

**North Dakota State Board of Higher Education**  
June 25, 2020, Audit Committee Meeting Minutes

The State Board of Higher Education Audit Committee met Thursday, June 25, 2020, at 8:30 a.m. CT, via conference call originated from the State Capitol, 10<sup>th</sup> Floor Conference room, 600 East Boulevard Avenue, Bismarck, ND, 58505.

Chair Neset called the meeting to order at 8:30 a.m. CT.

SBHE Audit Committee members participating:

Ms. Kathleen Neset  
Mr. Tim Mihalick  
Mr. Don Morton

NDUS staff participating:

Chancellor Hagerott  
Ms. Robin Putnam, Director of Financial Reporting  
Ms. Dina Cashman, Senior Internal Auditor  
Ms. Krista Lambrecht, Senior Internal Auditor  
Ms. Karol Riedman, Chief Compliance Officer  
Ms. Terry Meyer, Chief of Staff  
Ms. Kristie Hetzler, Exec Assist to the SBHE  
Ms. Tammy Dolan, Vice Chancellor  
Ms. Billie Jo Lorus, Director of Communication/Media Relations

Others participating:

President Bresciani, NDSU  
Mr. Bruce Bollinger, NDSU  
President Richman, NDSCS  
Ms. Sharon Loiland, UND  
Mr. Steve Benson, MaSU  
Mr. Thomas Claeys, NDSU Forest Service  
President Darling, LRSC  
Ms. Sharon Loiland, UND  
Dr. Doug Darling, President, LRSC  
Mr. Steve Benson, MaSU  
Ms. Sonya Koble, BSC  
Mr. Brent Winniger, MiSU  
President Shirley, MiSU  
President Miller, WSC  
Mr. Rylie Yadon, WSC  
Ms. Krista Lambrecht, NDUS  
Mr. David Krebsbach, NDUS  
Ms. Terry Meyer, NDUS  
Ms. Dina Cashman, NDUS  
Ms. Erin Maslowski, NDUS  
Ms. Robin Putnam, NDUS

Ms. Robyn Hoffman, SAO  
Mr. Chris Pieske, AG Office

1. **Agenda**

Mihalick moved, Morton seconded, to approve the agenda.

Morton, Mihalick, and Neset voted yes.

2. **Meeting Minutes**

Morton moved, Mihalick seconded, to approve the May 20, 2020, meeting minutes.

Mihalick, Morton, and Neset voted yes.

3. **Executive Session**

Mihalick moved at 8:35, Morton seconded, to enter Executive Session to consider (1) the State Auditor's draft operational audit reports of Lake Region State College, Valley City State University, Williston State College, North Dakota State University, Upper Great Plains Transportation Institute, and, ND Agricultural Experiment Stations/ NDSU Extension Service/Northern Crops Institute, for the biennium ended June 30, 2019, and (2) any response from the institutions/entities to the draft report and associated recommendations. The executive session shall be limited to members of the Committee, the Chancellor and staff, Board counsel, representatives of the State Auditor's office, and invited campus officials.

The legal authority for closing this portion of the meeting is North Dakota Century Code sections 44-04-19.2 and 54-10-26.

Morton, Mihalick, and Neset voted yes.

Executive session began at 8:37 a.m. CT.

SBHE Audit Committee members participating:

Ms. Kathleen Neset  
Mr. Tim Mihalick  
Mr. Don Morton

Others participating:

Chancellor Hagerott  
Ms. Robin Putnam, Director of Financial Reporting  
Ms. Dina Cashman, Senior Internal Auditor  
Ms. Krista Lambrecht, Senior Internal Auditor  
Ms. Karol Riedman, Chief Compliance Officer  
Ms. Terry Meyer, Chief of Staff  
Ms. Kristie Hetzler, Exec Assist to the SBHE  
Ms. Tammy Dolan, Vice Chancellor

Others participating:

Dr. Bresciani, President, NDSU (during NDSU and Forest Service report only)  
Mr. Thomas Claeys, ND Forest Service (during Forest Service report only)  
Mr. Dennis Gladden, NDSCS (during NDSCS report only)  
Mr. Steve Benson, MaSU (during MaSU report only)  
Ms. Robyn Hoffman, SAO  
Mr. Chris Pieske, AG Office

Executive session adjourned at 9:25 a.m. CT.

4. **Reconvene in open meeting (9:28)**

Take final actions, if any, as discussed in Executive Session regarding the State Auditor's draft operational audit reports.

Morton moved, Mihalick seconded, to accept the State Auditor's draft operational audit reports of Lake Region State College, Valley City State University, Williston State College, North Dakota State University, Upper Great Plains Transportation Institute, and, ND Agricultural Experiment Stations/ NDSU Extension Service/Northern Crops Institute, for the biennium ended June 30, 2019, and responses as discussed in executive session.

Mihalick, Morton, and Neset voted yes.

5. **Compliance Plan – 2020-2021 Compliance Program Areas of Focus**

Ms. Karol Riedman reviewed the proposed [2020-2021 Compliance Plan](#). The committee discussed their support and the needs of the plan; however, acknowledged the challenges with staffing and funding necessary to implement. The Board will continue discussing as the proposed NDUS budget is still in the process and will determine next steps when/if additional funding becomes available to implement the plan.

Morton moved, Mihalick seconded, to recommend approval of the 2020-2021 Compliance Plan.

Morton, Mihalick, and Neset voted yes.

6. **Audit Plan**

Ms. Krista Lambrecht reviewed the proposed [Audit Plan](#). The committee discussed the current structure of internal audit and the changes due to the COVID pandemic. The committee agreed with the plan moving forward; however, acknowledging the need for flexibility due to the pandemic as campuses are addressing unforeseen circumstances.

Mihalick moved, Morton seconded, to recommend approval of the Audit Plan.

Mihalick, Morton, and Neset voted yes.

7. **Compliance and Internal Audit Independence confirmations**

Ms. Karol Riedman and Ms. Dina Cashman explained the need for both compliance and internal audit departments to have individual [Independence confirmations](#).

Morton moved, Mihalick seconded, to recommend approval of independence confirmations for compliance and internal audit.

Mihalick, Morton, and Neset voted yes.

8. **Internal Audit and Compliance 2021-23 Budgets**

Mr. David Krebsbach gave an overview of the current 2019-2020 budgets for internal audit and compliance and reviewed the [proposed budgets for 2021-2023 to support both compliance and internal audit](#) function. The committee discussed and support the proposal to move forward for the SBHE Budget and Finance Committee to consider.

Mihalick moved, Morton seconded, to recommend approval of the proposed internal audit and compliance budgets for 2021-2023.

Morton, Mihalick, and Neset voted yes.

9. **Board Self-Evaluation**

Ms. Krista Lambrecht presented the outcome of the annual [Board self-evaluation](#).

Morton moved, Mihalick seconded, to recommend approval of the Board self-evaluation.

Mihalick, Morton, and Neset voted yes.

10. **Audit Tracking Report Update**

Ms. Erin Maslowski reviewed the [audit tracking report](#); the committee had no concerns.

11. [Prior Not Implemented Recommendations/New Process](#)

Ms. Dina Cashman presented a proposal for a new process to [prior not implemented](#) recommendations.

12. **Quality Assurance Update**

Ms. Dina Cashman provided an update on quality assurance; the committee had no concerns.

The meeting adjourned at 10:00 a.m. CT.

Approved September 16, 2020.