

North Dakota State Board of Higher Education
July 28, 2022, Audit Committee Meeting Minutes

The State Board of Higher Education Audit Committee met July 28th, at 10:00 a.m. CT., via Teams/conference call.

Committee Chair called the meeting to order at 10:00 a.m. CT.

SBHE Audit Committee members participating:

Mr. Nick Hacker (Chair)
Mr. Jeffry Volk
Mr. Tim Mihalick

NDUS staff participating:

Chancellor Hagerott
Ms. Terry Meyer
Mr. Dustin Walcher
Mr. David Krebsbach
Ms. Kristie Hetzler
Ms. Karol Riedman
Mr. Jerry Rostad
Ms. Robin Putnam
Ms. Mindy Sturn
Mr. Darin King
Ms. Jaimie Wilke
Ms. Claire Gunwall

Others participating:

President Jenson and Ms. Sonja Koble, BSC
Mr. John Miller, DSU
Dean Simone, DCB
President Van Horn and Mr. Steve Bensen, MaSU
President Darling and Ms. Joann Kitchens, LRSC
President Shirley and Mr. Brent Winiger, MiSU
Mr. Keith Johnson, NDSCS
Mr. Bruce Bollinger and Ms. Lisa Ripplinger, NDSU
President Armacost and Ms. Sharon Loiland, UND
President LaFave and Ms. Erica Buchholz, VCSU
Ms. Krista Lambrecht, WSC
Ms. Robyn Hoffman and Mr. Alex Mehring, State Auditor's Office
Mr. Chris Pieske, Assistant Attorney General

1. **Agenda**

Volk moved, Mihalick seconded, to approve the agenda.

Mihalick, Volk, and Hacker voted yes.

2. **Executive session** (10:05 a.m. CT)

Volk moved, Mihalick seconded, to enter Executive Session to consider (1) the State Auditor's draft operational audit reports for Valley City State University, Lake Region State College, and Mayville State University, for the biennium ending June 30, 2021, (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.

Present during entire executive session from 10:10 a.m. – 11:20 a.m.

SBHE Audit Committee members participating:

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

Others participating:

Chancellor Hagerott, NDUS
Ms. Dina Cashman, NDUS
Mr. David Krebsbach, NDUS
Ms. Kristie Hetzler, NDUS
Mr. Jerry Rostad, NDUS
Ms. Robin Putnam, NDUS
Ms. Terry Meyer, NDUS
Ms. Robyn Hoffman, SAO
Mr. Mr. Alex Mehring, SAO

Present during LRSC executive session beginning at 10:10 – 10:30 a.m. CT.:

President Darling
Ms. Joanne Kitchens

Present during VCSU executive session beginning at 10:30 – 10:45 a.m. CT.:

President LaFave
Ms. Erica Buchholz

Present during MaSU executive session beginning at 10:45 – 11:20 a.m. CT.:

President Van Horn
Mr. Steve Benson

Executive session adjourned at 11:20 a.m. CT.

Volk, Mihalick, and Hacker voted yes.

Open Session roll call 11:25 a.m. CT:

Committee Chair Hacker
Mr. Mihalick
Mr. Volk

Mihalick moved, Volk seconded, to accept the State Auditor's draft operational audit reports of Valley City State University, Lake Region State College, and Mayville State University, for the

biennium ending June 30, 2021, and (2) any response from the institutions/entities to the draft report and associated recommendations.

Volk, Mihalick, and Hacker voted yes.

3. Management Report 2022 Q4

Ms. Mindy Sturn reviewed the [Q4 2022 Management Report](#), since the last report there was twelve new findings added. There have been eighteen closed findings from the last reporting period and currently overall we have twenty-four open audit findings. The next report is the prior not implemented and overall, we have five open prior not implemented findings. She explained the prior not implemented findings that have been completed do remain on the report for one additional committee meeting to inform them that they have been completed and closed.

4. Update on NDUS Compliance Charter

Mr. Chris Pieske reviewed the proposed amendments to the [compliance charter](#); the attached document is a first draft based on previous discussions, including input from Ms. Karol Riedman.

The committee discussed each of the current amendments; Mr. Pieske will revise the current version of the Compliance Charter based on today's discussion and bring it back to the committee for further review.

The committee also discussed the current vacant position, the timeline to fill the position, the hiring process/authority, and if the position or the charter should be completed first. Chair Hacker stated that if compliance reported to the Chancellor, investigations and/or reports could have more constructive discussions between an institution president, the Chancellor and the compliance officer who's located in the system office verses bringing it the SBHE Audit Committee level. Member Volk suggested the committee consider alternative options, such as quality assurance and/or other models that have similar roles and/or functions to compliance. Chair Hacker stated he had requested Ms. Riedman research options for the committee to consider and he will forward that information, prior to the next committee meeting to continue the discussion. The committee also requested the Chancellor follow-up with the campus Presidents for their input. Chair Hacker stated the committee will move forward with Mr. Pieske's amendments and requested the committee members review the documentation provided by Ms. Riedman for further consideration at the next committee meeting.

Chair Hacker requested the committee have an open discussion regarding procurement and matters that were discussed in the previous executive sessions. Committee members discussed and agreed that the process and procedures regarding procurement need review. In addition, the Chancellor investigate how we can provide better resources and support to the campuses, such as, an option to have special counsel available as a resource, one with subject matter expertise in procurement. Ms. Cashman explained that NDUSO internal audit has a 2023 system-wide audit that could look for additional improvements and recommendations around those components. The committee members would also like more information regarding the current dollar amount for purchase thresholds to determine if it is appropriate and/or if it needs to be revisited.

The meeting adjourned at 12:10 p.m. CT.

Approved September 26, 2022.