

**Board of Trustees of Southern Oregon University  
Executive and Audit Committee Meeting  
Friday, January 18, 2019**

**MINUTES**

**Call to Order/Roll/Declaration of a Quorum**

Committee Members:

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

Chair Lyn Hennion called the meeting to order at 9:31 a.m. in the DeBoer Room of the Hannon Library. The secretary recorded the roll and a quorum was verified.

**Public Comment**

There was no public comment.

**Reports**

Internal Audit Update

Ryan Schnobrich delivered his internal audit report. A combination of factors has slowed momentum on the internal audit plan, including the absence of several key collaborators, vacation and conference schedules, and coordination with external auditors. Summarizing the status of areas previously identified for audit work, Mr. Schnobrich said his follow-up on assurance procedures regarding the Title IX audit from FY17 has been postponed until the arrival of a new director for diversity and inclusion. Key vacancies in the finance and administration area have delayed his follow-up on procedures regarding management's response plans. The vacancy in the enrollment management and student affairs position has delayed consulting on student records maintenance, certain management responses, and consulting on the student fee process.

Mr. Schnobrich mentioned his coordination on various actions with the chief information officer, campus public safety, human resources, the sustainability and recycling coordinator, and housing.

Follow-up assurance procedures regarding FY17 investigation reports show that there is more work for management to do. Mr. Schnobrich said he plans to issue investigative assurance update reports in March and will delay until June the issuance of his annual assessment reports of management's control environment and its fraud risk management to capture a risk management presentation.

Competing priorities and management capacity constraints have prevented business services from working on certain portions of the internal control assessments. Mr. Schnobrich mentioned the Business Affairs Council's work on enterprise risk management; the dashboard designed to track management's corrective action plans and drive timely responses to internal audit work; and the SOU Policy Council's work.

There were four new allegations made since the committee's last meeting, which leaves 23 "in process" or "reopened" investigations. SOU is averaging about 18 allegations per year. Most of the allegations are being made directly to Mr. Schnobrich, but the anonymity that the EthicsPoint website and hotline provide is still valued.

Mr. Schnobrich reported that he recently passed the three Certified Internal Auditor exams.

Responding to Trustee Clough's inquiry regarding risk points caused by the delays in certain audits, Mr. Schnobrich said there are risks in delaying audits but the greatest risks to SOU are in not assessing risks. Responding to Trustee Santos' inquiry, Mr. Schnobrich said the subject matter of the allegations is very broad and one that concerns him is conflict of interest.

### **Consent Agenda**

Trustee Thorndike moved to approve the minutes of the consent agenda as presented. Trustee Nicholson seconded the motion and it passed unanimously.

### **Action Items**

#### Fiscal Year 2018 Audited Financial Statements

Jean Bushong presented the FY 2018 audited financial statements, as included in the meeting materials. She highlighted CliftonLarsonAllen's (CLA's) responsibilities under auditing standards; the scope of the engagement and the audit results; required communications to governance; upcoming changes in accounting standards; and some higher education industry topics. Ms. Bushong said the auditors review management-provided statements to determine if they are free from material error. The audit does not opine on the effectiveness of internal controls.

CLA issued an unmodified opinion on the financial statement audit and there were no findings. CLA's opinion is on pages 6-7 of the 2018 Annual Financial Report. Ms. Bushong addressed selected entries of the report and explained the impact of various Governmental Accounting Standards Board statements. CLA also reported no findings in the single audit on student financial aid, which was a significant accomplishment, adding that the two findings from the prior year were resolved.

Trustee Clough moved to accept the 2018 Annual Financial Report and recommend it to the Board of Trustees for action. Trustee Nicholson seconded the motion and it passed unanimously.

#### Amendments to Governing Documents: Bylaws; Board Statements on Delegation of Authority, Conduct of Public Meetings and Board Committees

Chair Hennion and Trustee Nicholson stated that revising and updating the board's bylaws and statements would ensure they reflect current and desired practices and correct minor administrative errors. Jason Catz walked the committee through and explained the reasoning behind the substantive proposed changes to the documents, as detailed in the meeting materials. Discussion ensued on some of the changes.

When discussing changes to the Board Statement on the Conduct of Public Meetings, trustees agreed to modify paragraph 2.5 as follows: Meetings. Notwithstanding

anything to the contrary in this Board statement, should a special or emergency meeting be set on less than five days' notice, all reasonable efforts shall be made to provide appropriate notice and all available, pertinent materials as soon as reasonably practicable.

Chair Hennion called for an individual motion to approve the amendments to each document and recommend them to the Board of Trustees for adoption. Trustee Santos moved the motion for the Bylaws, as presented; Trustee Thorndike seconded the motion and it passed unanimously. Trustee Clough moved the motion for the Board Statement on Delegation of Authority, as presented; Trustee Nicholson seconded the motion and it passed unanimously. Trustee Santos moved the motion for the Board Statement on the Conduct of Public Meetings, as amended; Trustee Clough seconded the motion and it passed unanimously. Trustee Lightman moved the motion for the Board Statement on Board Committees, as presented; Trustee Nicholson seconded the motion and it passed unanimously.

### **Information and Discussion Items**

#### Governance Work Group

Chair Hennion said she would like to call on the governance work group once again to make recommendations to the committee on various governance considerations. With their consent, Chair Hennion appointed the following individuals to the work group: Trustee Nicholson as chair, Trustee Lightman and Sabrina Prud'homme.

#### Future Meetings

The next regularly scheduled committee meeting will be on March 22.

President Schott reminded the committee that her contract expires in June. Chair Hennion expressed the committee's desire that President Schott be awarded another contract. President Schott stressed the importance of campus input. Recognizing the importance of having comments sent directly to trustees, Chair Hennion suggested having people send their comments to her SOU email address.

### **Adjournment**

Chair Hennion adjourned the meeting at 11:40 a.m.

Date: March 22, 2019

Respectfully submitted by,



Sabrina Prud'homme  
University Board Secretary