Administrative Affairs Council Minutes  
August 29, 2011 – 1:00 p.m.  
Conference Call

Participants
Dave Clark and Tamara Barber – BSC  
Alvin Binstock and Mark Lowe – DSU 
Corry Kenner and Joann Kitchens– LRSC 
Steve Bensen - MaSU  
Brian Foisy – MiSU 
Jim Borkowski – DCB 
Mike Renk – NDSCS 
Mike Ellingson, Cindy Rott and Ramona Adams – NDSU 
Peggy Lucke, Cindy Fetsch, Dawn Pladson, Tim Rerick and Sharon Loiland – UND 
Trudy Collins – VCSU  
Justin Madisson – WSC  
Laura Glatt, Bill Eggert, Robin Putnam and Deanna Dailey – NDUS Office

The meeting called to order at 1:05 p.m.

There were no items to be added to the agenda. Ms. Glatt pointed out that there two sets of materials distributed for this meeting, including materials for agenda item #4, which was sent out this morning.

Discussion with NDUS Internal Auditor on Risk Assessment Utilization and Reporting

Mr. Eggert reviewed the materials and explained that the risk assessment information included in his slides are only examples and not actually taken from any of the LarsonAllen reports. He intends to update the information as the reports are finalized. There was discussion regarding the two tables under the heading “How Do We Start?” While Mr. Eggert said he felt the second table was easier to read, he explained that they both offered the same information. When asked, several members of the group indicated they preferred the first slide/table.

Mr. Clark expressed concern over the descriptor “quality of faculty & staff.” Mr. Eggert explained that he took all of the headings directly from the LarsonAllen report. Ms. Glatt said she would visit with LarsonAllen and ask them to revise that heading.

Ms. Glatt pointed out that some of the risks have already been addressed or underway. How will this be identified in any summary reports? Mr. Eggert said he would work on building this into the matrix.

Ms. Collins added that in addition, in some cases, campuses may have disagreed with the risk, recommendation, and/or color or risk and this should be so noted. Mr. Eggert said he would update based on the feedback of the Council and send a revised update to the Council.
When asked about next steps, Mr. Eggert said he intends to build a framework, a template, for campuses to use when developing their individual risk management plans. He said he has asked two institution presidents to be “pilot campuses” and they have agreed. Mr. Eggert’s next steps will be to visit those pilot schools within the next month, have discussions with the appropriate individuals regarding the creation of the template, which is intended to map processes. Ms. Glatt asked whether he intends to focus on campus-specific issues or commonly identified issues across the NDUS. Mr. Eggert replied that it will be campus specific, but added that there are different sets of controls at different levels (financial, IT, etc.). A variety of individuals from each campus will be participating in these sessions. Every one of those items on the risk universe will be discussed at each campus, even though some of them will not apply at all institutions, based on Mr. Eggert’s experience.

Ms. Glatt asked Mr. Eggert what will be done regarding updates to the risk documents. Mr. Eggert said the risk assessment should be updated annually, as well as to determine progress on identified issues; however, given resource constraints it may be every two years. In response to Ms. Glatt’s question, Mr. Eggert said he doesn’t believe we need to hire an outside firm to perform these updates, and instead he intends to work with the campuses to design a process for periodic update.

Ms. Lucke asked Mr. Eggert if he intends to create an advisory committee or work with any existing groups, such as the Administrative Affairs Council, Student Affairs, etc., to assist with the planning and implementation process. Mr. Eggert said he doesn’t have an answer for that right now, but said he is open to suggestions. Mr. Eggert said the State Auditor’s Office (SAO) has offered to make their data available to him but at this point, he hasn’t asked them for it. He said he will likely use some of the data the SAO has collected in formulating and conducting his work.

Mr. Eggert said he would follow up individually with Mr. Binstock regarding questions about release of information.

In response to a question from Mr. Bensen on when the risk assessment reports will be considered final, Ms. Glatt referred to Chancellor Goetz’s recent e-mail in which he states their deadline is October 14, 2011, unless there are extenuating circumstances.

Update on FY11 Audit and Financial Close
Ms. Putnam reported that she is in the process of the FY2011 year-end close. The deadline to close the GL is today (August 29, 2011). Ms. Putnam asked that she be notified when each campus has closed their GL so she can run one report for all campuses. Ms. Putnam added that the State Auditor’s Office has raised recent concerns about the classification of the SSEOG grant. She hopes to visit with auditor Paul Steussy regarding this issue soon.

Ms. Putnam also reminded the group that component unit financials are due on September 15, 2011. Campus statements are due October 17. In response to a question from Ms. Glatt, Ms. Putnam indicated that if any of the reports are not in on time, she will contact the controllers first and if the information is not submitted in a timely manner, she will continue to move up the chain of command until they are.
Update on Local Funds Performance Audit
Ms. Lucke shared the status of the local funds performance audit that is taking place at UND. She said the auditors were on campus the previous week. One of the things they are reviewing is cash balance monitoring – they requested a lot of detail and had many questions for specific expenditures. Ms. Lucke said they are looking closely at cash/fund balances and that they seem interested in large cash balances. Ms. Lucke said campuses need to be able to justify large balances, etc. Ms. Glatt said she expects the auditors will question the proliferation of fees, i.e., what is the review and approval for all kinds of fees? Ms. Lucke said they are hoping to close out the UND audit by the end of this year. NDSU had nothing to add regarding updates.

Ms. Glatt referred to her e-mail dated August 23, 2011, regarding the August 17th LAFRC meeting, during which the SAO presented the FY10 NDUS financial statement audit, continuing concerns from legislators and SBHE members about the number of findings/recommendations, most especially repeat findings. There were no suggestions on how to better control this.

Ms. Glatt reminded everyone that the first Higher Education Interim Committee meeting is scheduled for August 30.

SB2323 Template Review – OMB Capital Project Reporting
UND staff has been preparing a template for all NDUS institutions to use when reporting on capital projects to OMB, a draft of which was distributed to this group prior to this meeting. Ms. Lucke said that at this point, they intend to continue to refine the template and definitions for that template, and asked for campus review and feedback on the draft document. Ms. Glatt said that once we have a solid working draft, it will be reviewed with OMB for their input, and thereafter presented to Budget Section for their review.

Ms. Lucke said Ms. Pladson has been working with her on this project. She reminded everyone that this is not an accounting report. They suggest that the reporting be done along the lines of the OMB report. Ms. Lucke then reviewed the spreadsheets that were sent out earlier in detail. Ms. Glatt said they will continue to work on the template and refine the headings. She encouraged everyone to contact Ms. Lucke or Ms. Pladson if they had any suggestions for improvement.

Ms. Glatt said SBHE Policy/Procedures Section 900 will be reviewed for second reading and approval at their September 2011 meeting. Discussion took place regarding the $250,000 threshold for Board approval. Ms. Glatt added that there is a whole list of things that must be included in the project cost, including furniture, fixtures and equipment (FF & E). Other options discussed included, if the construction cost is $100,000 or more and total project is $250,000 or more, you must be granted approval from the Board. The other option is to exclude FF&E in the cost in arriving at the $250,000 limit required for SBHE approval to proceed. Ms. Glatt said that current policy requires FF & E gets included in the project cost, and no change is suggested in the proposed comprehensive revisions. However, the Board will be made aware of the options and ask them to select the approach they prefer.

Regarding the specific list of issues expressed by NDSU in a recent email regarding capital project construction cost components, Ms. Glatt said she’s shared them with UND.
representatives and learned that they too had these same questions. She said that Chancellor Goetz and Mr. Seaworth will meet informally with the Attorney General and ask for clarification regarding those issues. The Chancellor will decide how to proceed thereafter, based on the outcome of this meeting. In the meantime, the NDUS will go forward with the proposed policy changes and clear up the remaining details at a later date.

**Accounting Manual Update**
Ms. Putnam gave a brief status update on accounting manual. She said the Controller’s started work in March 2011 and it’s approximately 75% completed. Work on the manual has been suspended due to the workload of year-end processes, but will resume soon, as the deadline for completion is December 31, 2011.

**Future Meetings**
October 11, 2011
November 22, 2011