

Minutes are intended to note (a) the date, time and place of the meeting; (b) those members of the public body who were present and those who were absent; and (c) the substance of all matters proposed, discussed and/or action was taken on.

Minutes are not intended to be a verbatim report of a meeting. An audiotape recording of the meeting is available for inspection by any member of the public interested in a verbatim report of the meeting. These minutes are not final until approved by the Board of Regents at the December 2013 meeting.

**BOARD OF REGENTS* and its
AUDIT COMMITTEE
NEVADA SYSTEM OF HIGHER EDUCATION**
System Administration, Reno
2601 Enterprise Road, Conference Room
Reno, Nevada 89512

Friday, August 30, 2013

Video and Telephone Conference Connection from the Meeting Site to:

System Administration, Las Vegas
5550 W. Flamingo Road, Suite C-1, Conference Room

and

Great Basin College, Elko
1500 College Parkway, Berg Hall Conference Room

Members Present: Mr. Ron Knecht, Chair
 Ms. Allison Stephens, Vice Chair
 Mr. Robert J. Blakely
 Mr. Kevin C. Melcher (*via telephone*)
 Dr. Jack Lund Schofield

Others Present: Mr. Vic Redding, Vice Chancellor, Administration & Finance
 Ms. Sandi Cardinal, Assistant Vice Chancellor, Internal Audit
 Mr. Larry Eardley, Vice Chancellor, Budget & Finance
 Mr. Scott Anderson, Audit Manager, NSHE
 Mr. R. Scott Young, Deputy Chief of Staff to the Board of Regents
 Mr. Mike Richards, President, CSN

For others present please see the attendance roster on file in the Board Office.

Chair Knecht called the meeting to order at 10:01 a.m. with all members present except Regent Jack Lund Schofield.

1. Information Only – Public Comment (Agenda Item #1) – None.

2. Approved – Consent Items – The Committee recommended approval of the Consent Items.
 - 2a. Approved – Minutes (Agenda Item #2) – The Committee recommended approval of the June 6, 2013, meeting minutes. (*Ref. A-2a on file in the Board Office.*)
 - 2b. Approved – Follow-Up: University Studies Abroad Consortium, UNR – The Committee recommended approval of the follow-up response to the audit report of UNR University Studies Abroad Consortium for the period July 1, 2010, through December 31, 2011. (*Ref. A-2b on file in the Board Office.*)

2. Approved – Consent Items (Agenda Item #2) – (Continued)

Chair Knecht asked if there would be notification once the open recommendations were completed. Ms. Sandi Cardinal, Assistant Vice Chancellor, Internal Audit, stated a number of the items come from the institutions with a request for the item to be closed. Internal Audit makes an independent assessment after review of the item to determine if the item is closed. This is the last time the Committee would see the audit, unless a follow-up is requested. The next time the Committee would see open items would be on the Audit Exception Report which is completed bi-annually.

Vice Chair Stephens asked what happens if the recommendation is not closed by the date listed. Ms. Cardinal noted it would remain on the Audit Exception Report. Vice Chair Stephens asked what the consequence was if the item is not closed by the deadline. Chair Knecht shared Vice Chair Stephens's concerns, but added the consequence is the Regents will see the item on the report and may ask for additional information or action.

Regent Blakely asked for an additional follow-up on this item to make sure there was significant action. Ms. Cardinal noted it would be more appropriate to have the follow-up in March since some of the items are not due to be completed until the end of the year.

Regent Schofield entered the meeting at 10:17 a.m.

Chair Knecht stated he was happy with the follow-up responses and liked that the campuses took the Committee's suggestions to heart.

- 2c. Approved – Follow-Up: Graduate School Human Resources, UNR – The Committee recommended approval of the follow-up response to the audit report of UNR Graduate School Human Resources for the period January 1, 2011, through March 31, 2012. (*Ref. A-2c 9on file in the Board Office.*)

- 2d. Approved – Follow-Up: First Year Housing Exceptions, UNLV – The Committee recommended approval of the follow-up response to the audit report of UNLV First Year Housing Exceptions for the period July 1, 2011, through August 31, 2012. (*Ref. A-2d on file in the Board Office.*)

Chair Knecht asked if approval was received at the University Policy Committee's August 6, 2013, meeting. Mr. Bomotti, Vice President, Finance and Administration, UNLV, reported the President has approved the policy but it now lies with the Institutional Policy Committee. Regent Stephens asked when the next meeting would be held. The August 6, 2013, meeting was canceled due to absences. Mr. Bomotti was unsure about the next meeting but would report back

- 2e. Approved – Follow-Up: Consolidated Students of the University of Nevada, Las Vegas, UNLV - The Committee recommended approval of the follow-up response to the audit report of UNLV Consolidated Students of the University of Nevada, Las Vegas for the period July 1, 2011, through June 30, 2012. (*Ref. A-2e on file in the Board Office.*)

Chair Knecht was pleased with this audit.

2. Approved – Consent Items (Agenda Item #2) – (Continued)

- 2f. Approved – Follow-Up: Food Services Management, UNLV - The Committee recommended approval of the follow-up response to the audit report of UNLV Food Services Management for the period August 1, 2010, through July 31, 2012. *(Ref. A-2f on file in the Board Office.)*
- 2g. Approved – Follow-Up: Western Interstate Commission for Higher Education, NSHE - The Committee recommended approval of the follow-up response to the audit report of NSHE Western Interstate Commission for Higher Education for the period July 1, 2010, through May 31, 2012. *(Ref. A-2g on file in the Board Office.)*
- 2h. Approved – Follow-Up: Differential Program and Special Course Fees, NSC - The Committee recommended approval of the follow-up response to the audit report of NSC Differential Program and Special Course Fees for the period July 1, 2011, through September 30, 2012. *(Ref. A-2h on file in the Board Office.)*
- 2i. Approved – Follow-Up: Bookstore Operations, NSC - The Committee recommended approval of the follow-up response to the audit report of NSC Bookstore Operations for the period July 1, 2011, through June 30, 2012. *(Ref. A-2i on file in the Board Office.)*
- 2j. Approved – Follow-Up: Controller’s Office, TMCC -The Committee recommended approval of the follow-up response to the audit report of TMCC Controller’s Office for the period July 1, 2010, through December 31, 2011. *(Ref. A-2j on file in the Board Office.)*

Chair Knecht stated this was a good institutional response and a great format.

- 2k. Approved – Follow-Up: Facilities Management, CSN – The Committee recommended approval of the follow-up response to the audit report of CSN Facilities Management for the period July 1, 2010, through December 31, 2011. *(Ref. A-2k on file in the Board office.)*

Ms. Patty Charlton, Senior Vice President, Finance & Administration, CSN, reported the follow-up information was provided so this item will be closed on the next Audit Exception Report.

Regent Blakely moved approval of the consent items including a USAC follow-up in March. Regent Schofield seconded. Motion carried unanimously.

(See reference document: Audit Summary on file in the Board Office.)

3. Approved – School of Dental Medicine Student Government Association, UNLV (Agenda Item #3) – The Committee recommended approval of the report and institutional response to the UNLV School of Dental Medicine Student Government Association audit for the period July 1, 2011, through December 31, 2012. *(Ref. A-3 on file in the Board Office.)* (AUDIT COMMITTEE 12/02/13) Ref. A-2a, Page 3 of 10

3. Approved – School of Dental Medicine Student Government Association, UNLV (Agenda Item #3) – (Continued)

Chair Knecht asked if the recommendations have been closed. Mr. Bomotti reported action has been taken and the items have been closed.

Regent Blakely moved approval of the report and institutional response to the UNLV School of Dental Medicine Student Government Association audit for the period July 1, 2011, through December 31, 2012. Regent Schofield seconded. Motion carried unanimously.

4. Approved – Parking and Transportation Services, UNLV (Agenda Item #4) – The Committee recommended approval of the report and institutional response to the UNLV Parking and Transportation Services audit for the period July 1, 2011, through December 31, 2012. (Ref. A-4 on file in the Board Office.)

Chair Knecht asked if telephone bills were still an IRS issue. Ms. Cardinal reported the System had a policy until recently requiring employees to identify all calls. The policy was amended and telephone bills will no longer be sent to individual employees.

Regent Knecht asked they had the email proof that approved the leave requests in question. Mr. Bomotti stated he had not seen the leave documents, but he did think one issue was because the department was so small. Employees do not have their own office or designated space, so they send an email documenting the absence and then catch up in iLeave when they are able to use a work computer. Vice Chair Stephens asked if they had thought about loosening the policy. Ms. Cardinal noted this is a state classified rule that must be followed. Mr. Bomotti indicated employees always have to catch up in the iLeave system.

Regent Melcher moved approval of the report and institutional response to the UNLV Parking and Transportation Services audit for the period July 1, 2011, through December 31, 2012. Regent Blakely seconded. Motion carried unanimously.

5. Approved – PeopleSoft Student Accounts, NSC (Agenda Item #5) – The Committee recommended approval of the report and institutional response to the NSC PeopleSoft Student Accounts audit for the period Fall 2012 and Spring 2013. (Ref. A-5 on file in the Board Office.)

Chair Knecht asked if the average tuition and fees for a NSC student was \$2,590 per student, per year. Mr. Buster Neel, Vice President, Finance and Administration, NSC, stated that amount would include special fees and any other charges a student may have.

Regent Blakely asked what the timeframe was for Special Couse Fee Request policy to be written. Mr. Neel reported they were on the final draft at this time and hoped it would be final within the next two weeks.

5. Approved – PeopleSoft Student Accounts, NSC (Agenda Item #5) – (Continued)

Regent Schofield moved approval of the report and institutional response to the NSC PeopleSoft Student Accounts audit for the period Fall 2012 and Spring 2013. Regent Melcher seconded. Motion carried unanimously.

6. Approved – PeopleSoft Security, NSC (Agenda Item #6) – The Committee recommended approval of the report and institutional response to the NSC PeopleSoft Security audit for the period February 1, 2013, through May 30, 2013. (Ref. A-6 on file in the Board Office.)

Chair Knecht asked why the implementation of recommendations takes so long when referring to PeopleSoft Security. Mr. Neel reported that items three through six on page 11 of 12 have been completed ahead of schedule. The other two recommendations on page 11 are coordinated through SCS, which means that each institution has to have input so the items are consistent in how they are treated.

Regent Melcher moved approval of the report and institutional response to the NSC PeopleSoft Security audit for the period February 1, 2013, through May 30, 2013. Regent Blakely seconded. Motion carried unanimously.

7. Approved – Associated Students of the College of Southern Nevada, CSN (Agenda Item #7) – The Committee recommended approval of the report and institutional response to the CSN Associated Students of the College of Southern Nevada audit for the period July 1, 2011, through December 31, 2012. (Ref. A-7 on file in the Board Office.)

Chair Knecht asked why items six through nine are different than those that were on the CSUN item (Agenda Item #2e). Ms. Cardinal did not know, but she did know that item nine, the ASCSN Cipraino Chavez Work for your Book Assistance Program, was very specific to CSN as they were the only campus with this particular program. Mr. Scott Anderson, Audit Manager, included the items were most likely reviewed in the CSUN audit just not included in the scope of the audit.

Regent Blakely noted CSN had agreed to all the recommendations, but had not completed them, so he was requesting a Committee follow-up. Ms. Cardinal explained this was the presentation of the audit report and, per standard procedure, a follow-up would come forward at the March meeting.

Ms. Charlton stated for CSN in particular and the community colleges as whole, the student associations are a wonderful group to work with but there is a great deal of turnover. The leadership turns over every single year. For this particular item, the current president's course of action is to rectify the recommendations on this audit.

7. Approved – Associated Students of the College of Southern Nevada, CSN (Agenda Item #7) – (Continued)

Vice Chair Stephens moved approval of the report and institutional response to the CSN Associated Students of the College of Southern Nevada audit for the period July 1, 2011, through December 31, 2012. Regent Blakely seconded. Motion carried unanimously.

8. Information Only – New Business (Agenda Item #15) – Chair Knecht stated the Regents had all been informed, via email, about the financial aid issues at CSN. Chair Knecht stated in response to the email he had sent a request for the amount, in terms of total dollars, overpaid and to how many people and the amount, in terms of total dollars, underpaid and to how many people. Chair Knecht indicated he had received a call from President Richards indicating Vice President Charlton would provide the follow-up information Regent Knecht had requested. Chair Knecht received encouragement from Chairman Page that the Audit Committee should take ownership of this issue. President Richards, CSN, indicated the outside audit and the A-133 report helped them diagnose the issue and that he thought this Committee should have this as an agenda item.

President Richards, stated they had learned many things through this process and they would like to share that knowledge. CSN will come to the December meeting with lessons learned and share the information.

Chair Knecht noted he would also like to know when the issues first became apparent.

Vice Chair Stephens asked updates be provided to the Regents in a timely manner.

9. Approved – Special Course Fees, CSN (Agenda Item #8) – The Committee recommended approval of the report and institutional response to the CSN Special Course Fees audit for the period July 1, 2011, through December 31, 2012. *(Ref. A-8 on file in the Board Office.)*

Ms. Cardinal reported this was one in a series of audits that have been done at all institutions. Nothing out of the ordinary was found.

Chair Knecht asked when confirmation of the changes, to be made prior to fall 2014, would be given to the Committee. Ms. Cardinal reported a follow-up will be presented in March, but if the changes were not made prior to that it would be included in the December 2014, Audit Exception Report. Ms. Charlton stated they would see confirmation at the March meeting. Eleven accounts were noted for review, but CSN has opted to complete a comprehensive review of all the fees and activity at the college. All the changes will be communicated prior to the March meeting and they will be in effect summer and fall 2014.

Regent Blakely thanked Ms. Charlton for the information and liked that the time table will be complete prior to fall 2014.

9. Approved – Special Course Fees, CSN (Agenda Item #8) – (Continued)

Regent Schofield moved approval of the report and institutional response to the CSN Special Course Fees audit for the period July 1, 2011, through December 31, 2012. Regent Blakely seconded. Motion carried unanimously.

10. Continued – Special Course Fees, GBC (Agenda Item #9) – The Committee recommended to continue this matter, the GBC Special Course Fees audit for the period January 1, 2012, through December 31, 2012, until the next meeting with a request to the chancellor to direct the institution to prepare a supplemental response guided by the Committee discussion from today's meeting. (*Ref. A-9 on file in the Board Office.*)

Chair Knecht observed the best format for a response is to note the corrections that have been made, how the campus will ensure these problems do not occur again, and who is accountable for making sure it does not occur again.

Mr. Anderson reported there was a high percentage of special course fees being charged at the institution.

Chair Knecht clarified in the prior audit, many years ago, 39percent of the courses were charging a special course fee, compared to 94percent currently. Chair Knecht then asked why a Special Course Fee Request Form had an expected completion date of September 2013. Ms. Sonja Sibert, Vice President, Business Affairs, GBC, reported the approval process for anything that relates to the academic areas first goes through the appropriate Academic Faculty Senate and its relevant committees. It then goes to the President's Council. Because the audit was completed in May they did not have time to get it reviewed by faculty. They have already had three meetings with academic department chairs and they are moving forward.

Vice Chair Stephens had concerns when there is a compliance issue the campuses have to wait several months to run it through several people or departments to make a determination.

Chair Knecht thought from what he read, the form was created, it was reviewed by a vice president and then the president, but Ms. Sibert had added a level of complexity that was not apparent in the response. Chair Knecht felt this was a non-substantive administrative function and asked why it would go through all this level of review. Ms. Sibert stated this was the process for fees approved by the Board of Regents. GBC does not have a process for the fees that are not approved at the Board of Regents level. This is something new faculty will have to go through, so they wanted to make sure they had adequate input and review. Chair Knecht hoped to have a better response time.

Chair Knecht asked what the process was for creating and maintaining a master list of Special Course Fees and whether the expected completion date could be completed earlier. Ms. Sibert stated they are working with the departments to compile the list. They do have the list of fees that are approved by the Board, but they do not have an accurate list of the fees that are not approved by the Board. They hope to complete the list prior to the December date given, but with the start of classes they felt that December was manageable. Vice Chair Stephens asked how they know to charge the fee, but then say it

10. Continued – Special Course Fees, GBC (Agenda Item #9) – (Continued)

is not written down anywhere. If the student is being assessed the fee, it has to be written down somewhere. Ms. Sibert noted the departments maintain their own list of fees and it is in the class schedule of PeopleSoft. The department chairs are not continual so they want to make sure the fees are accurate before the whole list is consolidated. Ms. Sibert felt with the adoption of written procedures and a published list of fees reviewed on set schedule, that this issue will be solved.

Regent Melcher felt they were getting into an area that could be uncomfortable. The campuses need to follow their institutional procedures. The campus has agreed with the recommendations and is working to implement them.

Chair Knecht stated the issue was how long it takes and how much process is going on at the institutional level to get something done.

Chair Knecht asked for the item be held in abeyance and be brought back to the December agenda.

Vice Chair Stephens moved to continue this matter until the next meeting with a request to the chancellor to direct the institution to prepare a supplemental response guided by the Committee discussion from today's meeting. Regent Blakely seconded. Motion carried. Regent Melcher voted no.

11. Approved – Audit Exception Report (Agenda Item #10) – The Committee recommended approval of the Audit Exception Report for the six months ended June 30, 2013. (Ref. A-10 on file in the Board Office.)

Ms. Cardinal noted this report is prepared twice a year and is the activity of the Committee for the prior six months.

Ms. Cardinal reported:

- 20 audit reports came to the Committee.
- 86 unresolved items.
- 17 resolved with follow-up responses at this meeting.
- Network security audits represent 20 of the unresolved items.
- Technology items take a longer time to close.

Ms. Cardinal noted the unresolved items have increased but she is not alarmed because they relate to audit recommendations that will take a longer time to address. The campuses do not like to see their names on this report, but they do work diligently to remove their items.

Vice Chair Stephens asked if Ms. Cardinal would provide a distribution chart of the items related to each campus.

11. Approved – Audit Exception Report (Agenda Item #10) – (Continued)
Regent Schofield moved approval of the Audit Exception Report for the six months ended June 30, 2013. Regent Blakely seconded. Motion carried unanimously.

12. Approved – Internal Audit Department Work Plan, NSHE (Agenda Item #11) – The Committee recommended approval of the Internal Audit Department Work Plan for the year ending June 30, 2014. (Ref. A-11 on file in the Board Office.)
Ms. Cardinal reported this is the annual audit schedule, which represents the work of the Internal Audit Department.
Regent Melcher moved approval of the Internal Audit Department Work Plan for the year ending June 30, 2014. Vice Chair Stephens seconded. Motion carried unanimously.

13. Information Only – Engagement Letter, Grant Thornton (Agenda Item #12) - Assistant Vice Chancellor Sandi Cardinal presented for information the revised Engagement Letter with Grant Thornton (external auditors) for the University of Nevada School of Medicine Practice Plans for the year ending June 30, 2013. (Ref. A-12 on file in the Board Office.)
Ms. Cardinal reported at the June meeting the Committee approved the engagement letters for Grant Thornton. Since that time UNR has requested a change in scope of the audit to add an A-133 audit for the Practice Plans. In order to perform that audit it will be an additional fee of \$18,270. The fee will be paid by UNR.

14. Information Only – Foundation External Auditors -(Agenda Item #13) The Committee directed staff to perform a Request for Proposals (RFP) to determine whether the cost of external audits for the various foundations could be reduced. Assistant Vice Chancellor Sandi Cardinal provided an update on the results of the RFP.
Ms. Cardinal reported a year ago the Committee had discussions related to the smaller foundations having a review one year and an audit the next year to save costs. Part of the discussions related to a joint bid for the audit piece of the smaller foundations. Four vendors bid, two were interviewed and the bid was awarded to Kafoury Armstrong & Company. GBC and WNC did take advantage of the reduced fees. The remaining smaller foundations chose not to utilize Kafoury Armstrong & Company for various reasons.

15. No Action Taken – Institution Host Forms (Agenda Item #14) – The Committee reviewed the institution host forms and took no action. (Ref. A-14 on file in the Board Office.)
Regent Melcher thought they all had very sound forms, but asked Ms. Cardinal if she felt they needed to be more consistent or updated. Ms. Cardinal noted that most of the forms are similar. They did begin with a System form and there have been some deviations among the campuses. The forms meet the needs of the institutions and she didn't believe any of them were lacking required information.
Vice Chair Stephens asked if any of the forms were in electronic format. Ms. Cardinal answered they were all in electronic format and available online.

8. Information Only – New Business (Agenda Item #15) – (Continued)

Vice Chair Stephens asked to discuss the processes of changing policy at the institution level on smaller items. Ms. Cardinal felt the iNtegrate project will address some of those issues. Mr. Bomotti stated there are multiple pieces of information they just received from the consultant that deal with business processes. The consultant also provided a list of processes that are not best practices and it was provided to System staff to work through and review and expect that recommendations will be brought back to the Board of Regents.

Regent Blakely asked if iNtegrate 2 was working and progressing in the right direction. Mr. Bomotti stated there were two issues before they went out to bid: identify a new chart of accounts and identify best practices and new business processes. Those two together are what they want iNtegrate 2 to respond to.

Regent Melcher asked that all remember shared governance is something the Regents and Higher Education need to embrace. It is vital to the smooth operation of campuses and leadership.

Chair Knecht reported he had received a letter from Sandi Cardinal indicating her intent to retire, effective March 6, 2014, and requesting to work through the December Audit Committee meeting, currently scheduled for Monday, December 2, 2013. She then will use furlough and annual leave until March 5, 2014. Ms. Cardinal requested emerita status upon her retirement and Chair Knecht felt that was an appropriate agenda item for the December agenda.

16. Information Only – Public Comment (Agenda Item #16) – None.

The meeting adjourned at 12:07 p.m.

Prepared by:

Angela R. Palmer
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to the Board of Regents

Submitted for approval by:

R. Scott Young
Deputy Chief of Staff
to the Board of Regents