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 June 2014 meeting.

BOARD OF REGENTS* and its
AUDIT COMMITTEE
NEVADA SYSTEM OF HIGHER EDUCATION
System Administration, Las Vegas
5550 W. Flamingo Rd. Ste. C-1, Conference Room
Las Vegas, Nevada 89103
Friday, February 28, 2014

Video Conference Connection from the Meeting Site to:
System Administration, Reno
2601 Enterprise Road, 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
	Dr. Jack Lund Schofield
Others Present:	Mr. Daniel J. Klaich, Chancellor
	Mr. Larry Eardley, Vice Chancellor, Budget & Finance
	Mr. Vic Redding, Vice Chancellor, Administration & Finance
	Dr. Steven Zink, Vice Chancellor, Information Technology
	Mr. Scott Anderson, Audit Manager, NSHE
	Mr. Nicholas Vaskov, System Counsel & Director of Real Estate Planning
	Mr. R. Scott Young, Deputy Chief of Staff to the Board of Regents
	Mr. Mike Richards, President, CSN
	Mr. Chet Burton, President, WNC

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

Chair Ron Knecht called the meeting to order at 10:06 a.m. with all members present except Vice Chair Allison Stephens and Regent Jack Lund Schofield.

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

2. Approved – Consent Items *(Agenda Item #2)* – The Committee recommended approval of the Consent Items.

    2a. Approved – Minutes *(Agenda Item #2a)* – The Committee recommended approval of the December 2, 2013, meeting minutes. *(Ref. A-2a on file in the Board Office.)*

    > Regent Blakely moved approval of the December 2, 2013, meeting minutes. Regent Melcher seconded. Motion carried. Vice Chair Stephens and Regent Schofield were absent.

Regent Schofield entered the meeting.

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

      2b.   Approved – Follow-Up: School of Dental Medicine Student Government Association, UNLV *(Agenda Item #2b)* - The Committee recommended acceptance and approval of the follow-up response to the audit report of UNLV School of Dental Medicine Student Government Association for the period July 1, 2011, through December 31, 2012. *(Ref. A-2b on file in the Board Office)*

            Chair Knecht noted the recommendation has been implemented. Mr. Gerry Bomotti, Vice President, Finance and Administration, UNLV, stated the finding was related to the student government structure not being formally approved in terms of its operation. They went back and finalized the charter and constitution.

      2c.   Approved – Follow-Up: Parking and Transportation Services, UNLV *(Agenda Item #2c)* – The Committee recommended acceptance and approval of the follow-up response to the audit report of UNLV Parking and Transportation Services for the period July 1, 2011, through December 31, 2012. *(Ref. A-2c on file in the Board Office.)*

            Chair Knecht noted all recommendations were closed at the time of the audit, so he asked why there was a follow-up. Mr. Scott Anderson, Audit Manager, NSHE stated all institutions are asked to come back and respond one time; often times recommendations are closed previously, but this reiterates they have been closed.

      2d.   Approved – Follow-Up: Student Accounts – Peoplesoft, NSC *(Agenda Item #2d)* – The Committee recommended acceptance and approval of the follow-up response to the audit report of NSC Student Accounts - PeopleSoft for the period Fall 2012 and Spring 2013. *(Ref. A-2d on file in the Board Office.)*

            Chair Knecht thought two recommendations were open at the time of the audit, but the report only says one. Mr. Buster Neel, Vice President, Finance and Administration, NSC, stated one had been completed and the other was in process at that time.

      2e.   Approved – Follow-Up: Peoplesoft Security, NSC *(Agenda Item #2e)* - The Committee recommended acceptance and approval of the follow-up response to the audit report of NSC PeopleSoft Security for the period February 1, 2013, through May 30, 2013. *(Ref. A-2e on file in the Board Office.)*

            Chair Knecht noted five recommendations were open at the time of the audit report. Mr. Neel reported two remain open and both require the help of the System Office. They are scheduled for completion in June and September 2014.

Vice Chair Stephens entered the meeting.

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

2f.   Approved – Follow-Up: Associated Students of the College of Southern Nevada,
        CSN *(Agenda Item #2f)* - The Committee recommended acceptance and approval
        of the follow-up response to the audit report of CSN Associated Students of the
        College of Southern Nevada for the period July 1, 2011, through December 31,
        2012. *(Ref. A-2f on file in the Board Office.)*

        Chair Knecht noted two recommendations were open and both have been
        implemented. Ms. Patty Charlton, Senior Vice President, Finance &
        Administration, CSN, added both were presented at the August meeting and both
        have been completed.

2g.   Approved – Follow-Up: Special Couse Fees, CSN *(Agenda Item #2g)* - The
        Committee recommended acceptance and approval of the follow-up response to
        the audit report of CSN Special Course Fees for the period July 1, 2011, through
        December 31, 2012. *(Ref. A-2g on file in the Board Office.)*

        Chair Knecht noted three recommendations open at the time of the audit with one
        being implemented by the Summer 2014 Term. Ms. Charlton stated the
        recommendation was related to Special Couse Fees, which are not changed in the
        middle of an academic year, so the fee changes are on track to be applied in the
        Summer 2014 Term.

                                        Regent Melcher moved approval of the Consent
                                        Items. Regent Blakely seconded. Motion carried.

3.   Contract Extension, External Audit *(Agenda Item #15)* – The Committee recommended
        approval of the fee proposal from Grant Thornton, LLP to extend the external audit
        contract for the three years ending June 30, 2015, 2016, and 2017. *(Ref. A-15 on file in
        the Board Office.)*

        Mr. Vic Redding, Vice Chancellor, Administration & Finance, reported this was a request
        for a contract extension for the audit engagement with Grant Thornton. The current
        contract ends December 2014. The fee proposal includes a one-time three percent
        increase and then remains flat through the remainder of the contract extension.

Regent Schofield left the meeting.

        Ms. Kim McCormick, Audit Partner, Grant Thornton, noted the increase in the current
        contract between years 2012 and 2013 was due to an additional audit being added to the
        engagement.

                                        Regent Melcher moved approval of the External
                                        Audit Contract Extension. Regent Blakely
                                        seconded. Motion carried. *(Regent Schofield was
                                        absent.)*

4.   <u>Follow-Up: Federal Grants Received A-133 Audit Report</u> *(Agenda Item #3)* – The Committee recommended approval of the institutional follow-up responses to the A-133 Single Audit report for the year ending June 30, 2013. The A-133 Single Audit is an audit of federal grants received. *(Ref. A-3 on file in the Board Office.)*

Mr. Anderson reported the Committee requested this item be brought back with some additional responses.

Chair Knecht thanked DRI for their excellent response and asked the other institutions to take heed.

Regent Schofield entered the meeting.

Chair Knecht felt it would be helpful in this type of report to have a list of acronyms.

Chair Knecht asked UNR to make sure their responses match the questions given so there is more clarity. Vice Chair Stephens felt a list of bullets was easier to read and understand.

Regent Blakely asked UNR if the Post Award Manager varied or was a specific individual. Mr. Tom Judy, Associate Vice President, Business & Finance, UNR, stated it was a specific individual in the position. Regent Blakely asked about the Grants and Project Analysts. Mr. Judy stated there were several Grant and Project Analysts.

Chair Knecht added UNLV, CSN and UNR were on the same level in respect to their responses. TMCC's responses were minimalist.

Mr. Anderson reported the campuses did approach him on how to respond and he told them they should include the information from the bulleted points but did not necessarily have to follow that outline. Chair Knecht felt they were on the same page. Vice Chair Stephens did not want this to come across as a criticism, it just so happens DRI came back with something much easier to read.

> Regent Melcher moved approval of the institutional follow-up responses to the A-133 Single Audit report for the year ending June 30, 2013. Vice Chair Stephens seconded. Motion carried.

5.   <u>Approved - Student Financial Aid, CSN</u> *(Agenda Item #4)* - The Committee discussed recent United States Department of Education communications with CSN regarding administration of financial aid, as well as the activities and findings of consultants ProEducation Solutions and Evans Consulting Group regarding administration of financial aid at CSN. President Michael Richards reviewed progress on recent CSN Student Financial Aid issues, including measures taken to further diagnose and remedy issues identified by the consultants and in the A-133 Single Audit report performed for the year ending June 30, 2013, by Grant Thornton, LLP. *(Ref. A-4 and handout on file in the Board Office.)*

Mr. Michael Richards, President, CSN, reviewed the handout titled "College of Southern Nevada Financial Aid Transformation" including Department of Education Obligations, People Issues, Organizational Structure, Technology, Operational and Policy Development, Training and Professional Development, and Conclusions.

5.   Approved - Student Financial Aid, CSN *(Agenda Item #4)* – *(Continued)*

Vice Chair Stephens appreciated how the information was presented today.

Regent Blakely was encouraged CSN is in control of the process and on the right path.

Regent Melcher appreciated the seriousness of the process and hoped the lessons learned during the process would be shared system wide so this does not occur at another institution.

Chair Knecht saluted Evans Consulting and CSN for their hard work. He was happy to see certain lessons taken to heart and was happy to see students taken off the front line and trained professionals put in those positions. Chair Knecht increasingly felt this department should be outsourced or automated specifically because of the decisions that need to be made in an environment that is ever changing. President Richards stated the Evans Report took an interesting approach that CSN feels has merit. They included in the report that technology would have an impact on this area. CSN would have to weigh this in the process of looking for new human resources. CSN is doing this. They know technology is going to continue to improve in this area and CSN wants to help expedite that process.

Chair Knecht asked what the phrase "reconstruction would be required" meant in the executive summary. Ms. Charlton understood this to mean as they go through a potential Department of Education audit, they would require additional effort on the college's part. CSN is mitigating some of that by working with Evans Consulting.

Chair Knecht asked out about the file review error rate of 87 percent in the repeat audit findings. President Richards pointed out that error rate figure was taken in October when the report was completed. Ms. Charlton added Grant Thornton did its review and identified certain findings and recommendations. It is the campus looking at those findings and recommendations and knowing which ones they will be able to close and which ones will become repeat findings.

> Regent Schofield moved approval of the CSN Student Financial Aid Report. Vice Chair Stephens seconded. Motion carried.

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

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

Mr. Anderson reviewed the *Audit Summary* and *Ref. A-5* highlighting one student tested was administratively dropped from courses for non-payment of fees, but tuition and fee charges were not removed from the student's account.

Vice Chair Stephens understood some fees were not appropriate to put into PeopleSoft but asked if the number was minimal. Ms. Sonja Sibert, Vice President, Business Affairs, GBC, responded the numbers were minimal, such as the high school equivalency testing, because the majority of people taking the test are not official college students.

6.   Approved – Student Accounts-PeopleSoft, GBC *(Agenda Item #5)* – *(Continued)*

> Regent Blakely moved approval of the GBC
> Student Accounts-PeopleSoft audit report and
> institutional response. Vice Chair Stephens
> seconded. Motion carried.

7.   Approved – Differential Program and Special Course Fees, UNLV *(Agenda Item #6)* –
The Committee recommended approval of the report and institutional response to the
UNLV Differential Program and Special Course Fees audit for the period March 1, 2012,
through February 28, 2013. *(Ref. A-6 on file in the Board Office.)*

Mr. Anderson reviewed the *Audit Summary* and *Ref. A-6* highlighting four Special Course
Fees, over $50, were established in PeopleSoft but were not included in the *Procedures
and Guidelines Manual* and an additional three fees established in PeopleSoft did not
agree with the amount listed in the *Procedures and Guidelines Manual*. There were a
number of variances in Special Course Fees under $50 between PeopleSoft and the
institution's master list. Fifty-five (55) percent of Special Course Fees and 100 percent
of Differential Program Fees were not included in class schedule. Excessive balances in
the Special Course Fee and Differential Program Fee accounts were noted.

Chair Knecht was worried about the excessive balances. Mr. Bomotti reported the
Provost's Office at UNLV coordinates the student fee activity programs on an annual
basis. When all these programs were started there was concern whether the Differential
Fees would have a negative impact on enrollment, so a more conservative approach was
taken in regards to budgeting. Many of the programs, specifically nursing, were looking
to hire faculty, which takes time. A big portion of what is seen in the excessive balance
is salary savings for positions that have not been filled yet.

Chair Knecht noted the "cost based" principle for Special Couse Fees and Differential
Fees should be used. These particular fees should not be used for a source of subsidy.
Mr. Bomotti felt some of this happened because the process is new and they would find
an appropriate balance.

> Regent Melcher moved approval of the UNLV
> Differential Program and Special Course Fees audit
> report and institutional response. Regent Blakely
> seconded.

Regent Blakely was not satisfied with this audit. The Regents voted for these and now
they see a stockpiling of the fees. It was not the intent of the fees. Mr. Bomotti
understood, but added UNLV has worked hard to implement the fees as the Board laid
out.

Regent Schofield was opposed to increasing the fees on students, unless the fee can be
justified. Recently, he spoke to the student government, and told them they needed to
provide representation on the committees that are increasing those fees. They must work
together so they can justify the increase.

Mr. Bomotti pointed out the five programs with the Differential Fees were considered for
elimination, but came forward with a Differential Fee to save the program. He agreed
there is a prudent level of excess and knew they would work hard to get to that balance.

7.   Approved – Differential Program and Special Course Fees, UNLV *(Agenda Item #6)* –
        (Continued)

        Ms. Gina Strebel, Executive Director, Academic Resources, UNLV, pointed out they
        have had the conversations with the Provost and they are hiring tenured track faculty this
        year. They do not expect the balances to carry over at this level.

        Vice Chair Stephens asked for clarification whether they currently had a plan to hire, or
        there is difficulty in the hiring process. Mr. Bomotti believed everything was in place for
        a hiring plan, except in nursing there is a difficulty in the hiring process. Vice Chair
        Stephens believed there was a better way to quantify the information to make sure they
        are not overcharging the students. Vice Chair Stephens believed there was a lack of
        transparency in this report and asked for follow-up at a future meeting.

                                        Motion carried.

8.   Approved – Department of Police Services, UNLV *(Agenda Item #7)* – The Committee
        recommended approval of the report and institutional response to the UNLV Department
        of Police Services audit for the period July 1, 2012, through August 31, 2013. *(Ref. A-7
        on file in the Board Office.)*

        Mr. Anderson reviewed the *Audit Summary* and *Ref. A-7* highlighting instances when
        department receipts were not deposited in a timely manner, the room housing department
        servers is not properly secured and does not maintain proper temperature control, and one
        agreement did not include the proper format or language per NSHE policy.

        Chair Knecht asked if the server issue had been taken care of as noted in the institutional
        response. Mr. Bomotti reported the servers were moved to a central location and
        removed from the storage closet. Chair Knecht felt they needed to be scrupulously clean
        when dealing with receipts and deposits. Mr. Bomotti reported there is a University
        schedule that denotes when deposits should be made.

                                                Vice Chair Stephens moved approval of the UNLV
                                                Department of Police Services audit report and
                                                institutional response. Regent Blakely seconded.
                                                Motion carried.

9.   Approved – Student Accounts-PeopleSoft, UNLV *(Agenda Item #8)* – The Committee
        recommended approval of the report and institutional response to the UNLV Student
        Accounts-PeopleSoft audit for the period Fall 2012 and Spring 2013. *(Ref. A-8 on file in
        the Board Office.)*

        Mr. Anderson reviewed the *Audit Summary* and *Ref. A-8* highlighting UNLV is granting
        emergency loans to students in excess of the $200 limit.

        Mr. Bomotti stated the policies for this program have existed since implementation. This
        basically allows a bridge until Financial Aid is set-up.

        Vice Chair Stephens was a fan of the program and felt the program should be updated
        and kept viable.

9.   <u>Approved – Student Accounts-PeopleSoft, UNLV</u> *(Agenda Item #8)* – *(Continued)*

> Vice Chair Stephens moved approval of the UNLV Student Account-PeopleSoft audit report and institutional response. Regent Blakely seconded. Motion carried.

10.   <u>Approved – Nevada Student Alliance, NSC</u> *(Agenda Item #9)* – The Committee recommended approval of the report and institutional response to the NSC Nevada State Student Alliance audit for the period July 1, 2012, through June 30, 2013. *(Ref. A-9 on file in the Board Office.)*

Mr. Anderson reviewed the *Audit Summary* and *Ref. A-9* highlighting receipts were not provided to student clubs and organizations when they deliver money for deposit, agendas were not prepared in accordance with the Nevada Open Meeting Law *(OML)* and the office hours log could not be located to determine compliance with the Student Alliance Bylaws.

Regent Schofield left the meeting.

> Chair Knecht asked if the May 2014 completion date would be met. Mr. Neel reported the bylaw change did require a vote of the student body and general elections are the week of April 22, 2014, with this item included on the ballot. The NSC president would need to approve, if needed, after the vote and then the Chancellor would subsequently have to approve.

> Vice Chair Stephens placed on the record the need to adhere to the OML and the fact those issues have been rectified and addressed moving forward.

> Regent Blakely moved approval of the NSC Nevada Student Alliance audit report and institutional response. Regent Melcher seconded. Motion carried. *(Regent Schofield was absent.)*

11.   <u>Approved – Student Accounts-PeopleSoft, TMCC</u> *(Agenda Item #10)* – The Committee recommended approval of the report and institutional response to the TMCC Student Accounts-PeopleSoft audit for the period Fall 2012 and Spring 2013. *(Ref. A-10 on file in the Board Office.)*

Mr. Anderson reviewed the *Audit Summary* and *Ref. A-10* highlighting financial aid refunds to students who no longer were eligible for financial aid and Special Couse Fees were not assessed to 12 students enrolled in a particular course.

Chair Knecht asked how a financial aid refund works. Mr. Anderson noted a financial aid refund would be processed when the student has received more financial aid than what is needed to pay the University.

Vice Chair Stephens reiterated the recent CSN experience and other institutions should be taking notes to prevent something similar from happening at their institution.

Regent Schofield entered the meeting.

11.   Approved – Student Accounts-PeopleSoft, TMCC *(Agenda Item #10)* – *(Continued)*

Chair Knecht asked if there was a solution as to why the fees were not accessed. Mr. Rich Williams, Program Director of Accounting Services, TMCC, noted the fee was missed when they moved to PeopleSoft. There is now a master list of fees that will be compared to the setup each semester.

> Regent Schofield moved approval of the TMCC Student Accounts-PeopleSoft audit report and institutional response. Regent Blakely seconded. Motion carried.

12.   Approved – Student Accounts-PeopleSoft, CSN *(Agenda Item #11)* – The Committee recommended approval of the report and institutional response to the CSN Student Accounts-PeopleSoft audit for the period Fall 2012 and Spring 2013. *(Ref. A-11 on file in the Board Office.)*

Mr. Anderson reported no notable exceptions.

> Regent Blakely moved approval of the CSN Student Accounts-PeopleSoft audit report and institutional response. Regent Stephens seconded. Motion carried.

13.   Approved – PeopleSoft Security, CSN *(Agenda Item #12)* – The Committee recommended approval of the report and institutional response to the CSN PeopleSoft Security audit for the period May 1, 2013, through August 1, 2013. *(Ref. A-12 on file in the Board Office.)*

Mr. Anderson reviewed the *Audit Summary* and *Ref. A-12* highlighting lack of adequate documentation regarding the job functions served and data affected by the various roles and permission lists, 100 users with various types of invalid role assignments or excessive access rights and 341 individuals with access to unmasked social security data.

Chair Knecht asked if there was a timeframe to fix the adequate documentation. Mr. Anderson reported it would take a lot of time. System Computing Services *(SCS)* needs to coordinate the restructuring of the infrastructure throughout the institutions. Ms. Charlton stated CSN was in close collaboration with the vice chancellor and SCS.

Regent Blakely asked if PeopleSoft was the best way to be completing this process. Mr. Steve Zink, Vice Chancellor, Information Technology, stated the PeopleSoft student application is for a large system with a unified approach. In this shared instance, there are five institutions. After being operational they are looking at a system wide matrix of roles and responsibility, with a uniform description. Regent Blakely asked for an estimated completion date. Vice Chancellor Zink stated nine months.

Mr. Anderson reported a future audit in this area is coming soon and they have asked SCS to provide some responses to these issues to be included in that audit.

13.   <u>Approved – PeopleSoft Security, CSN</u> *(Agenda Item #12)* – *(Continued)*

> Regent Melcher moved approval of the CSN PeopleSoft Security report and institutional response. Vice Chair Stephens seconded. Motion carried.

The meeting recessed at 12:08 p.m. and reconvened at 12:13 p.m. with all members present.

14.   <u>Approved – Police Department, CSN</u> *(Agenda Item #13)* – The Committee recommended approval of the report and institutional response to the CSN Police Department audit for the period July 1, 2012, through September 30, 2013. *(Ref. A-13 on file in the Board Office.)*

Mr. Anderson reviewed the *Audit Summary* and *Ref. A-13* highlighting the logbook used to record the receipt of evidence was missing required information, and unannounced inspections and the annual inventory of evidence was not performed as required.

Chair Knecht asked if the missing information from the receipt of evidence caused admissibility of evidence issues in court proceedings. Mr. Darryl Caraballo, Chief of Police, CSN, stated it did not. All pertinent evidence information is also on the evidence itself. Chief Caraballo reported a policy and procedures manual was implemented for the Police Department effective this fiscal year. The two items identified in the audit are new requirements required in the new policy.

Vice Chair Stephens asked for clarification on the structure of the Police Department. Chief Caraballo reported there is a chief of police, a lieutenant and two sergeants, all in that order. There are also approximately eight officers. Vice Chair Stephens read, "CSN PD is managed by a chief that reports up to the Senior Vice President, Finance and Administration. Additional staff includes one lieutenant, two police sergeants, eight police officers, and assistant to the chief *(non-sworn)* and fifty eight contract security officers *(non-sworn)*." Chief Caraballo answered yes that was the whole department.

> Regent Blakely moved approval of the CSN Police Department report and institutional response. Vice Chair Stephens seconded. Motion carried.

15.   <u>Approved – Student Accounts-PeopleSoft, WNC</u> *(Agenda Item #14)* – The Committee recommended approval of the report and institutional response to the WNC Student Accounts-PeopleSoft audit for the period Fall 2012 and Spring 2013. *(Ref. A-14 on file in the Board Office.)*

Mr. Anderson reviewed the *Audit Summary* and *Ref. A-14* highlighting two students tested were assessed Western Undergraduate Exchange *(WUE)* tuition at 150 percent of the registration fee and student surcharge fee.

Mr. Chet Burton, WNC President, stated this was an issue of the surcharge not being applicable anymore. Refunds were made.

15.   Approved – Student Accounts-PeopleSoft, WNC *(Agenda Item #14)* – *(Continued)*

> Regent Melcher moved approval of the WNC
> Student Accounts-PeopleSoft report and
> institutional response. Regent Schofield seconded.

Chair Knecht clarified this would not be a continuing issue. Mr. Anderson stated it
would not because the surcharge fee does not exist anymore.

> Motion carried.

16.   Audit Exception Report *(Agenda Item #16)* – The Committee recommended approval of
the Audit Exception Report for the six months ended December 31, 2013. The Audit
Exception Report is a compilation and status of the audit findings of the Audit Committee
for the six month period. *(Ref. A-16 on file in the Board Office.)*

Mr. Anderson summarized *Ref. A-16* highlighting ten reports were brought to the
Committee and 66 unresolved items remain.

Regent Blakely liked the new chart provided on page four and felt it was a good addition.

> Vice Chair Stephens moved approval of the Audit
> Exception Report. Regent Schofield seconded.
> Motion carried.

17.   Approved - *HANDBOOK* Revision, Internal Audit Department Charter *(Agenda Item
#17)* – The Committee recommended approval of a revision to Board policy concerning
the Internal Audit Department Charter *(Title 4, Chapter 9, Section A)* to comply with the
Institute of Internal Auditor *(IIA)* Standards that were revised in October 2012. *(Ref. A-
17 on file in the Board Office.)*

Mr. Anderson reported the requested revisions were made based upon the Institute of
Internal Auditor *(IIA)* Standards that were revised in October 2012, relating to work
plans, issuance of audit reports, and the assessment of the Internal Audit Department.

> Regent Blakely moved approval of Internal Audit
> Department Charter *HANDBOOK* Revision. Vice
> Chair Stephens seconded.

Chair Knecht stated his only concern with this was whether they always had to follow the
changes made by the IIA. Mr. Anderson answered no, but it has been the department's
standard practice to follow their guidance in these instances. Chair Knecht stated that
made him feel better because something doesn't always work the same for everyone.

> Motion carried.

18.   Information Only - NSHE *CODE* Revision, Working Papers *(Agenda Item #18)* – Mr.
        Anderson presented for information a revision to Board policy to address the
        confidentiality of NSHE Internal Audit Department working papers *(NSHE Code, Title 2,
        Chapter 9, new Section 9.2).* This item is presented for information only and will be
        presented for action at the Board of Regents' June 5-6, 2014, meeting. *(Ref. A-18 on file
        in the Board Office.)*

        Chair Knecht asked Mr. Scott Young, Deputy Chief of Staff to the Board of Regents,
        whether this was appropriate systematically to assume working papers are confidential or
        should they be more restrained and far reaching. Mr. Young noted he was not in a
        position to answer the question, but if this advances to the June Board of Regents'
        meeting he will have an answer at that time.

        Regent Blakely felt if the state had already established the concept and has it as a law of
        the state, then why would it have to be added to the System *Code*.

        Chair Knecht asked if it was within the Committee's discretion to choose to do something
        less than what has been proposed or does the *Nevada Revised Statutes (NRS)* control this
        issue already. Chair Knecht asked for a range of discretion for the Committee, in
        addition, what is consistent with the full body of Open Meeting and Public Disclosure
        Laws, in spirit and in letter. Deputy Young will arrange to provide the information at the
        next meeting.

        Regent Melcher thought confidentiality was very important, but the question to be
        answered is does a policy like this confine the Committee into not releasing something
        they feel is appropriate. Chair Knecht thought it was a good point, because they want to
        be open and responsive. Secondly, student confidentiality is already mandated by federal
        statute, and the System would be required to redact certain information when documents
        are released to be in compliance.

        Vice Chair Stephens added because they are required to have these meetings open to the
        public they did not want to make it so they could not have the full types of discussions
        that are required.

        Regent Melcher asked for better clarification as it relates to sensitive information. He felt
        it was important for the System policy to align with the state, so they do not have to have
        this discussion at a later date.

        Chair Knecht stated they needed a policy that balances the public policy goals of
        openness, accountability and privacy, but also one that is practical and effective for the
        audit staff, Committee and Board.

19.   Information Only – New Business *(Agenda Item #19)* – Regent Melcher noted a consent
        agenda is designed to increase the efficiency of a meeting. He recommended if the Chair
        wishes to go through each item in the future they do away with the consent items or be
        very clear in the future as to what items are included as consent items. He stated he
        would confer with Counsel for direction.

        Vice Chair Stephen asked for clarification as to what the consent agenda is defined as and
        if it was under the discretion of the chair, vice chair and Mr. Anderson as to how they

19.   Information Only – New Business *(Agenda Item #19)* – *(Consent)*

proceed with the consent items placed on the Audit Committee agenda. Vice Chair
Stephens asked Regent Melcher what action he was requesting if Counsel in fact did
agree with him. Regent Melcher stated that if they were to use the consent agenda that it
be used appropriately and correctly.

Chair Knecht clarified Regent Melcher has not suggested a New Business item, unless
Regent Melcher is suggesting they agendize this issue for the next meeting. Regent
Melcher responded his suggestion was to consult with Counsel to see how they agendize
consent items for the next meeting. Chair Knecht called the discussion out of order under
Agenda Item #19, New Business, but added he would take it as a collegial suggestion, as
well as Regent Melcher is welcome to discuss the matter with Counsel.

Vice Chair Stephens asked they agendize a follow-up from UNLV, Mr. Bomotti
specifically, insight into the issues discussed under Agenda Item #6, Differential Program
and Special Course Fees, UNLV, and how they will move forward on a quantitative
level.

Chair Knecht reported Phil Goldstein of Goldstein and Associates has prepared an
analysis of University Internal Audit Functions, for the System. It addresses the
organization, operation, scope and nature of the System's audit functions and leadership.
Chancellor Klaich will be sending this to all members of the Board. Chair Knecht's
intent was to act on this at the June 2014 meeting.

20.   Information Only – Public Comment *(Agenda Item #20)* – None.

The meeting adjourned at 12:51 p.m.

               Prepared by: Angela R. Palmer
                                               Special Assistant and Coordinator
                                               to the Board of Regents

        Submitted for approval by: R. Scott Young
                                               Deputy Chief of Staff
                                               to the Board of Regents