requirement of March 31. She had “nothing major to report” about the audit at this time and said management has been transparent and helpful, expressing distinct appreciation for SOU controller, Agnes Maina. Regarding SOU’s processes, Ms. Maina said March is usually the start of SOU’s audit cycle and a number of circumstances occurred. Realignment started in May, closing of the year in July/August in Banner while preparing for Workday, and the director at the Universities Shared Services Enterprise left the enterprise. Despite that, SOU kept pace and the audit doesn’t affect the budgeting process, as SOU does not budget on financial statements. Answering Vice Chair Clough, she noted that she does not expect there to be any material changes because SOU already has paid its expenses, accounted for them, and accounted for assets. Chair Santos thanked the SOU and CLA teams for their work.

Update on Implementation of Senate Bill 273

Sabrina Prud’homme provided an update on the implementation of Senate Bill 273. Most notably, the next assessment of the needs and ideal characteristics of board members will be administered to new trustees and shared in a public meeting. A form will be created on the board’s website to collect information from the university community year-round and when a vacancy occurs, the board will also announce the vacancy in a meeting and invite the university community’s input, in compliance with the statute. Secretary Prud’homme explained other work that is underway to ensure the board’s compliance with the new laws and that additional updates will be shared.

SOU Board of Trustees Officer Election Process

Chair Santos walked the committee through the board's officer elections process, as presented in the meeting materials. He announced that he was appointing a work group to gather information for upcoming officer elections in June. Trustee Bill Thorndike will chair the committee; Trustees Iris Maria Chavez and Jason Mendoza will also serve on the work group, which the board secretary will support.

Future Meetings Chair Santos

Chair Santos announced that the next meeting of the committee would take place on April 19, 2024, and asked that if any trustee had any topics they would like to see on that agenda, to please send them to the board secretary. Trustee Thorndike suggested a future topic on SOU's efforts regarding the prevention of sexual harassment and discrimination, as he took a training from the Department. He also would like to understand more about SOU's internet use and abuse policies including phishing, attacks, and with controlling content.

Review of Internal Audit Report on Financial Aid [Executive Session Pursuant to ORS 192.660 (2)(f)]

Chair Santos said that pursuant to ORS 192.660(2) (f) and (i), the committee would enter into an executive session to consider information or records that are exempt by law from public inspection. No final actions or decisions will be made during this session. At the end of the executive session, the committee would return to open session and welcome members of the public back to the meeting and the videoconference (if any remain). Following the executive session, which was expected to conclude in approximately 15 minutes, online attendees would be able to use the meeting link to rejoin.

In addition to SOU board members, the following persons were permitted to remain for the executive session: Karinda Decker; Rob Patridge; Sabrina Prud'homme; Matt Stillman; Susan Walsh; Neil Woolf; and David Terry.

At the conclusion of the executive session, Chair Santos returned the meeting to a public session.

Adjournment

Chair Santos adjourned the meeting at 10:15 a.m.

Respectfully submitted by,



Sabrina Prud'homme
University Board Secretary

Date: April 19, 2024