

North Dakota State Board of Higher Education

Audit Committee Meeting Minutes

The State Board of Higher Education Audit Committee met via Teams on February 14, 2024, at 11:30 a.m. CT.

SBHE Audit Committee Members

- Mr. Jeffry Volk, Chair
- Mr. Tim Mihalick
- Dr. Casey Ryan

Institution Presidents/Representatives

BSC President Doug Jensen, Ms. Sonya Koble, **DCB** Dean Carmen Simone, **DSU** President Stephen Easton, Mr. Leslie Wietstock, **LRSC** Ms. Joann Kitchens, **MaSU** Ms. Amber Hill, Ms. Kathleen Darling, **MiSU** Ms. Krista Lambrecht, **NDSCS**, **NDSU** Mr. Bruce Bollinger, Ms. Charlene Glur, Ms. Karin Hegstad, Ms. Lisa Ripplinger, Mr. Chris Wilson, **UND** President Andrew Armacost, Mr. Rob Carolin, **VCSU** President Alan LaFave, Ms. Erica Buchholz, **WSC** President Bernell Hirning

System Office/CTS/Guests

NDSU Chancellor Hagerott, VC. Darin King, VC. David Krebsbach, VC. Jerry Rostad, Mr. Mark Gorenflo, Dr. Jen Weber, Dr. Billie Jo Lorus, Ms. Dina Cashman, Mr. Eric Jensen, Ms. Jacqueline Miller, Mr. Chris Pieske, Ms. Robin Putnam, Ms. Sharon Schwartzbauer, Ms. Mindy Sturn, Mr. Dustin Walcker, Ms. Claire Gunwall, Ms. Jamie Wilke, Ms. Caitlin Magilke, **CTS** Ms. Maryann Olson, **AG** Ms. Meredith Larson

Call to Order

Chair Volk called the meeting to order at 11:30 a.m. CT.

1. Agenda
And,
2. [January 10, 2024](#), meeting minutes
 - a. Member Mihalick moved, Member Ryan seconded, to approve the agenda and the January 10, 2024, meeting minutes, as presented.
Mihalick, Ryan, and Volk voted yes. Motion carried 3-0.

Discussion Items

3. [NDUS Internal Audit Overview presentation](#)
 - a. Ms. Dina Cashman shared an overview of the NDUS Internal Audit roles, responsibilities, processes, and next steps for internal audit. This does not include NDSU or UND as their internal auditors report to their presidents.
 - b. The Institute of Internal Auditors (IIA) released new 2024 standards which now require the chief audit executive to present to the Board about the internal audit functions when there are major changes to standards or other changes.

- c. The IIA began working on the audit standards in 2019, a draft was issued in January 2024, and standards will go into effect in January 2025. The standards include 5 domains, 15 principles, and 52 standards. Each of these provides examples on how to comply with standards, how to conform, and how to be in compliance educationally.
 - d. Ms. Cashman shared information on what the internal audit office does including assessing risk across the NDUS System including CTS; determining if internal controls are in place and are effective; making recommendations to improve efficiency; assessing compliance with policies, procedures, laws, and regulations; and consulting on the application of internal controls.
 - e. The NDUS Internal Audit team has on average 17 years of experience in auditing, 13 years of experience in information technology, and 17 years of experience in accounting and finance. The team also has a variety of professional certifications such as CPA, CIA, CRMA, etc.
 - f. The audit process includes four steps: planning – defining audit objectives and methodology; fieldwork – gathering evidence to accomplish objectives; reporting – communicate audit results; and follow-up – review corrective action plans and results.
 - g. Next steps for the NDUS Internal Audit will be to complete a periodic self-assessment, ensure compliance with Global Internal Audit Standards, update purpose of Internal Audit, strategic plan for NDUS Internal Audit requirement (Standard 9.2), and get ready for the External Quality Assurance due in 2026.
 - i. Member Mihalick asked if an institution has suggested changes during an audit, is it typical to see those changes implemented in advance of the one-year deadline that the internal audit office gives them. Ms. Cashman stated that the internal audit office monitors the implemented changes through an audit software tracking system. Ideally the internal audit office would like to see the implemented changes sooner than a year. Now the department is fully staffed, the internal audit office will look into changing it to a 6-month period or sooner versus a one-year period.
 - ii. Chair Volk asked how often the internal audit office sees a need for consultant services after an audit occurs. Ms. Cashman shared that 2023 was the first time a consulting service was done, and they saw tremendous feedback and institutions liked the value of it. The internal audit office will continue to use consultant services, but institutions would have to request that. Ms. Cashman stated that there are instances where the internal audit office will see a need for consultant services and upon an agreement with the institution's president or management team they will be used. Internal audit plan needs to be balanced and includes audits, consulting services, and other projects.
 - iii. NDSU shared that consultant services are more geared at solving known business problems and enhancing efficiencies so it may not be a natural flow to go from an audit to consulting. Additionally, the standards do not allow you to audit anything that you've been a consultant on for at least a year.
4. [Quarterly \(Q2 FY24\) Audit Plan Progress Update](#)
- a. Ms. Dina Casman shared the Q2 FY24 Audit Plan Progress Update that includes what's been completed, what's in progress, and what's outstanding.

- b. Out of the 11 audit engagements, four have been completed and one is in progress.
- c. Nine follow-up audit engagements are included in this plan; three have been completed and one is in progress.
- 5. [NDSU FY24 Internal Audit Plan](#)
 - a. Ms. Charlene Glur shared NDSU's audit plan for FY24 ending on June 30, 2024.
 - b. The NDSU audit plan is included in the NDUS internal audit plan for informational purposes. It is currently approved by NDSU's president and supplied to the Audit Committee for information.
 - c. Ms. Glur shared that the new assessment requirements that will be implemented in January 2025 include doing an external or an internal assessment with independent validation so long as it is done by a Certified Internal Auditor (CIA). Ms. Glur is a CIA and NDSU is in the preliminary phases of talking about what that looks like for the institution and looking to implement quality assessment that into NDSU's internal audit plan.
- 6. UND Internal Audit Update
 - a. President Armacost shared that UND's internal audit position is currently vacant. A job posting was recently posted for three weeks in which UND received two applicants. One applicant withdrew and the other was not a good fit. UND plans to repost the position to attract a broader audience and the position may allow for a hybrid work arrangement. President Armacost shared that the job posting will be going out in the coming week and it will be open between 4-5 weeks.
 - b. President Armacost shared that due to the position being open it has delayed the ability for UND to conduct an internal audit on campus. There are no pressing audits now that would require hiring an outside firm to complete an independent audit.
 - c. President Armacost shared that there is another position that will be open at UND for an Internal Controls Manager. This position will look at business processes and will anticipate areas that need improvement before an audit or in response to an audit.
 - i. Member Ryan asked if the consulting position is a new idea with campuses or is it something that has been around and UND is just looking at getting into it. President Armacost shared that these type of consulting positions exist widely on other campuses. Sometimes the position is embedded within the audit groups. It is a common position and the extent to which universities invest in these continuous improvement functions varies by campus.

Announcements

- a. Chair Volk stated that he will be unavailable during the March Audit Committee Meeting and will be seeking assistance from the System Office to reschedule for the following week. More information will be sent via email from the System Office.

Adjourn

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

Approved March 20, 2024.