

North Dakota State Board of Higher Education
January 19, 2022, Audit Committee Meeting Minutes

The State Board of Higher Education Audit Committee met January 19th at 11:00 a.m. CT, via Teams/conference call.

Committee Chair Hacker called the meeting at 11:00 a.m. CT.

SBHE Audit Committee members participating:

Mr. Nick Hacker
Mr. Tim Mihalick
Mr. Jeffry Volk

NDUS staff participating:

Chancellor Hagerott
Ms. Terry Meyer
Ms. Dina Cashman
Mr. David Krebsbach
Ms. Kristie Hetzler
Ms. Karol Riedman
Mr. Jerry Rostad
Mr. Darin King
Ms. Mindy Sturn
Ms. Robin Putnam

Others participating:

President Easton and Mr. Kent Anderson, DSU
Dean Migler, DCB
President Van Horn and Mr. Steve Benson, MaSU
Mr. Corry Kenner and Ms. Joann Kitchens, LRSC
Mr. Brent Winiger, MiSU
Interim President Link, NDSCS
Ms. Karin Hegstad, NDSU
Mr. Westley Wintch and Ms. Erica Buchholz, WSC
Ms. Robyn Hoffman, SAO
Mr. Eric Olson, AG's Office
Mr. David Terry, Director of Internal Audit, Portland State University

1. **Agenda**

Mihalick moved, Volk seconded, to approve the agenda.

Mihalick, Volk, and Hacker voted yes.

2. **Meeting Minutes**

Volk moved, Mihalick seconded, to approve the October 25, 2021, meeting minutes.

Volk, Mihalick, and Hacker voted yes.

3. **NDUS Internal Audit Independent Validation of the Quality Assessment**

Mr. David Terry, Director of Internal Audit, Portland State University, provided an overview of the [NDUS Internal Audit Independent Validation of the Quality Assessment](#). The committee discussed several components:

- Every five years is standard practice for this type of review.
- The review was conducted by an independent third-party independent.
- The process included broad stakeholder input and information.
- Expected common standards for internal audit functions.
- Strengths and opportunities for improvement identified.
- Governance and reporting relationship to audit committee, NDUS IA has a dual reporting that aligns with the best practice in the industry.
- Development of the NDUS IA program, policy manual, and charter.
- NDUS IA should develop IT auditing capabilities, having a contract with a firm to utilize an IT auditor or hiring an IT auditor.
- IT Governance and the Compliance and Ethics program should be audited.
- Coordination between system and campus auditors could be improved, reporting/governance to be reviewed.
- Ethics program is suggested to be outsourced due to the close relationship with the compliance officer.
- Continue to improve on internal quality self-assessment as the function continues to develop.

Mihalick moved, Volk seconded, to accept the NDUS Internal Audit Independent Validation of the Quality Assessment report.

Mihalick, Volk, and Hacker voted yes.

4. **NDUS Internal Audit Plan for FY22**

Ms. Dina Cashman reviewed the [NDUS Internal Audit Plan](#) for FY22.

Mihalick moved, Volk seconded, to approve the NDUS Internal Audit Plan for FY22.

Volk, Mihalick, and Hacker voted yes.

5. **Executive Session** (11:50 a.m. CT)

Volk moved, Mihalick seconded, to enter Executive Session at 11:50 p.m. CT., to consider (1) the State Auditor's draft financial audit report of the North Dakota University System for FY21, 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.

Mihalick, Volk, and Hacker voted yes.

SBHE Audit Committee members participating:

Mr. Nick Hacker
Mr. Tim Mihalick
Mr. Jeffry Volk

Others participating:

Chancellor Hagerott, NDUS

Ms. Robin Putnam, NDUS
Ms. Terry Meyer, NDUS
Ms. Dina Cashman, NDUS
Mr. David Krebsbach, NDUS
Ms. Kristie Hetzler, NDUS
Ms. Karol Riedman, NDUS
Mr. Jerry Rostad, NDUS
President Van Horn, MaSU
Mr. Steve Bensen, MaSU
Interim President Link, NDSCS
Mr. Eric Olson, AG's Office
Ms. Robyn Hoffman, SAO

Volk moved, Mihalick seconded, to adjourn executive session at 12:10 p.m. CT.

Volk, Mihalick, and Hacker voted yes.

Open Session roll call 12:13 p.m. CT:
Committee Chair Hacker
Mr. Mihalick
Mr. Volk

Ms. Mindy Sturn presented the [management Report](#) and [open audit issues report](#), items 6 and 7:

6. **Management Report**

And;

7. **Open Audit Issues Report**

The committee noted the reports indicate continuous progress/improvements and appreciate the work from the institutions and system office.

Ms. Dina Cashman presented the [quarterly audit plan progress update](#) and [quarterly continuous Review update](#), and an internal audit update, items 8, 9, and 10:

8. **Quarterly Audit Plan Progress Update**

9. **Quarterly Continuous Review Update**

10. **Internal Audit Update**

The committee had no concerns.

11. **Compliance Update**

The mandatory Theft and Fraud training has been entirely rewritten and put in an updated format. The training is in its final review and will soon be ready for employee training.

Hotline and other complaints continue to be addressed as quickly as possible. Efforts to streamline the process and consider alternate investigation options are continuing.

Cabinet survey of the Chancellor is open, Chair Hacker encouraged the Cabinet members to complete their surveys promptly. Ms. Karol Riedman provided an update on the compliance component.

The meeting adjourned at 12:40 p.m. CT.

Approved February 16, 2022.