



OFFICE OF THE BOARD OF TRUSTEES

Public Meeting Notice

October 13, 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 review and action on the President's goals. Information and Discussion items will include updates on internal audit activities, the work of the governance group, the committee's meeting schedule and future meetings.

The meeting will occur as follows:

Friday, October 20, 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
October 20, 2017**

Call to Order / Roll / Declaration of a Quorum



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

**Friday, October 20, 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/Roll/Declaration of a Quorum | Bill Thorndike, Chair |
| | 1.1 | Welcome and Opening Remarks | |
| | 1.2 | Roll and Declaration of a Quorum | Sabrina Prud'homme,
SOU, Board Secretary |
| | 1.3 | Agenda Review | Chair Thorndike |
| | 2 | Public Comment | |
| 5 min. | 3 | Consent Agenda | |
| | 3.1 | Approval of June 16, 2017 and September 28,
2017 Meeting Minutes | Chair Thorndike |
| | 4 | Action Items | |
| 35 min. | 4.1 | Review of President's Goals | Chair Thorndike; Linda
Schott, SOU, President |
| | 5 | Information and Discussion Items | |
| 10 min. | 5.1 | Internal Audit Update | Ryan Schnobrich, SOU,
Internal Auditor |
| 10 min. | 5.2 | Governance Update | Chair Thorndike; Joanna
Steinman, Trustee |
| 10 min. | 5.3 | Committee Meeting Schedule and Future Meetings | Chair Thorndike |
| | 6 | Adjournment | Chair Thorndike |

Public Comment

Consent Agenda



**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.



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

**Thursday, September 28, 2017
4:00 p.m. – 5:00 p.m. (or until business concludes)
DeBoer Room, Hannon Library**

MINUTES

Call to Order/Roll/Declaration of a Quorum

Chair Thorndike called the meeting to order at 4:01 p.m. He praised Judy Shih's service as a trustee and welcomed Trustee Vincent as a new member of the committee.

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

Others attendees included: Jason Catz, General Counsel; John Olson, SOU student; Sabrina Prud'homme, Board Secretary; John Stevenson, IT User Support Manager; and Kathy Park, Executive Assistant.

Public Comment

John Olson, an SOU student, asked if he could get the trustees to weigh in on priorities regarding how the board would make decisions relative to the future of the school, faculty and students.

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

Chair Thorndike said the committee would use the meeting as part of the process for evaluating the president. For the record, he stated that, pursuant to ORS 192.660(2)(f) and (i), the committee would enter into executive session "to review and evaluate the employment-related performance of the chief executive officer of any public body, a public officer, employee or staff member who does not request an open hearing" and "to consider information or records that are exempt by law from public inspection."

Chair Thorndike said, pursuant to ORS 192.660 (4), representatives of the news media shall be allowed to attend this executive session. All other members of the audience, except designated staff, would be asked to leave the room. There were no members of the media present.

Further, Chair Thorndike said, pursuant to ORS 192.660 (6), no final action will be taken or final decision made in the executive session. At the end of the executive session, the committee would return to open session and welcome members of the

public back into the room.

In addition to SOU board members, Chair Thorndike said the following individuals were permitted to remain for the executive session: university board secretary, Sabrina Prud'homme; general counsel, Jason Catz; and President Schott, for a portion of the executive session. All other attendees departed for this portion of the meeting.

The audio recording was stopped and the committee began its executive session. In concluding the executive session, Chair Thorndike returned the meeting to open session.

Future Meetings

The next committee meeting will be on Friday, October 20th.

Adjournment

Chair Thorndike adjourned the meeting at 5:21p.m.

DRAFT

Review of President's Goals (Action)

Proposed Presidential Goals for 2017-2018

- 1. Finalize and launch SOU's strategic plan**
 - a. Complete plan by January 2018
 - b. Develop success metrics and implementation timeline by June 2018
 - c. Prioritize work, identify needed funding, and begin implementation.
 - d. Promote SOU's new vision and strategic directions through presentations at regional chambers, service organizations, and editorial boards.

- 2. Align and strengthen SOU's leadership team in support of strategic plan**
 - a. Hire an acting Vice President for Enrollment and Student Life by November 2017.
 - b. Hire a new Vice President for Finance and Administration by December 2017.
 - c. Revise senior leadership structure as needed to implement strategic directions by June 2018.

- 3. Ensure the financial stability of SOU**
 - a. Achieve SOU's annual fundraising goal of \$3.25 million dollars and develop the Big Ideas that will identify SOU's uniqueness for donors.
 - b. Increase the budgeted fund balance from \$6,141,000 (10.1%) to at least \$6,891,000 (11.2%), by the close of FY18.
 - c. Meet enrollment goals established in the Strategic Plan
 - d. Exceed performance metrics related to student success and financial stability (currently under development)

- 4. Work with the Associated Students of Southern Oregon University and the local community to begin to address housing issues.**
 - a. Form a task force of faculty, staff, and students by November 2017. Invite Ashland city officials and the Ashland Chamber of Commerce to appoint representatives to the task force.
 - b. Determine the scope of the affordable housing problem and begin to develop possible solutions.
 - c. Identify or create and promote tools/resources to help students secure local, affordable housing.

5. Initiate campaign to make funding formula more equitable to SOU

- a. Provide leadership to position SOU as an authoritative source on campaign information
- b. Meet with local legislators during Fall 2017 to explain how the formula disadvantages SOU
- c. Identify how the formula needs to change and develop a political strategy for securing needed support for those changes
- d. Engage Board of Trustees in campaign efforts

6. Establish a reputation for expertise on the future of higher education and on statewide educational policy issues

- a. As the Oregon representative, actively participate in all meetings of the Council of State Representatives for the American Association of State Colleges and Universities.
- b. Promote SOU's new vision and strategic plan to state and federal legislators, philanthropic leaders, and the Higher Education Coordinating Commission

University metrics for use by
President Schott in Goal-setting

Course Sizing		Target Fall 17	Actual Fall 17	Target Winter 18	Actual Winter 18	Target Spring 18	Actual Spring 18
Average Course Size		26		26		26	
Lower Division		32		30		28	
Upper Division		23		23		23	
Graduate		14		14		14	
Number of Low Enrollment Courses		18		22		25	
Lower Division		4		6		7	
Upper Division		7		8		9	
Graduate		7		8		9	
Faculty Teaching Ratio		Target AY 2017-18		Actual AY 2017-18			
Percent of teaching ELU vs. expected teaching ELU		87%					
Adult Learners		Target AY 2017-18		Actuals AY 2017-18			
Admitted students: % of age > 40		8.66%					
INL program FTE enrollment		8					
Teacher licensing (initial admin and continuing teaching)		23					
Enrollment Data (includes all students not just admitted)		Target Fall 17	Actual	Target Winter 18	Actual	Target Spring 18	Actual
HC Enrollment Total (actuals taken from EOT-Graybook)		5935		5557		4864	
actual as a % change vs. target		na					
actual as a % change vs. prior		na					
FTE Enrollment Total		4186		3902		3653	
actual as a % change vs. target		na					
actual as a % change vs. prior		na					
FTE Undergraduates Total		3868		3580		3356	
Residents		2430		2249		2108	
Non-Residents not paying WUE		347		322		301	
Non-Residents paying WUE		1090		1009		946	
FTE Graduates Total		318		322		297	
Residents		233		236		218	
Non-Residents		85		86		79	
Admission Data		Target Fall 18		Actual			
First-year Applicant Count (conversion rate = 78%)		2754					
Matriculation Rate		35.5%					
Transfer Applicant Count (conversion rate = 85%)		922					
Matriculation Rate		66.7%					
Graduate Applicant Count (conversion rate = 60%)		345					
Matriculation Rate		68.4%					
International Applicant Count (conversion rate = 72%)		137					
Matriculation Rate		46.6%					

Targets have been set by an analysis of the last three years and the recognition that most current AY 2016-17 course sizing is "right sized."

Tracked on an annual basis only and categories included from the Faculty Loading Report (FLR) consist of:
 - ongoing professional (36/yr)
 - ongoing professional (45/yr)
 - yearlong professional (36/yr)
 - yearlong professional (45/yr)
 - term by term (45/yr)

Possible categories to quantify SOU's service/commitment to adult learners.

 Targets set at AY 2016-17 totals and need to still be verified.

AY 2017-18 enrollment targets are based on SOU's initial budgeted projection of -2.67% from prior year actual.

 If enrollment targets are to be established beyond AY 2017-18 then a 0.5% increase over prior year targets are recommended. However, all future enrollment targets need to be annually adjusted and based on prior year actuals when available.

Count targets are set to Fall 17 actuals plus 0.5% increase. Note that admission applications will not be officially tracked for winter and/or spring quarters.

 Matriculation rate (enrolled vs: admitted) within each category defined and targets set to 1.5% better than last three year average.

 Conversion rates (admitted vs: applied) is established from prior 3 year average.

University metrics for use by
President Schott in Goal-setting

Retention - All admitted UGs Fall to next Fall		Target for Cohort 2017 Fall 17 to Fall 18	Actual
All Undergrads		74.6%	
All First-time Full-time Freshmen		74.5%	
All Undergrad Transfers		74.6%	
All Oregon Residents		73.6%	

Target set to prior year actual.

Retention - All newly admitted UGs Fall to next Fall		Target for Cohort 2017 Fall 17 to Fall 18	Actual
New Undergrads		71.9%	
New First-time Full-time Freshmen		67.5%	
New Undergrad Transfers		78.8%	
New Oregon Residents		67.5%	

Target set to prior year actual.

Retention - All newly admitted UGs Fall to third Fall		Target for Cohort 2016 Fall 16 to Fall 18	Actual
New Undergrads		62.7%	
New First-time Full-time Freshmen		58.9%	
New Undergrad Transfers		67.4%	
New Oregon Residents		58.6%	

Target set to prior year actual.

Completion - Conferrals and 6 Yr. Grad Rates		Target for Completions in AY 2017-18	Actual
Conferred Awards Count (all degrees & certs)		1287	
Graduation Rates (see sub categories below)			
First-Time Full-time Freshmen: Cohort entering Fall 12		40.7%	
Freshmen Transfer: Cohort entering Fall 12*		51.5%	
Sophomore Transfer: Cohort entering Fall 13*		52.0%	
Junior Transfer: Cohort entering Fall 14*		52.5%	
Senior Transfer: Cohort entering Fall 15*		53.0%	
*Transfer Cohort Note			

Target established as 3 year trailing average of

*Transfer cohorts are adjusted to allow for an extra year toward completion recognizing the potential of slowed progress toward completion due to articulation issues.

Headcount to FTE ratio (admitted students)		Target Fall 17	Actual	Target Winter 18	Actual	Target Spring 18	Actual
Undergraduate Ratio*		1.14		1.14		1.16	
Graduate Ratio*		1.25		1.30		1.26	
*Ratio Note							

Target set to prior year actual.

The ratio measures the course carrying load of students. As the ratio approaches 1.0 the student is carrying a more full time load which is defined as 15 hours per quarter for undergraduates and 12 hours per quarter for graduate students.

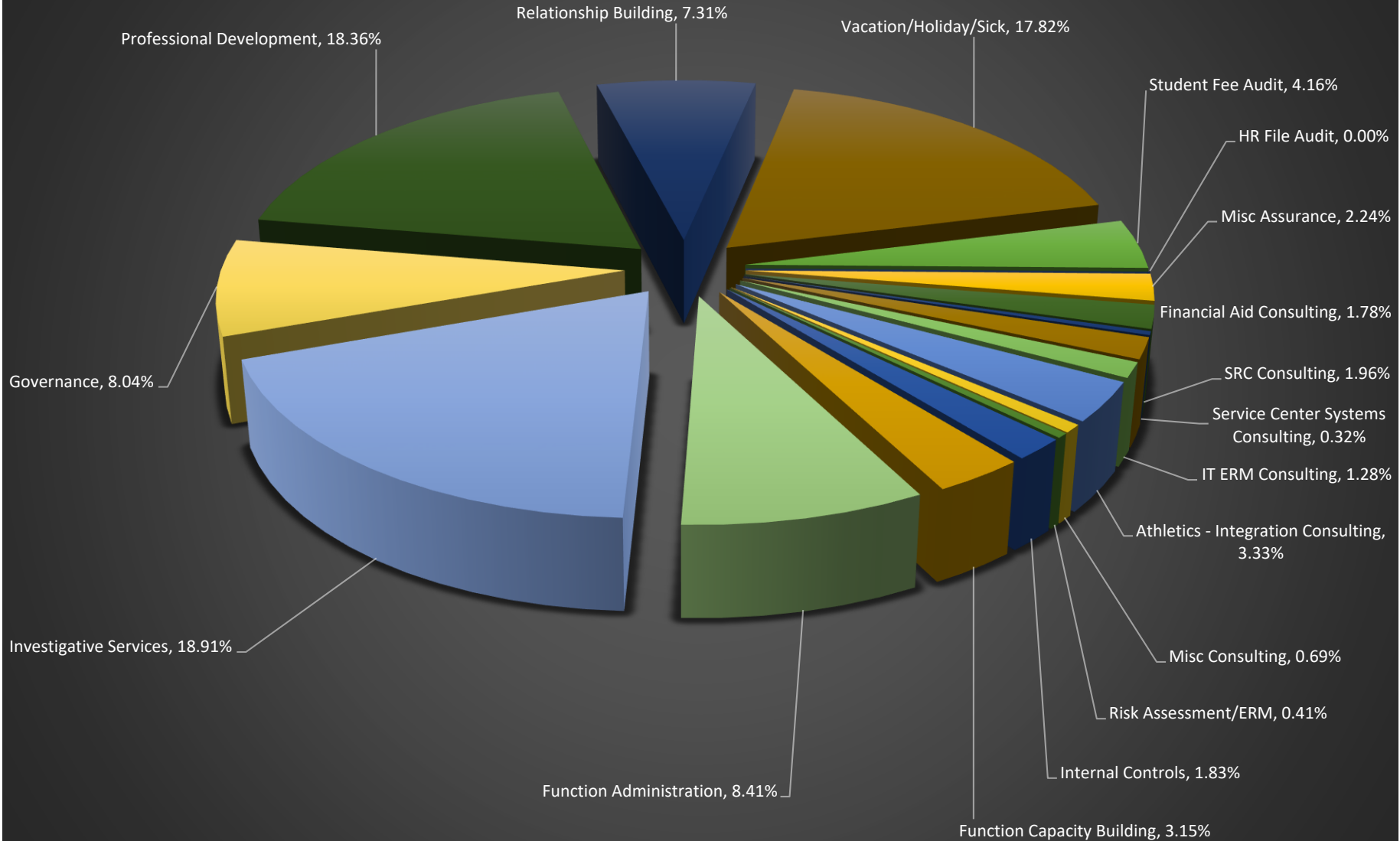
Fund Balance		Target FY18	Actual
Revenue		\$57,871.00	
Payroll (including OPE)		(\$46,540.00)	
S&S and Capital Outlay		(\$9,351.30)	
Net Transfers In (Out) and Fund Additions (Deductions)		(\$2,145.70)	
Net Increase (Decrease)		(\$166.83)	
Ending Fund Balance - as a % of revenue in \$1,000's		6,710.54	11.6%

Target currently set to ending position from FY17. Any changes should be done in consultation with Craig Morris & Mark Denney.

Note: should all these categories be included or

Internal Audit Update

FY18 Internal Audit Time Keeping



Governance Update

Committee Meeting Schedule and Future Meetings

**SOU Board of Trustees
Board and Committee Proposed Meeting Schedule**

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	Four Times Per Year (Plus a Fall Retreat)
TIME	12:00-3:30 p.m.	4:00-6:00 p.m. 4:00-5:30 p.m. Budget Mtgs	9:30-11:30 a.m.	12:00-5:00 p.m.
	October 19, 2017	October 19, 2017	October 20, 2017	October 20, 2017
				Special Meeting November 16, 2017 3:00 – 4 :00 p.m.
	January 18, 2018	January 18, 2018	January 19, 2018	January 19, 2018
		February 15, 2018 (Budget focus only)		
	March 15, 2018	March 15, 2018	March 16, 2018	March 16, 2018
		April 19, 2018 (Budget focus only)		April 20, 2018 (Hold for possible meeting)
		May 17, 2018 (Budget focus only)		
	June 21, 2018	June 21, 2018	June 22, 2018	June 22, 2018
			Special Meeting? September 27 or 28, 2018	Retreat September 27-28, 2018
	October 18, 2018	October 18, 2018	October 19, 2018	October 19, 2018
	January 17, 2019	January 17, 2019	January 18, 2019	January 18, 2019
		February 21, 2019 (Budget focus only)		
	March 21, 2019	March 21, 2019	March 22, 2019	March 22, 2019
		April 18, 2019 (Budget focus only)		
		May 16, 2019 (Budget focus only)		
	June 20, 2019	June 20, 2019	June 21, 2019	June 21, 2019

Adjournment