



OFFICE OF THE BOARD OF TRUSTEES

Public Meeting Notice

June 9, 2017

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 discussion and action on the Fiscal Year 2018 Internal Audit Plan. There also will be a quarterly internal audit update, discussion of the internal audit annual report, an update from the governance work group, and information regarding the presidential evaluation.

The meeting will occur as follows:

Friday, June 16, 2017
9:30 a.m. to 11:30 a.m. (or until business is concluded)
Hannon Library, DeBoer Room, 3rd Floor, Room #303

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
June 16, 2017

Call to Order and Preliminary Business



**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**

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 and Preliminary Business	Chair Thorndike
	1.1	Welcome and Opening Remarks	
	1.2	Roll Call	Sabrina Prud'homme, SOU, Board Secretary
	1.3	Agenda Review	Chair Thorndike
	1.4	Consent Agenda: Approval of April 21, 2017 Meeting Minutes (Action)	Chair Thorndike
	2	Public Comment	
~ 25 min.	3	Fiscal Year 2018 Internal Audit Plan (Action)	Ryan Schnobrich, SOU, Internal Auditor
~ 10 min.	4	Internal Audit Quarterly Update	Ryan Schnobrich
~ 15 min.	5	Annual Report – Internal Audit	Ryan Schnobrich
~ 10 min.	6	Governance Work Group Update	Trustee Shih
~ 10 min.	7	Presidential Evaluation	Chair Thorndike
~ 5 min.	8	Future Meetings	Chair Thorndike
	9	Adjourn	Chair Thorndike



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

**Friday, April 21, 2017
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 10:30 a.m.

The following committee members were present: Bill Thorndike, Lyn Hennion, Paul Nicholson, Teresa Sayre, April Sevcik and Judy Shih. Trustees Les AuCoin and Linda Schott (ex officio) also attended.

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; Jason Catz, General Counsel; Ryan Schnobrich, Internal Auditor; Steve Larvick, Director of Business Services; Joe Mosley, Director of Community and Media Relations; John Stevenson, IT User Support Manager; Don Hill, Classroom and Media Services Manager; and Kathy Park, Executive Assistant.

Trustee Sevcik moved to approve the January 20, 2017 meeting minutes as drafted. Trustee Hennion seconded the motion and it passed unanimously.

Public Comment

There was no public comment.

Risk Assessment Results

Ryan Schnobrich began his presentation with a brief quarterly update. He mentioned the reports he has been posting on the Internal Audit board reporting page and described documents posted since the last meeting.

Mr. Schnobrich said that, as he previously suggested, the Family Education Rights and Privacy Act audit with the Student Health and Wellness Center does need to be reconsidered due to time constraints and he has removed it from this year's internal audit plan.

Mr. Schnobrich said the Title IX audit is underway and is going well. He should have an audit report posted to the board reporting website in time for the committee's review before the June meeting.

Chair Thorndike said he meets with Mr. Schnobrich and they have a process for Mr. Schnobrich to share any concerns he has. Chair Thorndike said he will bring issues to the board as needed.

Mr. Schnobrich said he recently provided a fraud awareness presentation to the ASSOU student club leadership as well as Facilities, Management and Planning. He has provided that presentation to over 150 people on campus.

Six new allegations were made in the three months since the committee's last meeting, bringing the total to twenty-one in Mr. Schnobrich's first calendar year at SOU. He said the pace has slowed down and he hopes the activity generated from all of the outreach has been processed.

Moving into risk assessment, Mr. Schnobrich said it was part of this year's internal audit plan to perform a university-wide risk assessment. Management and internal audit perform separate risk assessments and compare notes when stack-ranking risks in consideration of the next year's internal audit plan. Mr. Schnobrich has coordinated with Brad Christ on risk assessment as a part of exploring enterprise risk management; this will be one of his proposed consulting agreements for this year.

Mr. Schnobrich performed traditional risk interviews with members of management, focusing on key risks especially as it relates to meeting objectives, compliance requirements, areas of change, the scope of key processes and certain key internal controls. Most importantly, he and executive management discussed the impact and likelihood of a material event if related internal controls were not effective for some reason. The result of these conversations is the heat map, which lists areas where attention should be focused and appears in the meeting materials.

Mr. Schnobrich encouraged trustees to share with him feedback or concerns they have with any risks, whether appearing on the chart or not. As an example of his follow up to trustees' comments, he looked into the student fee process; he found a 2013 consulting agreement and met with various university administrators and ASSOU officers. As a result, a review of the student fee process is now included in this year's internal audit plan. Discussion ensued on the reasons certain items are included on the heat map (i.e., issues with inherent risks versus issues of noncompliance) and that some items will move around on the heat map.

2017-2018 Audit Plan Draft

Discussing the audit plan draft, Mr. Schnobrich said he created a theme for the year: Balancing continued capacity-building with value-added engagement. The internal audit plan proposes three assurance service engagements next year: the student fee process, human resources (HR) (a review of personnel file management compliance and best practices) and the annual assessment of management responsibilities which is part of each year's internal audit plan. Responding to Chair Thorndike's inquiry, Craig Morris said the universities do not share HR services across the campuses but the HR directors do meet regularly and exchange information.

There are five consulting agreements proposed for next year: 1) financial aid (internal controls around key processes and compliance requirements); 2) student life (preparing for the opening and operation of the new student recreation center); 3) information technology (implementing risk management); 4) Service Center (internal controls around digitization of workflow); and 5) athletics (NAIA compliance for student-athletes and administrative integration points).

Mr. Schnobrich will be looking for approval of the final draft of next year's internal audit plan at the committee meeting in June. Chair Thorndike concurred.

Chair Thorndike, Mr. Morris and Jason Catz stressed the added value Mr. Schnobrich brings to SOU, how important his work is to the campus and how his work authenticates the work done at the university. The internal audit function will be a critical tool to use in presenting results to the HECC and as the university competes for limited state resources.

Trustee Nicholson asked about next steps following an inquiry. Mr. Schnobrich said he is always assessing (i.e., reading posts on Facebook), although not always using the same process as he does for risk or audit assessments, and offers any help he can provide. He engages management to have healthy discussions. When auditing, he compares to standards and notes anything he finds concerning and follows up on that. Additionally, he is always available in a consulting capacity. Mr. Morris added that Mr. Schnobrich provides formal recommendations following an audit, management responds to those, then Mr. Schnobrich follows up to confirm that management does what it commits to doing.

Responding to Trustee Hennion's inquiry, Mr. Schnobrich said the pace of receiving allegations has decreased. He hopes it is because people trust him and realize they can come to him. The board's commitment of having a person here on campus has empowered him to develop relationships and establish trust.

Governance Work Group Update

Trustee Shih provided the update on the governance work group. She said they reviewed the results of the evaluation survey and revised it to prepare for the next evaluation phase. They identified areas where more information needed to be captured, which is why the matrix was created for trustees to complete.

The group worked on the board handbook and finalized the table of contents. Sabrina Prud'homme is pulling information together and establishing links. Trustee Shih thought a majority of the handbook would be ready to review at the next meeting. –

The other project the group is working on is the board composition matrix. Trustees were asked to rate themselves in four areas – skills and competencies; intellectual capital; social relationship capital; and political capital. The matrix also collected data on participation, leadership roles held, number of years served and general demographic information. The work group looked at the results and were impressed

with the diversity of skill sets, knowledge and expertise of the trustees. The overall purpose of the matrix was to get a clear picture of the board's composition, which will be useful when recruiting new trustees to achieve a balance of skill sets, experience and knowledge. The board will also want to identify trustees with particular strengths that can be used to promote individuals to leadership positions and identify areas for more training and education.

The work group's next project is to complete the draft of the handbook and launch it. After that, Trustee Shih said the governance work group would like to continue its work. The group feels the information it gathers can be used to evaluate the overall performance of the board and identify training needs. The information will also help guide the committee in making recruitment decisions, ensuring a well-balanced and diverse board and selecting future leaders.

Chair Thorndike thanked the members of the work group and said the board is on the right track, as it is looking at bringing on two new trustees.

Ms. Prud'homme provided an update on filling the vacant position on the board and the anticipated vacancy upon Trustee Nootenboom's graduation in June. Trustee Nicholson mentioned the terms of most of the trustees will end at the same time. Trustee Shih said the group talked about needing a plan and has captured information from trustees to determine if they wish to continue serving on the board for another term. A list of potential trustees can be maintained in order to stay on top of filling vacancies. Discussion followed on the timing and staggering of trustees' terms as well as the appointments process.

President Schott mentioned the generic orientation to board roles that the Association of Governing Boards of Universities and Colleges (AGB) is developing. She thought it may be helpful to SOU's new trustees. At a recent AGB conference, President Schott attended a session on leveraging trustee expertise for innovation. The talent most lacking on university boards that would fuel innovation is technology experts and youth, particularly young entrepreneurs.

Future Meetings

There was no discussion on this agenda item.

Adjourn

Chair Thorndike adjourned the meeting at 11:27 a.m.

Public Comment

FY 2018 Internal Audit Plan (Action)



Southern Oregon University
Internal Audit Plan
Fiscal Year 2018

Prepared By
Ryan Schnobrich, C.P.A.
Internal Auditor

April 21, 2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Cover Page	1
Table of Contents	2
Introduction & Internal Audit Plan Overview	3
2018 Top Residual Risks Areas & Opportunities	3
Executive Summary	3
Internal Audit Plan for Fiscal Year 2018	4
Annual Confirmation of the Organizational Independence of Internal Audit	4
Human Resource Plan	5
Any Resource Limitations or Significant Interim Changes	5
Financial Budget	5
Appendix A – Risk Heat Map	6
Back Page	7

Introduction & Internal Audit Plan Overview

The purpose of the Internal Audit Plan is to outline internal audits and other services and activities the Internal Audit Department will conduct during fiscal year 2018 (July 1, 2017 to June 30, 2018).

The Internal Audit Plan satisfies responsibilities established by the Board of Trustees bylaws, the Internal Audit Charter, and applicable professional *Standards*.

The Internal Auditor is authorized to make changes to the Internal Audit Plan, as deemed necessary, to address changes in identified risks. The Executive and Audit Committee and the President will be notified of any significant additions, deletions, or other changes to the Internal Audit Plan.

The Internal Audit Plan should be based on appropriate risk-based methodology, including the consideration of any risks or control concerns identified by management.

2018 Top Residual Risk Areas & Opportunities

As Internal Audit is a new function on campus, a risk assessment and scoring process was developed as a part of last year’s Internal Audit Plan. The results of this process were incorporated into a combined risk/control and risk-scoring matrix. Risk scores include significant input from risk interviews with management. Rather than a top 10 list of risks, appendix A is a heat map of top specific residual risks that could result in a material event if related internal controls are not implemented and functioning effectively.

Executive Summary

Please refer to Internal Audit’s annual report, engagement reports and reference resources on the Board reporting page:

<https://sites.google.com/a/sou.edu/internal-audit/?pli=1>

The theme for this year is to balance continued capacity building with value-added engagement.

Regarding allocation of time, given how time was spent last year and the functional maturity of Internal Audit, I believe that the following breakdown is appropriate:

	FY18	FY17 (Estimation)
Assurance/Audit Services:	10%	11%
Consulting Services:	25%	10%
Investigative Services:	10%	11%
Governance:	10%	10%
Risk Assessment/Enterprise Risk Management:	5%	6%
Internal Control Assessment:	5%	2%
Function Capacity Building/Quality Assurance:	5%	8%
Relationship Building:	5%	7%
Professional Development:	5%	15%
Function Administration:	10%	10%
Vacation/Holiday/Sick Time:	<u>10%</u>	<u>10%</u>
Total	100%	100%

Internal Audit Plan for Fiscal Year 2018

Assurance/Audit Services:

1. Student Life – Review of the student fee process including follow up audit of primary recommendations from the consulting agreement performed by Moss Adams in December 2013.
2. Human Resources – Personnel file management compliance and best practice review.
3. Annual assessment of management responsibilities.

Consulting Services:

1. Financial Aid - Internal controls around key processes and compliance requirements;
2. Student Life – Planning for the opening of the Student Recreation Center;
3. Information Technology - Guidance in implementing risk management;
4. Service Center - Digitization of workflow (continuation of last year);
5. Athletics – NAIA compliance and administrative integration (continuation of last year);
6. Miscellaneous – Possibly including some follow up services to Facilities Management & Planning regarding capital project billing and Housing & Dining internal controls.

Investigative Services:

1. EthicsPoint hotline allegations come to me for substantiation and reintegration with management decision-making.

Governance:

1. Continue to develop an understanding of the Board of Trustees' and management's risk appetite and key strategic goals.

Risk Assessment/Management:

1. Encouraging enterprise risk management, especially risk assessment, by management;
2. Nurturing a formal compliance management function by management;

Internal Control Assessment:

1. Continue to familiarize myself with key university internal control processes.

Function Capacity Building:

1. Formalize and document internal procedures further, with an eye towards an external quality assurance assessment.
2. Developing and documenting some software-assisted auditing techniques; specifically using the software IDEA, Excel, Banner and Cognos.

Administration:

1. I will track how I spend my time for one more year. I will incorporate the results into the FY19 Internal Audit Plan.
 - a. I will also work with Human Resources to update the Internal Auditor job description.

Annual Confirmation of the Organizational Independence of Internal Audit

Another key responsibility set forth in the Internal Audit Charter is to confirm annually the organizational independence of Internal Audit. This is included in each year's Internal Audit Plan. The

Board will be advised of any responsibilities or conditions believed to be inappropriate, as well as any inappropriate limitations to scope or insufficient resources.

Human Resource Plan

The FY18 Internal Audit Plan was created around the understanding of having one Internal Auditor dedicated to Southern Oregon University.

Any Resource Limitations or Significant Interim Changes

Having only one Internal Auditor is inherently a resource limitation. As the internal audit function is still relatively new, time must be dedicated to documenting internal processes and developing relationships. While this year's Internal Audit plan is ambitious, I believe that it can be completed with the resources provided.

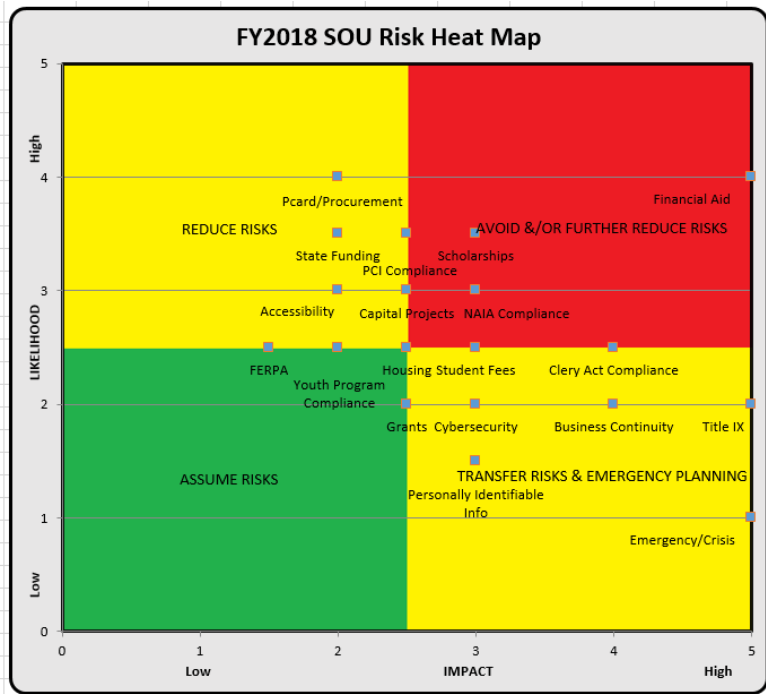
Financial Budget

As per the Internal Audit Charter, the Executive and Audit Committee is responsible for approving the internal audit function's budget and resource plan.

Internal Audit's requested budget has been submitted to Mark Denney, Associate Vice President for Budget and Planning. The non-payroll portion of the budget has been reduced by approximately \$1,000 year-over-year as there is less of a need for training and function start-up costs compared to last year.

Appendix A

Top 20 Risks	Impact	Likelihood
Financial Aid	5	4
Scholarships	3	3.5
FERPA	1.5	2.5
Cybersecurity	3	2
Business Continuity	4	2
NAIA Compliance	3	3
Clery Act Compliance	4	2.5
Emergency/Crisis	5	1
Capital Projects	2.5	3
Title IX	5	2
Accessibility	2	3
Youth Program Compliance	2	2.5
Personally Identifiable Info	3	1.5
Grants	2.5	2
State Funding	2	3.5
Pcard/Procurement	2	4
PCI Compliance	2.5	3.5
Student Fees	3	2.5
Housing	2.5	2.5

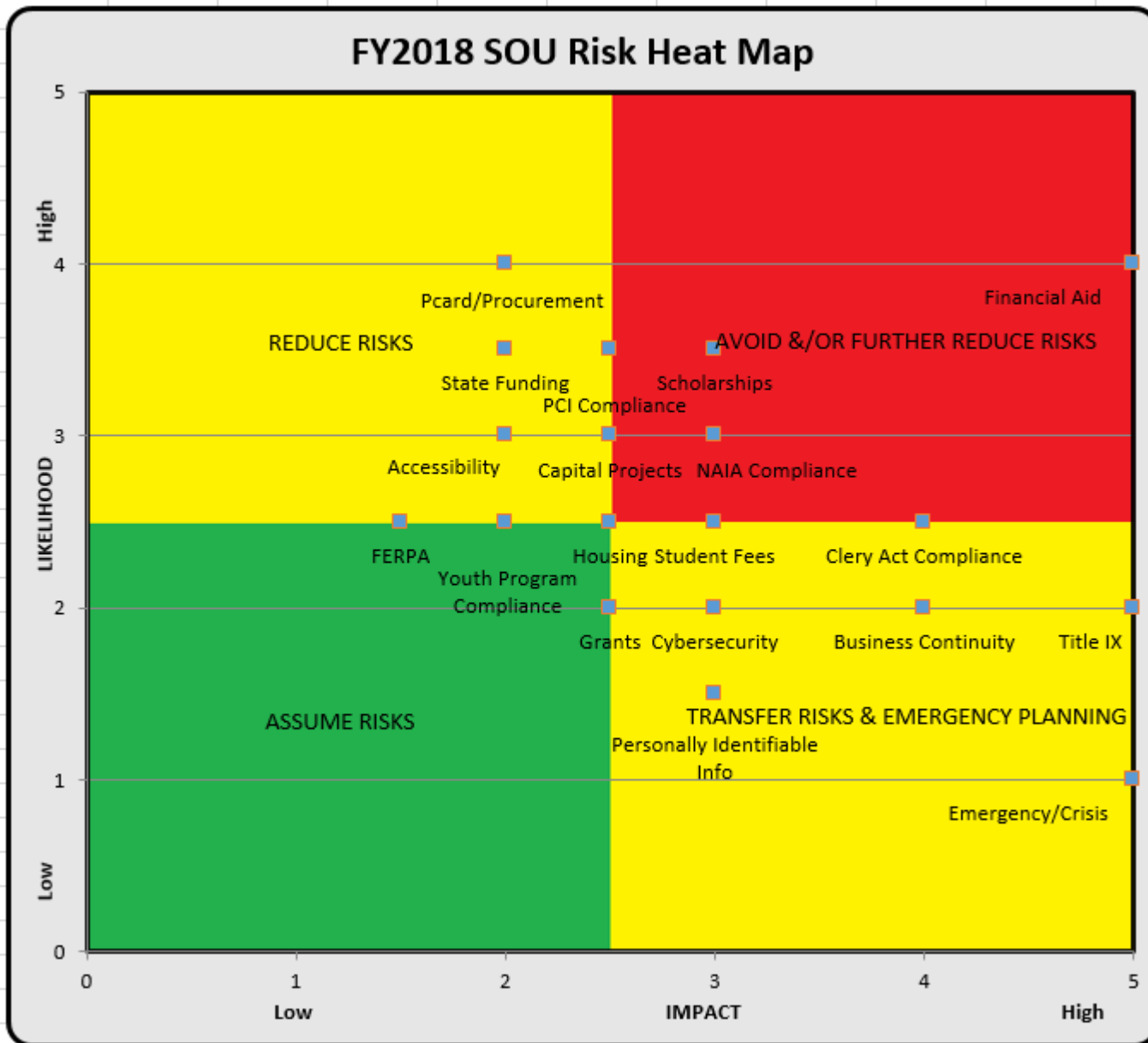




Fiscal Year 2018
Internal Audit Plan
By
Ryan Schnobrich, C.P.A.
Internal Auditor

Theme for Fiscal Year 2017-2018:

Balancing continued capacity-building with value-added engagement.



Assurance/Audit Services

- Student Life – Review of the student fee process including follow up audit of primary recommendations from the consulting agreement performed by Moss Adams in December 2013.
- Human Resources – Personnel file management compliance and best practice review.
- Annual assessment of management responsibilities.

Consulting Services

- Financial Aid - Internal controls around key processes and compliance requirements;
- Student Life – Planning for the opening of the Student Recreation Center;
- Information Technology - Guidance in implementing risk management;
- Service Center - Digitization of workflow (continuation of last year);
- Athletics – NAIA compliance and administrative integration (continuation of last year);

Internal Audit Quarterly Update

Annual Report – Internal Audit



Southern Oregon University
Internal Audit Annual Report
Fiscal Year 2017

Prepared By
Ryan Schnobrich, C.P.A.
Internal Auditor

June 2, 2017

Introduction

This report outlines the Internal Auditor's accomplishment of the fiscal 2017 Internal Audit Plan.

This is the first full fiscal year of Internal Audit's on-campus presence. Therefore, considerable time went into creating functional capacity as well as completing training to launch the department in a manner that delivered immediate value and supports long-term success. Professional training received included risk assessment, enterprise risk management, fraud detection and deterrence and operating the department consistent with the Institute of Internal Auditors' International Professional Practices Framework commonly known as "*the Standards*"; which were updated effective January 1, 2017.

I am sincerely appreciative of the considerable support I have received throughout this last year from my esteemed colleagues and fellow Oregonian internal audit practitioners as well as my participation with the Association of College and University Auditors and The Institute for Internal Auditors.

Engagements Carried Over From Last Year

I started the fiscal year by completing the separation audit for the Office of the President as requested by then-President Dr. Saigo.

Assurance Services

I stopped the Clery audit and engaged management, which resulted in significant improvement in annual reporting and improved compliance processes.

I completed the annual assessment of management responsibilities and an assessment of management's control of fraud risk.

I reconsidered the Student Health and Wellness FERPA audit due to time constraints.

By the time you read this, the audit of Title IX compliance processes should be complete or near completion.

Management and I developed some communication and quality assurance protocols around entrance and exit interviews to include the Auditee Vice President, Auditee Director, Vice President of Finance and Administration and Director of Business Services. This ensures that my reports are accurate and add value before presentation to the President and Executive & Audit Committee.

Consulting Services

In addition to miscellaneous consulting requests and learning Google LucidChart to create a process flowchart with swim lanes, there were two consulting engagement plans entered into in the prior year:

Facilities Management and Planning sought assistance with capital project billing procedures. This consulting engagement will formally cease at the end of this fiscal year, but I will be available for miscellaneous consulting.

The Service Center sought assistance with the digitization of workflows. This consulting engagement is ongoing and will carry forward into next fiscal year.

While recommendations and suggestions were made, at this time it does not appear that final engagement reports will be issued.

Athletics sought assistance with employee onboarding procedures, compliance processes related to student athlete eligibility, and general cross-departmental administrative integration. An engagement outline was created, but I am still assessing how best I can help before creating an engagement plan. This consulting engagement will carry forward into next fiscal year.

Investigative Services

I performed several fraud awareness presentations. I estimate that more than 150 university employees and students have seen my presentation.

I processed more than twenty allegations. I drafted an allegation substantiation and investigative services process manual.

I issued an investigative services report and am working on another.

Coordination with External Auditors

As part of the A-133 single audit, our external auditors, CliftonLarsonAllen, interviewed me regarding the internal control structure of the Financial Aid Department.

I provided suggestions and recommendations to the then Director of Financial Aid and Director of Business Services as to how Financial Aid may be following the Committee on Sponsoring Organizations (COSO) enterprise risk management framework as recommended, and soon will be required, by the Office of Management and Budget.

Risk Assessment

I developed risk-scoring criteria for use by Internal Audit while performing risk assessment. The criteria is based on factors such as time elapsed since last audit, complexity of the audit, results of the last audit, management concern, personnel, contract and process changes, likelihood and frequency of event, and vulnerability and impact of event.

I created a risk and control matrix with more than one thousand auditable areas. I have begun scoring areas using the new criteria. I am noting internal controls by risk type as I become aware of them. In industry speak this is called "boiling the ocean" and is generally not recommended for establishing the annual internal audit plan so I performed risk interviews for the creation of annual internal audit plans.

I learned Qualtrics and created a university-wide risk self-assessment survey, which, in lieu of performing a university-wide risk assessment, management will be using in the Information Technology department as part of beginning enterprise risk management.

I am actively engaging the campus regarding risks, in both traditional terms, as well as opportunities, and their related internal control processes. The results of this process were presented in April's Executive and Audit Committee meeting; in the form of high-scoring residual risks displayed in a heat map.

Governance, Risk Management and Compliance

I have become more familiar with universities' governance, risk management and compliance functions.

I have been following the Executive and Audit committees' workgroup on governance as well as

President Schott's strategic planning process with much interest so that I may continue to develop an understanding of the Board of Trustees' and management's risk appetite and key strategic goals.

I am a contributing guest at Business Affairs Council, Policy Council and Information Technology's BASIS meetings. I have presented to the President's Cabinet, Director's Council and ASSOU Inter-Club Leadership. I attended a University Planning Board meeting, Strategic Planning events, Budgeting presentations, ASSOU Judicial Work Group meetings, etc. I have recurring one-on-one meetings with the Chair of the Board of Trustees, the President, the General Counsel, the Vice President of Finance and Administration, the Board Secretary and the Director of Human Resources.

I learned Joomla and created a comprehensive internal audit webpage: www.inside.sou.edu/ia. On the website is a risk dictionary to assist in using a common risk language. I created a Google site that contains audit reports and reference material for board and executive management use.

Department Procedures, the *Standards* and the Quality Assurance Improvement Program

I have made progress towards creating a department procedure manual mapped to the Institute of Internal Auditor's Internal Auditors' International Professional Practices Framework (IPPF – the *Standards*). I have draft versions of procedures for each of my services including documenting a comprehensive planning process for audit success, a quality assurance checklist, a template engagement outline, template engagement plan and template draft reports.

I have attended several campus-training sessions on Excel, Banner and Cognos.

I unsuccessfully attempted reciprocity between Oregon and California for my non-attest certified public accountant license. I am on track to complete the required continuing education requirements for license renewal.

I discovered that the subtle but important difference between Generally Accepted Auditing Standards (GAAS) and Generally Accepted Government Auditing Standards (GAGAS) is that internal control structure is a requirement under GAGAS. Under GAGAS, if internal controls are not present it is an automatic "fail" in regards to providing assurance and that additional assurance techniques provided for under GAAS are not acceptable under GAGAS.

Under the *Standards* and per GAGAS, the work I perform for the university is considered "nonaudit services". This is because GAGAS is mostly focused on financial and performance auditing (attestation work by external auditors) of federal organizations, programs, activities and functions. Per Oregon Revised Statute (ORS), The Oregon State Division of Audits must follow GAGAS. The university's external auditors (single audit) must conform to GAGAS. There is no law, regulation, agreement, contract or policy that requires the university's Internal Auditor to conform to GAGAS as there is no attestation work being performed. There are several differences between GAGAS and the *Standards*. Some differences between the two are higher standards in regards to GAGAS and conflicting in regards to the *Standards*. With considerable additional effort the two standards can be compatible. I am a single auditor shop and not licensed to perform attestation work though. For all of these reasons, I will not be attempting conformance to GAGAS.

I tracked my time spent on various components of the Internal Audit Plan so I have a better idea of how much time they each require in future years. The results have been incorporated into the FY18 Internal Audit Plan. Please see Exhibit A.

I operated within my budget. In fact, I reduced Internal Audit's non-payroll budget for FY18 by about \$1,000.

I believe that my involvement added value to campus operations and governance. I created a client satisfaction survey in Qualtrics to benchmark my progress and seek input on my services. I received a handful of very positive surveys, but unfortunately, I believe we have some campus wide survey fatigue. As part of next year's function capacity building activities I will develop and perform a self-assessment and otherwise prepare for a peer external quality assessment in FY19, for which the other Oregon public higher education Chief Audit Executives have graciously offered to perform.

Annual Confirmation of the Organizational Independence of Internal Audit

Management did not interfere in determining the scope of internal auditing, control which areas I examined, or what information I communicated. All determinations and work were performed independent from management decision-making. I did not subordinate my judgment on audit matters to others.

Exhibit A
Use of time pie chart

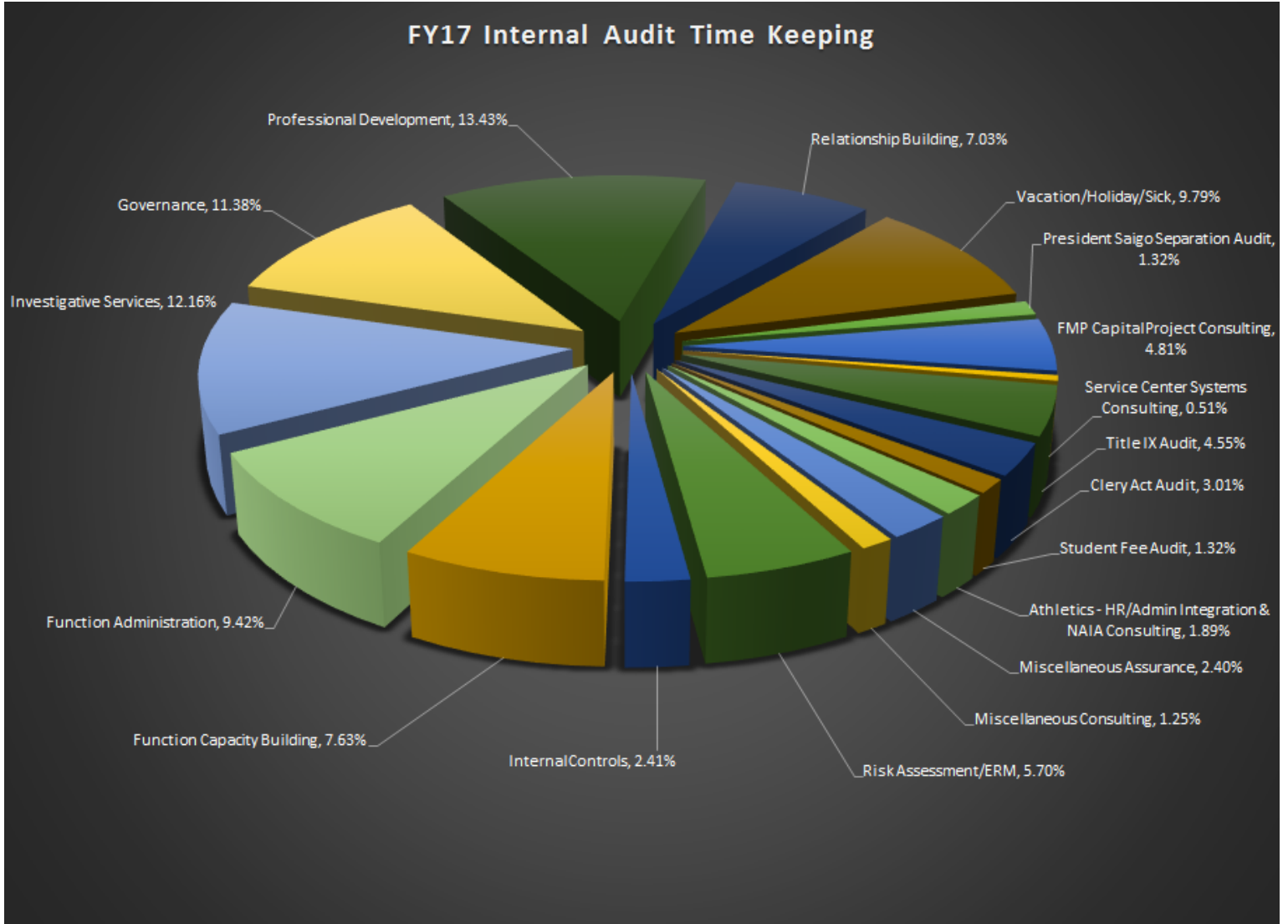


Exhibit B

Annual Required Communication with the Executive & Audit Committee Checklist

Standard	Communication Requirement	Annual Communication Documentation
1000	The Chief Audit Executive (CAE) must periodically review the Internal Audit Charter and present it to senior management and the Audit Committee for approval.	The SOU Audit Charter was created and presented to the Executive and Audit Committee for review and approval at the April 15, 2016 (review) and June 17, 2016 (approval) committee meetings. The charter is still relevant.
1010	The CAE should discuss the Definition of Internal Auditing, the Code of Ethics, and the IIA <i>Standards</i> with Senior Management and the Finance and Audit Committee.	The Definition of Internal Auditing, the Code of Ethics, and the <i>Standards</i> were discussed with the Executive and Audit Committee in conjunction with the creation and presentation of the SOU Audit Charter at the April 15, 2016 committee meeting.
1110	The CAE must confirm to the Executive and Audit Committee, at least annually, the organizational independence of the internal auditing activity.	By reporting functionally to the Executive & Audit Committee and administratively to the President, the Internal Auditor confirms the organizational independence of the internal audit activity as of June 16, 2017.
1111	The CAE must communicate and interact directly with the Executive and Audit Committee.	As the Chief Audit Executive, I confirm that an appropriate level of communication and interaction has taken place between me and the Executive and Audit Committee during FY17.
1312	The CAE must discuss with the Executive and Audit Committee the form and frequency of external assessment as well as the qualifications and independence of the external assessor or assessment team, including any potential conflicts of interest.	The Executive & Audit Committee was advised on April 14, 2016 that a Quality Assurance Review (QAR) must be performed every five years. The Chief Audit Executives of the other Oregon public higher education institutions have offered to complete the QAR when there is sufficient material to review (FY19).
1320	The CAE must communicate the results of the quality assurance and improvement program to senior management and the Executive and Audit Committee. The results of external and periodic internal assessments are communicated upon completion of such assessments and the results of ongoing monitoring are communicated at least annually. The results include the reviewer's or review team's assessment with respect to the degree of conformance.	Establishing a Quality Assurance Improvement Program (QAIP) including developing and performing a client survey was completed as part of the FY17 internal audit plan. Further developing the QAIP, including developing and performing a self-assessment is part of the FY18 internal audit plan. Performing a QAR will be part of the FY 19 internal audit plan.
2020	The CAE must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the Finance and Audit Committee for review and approval. The CAE must also communicate the impact of resource limitations.	Communication of status of internal audit plans and resource requirements was reported to the Executive & Audit Committee in October 2016, January 2017 and April 2017. A significant interim change was communicated on April 21, 2017.
2060	The CAE must report periodically to senior management and the Executive and Audit Committee on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Audit Committee.	Communication of IA's purpose, authority, and responsibility was reported to the Executive and Audit Committee on April 14, 2016 and June 10, 2016. Significant risk exposures and control issues including fraud risks, governance issues and other matters are reported quarterly to the Executive & Audit Committee, specifically including April 2016, June 2016 (top 10 risks) and April 2017 (top 20 residual risk heat map) and include reports issued to the Board of Trustees.

Governance Work Group Update

Presidential Evaluation

**Board Statement on Evaluation of the University President
Board of Trustees of Southern Oregon University**

It is the policy of the Board of Trustees of Southern Oregon University (“Board”) to review the performance of the President annually.

The primary purposes of the annual review are to enable the President to strengthen his or her performance and effectiveness in leading the institution to success and to allow the President and the Board to set mutually agreeable goals. The review process is not intended as a substitute for regular and ongoing communication about progress toward goals between the President and the Board.

Annual reviews will inform decisions regarding compensation, although compensation adjustments are not necessarily awarded simultaneously with a positive performance review. Adjustments to, or renewal of, the President’s contract will be handled as a separate matter, taking into account presidential performance, peer-group comparisons and other factors.

The annual review process will occur on a July 1-June 30 cycle. The annual review will cover the preceding year.

The criteria for evaluation and information responsive to those criteria will be based principally on the President’s self-assessment with respect to goals mutually set by the Board and President for the year in review.

The retrospective elements of the President’s self-assessment customarily will include:

- A copy of the mutually-agreed upon goals, with a description of efforts to meet them and the President’s progress assessment.
- A description of other personal or institutional achievements of which the Board should, or might, be informed by the President as aspects of performance or accomplishment.
- Identification of significant institutional or personal challenges the President faced over the course of the review year that affected progress toward goals, with particular focus on those that are likely to persist into the upcoming year or beyond.
- Comments regarding the vice presidents and other equivalent University officers who report directly to the President.
- Key areas in which the Board has been especially supportive.

The prospective elements of the President’s self-assessment customarily will include:

- Goals the President proposes for their individual performance and the institution over the course of the upcoming year and for three to five years.

- The President’s professional development plans and any associated requests of the Board.
- The President’s assessment of the University’s principal current opportunities and challenges.
- Key areas in which the President would especially benefit from Board support.

Review Process

The President will submit his or her self-assessment to the Board Chair by July 31 of each year. The Board Chair and the President will then meet to discuss the self-assessment. The Board Chair shall, in a timely manner, seek confidential input and comments from trustees and, as the Board Chair deems appropriate, from members of the University community selected by the Board Chair, as the Board Chair deems appropriate.

The President’s self-assessment will be provided to the Board, along with any other information determined by the Board Chair. The Executive and Audit Committee may meet in executive session for the purpose of evaluating the President, during which the President is to present their self-assessment and engage in a discussion with the Committee regarding both the retrospective and prospective elements of the assessment. The President may be excluded from any portion of such an executive session at the discretion of the Board Chair.

Following the meeting of the Executive and Audit Committee, the Board Chair will prepare an evaluation of the President and a summary of the Committee’s comments. The evaluation and self-assessment will be shared with the full Board prior to any Board’s meeting in which the Board will discuss the evaluation.

At the Board’s fall meeting, or as soon thereafter as the Board’s calendar will reasonably allow, the full Board may go into an executive session to discuss the evaluation of the President. The President may be excluded from any portion of such an executive session at the discretion of the Board Chair. After the Board discusses the evaluation of the President, the President will then present to the Board for approval the goals that the President proposes for their individual performance and for the institution for the upcoming year and for three to five years. The President’s presentation of their goals and the Board’s consideration of such goals shall take place in public session.

After the fall meeting, the Board Chair will meet with the President to communicate verbally and/or in writing to the President the conclusions of the evaluation and any recommendations, concerns, or priorities arising out of the evaluation.

The Executive and Audit Committee may, at its discretion, perform a comprehensive performance review of the President, including a 360-degree review. A comprehensive review of

this nature should generally be performed prior to consideration of the renewal of the President's contract. When a comprehensive review is performed, it is to be incorporated into the annual review process described above, with such adjustments to the schedule as may be necessary.

Pursuant to ORS 351.065, documents regarding the President's performance, including the Board's evaluation, the 360-degree review, and the President's self-assessment, are faculty personnel records and are not public records.

The Board will periodically review and, as necessary or desirable, revise this policy and its associated procedures in light of experience gained, best practices, and legal developments as applicable.

Approved on January 20, 2017



Chair, Board of Trustees



University Board Secretary

Future Meetings

Adjourn