



OFFICE OF THE BOARD OF TRUSTEES

Public Meeting Notice

April 9, 2021

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 an internal audit update as well as discussion and action on an update and recommendation from the Governance Work Group. There also will be a discussion regarding presidential search matters including action on a Board Statement on Executive Searches, Appointments and Management; discussion on presidential search guidelines; and information on a general timeline.

The meeting will occur as follows:

Friday, April 16, 2021

9:30 a.m. to 11:30 a.m. (or until business is concluded)

To view the proceedings, visit <https://sou.zoom.us/j/84433197726> at the time of the meeting.

Materials for the meeting are available at governance.sou.edu.

Public Comment

Members of the public who wish to provide public comments for the meeting are invited to submit their comments or testimony in writing during this period of pandemic protocols. Please send written comments or testimony to the Board of Trustees email address: trustees@sou.edu. Public comments also may be sent to the board via postal mail addressed to SOU Board of Trustees, 1250 Siskiyou Boulevard, Ashland, OR 97520.

If special accommodations are required, please contact Pamela Tomac at (541) 552-8055 at least 48 hours in advance.



Board of Trustees
Executive and Audit Committee Meeting
April 16, 2021

Call to Order / Roll / Declaration of a Quorum



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

Friday, April 16, 2021
9:30 a.m. – 11:30 a.m. (or until business concludes)
<https://sou.zoom.us/j/84433197726>

AGENDA

Persons wishing to provide public comment shall do so in writing during COVID-19 protocols.
Please note: times are approximate and items may be taken out of order.

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|---------|----------|--|---|
| | 1 | Call to Order/Roll/Declaration of a Quorum | Chair Paul Nicholson |
| | 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 Nicholson |
| | 2 | Public Comment | |
| 5 min. | 3 | Consent Agenda | |
| | 3.1 | Approval of January 22, 2021 Meeting Minutes | Chair Nicholson |
| 5 min. | 4 | Reports | |
| | 4.1 | Internal Audit Update | Jason Catz, SOU,
General Counsel |
| 20 min. | 5 | Action, Information and Discussion Items | |
| | 5.1 | Governance Work Group Update and
Recommendation (Action) | Vice Chair Danny
Santos |
| 65 min. | 5.2 | Presidential Search Matters | Chair Nicholson |
| | 5.2.1 | Board Statement on Executive Searches,
Appointments and Management (Action) | |
| | 5.2.2 | Discussion on Presidential Search
Guidelines | |
| | 5.2.3 | General Timeline | |
| | 5.3 | Future Meetings | Chair Nicholson |
| | 6 | Adjournment | Chair Nicholson |

Public Comment

Consent Agenda

**Board of Trustees
Executive and Audit Committee Meeting
Friday, January 22, 2021
Videoconference**

MINUTES

Call to Order/Roll/Declaration of a Quorum

Committee Members:

Paul Nicholson	Present	Lyn Hennion	Present
Jonathon Bullock	Present	Megan Davis Lightman	Absent
Sheila Clough	Present	Daniel Santos	Present

Chair Paul Nicholson called the meeting to order at 9:30 a.m. The board secretary recorded the roll and a quorum was verified.

Other trustees in attendance: Deborah Rosenberg, President Linda Schott, Bill Thorndike and janelle wilson.

Other attendees and Zoom webinar panelists included: Greg Perkinson, Vice President for Finance and Administration; Jason Catz, General Counsel; Dr. Neil Woolf, Vice President for Enrollment Management and Student Affairs; Dr. Susan Walsh, Provost; Sabrina Prud'homme, Board Secretary; Steve Larvick, Business Services; Jean Bushong and Bryan Simkanich, both from CliftonLarsonAllen; and Kathy Park, Office of the Board Secretary.

Public Comment

There was no public comment.

Consent Agenda

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

Reports

Update on Internal Audit Function

Jason Catz said he has been monitoring the internal audit function for new hotline complaints or anonymous reports. There have been no new hotline calls since the committee's last meeting. It is hard to tell if this can be attributed to the absence of an internal auditor or the fact that people are off-campus now. Even when there was an internal auditor, there was not an overabundance of complaints each quarter and there were quarters where only one to three complaints were received. Vice Chair Santos later said he thought a follow up report on the number of hotline complaints would be appropriate and Mr. Catz agreed to provide the report.

Turning to filling the internal audit position, Mr. Catz said he began discussions with colleagues at the other technical and regional universities (TRUs) about sharing an auditor function and possibly hiring an outside firm. EOU and WOU are interested; OIT is not interested at this time because it recently hired an outside firm to fulfill this function. Mr. Catz has drafted a request for proposals (RFP) and has shared it with the other TRUs so they can begin discussions.

Mr. Catz said it may be necessary to call a special meeting of the committee or the board to get approval to issue the RFP. The board would be involved in the selection process. Chair Nicholson said he thought the Executive and Audit Committee could handle the next steps and notify the board. Mr. Catz concurred, saying the important point is transparency and communication with the full board. Trustees Clough and Bullock agreed with this approach; none of the other committee members disagreed.

Action, Information and Discussion Items

Fiscal Year 2019-20 Audited Financial Statements (Action)

Greg Perkinson provided a summary of expenditures by fund, comparing actual and budgeted amounts. The combined expenditures were \$6.4 million less than planned. He cautioned that this does not go to the bottom line because there were also significant reductions in revenues. It does, however, highlight an amazing job by the team to implement the cost cutting efforts from last year that carry through to this year.

Responding to Trustee Bullock's inquiry, Mr. Perkinson said the furloughs did not correspond to the decrease in enrollment caused by the pandemic. The furloughs were needed so SOU could join the Oregon Work Share Program. Some organizational structure changes were made in response to the decrease in student numbers. President Schott added that adjustments also were made in faculty, primarily in the part-time adjunct faculty positions.

Jean Bushong presented the FY 2020 external audit results, as included in the meeting materials. She highlighted CliftonLarsonAllen's (CLA's) responsibilities under auditing standards; the scope of engagements; unique audit issues; audit results; and required communications to governance. Ms. Bushong said the auditors review financial statements to determine if the numbers are materially correct, which involves an analysis of risk of error, fraud or noncompliance. The external audit function should not be viewed as an internal control.

The scope of engagements included the financial statement audit and the single audit of the spending of federal funds. This year, the single audit included CARES Act funding in addition to student financial aid.

Bryan Simkanich addressed the 2020 unique audit items for the single audit. The auditing guidance for CARES Act funding was not released until late December. Its late publication is one of the main reasons why the results of the single audit will not be presented at this time. CLA continues to work on the single audit and a report will be provided at a later date.

Mr. Simkanich also mentioned that COVID-19 caused a significant change in both the approach of the audit as well as the actual audit itself. The audit was performed remotely.

Mr. Simkanich said CLA issued an unmodified opinion on the financial statement audit, which is the highest level of assurance that can be provided. There were three reclassifications noted, which were communicated to management; they were not material in any way. There was one past audit adjustment, which was not material. There were no findings of material weaknesses or significant deficiencies.

Ms. Bushong highlighted the Independent Auditor's Report on page 8 of the 2020 Annual Financial Report, addressed selected entries in the financial report and explained the fluctuations in some of the figures. She mentioned changes to Governmental Accounting Standards Board standard 84 on accounting for fiduciary activity, such as the North Campus Village, which necessitated the inclusion of a new financial statement in the report. Ms. Bushong then highlighted some of the notes to the financial statements, including the accounting of CARES Act revenue and expenditures, transactions with the Collegiate Housing Foundation for the North Campus Village and current risks and uncertainties of COVID-19.

Mr. Simkanich provided the required communications to governance, as included in the meeting materials.

Trustee Clough moved to approve the resolution regarding the fiscal year 2019-2020 audited financial statements and report and recommending the financial statements to the Board of Trustees for acceptance. Vice Chair Santos seconded the motion and it passed unanimously.

University President's Compensation (Action)

Chair Nicholson reminded trustees that the board voted last year to amend President Schott's compensation to reflect a 20 percent furlough consistent with actions taken to amend the compensation of other administrative staff members. At that time, the board agreed to revisit the compensation in January 2021 because it was unclear if the university's classified and unclassified staff members would remain in furlough status beyond January 2021. Chair Nicholson said a decision had been made to extend the furloughs through March.

Chair Nicholson and President Schott proposed that the board continue the amendment to the president's compensation and revisit the item again in April. At that point, there would be clarity regarding the furloughs of the other administrative staff and the board would be able to make an appropriate decision.

Trustees Clough and Bullock expressed their disappointment and concern that such a decision had to be made. President Schott said she appreciated the sentiment and stressed that her entire team is similarly impacted.

Trustee Bullock moved approval of the resolution recommending the board amend the compensation of the university president. Vice Chair Santos seconded the motion and it passed unanimously.

Governance Work Group Update

Vice Chair Santos said the work group's efforts to explore the possibility of creating a stand-alone Governance Committee built on previous work groups and discussions at the board's retreat last fall. Providing an update on the group's work, he said the work group identified a key question: What problem needs to be solved? This led to conversations about diversity and inclusion amongst the trustees as well as the value of diversity. There were also discussions on trustees' ability to participate on the board and on committees, especially younger board members, given the time commitment; the work group tried to look at how governance activities could assist those members. The work group developed a list of pros and cons of creating a stand-alone Governance

Committee describing advantages and disadvantages of doing so. They also discussed what a governance committee's functions would be. The group also discussed whether the Executive and Audit Committee could carry on those functions or whether a separate committee would be the best method to do so. Vice Chair Santos said five of the other public universities include governance in a standing committee rather than having a separate committee. Considering various factors, the work group is leaning toward keeping the function within the Executive and Audit Committee; however, before developing a recommendation, the work group wanted more input from the Executive and Audit Committee and from the full board.

Trustee Bullock emphasized that, there is already a group in the Executive and Audit Committee that can perform any of the governance functions, without adding to the workload of other members of the board. He supported the recommendation that a separate committee not be formed but rather the tasks be assigned to the Executive and Audit Committee. Trustee Hennion later expressed her support for that course of action.

Trustee Clough expressed her appreciation for the work group's efforts. Although she has worked with a board that had a strong governance committee, she said she can see the benefit of formalizing the governance function into the routine activities of an existing standing committee. Chair Nicholson added that it would be important to formalize any structure so that the group focused on governance would meet on a regular basis and report on its efforts.

President Schott said her main concern is that the board have a robust way to identify new trustees. She stressed the importance of doing more to diversify the membership of the board in various categories, including age, race and backgrounds, coupled with differing professional preparations, skills and abilities.

Vice Chair Santos said he planned to present a formal recommendation to the board at its April meeting.

Future Meetings

The committee's next meeting will be on April 16, 2021.

Adjournment

Chair Nicholson adjourned the meeting at 11:23 a.m.

Internal Audit Update

Governance Work Group Update and Recommendation (Action)

**Southern Oregon University
Board of Trustees
Governance Work Group**

RECOMMENDATION

Better-Incorporate Governance

Regarding the governance function of the Board of Trustees of Southern Oregon University, the Governance Work Group recommends the Board of Trustees better-incorporate matters of governance into the work of the Executive and Audit Committee. The Governance Work Group does not recommend the creation of a standalone Governance Committee at this time.

Identify a Work Plan

To enable improvements in the incorporation of governance matters, the Governance Work Group recommends that it determine agenda items necessary for the Executive and Audit Committee's and Board of Trustees' review and/or action, develop a schedule for the formal consideration of those items, and identify possible deliverables for the committee's and the board's approval. The agenda topics, schedule, and deliverables will be available for the board's review and approval at the next regular meeting of the Board of Trustees.

Composition of the Governance Work Group

The Governance Work Group also recommends that the work group maintain its current membership composition. Additionally, the work group may invite a rotating trustee guest to its meetings or to contribute to its work based on the subject matter being discussed, various trustees' expertise, or trustees' interest in participating with the work group. The Governance Work Group will report to the board its progress.

One Year Pilot

The Governance Work Group further recommends that the board pilot this course of action through June of 2022. At that time, the Governance Work Group will submit a final report to the Executive and Audit Committee and the Board of Trustees. The final report will describe the group's work, accomplishments, challenges, other pertinent details of the pilot period, and ultimately, will make a final recommendation on the structure of the governance function of the Board of Trustees.

Presidential Search Matters

Policy on Executive Searches, Appointments and Management (Action)

Discussion on Presidential Search Guidelines



Presidential Search Committee

2016 COMMITTEE OVERVIEW

The Presidential Search Committee is charged with assisting the Board in identifying, recruiting, evaluating and recommending possible candidates for the position of university president. This Committee will forward recommended finalists to the Board of Trustees for consideration. The Presidential Search Committee consists of trustees (5), faculty (3), students (2), staff (2), another Oregon university president (1), and community members (2). Six ex officio, non-voting members serve the Committee in a coordinating or advisory capacity.

It is important to note that the Presidential Search Committee will not select or appoint the university president; this is solely the responsibility of the SOU Board of Trustees. Final decisions by the be made as part of a public meeting and all of the Board's deliberations and discussions leading to a final decision will be in accordance with Oregon's public meeting laws.

Duties of the Committee or members of the Committee may include but are not limited to:

- Development of a position profile (position description) and related documents for the position of SOU President;
- Pre-screening of applicants and narrowing of the applicant pool;
- Interviewing selected candidates as necessary;
- Providing the Board Chair with candidate recommendations;
- Other duties and activities as necessary for recruiting, information gathering, evaluation, management and administration of the search.

Members:

Lyn Hennion, Chair; Paul Nicholson, Vice Chair; Ed Battistella, Ph.D.; Amy Belcastro, Ph.D.; Jeffrey DeBoer; Darius Kila; Chris Maples, Ph.D.; Colleen Martin-Low; Joan McBee, DBA; Tamara Nordin; Teresa Sayre; Dennis Slattery; Chris Stanek; Torii Uyehara; and Shea Washington.

Ex Officio Members (non-voting):

Jason Catz; Janet Fratella; Craig Morris; Sabrina Prud'homme, Search Coordinator; Marjorie Trueblood-Gamble; Sue Walsh, Ph.D.

2016 Presidential Search Committee

MEMBERSHIP GUIDELINES

- I. **Confidentiality:** All Committee members shall keep in strict confidence all information to which they have access by virtue of their Committee membership. This obligation shall continue even after the Committee completes its work and includes, without limitation, the following:
 - A. the identity of all candidates whose names are submitted to or considered by the Committee or members of the Committee;
 - B. the content of all written materials or other information (including electronically transmitted information) acquired by the Committee regarding such candidates, whether received from the candidate, the search firm or some other source;
 - C. all deliberations of the Committee including, without limitation, questions and answers from candidate interviews and all views expressed by Committee members, the search firm or outside contributors, about given candidates; and
 - D. any documents distributed for the purpose of conducting or participating in Committee business or meetings, whether by way of electronic or traditional mail, facsimile or photocopy.

The Chair of the Committee (or designee, as appropriate) has the sole authority to disseminate information to individuals other than members of the Committee and its staff about the Committee's deliberations and the candidates under consideration by the Committee.

No Committee member may solicit from non-committee members, whether at SOU, at a candidate's current or previous place of employment, or elsewhere, comments or opinions regarding any particular candidate except as authorized by the Chair. Committee members are not to discuss the status of the Committee's actions with non-committee members.

- II. **Open Search:** In an open search, confidentiality remains key. The Committee will deliberate in confidence and information about the search candidates will not be shared publicly until final candidates are announced.
- III. **Spokesperson:** Only the Chair of the Board of Trustees (or designee, as appropriate) has the authority to speak with the press or others publicly, whether on or off the record, about the search, the Committee's work or deliberations. Members should send any inquiries, from on or off campus, to the Search Coordinator, who will manage information requests and work with the Board and/or Committee Chair to respond as appropriate.
- IV. **Attendance:** Attendance at all meetings is mandatory. Exceptions will be made for illness and emergent situations, including conflicts beyond a member's control. Repeated absences will be a basis for removal from the Committee. If removal from the Committee is deemed necessary, the Chair of the Board of Trustees, in

consultation with the Chair of the Presidential Search Committee, shall appoint a new member. Committee members may not send substitutes to meetings.

- V. **Non-discrimination:** Southern Oregon University is an Affirmative Action/Equal Employment Opportunity Employer. The Committee should never utilize any criteria related to “protected classes” under federal and state law to screen or question candidates. If you have additional questions in this area, please consult Human Resources.
- VI. **Compliance:** Compliance with these membership guidelines is a prerequisite of Committee membership. Any violation may result in removal from the Committee.

For Discussion Purposes Only

General Timeline

Future Meetings

Adjournment