

**Board of Trustees
Executive and Audit Committee Meeting
Friday, March 22, 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.

Other trustee in attendance: janelle wilson.

In addition to some of the members of President Schott's Cabinet and individuals on the agenda, other attendees included: Steve Larvick, Business Services; John Stevenson, Information Technology; and Kathy Park, Office of the Board Secretary.

Public Comment

There was no public comment.

Consent Agenda

Trustee Clough moved to approve the consent agenda, as presented. Trustee Lightman seconded the motion and it passed unanimously.

Reports

Internal Audit Report

Ryan Schnobrich said management has made progress prioritizing and responding to various management plans, but he does not expect that all work regarding the fiscal year 2017 investigation reports or the OUS audit follow up will be complete by June 30.

Mr. Schnobrich mentioned risk-related issues, including the Vice Presidents' annual risk assessment discussion and meeting with the new Contracts Administrative Officer/Risk Manager. He is preparing his fiscal year 2020 internal audit plan and will start working on his annual assessment reports of management's control environment and fraud risk management.

At this time Financial Aid consulting, Enrollment Services Center student record maintenance, and Business Services enterprise risk management consulting are being postponed for reconsideration in fiscal year 2020. He considers all other consulting completed for this fiscal year. In lieu of these topics, Business Services will provide information for some internal control assessments, such as purchase card administration and integrative payroll processes.

Mr. Schnobrich said he assessed, at President Schott's request, the Tuition Advisory

[Council] charter and minutes for compliance with House Bill 4141 and provided some feedback for her consideration.

Human Resources digitized its employee onboarding and some annual processes. This does not leave much to audit in regards to personnel file management, but Mr. Schnobrich reviewed the processes and was impressed.

Mr. Schnobrich mentioned that Kyle Peterson, a student employee, is assisting in the Internal Audit Office.

Mr. Schnobrich and Debbie Jones from Business Services cohosted a workshop for the Service Center, where they discussed ethical decision-making as it relates to use of resources, purchasing decisions, following policies and procedures, and management's control environment. He plans to adapt the training for management and present it around campus.

There have been no new allegations made since the committee's last meeting. Management has been responsive to older allegations and other internal audit topics. While time-consuming and not always elevated to being reported to the Board, processing these concerns is of significant value for management and governance functions. Mr. Schnobrich mentioned President Schott's annual "tone at the top" email message and noted it elicited much less response than in prior years, which is a good sign.

Responding to Trustee Santos' inquiry, discussion ensued on position vacancies, the importance of knowing about the gaps in resources required to implement priorities, and the resulting impact on risks and on Mr. Schnobrich's work efforts.

Responding to Trustee Lightman's inquiry, Mr. Schnobrich said compliance currently is embedded inside management, which is not optimal. The optimal structure would be to create a thin layer around management for compliance and have internal audit around that, and those functions would work together. Trustee Lightman stressed the critical role of internal audit and its importance to the Board and the university.

Responding to Vice Chair Nicholson's inquiry, Mr. Schnobrich said there are no new allegations and about twenty outstanding allegations. The process of substantiating them takes time and he works with management to resolve the issues. If an issue warrants the Board's attention, he creates a report.

Action, Information, and Discussion Items

Amendments to Governing Documents: Board Statements on Ethics and Conflict of Interest; Policies; and Recommending Candidates for At-Large Board Positions; and Investment Policy, SOU Endowment Fund (ACTION)

Chair Hennion said many of the proposed changes are minor administrative changes and the work group reviewed and discussed the proposed changes.

Chair Hennion called for an individual motion to approve the amendments to each document and recommend them to the Board of Trustees for adoption. Vice Chair

Nicholson moved the motion for the Board Statement on Ethics and Conflict of Interest, as presented; Trustee Clough seconded the motion and it passed unanimously. Trustee Lightman moved the motion for the Board Statement on Policies, as presented; Trustee Clough seconded the motion and it passed unanimously.

Regarding the Board Statement on Recommending Candidates for At-Large Board Positions, Chair Hennion stressed that Board members are appointed by the governor and confirmed by the Senate. Vice Chair Nicholson added that including the vice chair in the process ensures continuity. Responding to Trustee Clough's inquiry regarding recommending candidates for the student, staff and faculty positions, Sabrina Prud'homme said the Board typically relies on the bodies that represent each constituent group to follow their processes to put forth a candidate for appointment; Trustee Clough recommended that idea be included in the Board Statement; trustees agreed. Trustee Santos moved the motion for the Board Statement on Recommending Candidates for At-Large Board Positions [as amended]; Trustee Thorndike seconded the motion and it passed unanimously.

Regarding the Board Statement on Investments for the SOU Endowment Fund, Trustee Clough summarized the discussion held at the Finance and Administration Committee and said the committee members concluded the definition of quarters in the spending policy, the asset allocation and the distribution rate should remain the same. Chair Hennion pointed out the other changes included in the meeting materials. Trustee Clough moved the motion for the Board Statement on Investments for the SOU Endowment Fund, as presented; Trustee Lightman seconded the motion and it passed unanimously.

Governance Work Group: Work Plan and Update

Vice Chair Nicholson reviewed the work plan as presented in the materials and highlighted some of the issues the group has been discussing. Trustees Lightman and Clough added that having these discussions is a sign of best practices and is very progressive for a board that has existed only for less than five years.

Overview of IT Security Environment

Tom Battaglia provided a high-level introduction to cybersecurity and what it looks like for SOU. Discussing cybersecurity and the vulnerabilities associated with information technology, Mr. Battaglia said a university provides an environment for students, faculty, and even the public to enter, share and sample information that it curates. As a public institution, SOU is subject to open records laws where even some protected information can or must be shared with the public. Providing a secure digital environment for the campus, data, and SOU personnel is a struggle between security, convenience, and finding how the two can co-exist and serve each other.

A thorough cybersecurity program comprises considerations and efforts in three areas: confidentiality, integrity and availability. It is common to focus mostly on confidentiality, the protection of information. However, all three are of equal importance.

SOU's approach to addressing information security for 2019 is applied not only to

security but to other areas as well. SOU is conducting risk assessments, looking at risk as a function of vulnerability and likelihood and addressing first the areas where there is the highest risk. SOU's most vulnerable area is people, as they pose the greatest risk to the confidentiality, integrity and availability of SOU's information. Although SOU invests in technologies that will help to protect it, no amount of money spent will protect it from the intentional and unintentional actions of people. SOU is focusing on three primary security initiatives, two of which focus on better-securing its people. The first is a dedicated security awareness campaign that is primarily targeted at reducing the risk of being phished but will also raise awareness to other forms of attack. Another initiative is multi-factor authentication.

Mr. Battaglia then discussed "The Harvard Ten," issues trustees previously raised: leadership; budget and staffing; comprehensive, written cybersecurity program; employee training and education; third-party vendors; legal compliance and regulatory; insurance; detection; comprehensive, written breach response plan; and non-digital information and physical devices. Discussion ensued on security capabilities, requirements of being a public institution and organizational needs.

Future Meetings

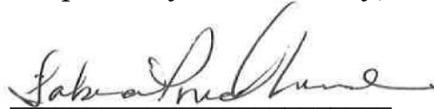
The next regularly scheduled committee meeting will be on June 21, at which time the committee will review President Schott's contract. Ms. Prud'homme read a statement from Jason Catz, saying he, Chair Hennion and President Schott have met about three times to discuss the terms of a new contract, the discussions have been positive and there is a mutual desire to agree on a new contract. His statement also stressed the need for campus consultations on the general and strategic direction of SOU so the Board would have as much information as possible when discussing the new contract. Chair Hennion invited individuals to send her an email message if they have information they want to share on that topic.

Adjournment

Chair Hennion adjourned the meeting at 11:37 a.m.

Date: June 21, 2019

Respectfully submitted by,



Sabrina Prud'homme
University Board Secretary