

**North Dakota State Board of Higher Education**  
May 29, 2019, Audit Committee Meeting Minutes

The State Board of Higher Education Audit Committee met Wednesday, May 29<sup>th</sup> at 3:30 p.m. CT, at Bismarck State College, National Energy Center of Excellence, room 431, 1200 Schafer St., Bismarck, ND, 58501.

Committee Chair Neset called the meeting to order at 3:40 p.m. CT.

SBHE Audit Committee members participating:

Ms. Kathleen Neset, Committee Chair  
Mr. Nick Hacker

NDUS staff participating:

Chancellor Hagerott  
Ms. Tammy Dolan Vice Chancellor of Admin Affairs  
Ms. Laura Schratt, Chief Audit Executive  
Ms. Karol Riedman, Compliance Officer  
Mr. Phil Wisecup, VC of Strategy & Strategic Engagement  
Ms. Kristie Hetzler, Executive Assistant to the State Board of Higher Education  
Ms. Terry Meyer, Chief of Staff  
Ms. Billie Jo Lorius, Director of Communication/Media Relations  
Ms. Patty Schock, Accounting Specialist  
Ms. Dina Cashman, Senior Internal Auditor  
Ms. Robin Putnam, Dir of Financial Reporting

Other Attendees:

Mr. Tim Mihalick, SBHE Member (non-participating)  
Ms. Becky Collins, BSC  
President Darling, LRSC  
Mr. Corry Kenner, LRSC  
Mr. Brent Winiger, MiSU  
Ms. Sharon Loiland, UND  
Mr. Dennis Gladen, NDSCS  
President Richman, NDSCS  
Mr. Bruce Bollinger, NDSU  
President Bresciani, NDSU  
Ms. Charlene Glur, NDSU  
Ms. Amy Anderson, WSC  
Dr. Debora Dragseth, CCF  
Mr. Craig Hashbarger, SAO  
Mr. Chris Pieske, AG Office  
Mr. Eric Olson, AG Office

1. **Agenda**

Hacker moved to approve the agenda with an amendment to add the following items:

- Public comment as item eight
- June SBHE Audit Committee meeting date as item nine

Hacker and Neseet voted yes.

2. **Meeting Minutes**

Hacker moved to approve the April 16, 2019, meeting minutes.

Hacker and Neseet voted yes.

3. **Report on 2019-2021 Draft Internal Audit Plan**

Ms. Schratz reviewed a [2019-2021 Draft Internal Audit Plan](#) and stated it would be on the June agenda as an action item. The committee had no concerns.

4. **Quarterly Management Report**

Ms. Schock presented the [quarterly management report](#).

5. **State Auditor's Performance Audit of NDSCS**

Committee Chair Neseet provided a summary of the process and timeline of the State Auditor's Performance [Audit of NDSCS](#). It was a routine performance audit, initiated and conducted by the State Auditor's office, and focused on the Workforce Affairs Division of the North Dakota State College of Science. The North Dakota University System Office does not directly oversee the day-to-day operations on its eleven campuses.

The committee reviewed the State Auditor's findings and recommendations, and the responses from the Chancellor and President Richman. They specifically discussed two findings by the State Auditor 1) withholding of support to the state auditor, and 2) the conflict of interest issue in the case of the FLINT group.

After thorough discussion the committee agreed that several findings could be corrected with improved oversight. Committee Chair Neseet directed Chancellor Hagerott to draft a temporary system oversight letter of instruction to President Richman. She indicated she would seek input on her directive at the full Board meeting and the temporary oversight letter would be proposed by the Chancellor at the next Audit Committee meeting, as an action item for consideration.

6. **Updates on State Auditor's Performance Audits**

Ms. Dolan gave an overview of the following performance audits completed by the State Auditor's office:

- [NDSU Parking and Transportation Services](#) Department
- [NDUS Purchasing Card](#) Program

7. **Policy Process Update**

Ms. Riedman provided an update on the [process in which policies](#) come before the Board for review and/or consideration of approval.

8. **Public Comment**

President Richman stated that NDSCS has a culture of continuous improvement and that he welcomes the guidance of the Chancellor and system office.

9. **June SBHE Audit Meeting Date**

The committee discussed schedule conflicts with the June 19<sup>th</sup> and recommended it be moved to June 25, contingent on committee member Jill Louters availability.

The meeting adjourned at 4:45 p.m. CT.

Approved June 25, 2019.