

**BOARD OF REGENTS\* and its  
AUDIT COMMITTEE  
NEVADA SYSTEM OF HIGHER EDUCATION**  
Joe Crowley Student Union, Milt Glick Ballrooms B & C  
University of Nevada, Reno  
87 West Stadium Way, Reno  
Thursday, September 10, 2015

Video Conference Connection from the Meeting Site to:  
System Administration, Las Vegas  
4300 S. Maryland Parkway, Board Room  
and  
Great Basin College, Elko  
1500 College Parkway, Berg Hall Conference Room

Members Present: Ms. Allison Stephens, Chair  
Dr. Andrea Anderson, Vice Chair  
Dr. Mark W. Doubrava  
Mr. James Dean Leavitt  
Mr. Sam Lieberman  
Mr. Kevin J. Page

Other Regents Present: Mr. Rick Trachok, Chairman

Others Present: Mr. Daniel J. Klaich, Chancellor  
Ms. Crystal Abba, Vice Chancellor, Academic and Student Affairs  
Dr. Constance Brooks, Vice Chancellor, Govt. and Community Affairs  
Ms. Brooke Nielsen, Vice Chancellor, Legal Affairs  
Mr. Vic Redding, Vice Chancellor, Finance and Administration  
Dr. Steven Zink, Vice Chancellor, Information Technology  
Mr. Scott Anderson, Internal Audit Manager  
Mr. Joe Sunbury, Chief Internal Auditor  
Mr. R. Scott Young, Acting Chief of Staff  
Dr. Michael D. Richards, President, CSN  
Dr. Stephen G. Wells, President, DRI  
Dr. Mark A. Curtis, President, GBC  
Mr. Chet Burton, President, WNC

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

Chair Allison Stephens called the meeting to order at 3:36 p.m. with all members present.

1. Information Only – Public Comment – None.

2. Approved – Consent Items – The Committee recommended approval of the Consent Items.
  - 2a. Approved – Minutes – The Committee recommended approval of the June 11, 2015, meeting minutes. (*Ref. A-2a on file in the Board Office.*)
  - 2b. Approved – Follow-Up: Nevada Terawatt Facility, University of Nevada, Reno (UNR) – The Committee recommended approval and acceptance of the follow-up response to the audit report of the UNR Nevada Terawatt Facility for the period July 1, 2012, through May 31, 2014. (*Ref. A-2b on file in the Board Office.*)
  - 2c. Approved – Follow-Up: KUNV Radio Station, University of Nevada, Las Vegas (UNLV) - The Committee recommended approval and acceptance of the follow-up response to the audit report of the UNLV KUNV Radio Station for the period July 1, 2013, through June 30, 2014. (*Ref. A-2c on file in the Board Office.*)
  - 2d. Approved – Follow-Up: Student Health Center, UNLV – The Committee recommended approval and acceptance of the follow-up response to the audit report of the UNLV Student Health Center for the period July 1, 2013, through June 30, 2014. (*Ref. A-2d on file in the Board Office.*)
  - 2e. Approved – Follow-Up: Office of Admission, UNLV - The Committee recommended approval and acceptance of the follow-up response to the audit report of the UNLV Office of Admissions for the period July 1, 2012, through January 31, 2014. (*Ref. A-2e on file in the Board Office.*)
  - 2f. Approved – Follow-Up: Admissions and Records, Truckee Meadows Community College (TMCC) - The Committee recommended approval and acceptance of the follow-up response to the audit report of the TMCC Admissions and Records for the period July 1, 2012, through May 31, 2014. (*Ref. A-2f on file in the Board Office.*)

Regent James Dean Leavitt moved approval of the Consent Items. Regent Andrea Anderson seconded.

Regent Kevin J. Page asked if the items with past due dates had been completed. Mr. Scott Anderson, Internal Audit Manager, believed all items associated with the UNLV Office of Admissions audit had been completed.

Motion carried.

*(Audit Summary on file in the Board Office.)*

3. Approved – Cashier’s Office, UNR – The Committee recommended approval of the report and institutional response to the UNR Cashier’s Office audit for the period July 1, 2013, through October 31, 2014. (*Ref. A-3 on file in the Board Office.*)

Mr. Anderson reviewed the *Audit Summary* and *Ref. A-3* recommending the access necessary to perform late fee reversal and void transactions are limited to supervisory personnel, that the reason for performing these transactions is documented, and loan repayment dates are consistently followed.

Regent Anderson moved approval of the report and institutional response to the UNR Cashier’s Office audit for the period July 1, 2013, through October 31, 2014. Regent Mark W. Doubrava seconded.

3. Approved – Cashier’s Office, UNR – (Continued)

Chair Stephens stated there was confusion as to the creation of the policy and then a date of December 1, 2015, being given to implement. Mr. Anderson responded the item dealt with a hold being placed on the student’s account. In these instances, the hold was not done or was not done in a timely manner. Mr. Tom Judy, Associate Vice President, Business and Finance, UNR, stated all procedures are in place, but the process will not be effectively tested until December.

Motion carried.

4. Approved – Bookstore Contract, Western Nevada College (WNC) – The Committee recommended approval of the report and institutional response to the WNC Bookstore Contract audit for the period July 1, 2013, through December 31, 2014. (Ref. A-4 on file in the Board Office.)

Mr. Anderson reviewed the *Audit Summary* and *Ref. A-4* recommending contractors be requested to provide supporting documentation with commission payments and that the WNC Financial Aid Office implement a procedure to include the amount of textbook scholarships issued to students within the student information system.

Regent Sam Lieberman moved approval of the report and institutional response to the WNC Bookstore Contract audit for the period July 1, 2013, through December 31, 2014. Regent Anderson seconded. Motion carried.

5. Approved – Audit Exception Report – The Committee recommended approval of the Audit Exception Report for the six months ended June 30, 2015. The Audit Exception Report is a compilation and status of the audit findings of the Audit Committee for the six month period. (Ref. A-5 on file in the Board Office.)

Mr. Anderson summarized *Ref. A-5*, highlighting 12 reports were brought to the Committee and 35 unresolved items remain. Mr. Anderson noted some of the unresolved items will be resolved with the follow-up responses just approved.

Regent Page moved approval of the Audit Exception Report for the six months ended June 30, 2015. Regent Leavitt seconded. Motion carried.

6. Approved – Internal Audit Department Work Plan, Nevada System of Higher Education (NSHE) – The Committee recommended approval of the Internal Audit Department Work Plan for the year ending June 30, 2016. (Ref. A-6 on file in the Board Office.)

Mr. Anderson reported this is the annual audit schedule, which represents the work of the Internal Audit Department.

Regent Anderson moved approval of the Internal Audit Department Work Plan for the year ending June 30, 2016. Regent Doubrava seconded.

6. Approved – Internal Audit Department Work Plan, NSHE – (Continued)

Mr. Daniel J. Klaich, Chancellor, noted for the record there were discussions in a prior Audit Committee meeting regarding the audit of cash balances at institutions. It was determined with the implementation of Workday there would be real time data to check and thus the audit of cash balances have been excluded from this work plan.

Motion carried.

7. Internal Audit Department Quality Assurance Review – The Committee recommended approval of the report of the examination of the Nevada System of Higher Education Internal Audit Department Self-Assessment and Independent Validator Statement for the five years ended December 31, 2014. *(Ref. A-7 on file in the Board Office.)*

Mr. Anderson reported this is a five-year review required by internal auditing standards. The department prepares an extensive self-assessment. An independent review team then examines the self-assessment, reviews the department's work papers and reports, and interviews various personnel, as well as the System's external audit firm. In the end, a report is prepared related to their findings. As a result of the process, there were two recommendations related to the audit risk assessment process and the materiality of reporting. Mr. Anderson stated they would come back at the next meeting with a progress report.

Mr. Joe Sunbury, Chief Internal Auditor, stated the recommendations are very useful and will help drive continuous improvement.

Regent Page moved approval of the report of the examination of the Nevada System of Higher Education Internal Audit Department Self-Assessment and Independent Validator Statement for the five years ended December 31, 2014.  
Regent Lieberman seconded.

Chair Stephens stated this would change the way audits are done and the way the information and findings from those audits are presented to the Audit Committee.

Regent Page stated he served on the Audit Committee four years prior and he had noticed a much-improved change in the agendas.

Regent Lieberman believed they needed to do a better job of noting where the problems were and how they can be solved.

Mr. Vic Redding, Vice Chancellor, Finance and Administration, summarized not every risk is financial and some financial risks are small in the big context, the System has a lot of areas of risk that have not been fully vetted, and they are working towards a more exposure based focus. He and Mr. Sunbury are working with the external auditors to determine ways to incorporate their audit work into identifying risk and exposure within the System.

Chair Stephens stated there may be a slightly different agenda in December as they move towards that goal.

7. Internal Audit Department Quality Assurance Review – (Continued)

Mr. Chet Burton, President, WNC, mentioned the auditors have the luxury of seeing the good and bad at all the institutions. It would be helpful for all the institutions if the auditors added a best practices feature to show the institutions how to do processes correctly. Chair Stephens stated she has discussed this with Vice Chancellor Redding and Mr. Sunbury.

Motion carried.

8. No Action Taken – Information Technology Master Plan, UNLV – The Committee heard a status update and reviewed the progress on the development of the UNLV Information Technology (IT) Master Plan. (*Ref. A-8 and PowerPoint on file in the Board Office.*)

Ms. Lori Temple, Vice Provost of Information Technology, UNLV, reviewed *Ref. A-8* and presented a PowerPoint highlighting the risk assessment is the only item remaining open within the security audit. The tool to complete the risk assessment has been purchased and will be implemented in the fall. The UNLV IT Master Plan is near completion with implementation to begin in the fall.

Regent Page was surprised to hear they did not have a master plan until the audit determined one was needed. Ms. Temple stated there was always an IT component in the campus plans, but it became evident a specific IT Master Plan was needed. Regent Page believed the plan was good but asked for the benchmarks as to when the phases are going to be completed.

Chancellor Klaich stated while he is on-campus he does hook to “UNLV Guest” Wi-Fi. Ms. Temple says there is Wi-Fi but not everywhere on-campus and it is an aging infrastructure and does not work as well as it should.

Chair Stephens stated this item would come back to the Committee with the benchmarks Regent Page has requested.

9. Approved - HANDBOOK Revision, Audit Department Charter and Institution Audit Response Requirement – The Committee recommended approval of the new Board of Regents policy, *Handbook* Title 4, Chapter 9, Section A.9, which requires institutions to develop expedited processes for amendment or creation of institutional policy in response to audit findings and must include expedited consultation with the faculty senate. (*Ref. A-9 on file in the Board Office.*)

Ms. Brooke Nielsen, Vice Chancellor, Legal Affairs, presented *Ref. A-9* highlighting new institution audit response requirements.

Vice Chair Anderson believed this addressed the time delay in receiving responses on audit findings.

Regent Anderson moved approval of the Audit Department Charter and Institution Audit Response Requirement *Handbook* revision. Regent Page seconded.

9. Approved - HANDBOOK Revision, Audit Department Charter and Institution Audit Response Requirement – (Continued)

Chair Stephens clarified for the record they did not create a policy for a single isolated incident. It is a rare occasion given the volume of audits that are done, but there was more than one incident.

Motion carried.

10. Approved - A-133 Single Audit Report Regarding Student Financial Aid, UNR, WNC and NSC – The Committee recommended approval of the additional information from UNR, WNC and NSC as a follow-up to the A-133 Single Audit Report addressing student financial aid performed for the year ending June 30, 2014, by Grant Thornton, LLP. (*Ref. A-10 on file in the Board Office.*)

President Burton stated when he became acting president the first issue he had was to stabilize the budget and addressing concerns of the Board, but he also had concerns with student financial aid at his campus. After an audit, WNC took some definitive actions to address findings and he was proud to report a repeat audit had no findings.

Regent Lieberman moved approval of the additional information from UNR, WNC and NSC as a follow-up to the A-133 Single Audit Report addressing student financial aid performed for the year ending June 30, 2014, by Grant Thornton, LLP. Regent Leavitt seconded.

Chair Stephens felt WNC did a commendable job taking the suggestions from the College of Southern Nevada (CSN) audit and being proactive in addressing the issues.

Vice Chancellor Redding reported the Department of Education did accept all the corrective actions from the CSN audit with no additional action required, with one exception. In Fiscal Year 2015 there will be a more robust review of the corrective action plans and adherence to those plans.

Motion carried.

11. Information Only – New Business – None.

12. Information Only – Public Comment – None.

The meeting adjourned at 4:32 p.m.

Prepared by:

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

Submitted for approval by:

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