

**North Dakota State Board of Higher Education**  
October 9, 2023, Audit Committee Meeting Minutes

The State Board of Higher Education Audit Committee met on October 9<sup>th</sup> at 3:30 p.m. CT., via Teams.

Chair Volk called the meeting to order at 3:30 p.m. CT.

**Audit Committee Members Participating:**

Mr. Jeffry Volk (Chair)  
Mr. Tim Mihalick  
Dr. Casey Ryan

**NDUS/Other Staff Participating:**

Chancellor Hagerott  
Ms. Dina Cashman  
Mr. Chris Pieske  
Mr. David Krebsbach  
Mr. Dustin Walcker  
Ms. Mindy Sturn  
Ms. Meredith Larson, Legal Counsel

**Others participating:**

Dean Simone, DCB  
President Easton, DSU  
Ms. Amber Hill, MaSU  
Mr. Chris Wilson, Mr. Bruce Bollinger, Ms. Charlene Glur, Ms. Lisa Ripplinger, NDSU  
President Armacost, Mr. Rob Carolin, Ms. Sharon Loiland, UND  
Ms. Erica Buchholz, VCSU  
Ms. Krista Lambrecht, WSC  
Ms. Meredith Larson, Legal Counsel, AG Office

**1. Agenda**

Mihalick moved, Ryan seconded, to approve the agenda, as presented.

Mihalick, Ryan, and Volk voted yes. Motion passed.

**2. Meeting Minutes**

Ryan moved, Mihalick seconded, to approve the August 16 and September 2, 2023, meeting minutes, as presented.

Mihalick, Ryan, and Volk voted yes. Motion passed.

**3. SBHE 306.2, Internal Audit Charter (Part B, NDUS, UND)**

Representatives from UND and NDSU proposed amendments to part B of Policy 306.2. They explained the importance of supporting a dual reporting structure and having a clear understanding of the lines of communication between their internal audit function, the institution's President, and the SBHE Audit Committee. The committee discussed the direct and indirect lines of reporting, along with the differences in functional and administrative roles of internal audit. They also discussed the degree of SBHE Audit Committee oversight is proper and if the campus's internal audit function is fully independent if they report directly to their campus President. Campus representatives explained that it is a unique structure; but it allows the managerial needs of the President. The campus representatives acknowledged that the SBHE Audit Committee has obligations and responsibility to the full Board, and they also agree that all internal audit functions/plans should report to the committee on an annual basis. The committee members and campus representatives understand and confirmed that any internal audit function will have an open line of communication and that the campuses will provide their annual audit plan to the committee members for review. The committee asked that the language stating they receive the internal audit plan(s) be amended to state they review the plan(s). If any committee member has questions or concerns about the plan(s), they will notify the Committee Chair to decide next steps. Ms. Cashman stated that if the Audit Committee reviews, rather than approves the institutional audit plans, the Audit Charter will need to be updated; the current language states both the institutional and system office plans will be approved by the Audit Committee.

Legal counsel, Ms. Larson, provided her legal perspective, reminding the committee that the State Board has the authority over eleven institutions and the two largest NDUS institutions, UND and NDSU, will have the highest potential legal risks. She explained that it is in the best interest of the NDUS institutions and Board to have the same and/or equal oversight as they do with the other nine institutions. Ms. Cashman informed the committee that the system office internal auditors do conduct system wide audits, including UND and NDSU. She further explained that the research component is not part of the system wide audits. UND and NDSU are the two largest NDUS research institutions, which will have specific risk factors associated with research. She noted that the research component could already be in the UND and NDSU plans, however, she has not received and/or reviewed them.

After further discussion, the committee stated that it is under their authority to request adjustments to any of the internal audit plans, SBHE policies doesn't preclude that from happening. The language in the Audit Charter does not relinquish any Board authority and if the Board identifies an area that they would like audited, they have the authority to direct the internal auditors to do so. The committee requested that the quality assurance program component in part A of the Charter be included in part B as well. The institutions will provide the committee with a copy of the quality assurance results.

Member Ryan recommended a roll call vote to determine if all NDUS internal audit plans will be reviewed and/or approved by the SBHE Audit Committee for documentation purposes.

Ryan moved to have the SBHE Audit Committee approve the system office, UND, and NDSU, annual Internal Audit Plans.

Motion died for lack of a second.

The committee agreed that UND, and NDSU internal auditors will provide their annual approved internal audit plans by the Presidents to the SBHE Audit Committee members to review.

The committee requested that UND and NDSU amend part B of the charter as discussed and they will consider approval at their next meeting.

**4. Internal management audit report**

Ms. Mindy Sturn provided an Internal Management Audit Report; the committee discussed the significant improvements that have been made over the last couple years and agreed it would be adequate to have the report presented every six months rather than quarterly. The committee noted that it can be reverted to quarterly, if needed and/or they can request a special report at any time.

Ryan moved, Mihalick seconded, to require the Internal Management Audit Report to be reviewed by the Committee on a six-month basis, rather than quarterly.

Mihalick, Ryan, and Volk voted yes. Motion passed.

**5. Quarterly (Q1 FY24) Audit Plan Progress Update**

Ms. Dina Cashman provided a quarterly progress report. The committee had no concerns, but noted there is an internal audit position that is currently vacant and that the audit plans may need adjusting due to staffing.

Chair Volk adjourned the meeting at 4:40 p.m. CT.

Approved November 9, 2023.

**NORTH DAKOTA  
STATE BOARD OF HIGHER EDUCATION  
Policy Manual**

**Policy:** 306.2 Internal Audit Charter

**Effective:** September 28, 2023

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- B. North Dakota Institutions' Internal Audit Charter:** This Charter applies to institutions that employ internal auditors.
1. Purpose: The role of internal audit is to provide independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the respective campus. It assists in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the institution's governance, risk management, and internal controls.
  2. Role: The internal audit department is established by the ND State Board of Higher Education at NDSU and UND (the "Institutions") and the respective campus. The internal audit activity will adhere to relevant Board, NDUS, and institutional (NDSU/UND) policies and procedures.
  3. Professionalism: The institutions' internal audit activity will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the Core Principles and International Standards for the Professional Practice of Internal Auditing, and to the recommended guidance including the Practice Guides and Implementation Guidance. The internal audit activity will adhere to relevant NDUS and institutional (NDSU/UND) policies and procedures.
  4. Authority: The institutions' internal audit departments are authorized full, free, and unrestricted access to all of the institutions' records, physical properties, and personnel pertinent to carrying out any engagement. Internal audit will maintain strict accountability for confidentiality and safeguarding records and information which is obtained. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities.
  5. Organization:
    - a. The institutional audit activity employed by the individual campuses will have a dual reporting structure by report-ing directly administratively and functionally to the respective campus presidents and indirectly to the Audit Committee.
    - b. At least annually:
      - i. The Directors of Internal Audit must confirm to the SBHE Audit Committee the organizational independence of the internal audit function;
      - ii. The Directors of Internal Audit and the SBHE Audit Committee shall discuss the internal audit mandate and the charter to assess whether the authority, role,









## Audit Recommendation Tracking as of 9/30/2023 Management Update

### Overview

The NDUS system; eleven campuses, the System Office, and Core Technology Services (CTS), are subject to audit by the North Dakota State Auditor’s Office as well as NDUS, UND and NDSU Internal Audit. Audits can be financial, operational or performance. The System Office works with the campuses on the tracking, update, and follow-up of the audit recommendations.

### Summary

There were fourteen issues added from the State Auditor’s Office (SAO) and twelve of those issues are now closed. The issues were from SAO Audit reports finalized between July 2022 to current. There was one new issue added last quarter from North Dakota University System Internal Audits (NDUS IA) and three issues were closed. There were no new issues added from University of North Dakota Internal Audits (UND IA), and four issues were closed. North Dakota State University Internal Audits (NDSU IA) did not have any new issues and two issues were closed. Overall, there were eight open audit issues at the time of this report.

The one new issued added from NDUS IA was a Prior Not Implemented Finding (PNI) and that was also closed within this quarter.

### State Auditor’s Office Management Update as of 09/30/2023

Type of Finding	Open 7/31/2023	New Added	Closed	Open 09/30/2023
Formal (SAO)	0	14	12	2
Informal (SAO)	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>14</b>	<b>12</b>	<b>2</b>

### University of North Dakota Internal Auditing Management Update as of 09/30/2023

Type of Finding	Open 7/31/2023	New Added	Closed	Open 09/30/2023
Prior Not Implemented	0	0	0	0
High Risk	1	0	1	0
Moderate Risk	3	0	0	3
Low Risk	3	0	3	0
<b>Totals</b>	<b>7</b>	<b>0</b>	<b>4</b>	<b>3</b>



**North Dakota State University Internal Auditing  
Management Update as of 09/30/2023**

Type of Finding	Open 7/31/2023	New Added	Closed	Open 09/30/2023
Prior Not Implemented	0	0	0	0
High Risk	0	0	0	0
Moderate Risk	0	0	0	0
Low Risk	2	0	2	0
<b>Totals</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>0</b>

**NDUS Internal Auditor Office  
Management Update as of 09/30/2023**

Type of Finding	Open 7/31/2023	New Added	Closed	Open 09/30/2023
Prior Not Implemented	0	1	1	0
High Risk	1	0	1	0
Moderate Risk	1	0	1	0
Low Risk	3	0	0	3
<b>Totals</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>3</b>

**All Audit Recommendations Aging Report in Days  
by Campus as of 09/30/2023.**

Campus	0-60	61-120	121-240	241-500	501-750	751-1,000	Total
DCB	2						2
NDSU				1			1
NDUSO						1	1
UND		2	1				3
WSC				1			1
<b>Grand Total</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>8</b>

**Closed PNI findings that were open at the start of quarter, but have since closed. They will be removed from the next quarter's report.**

<b>Issue ID</b>	<b>Issue Name</b>	<b>% Complete</b>	<b>Status</b>	<b>Region</b>	<b>Auditor</b>	<b>Audit Name</b>	<b>Audit Date</b>	<b>Type of Finding</b>	<b>Recommendation</b>	<b>Last Comment Entered</b>	<b>Date of Last Comment</b>
0095-0007	NDSCS documentation of behavioral intervention teams review and determination recommendation has not been implemented	100	Closed	NDSCS	NDUS Internal	NDSCS Admission Process Audit	04/30/2021	Prior Not Implemented	We recommend NDSCS ensure documentation of behavioral intervention teams review and determination exists.	NDSCS implemented a new system to flag student applications which has been put in place as of June 2023. NDUS Internal Audit are currently following up on the recommendation again this week (Sept 25th) to ensure our new process is working as designed.	9/27/2023

Open Audit Issues Report-September 30, 2023											
Issue ID	Issue Name	% Complete	Status	Region	Auditor	Audit Name	Audit Date	Type of Finding	Age	Last Comment Entered	Date of Last Comment
0144-0001	DCB-Improper Verification for Veteran Dependent Tuition Waivers	10	Open	DCB	SAO	Dakota College at Bottineau Audit Report for the Two-Year Period Ended June 30, 2022	07/17/2023	Formal	23	DCB has engaged the services of the NDUS Internal Audit for their assistance in correcting/creating procedures/creating documentation to provide the proper verification of veteran dependent waivers.	9/6/2023
0144-0002	DCB-Not Following State Procurement Rules	50	Open	DCB	SAO	Dakota College at Bottineau Audit Report for the Two-Year Period Ended June 30, 2022	07/17/2023	Formal	23	Training has been provided to the athletic department. We will continue to monitor expenditures.	9/6/2023
0126-0025	NDSU-Inconsistency Among NDUS Institutions	70	Open	NDSU	NDUS Internal	System-Wide Transfer of NDUS Coursework Audit-NDUS Internal Audit Report, August 19, 2022	10/19/2022	Low Risk	344	Meetings are occurring with key entities: General Education Committee, the University Curriculum Committee, and the Faculty Senate. Implementation of the decision is on track for Spring Semester	9/25/2023
0096-0022	NDUSO-Universal immunization form	95	Open	NDUSO	NDUS Internal	NDUS SYSTEM-WIDE IMMUNIZATION AUDIT	06/30/2021	Low Risk	820	As of 9/26/2023 implementation continues. CTS staff met with several campuses to gather the workflow and any other specs related to the use of the form. Full implementation is scheduled to be completed by the end of this calendar year (2023) and remains on track.	9/26/2023
0136-0001	Cost transfer justification form was not included in the documentation for 18/30 cost transfers in our sample.	0	Open	UND	UND Internal	UND IA-Federal Cost Transfers Final Audit Report	05/24/2023	Moderate Risk	126	Comment provided by Rob Carolin-UND-This item is part of the UND Internal Audit FY24 Audit Plan for follow-up. It will be reviewed in FY24.	9/26/2023
0138-0001	UND-Invoices did not consistently direct payers to make their checks payable to the University of North Dakota.	0	Open	UND	UND Internal	UND IA-FINAL AUDIT REPORT UND SCHOOL OF MEDICINE AND HEALTH SCIENCES MEDICAL SERVICE PLAN JUNE 28, 2023	06/28/2023	Moderate Risk	90	Comment provided by Rob Carolin-UND-This item is part of the UND Internal Audit FY24 Audit Plan for follow-up. It will be reviewed in FY24.	9/26/2023
0138-0002	UND-Checks received were not always deposited on a timely basis. The time lapse to deposit the checks ranged from 0 - 55 business days, with average of 18 days.	0	Open	UND	UND Internal	UND IA-FINAL AUDIT REPORT UND SCHOOL OF MEDICINE AND HEALTH SCIENCES MEDICAL SERVICE PLAN JUNE 28, 2023	06/28/2023	Moderate Risk	90	Comment provided by Rob Carolin-UND-This item is part of the UND Internal Audit FY24 Audit Plan for follow-up. It will be reviewed in FY24.	9/26/2023
0126-0028	WSC-Inconsistency Among NDUS Institutions	75	Open	WSC	NDUS Internal	System-Wide Transfer of NDUS Coursework Audit-NDUS Internal Audit Report, August 19, 2022	10/19/2022	Low Risk	344	WSC Registrar has met with UND to review their process. The initial plan was to implement in August but due to the Fall semester starting and being short-staffed the implementation has been delayed and is now planned for October.	9/28/2023

# North Dakota University System

Status of FY24 NDUS Internal Audit Plan  
As of: September 30, 2023

Approving Entity: SBHE Audit Committee  
Contact: Dina Cashman, Chief Audit Executive, NDUS

## Executive Summary

On a regular basis, data is gathered from NDUS audit functions to provide an update on planned or added audits, and the status of same. This report does not include other responsibilities of the internal audit function, including continuous review analysis and reporting, ERM, special projects, training updates, board meeting prep, etcetera.

Fiscal Year 2024 Audit Plan Progress		NDUS IA												Completion %	NDSU	Completion %	System IA Total	
		BSC	DCB	DSU	LRSC	MaSU	MiSU	NDSCS	VCSU	WSC	NDUSO	CTS	System					Total
Audits or Assessments	Originally Planned	0	1	1	0	0	1	0	0	1	0	2	5	11		6		17
	Added during the Year	0	0	0	0	0	0	0	0	0	0	0	0	0		0		0
	<b>Total</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>5</b>	<b>11</b>		<b>6</b>		<b>17</b>
	<b>Current Status:</b>																	
	Completed	0	0	0	0	0	0	0	0	0	0	0	0	0		0		0
	In Progress	0	1	0	0	0	1	0	0	0	0	0	2	4		1		5
	Still Planned	0	0	1	0	0	0	0	1	0	2	3	7	7		5		12
	Deferred	0	0	0	0	0	0	0	0	0	0	0	0	0		0		0
	Cancelled	0	0	0	0	0	0	0	0	0	0	0	0	0		0		0
	<b>Total</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>5</b>	<b>11</b>	<b>0%</b>	<b>6</b>	<b>0%</b>	<b>17</b>
Follow-up Audits, Reviews or PNI	Originally Planned	0	0	0	1	0	1	1	1	1	0	1	3	9		0		9
	Added during the Year	0	0	0	0	0	0	0	0	0	0	0	0	0		0		0
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>9</b>		<b>0</b>		<b>9</b>
	<b>Current Status:</b>																	
	Completed	0	0	0	0	0	0	1	0	0	0	0	0	1		0		1
	In Progress	0	0	0	0	0	0	0	0	0	0	0	0	0		0		0
	Still Planned	0	0	0	1	0	1	0	1	1	0	1	3	8		0		8
	Deferred	0	0	0	0	0	0	0	0	0	0	0	0	0		0		0
	Cancelled	0	0	0	0	0	0	0	0	0	0	0	0	0		0		0
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>9</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>9</b>
Other <sup>1/2</sup> (shared service, external assist, ad hoc reviews, investigations, analysis, other)	Originally Planned	0	0	0	0	0	0	0	0	0	0	0	0	0		31		31
	Added during the Year	0	0	0	0	0	0	0	0	0	0	0	0	0		1		1
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>32</b>		<b>32</b>
	<b>Current Status:</b>																	
	Completed	0	0	0	0	0	0	0	0	0	0	0	0	0		3		3
	In Progress	0	0	0	0	0	0	0	0	0	0	0	0	0		1		1
	Still Planned	0	0	0	0	0	0	0	0	0	0	0	0	0		28		28
	Deferred	0	0	0	0	0	0	0	0	0	0	0	0	0		0		0
	Cancelled	0	0	0	0	0	0	0	0	0	0	0	0	0		0		0
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>32</b>	<b>9%</b>	<b>32</b>

<sup>1/</sup> Fraud investigations are unplanned and handled as they arise. Internal audit staff may investigate or complete assist work.

<sup>2/</sup> NDSU is including cash on hand and petty cash counts.