

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 2015 meeting.

**BOARD OF REGENTS* and its
AUDIT COMMITTEE
NEVADA SYSTEM OF HIGHER EDUCATION**
Frank H. Rogers Science & Technology Building
Third Floor Rotunda
Desert Research Institute
755 East Flamingo Road, Las Vegas
Thursday, March 5, 2015

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: Dr. Andrea Anderson, Chair
 Ms. Allison Stephens, Vice Chair
 Mr. Cedric Crear
 Mr. Trevor Hayes
 Mr. Sam Lieberman

Others Present: Mr. Scott Anderson, Director of Internal Audit
 Ms. Brooke Nielsen, Vice Chancellor, Legal Affairs
 Dr. Steven Zink, Vice Chancellor, Information Technology

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

Chair Andrea Anderson called the meeting to order at 3:37 p.m. with all members present.

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

2. Approved – Consent Items – The Committee recommended approval of the Consent Items.
 - 2a. Approved – Minutes - The Committee recommended approval of the December 4, 2014, meeting minutes. (*Ref. A-2a on file in the Board Office.*)
 - 2b. Approved – Follow-Up: Kids University, UNR (University of Nevada, Reno) - The Committee recommended approval of the follow-up response to the audit report of UNR Kids University for the period July 1, 2012, through November 30, 2013. (*Ref. A-2b on file in the Board Office.*)
 - 2c. Approved – Follow-Up: Lake Tahoe Music Camp, UNR - The Committee recommended approval of the follow-up response to the audit report of UNR Lake Tahoe Music Camp for the period July 1, 2012, through December 31, 2013. (*Ref. A-2c on file in the Board Office.*)

2. Approved – Consent Items – (Continued)

- 2d. Approved – Follow-Up: Human Resources, UNLV (University of Nevada, Las Vegas) - The Committee recommended approval of the follow-up response to the audit report of UNLV Human Resources for the period July 1, 2012, through December 31, 2013. (*Ref. A-2d on file in the Board Office.*)
- 2e. Approved – Follow-Up: Libraries, DRI (Desert Research Institute) - The Committee recommended approval of the follow-up response to the audit report of DRI Libraries for the period July 1, 2012, through December 31, 2013. (*Ref. A-2e on file in the Board Office.*)
- 2f. Approved – Follow-Up: Utilization of Instructional Space, CSN (College of Southern Nevada) - The Committee recommended approval of the follow-up response to the audit report of CSN Utilization of Instructional Space for the period Fall 2013. (*Ref. A-2f on file in the Board Office.*)
- 2g. Approved – Follow-Up: Associated Students of Western Nevada, WNC (Western Nevada College) - The Committee recommended approval of the follow-up response to the audit report of WNC Associated Students of Western Nevada for the period July 1, 2012, through September 30, 2013. (*Ref. A-2g on file in the Board Office.*)
- 2h. Approved – Follow-Up: Presidential Exit, WNC - The Committee recommended approval of the follow-up response to the audit report of WNC Presidential Exit for the period July 1, 2012, through December 31, 2013. (*Ref. A-2h on file in the Board Office.*)

Regent Cedric Crear moved approval of the Consent Items. Regent Sam Lieberman seconded. Motion carried.

(Audit Summary on file in the Board Office.)

3. Approved – Nevada Terawatt Facility, UNR - The Committee recommended approval of the report and institutional response to the UNR Nevada Terawatt Facility audit for the period July 1, 2012, through May 31, 2014. (*Ref. A-3 on file in the Board Office.*)

Mr. Scott Anderson, Director of Internal Audit, reviewed the *Audit Summary* and *Ref. A-3* recommending technical reports for sponsored programs be completed and submitted as required and vendors be requested to make checks payable to the Board of Regents.

Regent Crear moved approval of the report and institutional response to the UNR Nevada Terawatt Facility audit for the period July 1, 2012, through May 31, 2014. Vice Chair Allison Stephens seconded. Motion carried.

4. Approved – KUNV Radio Station, UNLV - The Committee recommended approval of the report and institutional response to the UNLV KUNV Radio Station audit for the period July 1, 2013, through June 30, 2014. (*Ref. A-4 on file in the Board Office.*)

Mr. Anderson reviewed the *Audit Summary* and *Ref. A-4* recommending KUNV obtain receipts to validate deposits, reconcile deposits to the financial accounting system, Statement of Accounts for purchasing card transactions be reviewed and reconciled at the end of each billing cycle, student employees complete timesheets and submit them for approval, and ensure volunteers complete the proper documentation and submit to the Human Resources Office.

Regent Lieberman moved approval of the report and institutional response to the UNLV KUNV Radio Station audit for the period July 1, 2013, through June 30, 2014. Regent Crear seconded.

Regent Lieberman asked if the issues had been discussed with KUNV management. Mr. Anderson stated they had. Mr. Gerry Bomotti, Vice President, Finance and Administration, UNLV, stated all eight items have been reviewed and addressed with management.

Vice Chair Stephens was surprised by the findings and sloppy management.

Motion carried.

5. Approved – Student Health Center, UNLV - The Committee recommended approval of the report and institutional response to the UNLV Student Health Center audit for the period July 1, 2013, through June 30, 2014. (*Ref. A-5 on file in the Board Office.*)

Mr. Anderson reviewed the *Audit Summary* and *Ref. A-5* recommending an improved segregation of duties, implementation of a policy to change user passwords at least every 180 days and that backup data be stored at an off-site location to help protect against the loss of data in a disaster.

Vice Chair Stephens moved approval of the report and institutional response to the UNLV Student Health Center audit for the period July 1, 2013, through June 30, 2014. Regent Lieberman seconded.

Regent Crear asked if there was a standard policy relating to the changing of passwords and backup of data. Mr. Bomotti reported there is a campus wide policy related to the changing of passwords. The off-site storage of data is related to the type of data they have at the Student Health Center and the federal requirements for maintaining patient health records.

Regent Crear felt the backup of data being in the same room as the servers was not wise for the University and there should be controls in place across the campus. Mr. Bomotti stated this came to their attention during the Information Technology (IT) Security Audit and as a part of that audit, recommendations remain unresolved.

5. Approved – Student Health Center, UNLV – (Continued)

Mr. Ron Gill, Director of Business, Student Wellness Center, UNLV, stated a plan is in place to have off-site backups by the end of April 2015. Mr. Bomotti stated UNLV is working on stronger partnerships to provide proper backup of the data.

Regent Trevor Hayes asked if the backup of data in the Student Health Center was discussed with IT. Mr. Gill stated the backup was a part of a larger plan to protect the data and patient records.

Vice Chair Stephens reported she had several conversations related to IT with the past president and has continued the conversation with President Len Jessup. It may be worthwhile to request an agenda item under New Business.

Dr. Steven Zink, Vice Chancellor, Information Technology, stated this discussion is not as straightforward as it would seem because it is all dependent on the value of the data, how quickly you need to access it and the level of security needed. System data moves between the North and South. Regent Crear believed this was a huge issue that needed to be addressed.

Motion carried.

6. Approved – Office of Admissions, UNLV - The Committee recommended approval of the report and institutional response to the UNLV Office of Admissions audit for the period July 1, 2012, through January 31, 2014. (Ref. A-6 on file in the Board Office.)

Mr. Anderson reviewed the *Audit Summary* and *Ref. A-6* recommending the Statement of Account for purchasing card transactions be signed by the cardholder and supervisor in a timely manner and the department consider acquiring an automated timekeeping system.

Regent Lieberman moved approval of the report and institutional response to the UNLV Office of Admissions audit for the period July 1, 2012, through January 31, 2014. Vice Chair Stephens seconded.

Vice Chair Stephens believed there was a systemic problem at the institution and hoped for proactive solutions.

Motion carried.

7. Approved – Admissions and Records, TMCC (Truckee Meadows Community College) - The Committee recommended approval of the report and institutional response to the TMCC Admissions and Records audit for the period July 1, 2012, through May 31, 2014. (Ref. A-7 on file in the Board Office.)

Mr. Anderson reviewed the *Audit Summary* and *Ref. A-7* recommending a computer query be maintained in the audit file to identify the applicant population for residency audits, supporting documents be obtained before residency status is granted, and access to residency data be limited to those responsible for entering and changing the information.

7. Approved – Admissions and Records, TMCC – (Continued)

Regent Lieberman moved approval of the report and institutional response to the TMCC Admissions and Records audit for the period July 1, 2012, through May 31, 2014. Regent Crear seconded. Motion carried.

8. Approved – Audit Exception Report - The Committee recommended approval of the Audit Exception Report for the six months ended December 31, 2014. The Audit Exception Report is a compilation and status of the audit findings of the Audit Committee for the six month period. (*Ref. A-8 on file in the Board Office.*)

Mr. Anderson summarized *Ref. A-8*, highlighting 12 reports were brought to the Committee and 30 unresolved items remain.

Regent Crear moved approval of the Audit Exception Report for the six months ended December 31, 2014. Regent Lieberman seconded. Motion carried.

9. Action Taken – Host Policy - The Committee accepted the additional information regarding Nevada System of Higher Education (NSHE) hosting policies as the result of audit findings noted in the UNLV Host audit for the period January 1, 2013, through March 31, 2014. (*Ref. A-9 on file in the Board Office.*)

Mr. Anderson reported *Ref. A-9*, contained the current host policies for the System. At the December 2013 meeting there was discussion as to whether the campus did their due diligence on the findings. Mr. Anderson reiterated the campuses do a good job reviewing findings and taking corrective action.

Regent Lieberman moved acceptance of the additional information regarding NSHE hosting policies as the result of audit findings noted in the UNLV Host audit for the period January 1, 2013, through March 31, 2014. Vice Chair Stephens seconded. Motion carried.

10. Approved – Student Financial Aid, UNLV - The Committee recommended approval of the report on UNLV student financial aid issues, including measures taken to diagnose and remedy issues identified by the United States Department of Education Final Program Review Determination issued January 30, 2015, regarding administration of financial aid at UNLV. (*Ref. A-10 on file in the Board Office.*)

Mr. Bomotti reviewed *Ref. A-10*, Overall Summary of Federal Student Aid Report, UNLV. In review a dental student applied for financial aid, the check was cut and given to the student, but the student never cashed the check. The check became stale dated and was reissued. Two years later it came to UNLV's attention and they reported it to the Department of Education and it was agreed they would look into other systemic issues. In total, they identified approximately \$100,000, \$80,000 of which UNLV still has because the students did not cash the checks; approximately \$12,000 in interest is owed to the Department of Education. UNLV has corrected the problem.

10. Approved – Student Financial Aid, UNLV – (Continued)

Chair Anderson asked why they would not cash the check. Mr. Bomotti believed after they signed up for the loan they decided they didn't want to use it.

Vice Chair Stephens asked for the timeline again. Mr. Bomotti stated the dental student with the checks was in the 2007-2009 timeframe. In 2011, the student contacted UNLV and said the Department of Education wanted repayment of the loans, but the student had not cashed the checks. At that point UNLV began the review and self-reported, and agreed to look into other potential students with similar issues.

Mr. Chris Viton, Controller, UNLV, said the process began in 2011: Department of Education sent a representative in at the end of 2011, UNLV received an update in 2013 and the final report was just received.

Vice Chair Stephens stated UNLV did the right thing by moving forward and beginning the review; what she was worried about is this issue was going on at the same time as the CSN financial aid issues and nothing was said to the Board. Mr. Bomotti stated in hindsight they should have reported to the Board.

Regent Lieberman moved approval of the report on UNLV student financial aid issues. Regent Crear seconded. Motion carried.

11. Information Only – New Business – Vice Chair Stephens asked UNLV to come in and explain the UNLV Information Technology Master Plan. She also asked for an item relating to a process to suspend shared governance protocol in specific audit situations to move the findings forward in a more timely manner.

12. Information Only – Public Comment – None.

The meeting adjourned at 4:18 p.m.

Prepared by:

Angela R. Palmer
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to the Board of Regents

Submitted for approval by:

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