

North Dakota State Board of Higher Education
September 26, 2022, Audit Committee Meeting Minutes

The State Board of Higher Education Audit Committee met September 26 at 2:00 p.m. CT., via Teams/conf.

Chair Hacker called the meeting to order at 2:00 p.m. CT.

SBHE Audit Committee members participating:

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

NDUS staff participating:

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

Others participating:

Ms. Sonja Koble, BSC
President Easton and Mr. John Miller, DSU
Dean Simone, DCB
President Van Horn, Mr. Steve Bensen, MaSU
President Darling, Ms. Joann Kitchens, LRSC
President Shirley, Mr. Brent Winiger, MiSU
Mr. Keith Johnson, NDSCS
Mr. Bruce Bollinger, Ms. Lisa Ripplinger, NDSU
President Armacost, Ms. Sharon Loiland, Ms. Karla Stewart, Mr. Tim Rerick, UND
President LaFave and Ms. Erica Buchholz, VCSU
Ms. Krista Lambrecht, WSC
Mr. Chris Pieske, Assistant Attorney General

1. **Agenda**

2. **Meeting Minutes**

Volk moved, Mihalick seconded, to approve the agenda and minutes for July 28, 2022.

Mihalick, Volk, and Hacker voted yes.

3. **Executive Session** 2:03 p.m. CT

Volk moved, Hacker seconded, to enter Executive Session to consider (1) the updated draft System-wide PeopleSoft Supplier's Changes and Updates report from NDUS Internal Audit, dated June 30, 2022, (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, and invited campus officials.

The legal authority for closing this portion of the meeting is North Dakota Century Code sections 44-04-18(9) and 44-04-19.2.

Mihalick, Volk, and Hacker voted yes.

Executive session began at 2:05 p.m. CT.

Present during entire executive session

Mr. Nick Hacker, SBHE
Mr. Tim Mihalick, SBHE
Mr. Jeffrey Volk, SBHE
Chancellor Hagerott, NDUS
President Cook, NDSU
President Armacost, UND
Ms. Terry Meyer, NDUS
Ms. Dina Cashman, NDUS
Mr. David Krebsbach, NDUS
Ms. Kristie Hetzler, NDUS
Mr. Dustin Walcker, NDUS
Ms. Robin Putnam, NDUS
Mr. Darin King, CTS
Mr. Chris Pieske, AG Office
Ms. Karla Stewart, UND
Ms. Lissa Ripplinger, UND
Mr. Bruce Bollinger, NDSU
Ms. Nicci Strand, CTS
Mr. Keith Johnson, NDSCS
Ms. Karin Hegstad, NDSU

Re-convened in Open Session 2:15 p.m. CT

Chair Hacker
Mr. Mihalick
Mr. Volk

4. **Internal Audit Position Update**

Ms. Dina Cashman proposed [options for the internal audit position](#), and noted that NDUS internal audit department has been understaffed since May 2020. The position has been advertised and multiple candidates have been interviewed since May of this year and we still have not been able to fill the position. She further explained that there are budget limitations in general funds for the salary/benefits and/or campus assessments. She offered a couple options for the committee to consider:

- a. Repost the position and keep it open until we have a qualified candidate
- b. Increase the internal audit campus assessment

Ms. Cashman requested some input and guidance on how to proceed. The committee members discussed several components:

- History of NDUS internal auditors
- Impact on the current audit plan if position is not filled
- Current campus assessment for internal audit function

- Salary offered in relation to market rate for internal auditors
- Short term/long term options and possible outcomes
- Potential risks if not filled
- Hiring outside internal auditor (temp)
- Other outsourcing options

The committee will continue to discuss at a future meeting, including possibly revisiting the audit plan for cost savings and consider the NDUS budget request before it is finalized.

5. NDUS Internal Audit Charter Update

Committee Chair Hacker stated that the charter language is still being worked through, along with researching/comparing language from publicly traded companies with a robust internal audit function. The specific component under review is the independence of the internal audit function at an individual institution. At this stage, it is not for the committee to review/discuss; however, it will be a future agenda item. Ms. Cashman informed the committee that she is currently receiving feedback from the other (state) system internal auditors as well. She will reach out to the UND and NDSU internal auditors to collaborate on proposed language before the updated charter comes to committee for consideration.

6. NDUS Compliance Charter

Chancellor Hagerott stated that a very collegial process took place in the collection of feedback from all NDUS campus Presidents to draft a [compliance](#) process for the committee's consideration. The process has recently been revised to include two steps; the first step is creation of summary/report of the information received, the second step is that the draft is shared with the associated campus for their response/comments. The campus input will be considered and/or included, prior to a final summary/report is completed. Mr. Chris Pieske reviewed proposed edits to the current compliance charter. The committee discussed each amendment, provided input, and requested Mr. Pieske to incorporate into the draft and return to the committee to review again at their October committee meeting.

Mr. Volk offered some alternative options regarding the scope, roles, and responsibilities, regarding compliance. The committee members discussed, and discussion and consideration will continue at their October meeting.

The meeting adjourned at 3:45 p.m. CT.

Approved October 19, 2022.