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### North Dakota Higher Education

November 15, 2023, Audit Committee Meeting Minutes

The State Board of Higher Education Audit Committee met on November 15<sup>th</sup> at 11:30 a.m. CT, via Teams.

#### Audit Committee Members Participating:

Mr. Jeffrey Volk (Chair)  
Dr. Casey Ryan

#### NDUS/Other Staff Participating:

Chancellor Hagerott  
Ms. Dina Cashman  
Mr. Jerry Rostad  
Mr. Mark Gorenflo  
Mr. Chris Pieske  
Mr. David Krebsbach  
Ms. Robin Putnam  
Mr. Darin King  
Mr. Dustin Walcker

#### Others participating:

President Darling, Joanne Kitchens, LRSC  
Dean Simone, DCB  
President Easton, DSU  
Ms. Amber Hill, MaSU  
President Shirley, MiSU  
President Flanigan, NDSCS  
Mr. Chris Wilson, Mr. Bruce Bollinger, Ms. Charlene Glur, NDSU  
President Armacost, Mr. Rob Carolin, Ms. Karla Stewart, UND  
Ms. Erica Buchholz, VCSU  
President Hirning, Ms. Krista Lambrecht, WSC  
Ms. Meredith Larson, Assistant Attorney General

#### 1. **Agenda**

And;

#### 2. **Meeting Minutes**

Ryan moved to approve the agenda and October 9, 2023, meeting minutes, as presented.

Ryan and Volk voted yes. Motion passed.

#### 3. **SBHE Policy 306.2, Internal Audit Charter (Part B, NDSU, UND)**

Part B of SBHE Policy [306.2](#), Internal Audit Charter, represents the internal audit function at NDSU and UND. Mr. Chris Wilson, NDSU Chief of Staff, reviewed the edits that were made based on the committee discussions over the past few meetings:

- Section 5a:  
Reporting structure language – removing direct and indirect to a dual reporting structure.
- Section 5b:  
Review/approve annual audit plans – the Presidents of UND and NDSU will approve annual audit plans, the SBHE Audit Committee will receive UND and NDSU’s annual Audit plans. The committee has the authority to amend any NDUS Internal Audit plan, as needed.
- Section 5e(v):  
Amended language – risk-based audit plan.
- Section 5f:  
~~Removed – The Directors of Internal Audit shall each establish a program at their respective campus to evaluate and ensure the internal audit function conforms with the Global Internal Audit Standards, achieves performance objectives, and pursues continuous improvement. The program shall include internal and external assessments.~~
- Added – The Presidents shall have the authority to hire and terminate internal auditors, including Directors of Internal Audit, provided, however, termination of an internal auditor must be reviewed and approved by the Chancellor pursuant to SBHE Policy 304.1(3)(h).
- Section 6:  
Added – Continuous Improvement: The Directors of Internal Audit shall each establish a program at their respective campus to evaluate and ensure the internal audit function conforms with the Global Internal Audit Standards, achieves performance objectives, and pursues continuous improvement. The program shall include internal and external assessments with an external assessment being conducted at least every five years.
- Section 9a:  
Amended language – At least annually, the internal auditors for the Institutions will prepare their campus internal audit plans for approval by their Institution’s president. After approval by the presidents, the audit plans will be provided to the ~~who will provide informational copies to the Chair of the SBHE Audit Committee~~ for its review.

The Committee discussed whether it would be more appropriate to “approve” rather than “review” UND and NDSU’s audit plans; but agreed the language does not detract from the authority of the SBHE Audit Committee. Committee members asked that they be directly contacted if any party feels there is a conflict(s) and/or conflict of interest.

Ms. Cashman requested that the sentence to confirm organizational independence under 5.B.(i) be removed until the campus internal audit departments undergo an external review, and the external team determines institutional internal auditors are independent. She is not aware of any external

assessment that has taken place at either institution, therefore it exceeds the five-year requirement noted in section six. She stated an external assessment of UND and NDSU's internal audit function will provide clarity on the independence factor and best practices in internal audit standards. Committee Chair Volk stated that he appreciates Ms. Cashman's consistency in relaying concerns as the system office Chief Audit Executive and addressed Ms. Cashman's comments that were shared with the Committee. After discussion, the committee declined to change paragraph 5.b.(i).

Assistant Attorney General, Ms. Meredith Larson, confirmed that the SBHE Audit Committee has full responsibility and authority to ensure the internal audit function conforms with the Global Internal Audit Standards, including evaluating the adequacy of the system of internal audit and best practices.

The Committee agreed to add to the Charter that the Directors of Internal Audit will communicate to the Chancellor, institutional chief executive officers, and the Audit Committee on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years. The committee requested that UND and NDSU provide Ms. Cashman, the Chancellor, and the Audit Committee with a copy of the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments once it is complete. The Committee also added the issued internal audit reports be sent to the Chief Audit Executive and the Audit Committee under 10 (b).

Ryan moved to recommend approval of 1<sup>st</sup> reading of Part B of Policy 306.2.

Ryan and Volk voted yes. Motion passed.

The committee thanked everyone for their collaboration and patience as the committee worked through the issues in parts A and B of Policy 306.2.

Member Ryan requested that the committee minutes be available to the SBHE no later than December 3.

Committee Chair Volk recommended retaining the scheduled December 20 meeting of the Audit Committee at 11:30 a.m. CT to allow for a possible Executive Session discussion.

Committee Chair Volk adjourned the meeting at 12:05 p.m. CT.