

North Dakota State Board of Higher Education
January 18, 2023, Audit Committee Meeting Minutes

The State Board of Higher Education Audit Committee met on January 18th at 11:00 a.m. CT.

Chair Hacker called the meeting to order at 11:00 a.m. SBHE

Audit Committee members participating:

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

NDUS/Other staff participating:

Chancellor Hagerott
Ms. Terry Meyer
Ms. Dina Cashman
Mr. David Krebsbach
Ms. Janice Wilke
Mr. Darin King
Ms. Mary Ann Olson
Ms. Mindy Sturn
Mr. Christopher Pieske
Ms. Meredith Larson, Legal Counsel
Mr. Dustin Walcker

Others participating:

Dean Simone, DCB
Les Wietstock, DSU
President Van Horn and Ms. Amber Hill, Kate Olson MaSU
President Darling, Ms. Joann Kitchens, LRSC
President Shirley, Mr. Brent Winiger, Kevin Harmon, Jacek Mrozik, MiSU
President Armacost, UND
Erika Bucholz, President LaFave, VCSU
Ms. Krista Lambrecht, WSC

Chair Hacker welcomed new legal counsel, Attorney Meredith Larson. Ms. Larson provided a brief background on herself.

1. Agenda

Volk moved, Mihalick seconded to approve the agenda. Mihalick, Volk, and Hacker voted yes.

2. Meeting Minutes

[October 19, 2022](#), Meeting Minutes

Mihalick moved, Volk seconded to approve the October 19, 2022, meeting minutes as presented.

Volk, Mihalick and Hacker voted yes.

3. Internal Audit Plan [Progress Update \(Q2FY23\)](#)

Ms. Cashman presented the NDUS Internal Audit Plan results as of December 31, 2022. This update is for internal audits, follow up engagements and other projects. UND and NDSU are also included in this report. Out of 5 audits, NDUS IA has completed 1, 1 is in progress, and 3 are still planned. Out of 12 follow-up engagements, 8 have been completed, 1 is in progress and 3 are still planned.

Ms. Cashman reported there is still one opening for an internal audit position. After the last State Board of Higher Education meeting another application was received, however that applicant withdrew his application due to a decision to stay with his current employer. Ms. Cashman stated that she plans to pause the application process until the legislative session is over to see what funds are approved for the budget before re-advertising for the internal auditor position. Mr. Volk inquired if contracting with outside consultants for projects is still a consideration. Ms. Cashman replied that the fraud risk assessment was awarded to the Brady Martz firm and an initial meeting was held to draft questions. The plan is to finish the process by March 31, 2023. The goal is to see a completed report by May 31, 2023. The Internal Control Training is also on track to be completed on time by Fredrickson Learning, they do have a contract with CPS. Both projects are in progress. She stated progress of the annual internal audit plan will be discussed by the end of the quarter to see what audits need to be outsourced or transferred to the next year.

Chair Hacker commented that regarding the list of priorities discussed at the last meeting - he inquired if this committee should consider looking at outsourcing some of the other high-priority audits that were planned for this fiscal year. Ms. Cashman replied that the goal was for her department to complete all the projects internally and to outsource as little as possible due to extensive costs to outsource. She is not sure what other projects should be outsourced at this point. She stated that she will have additional information to provide this committee by next meeting. Chair Hacker requested the internal audit plan be reviewed at the next meeting to see where the projects are for this fiscal year. The committee will need to determine what to do if there are two (2) FTEs for the remainder of the fiscal year and to see if there is budget support from the legislature for the following biennium. He clarified that it is not this fiscal year that we do not have enough dollars to fund the third position even if it was paid 15% higher than what was advertised – it's the future bienniums whether there would be assessments to institutions to fund that higher salary for that position. Chair Hacker stated this matter will be reviewed at the February meeting as to the status of projects to be completed internally and what projects may be outsourced.

4. [Continuous Review](#) Update (Q2FY23)

Mr. Walcker presented and referenced the Q2FY23 Continuous Review Projects report that was provided with the agenda documentation. These reviews look at employee access and compare the data when access was removed at the time of the employee's termination. Institutions have been requested to enter the data in a timely manner. Mr. Walcker said CTS is in the preliminary phase of a new program to address access deprovisioning. Internal audit feels now is a good time to stop the monthly deprovisioning they have been doing for the campuses. They have been deprovisioning for 2 years and the end of the year was a good cutoff. They will be working with CTS once the new program has been established.

The second table referenced contains the P-Card results that includes only UND currently. NDSU will have two (2) reviews in the third quarter. UND & NDSU Internal auditors review the P-Cards at their institutions. The NDUS internal audit of P-Cards started again in January 2023. The last two tables referenced were the vendors and negative comp time review that were changed from quarterly to annually and will be reported in June 2023.

Mr. Volk inquired if CTS is developing this new program for access deprovisioning and how much are the campuses involved in the discussion around the solutions? Mr. King responded that over the last couple of years when dozens of projects were done, all the campuses were involved. He said the campuses will be involved once the program has begun and offered to forward the reports to committee members.

5. [Q2 Management Report](#)

Ms. Sturn presented and referenced the Q2 Management Report that was provided to members. Since the last report was reviewed in October 2022, there have been sixty-seven (67) new issues added of which seventeen (17) were from the UND internal auditor office, seven (7) were from the NDSU internal auditor office, and thirty-seven (37) new issues were added from the NDUS internal auditors. Of the new findings twelve (12) were considered to be prior not implemented findings, Since the last period, thirty-seven (37) issues have been closed. Four (4) were closed from the UND internal auditor's office, six (6) were closed from the NDSU internal auditor's office and twenty-seven (27) were closed from the NDUS internal auditor's office. Overall, there are currently fifty-nine (59) issues open. The Management Report will reflect this information in more detail.

Chair Hacker inquired about the two (2) NDUS issues that have been open for over one year. Ms. Sturn explained both issues relate to policy and procedure. One is the universal immunization form that is currently being worked on. The second one is the update to Policy 506.1, NDUS procedure. Chair Hacker commented that the immunization one is a low-risk item, however Policy 506.1 is a high-risk item. Ms. Cashman reported that she attended the Academic and Student Affairs Committee meeting wherein Policy 506.1 was presented, thus, that item should be resolved sometime this month.

6. Internal Audit Updates

[New Internal Audit website](#)

Ms. Cashman commented that a link to the newly implemented Internal Audit website was provided to members with the agenda documentation. The website contains information about the NDUS Internal Audit staff and its processes, and general information about internal audit. Ms. Cashman also reported that an update on the NDUS Internal Audit Charter. It is currently being reviewed by one of the institutions for a final feedback. Following that, the Charter will go to legal counsel for review before presentation to the committee. There will be two (2) Internal Audit Charters, one will be for University Systems and another one will be for institutions that employ internal auditors. The Charters will be forwarded to committee members for comments.

7. Compliance Update

Chair Hacker welcomed Chancellor Hagerott and Chris Pieske, Chief Compliance Officer to the committee. Chris Pieske stated that he started in his new position on January 1, 2023. He stated that he previously worked at the Attorney General's Office for six (6) years where he represented seven (7) of the eleven (11) institutions. In the past he represented the State Board and the University System Office, as well. He stated he is in the process of contacting the each of the university's compliance individuals. His plans also include scheduling meetings with each of the university presidents on a regular basis. Updates will be provided to this Committee as appropriate.

There being no further business to discuss the meeting adjourned at 11:28 a.m.