

## MINUTES

**Committee Members Present:** Rani Borkar, Darry Callahan (*vice chair*), Paul Kelly, Ed Ray (*ex officio*), Pat Reser (*chair*), and Kirk Schueler

**Other Trustees Present:** Mike Bailey, Mark Baldwin, Patty Bedient, Michele Longo Eder, Brett Morgan, and Preston Pulliams

**University Staff Present:** Ron Adams, Jennifer Almquist, Anita Azarenko, Susie Brubaker-Cole, Susan Capalbo, Steve Clark, Debbie Colbert, Becca Gose, Mike Green, Mark Huey, Sam Khan, Julee Otter, Cindy Sagers, Clay Simmons, Patti Snopkowski, and Marcia Stuart

### 1. Call to Order/Roll/Declaration of a Quorum (Reser)

Committee Chair Pat Reser called the meeting to order at 8:01 a.m., asked Assistant Board Secretary Mark Huey to call the roll, and noted a quorum.

### 2. Consent Agenda

#### a. Minutes of the October 20, 2016 Executive & Audit Committee Meeting

A motion was made and seconded to approve the minutes of the October 20, 2016 Executive & Audit Committee meeting. The motion carried.

### 3. Action Items

#### a. Office of Audit Services (OAS) Charter & Organizational Independence

Reser asked Chief Audit Executive Patti Snopkowski to summarize the item for the committee. Snopkowski noted that internal auditing standards require an annual review and approval of the OAS charter and confirmation of its organizational independence. Snopkowski stated that there were no changes to the OAS charter and then provided an overview, focusing on the purpose of the office and the source of its authority. She added that the charter and the organizational placement of the OAS were consistent with national best practices. Snopkowski described the responsibilities of the OAS as developing and implementing an annual internal audit plan with the goals of adding value, improving organizational function, and upholding ethical standards. She described the organizational structure of the OAS and noted that the number of staff is similar to other institutions of similar size and complexity.

Following the presentation, a motion was made and seconded to approve the Office of Audit Services charter and organizational structure as well as acknowledge the independence of the Office of Audit Services. The motion carried.

#### b. OAS 2016 Final Progress Report and 2017 Audit Plan

Reser asked Snopkowski to provide highlights of the OAS 2016 calendar year final progress report and 2017 audit plan. Snopkowski provided an overview of the activities the



OAS conducted during the 2016 calendar year as presented within the office's service areas – assurance, consulting, investigative, follow-up, external audit coordination, and other. She also described the results of the 2016 performance matrix, which relates to the value of the office's services and to staff qualifications. Snopkowski briefly discussed the fourth quarter reports her office issued and the audit engagements in progress. She provided a summary of the university accountability and integrity hotline that the OAS administers. In addition, Snopkowski summarized the OAS activities planned for 2017, including completing departmental audits underway and following up on open audit recommendations. She added that the OAS will continue to focus on capital construction and information security and will add a focus on scholarship administration.

Trustees expressed interest in the complaint receipt and resolution process. Snopkowski said that there are a number of avenues for receiving complaints, including in-person, by phone or email, and through referral from other offices. When there is cause, the OAS documents and addresses the complaint, issuing reports for substantiated complaints requiring action and follow-up. Trustees also asked about the status of the complaints received in 2016 and whether they are being handled in a timely manner. Snopkowski said the majority of cases had been closed, and that the OAS monitors the time to resolution. She added that some cases are referred to outside offices, and that the OAS is working with the Office of the General Counsel to ensure the resolution time of these cases is also tracked. General Counsel Becca Gose added that a number of offices accept complaints and the numbers summarized in the OAS report are not reflective of the total number of complaints received by the institution as a whole; however, the various offices do try to coordinate to avoid duplication. A discussion of the campus executive compliance committee's oversight and OAS's role to audit other investigative units occurred.

Following the discussion, a motion was made and seconded to approve the Office of Audit Services 2016 final progress report and 2017 annual audit plan. The motion carried.

**c. Presidential Compensation Adjustment**

Reser asked Vice Chair Darry Callahan to summarize for the committee the compensation data and other information provided in the docket. Callahan stated that the university approved merit raises up to a maximum of 6% for unclassified employees in January 2017, making it timely to review the President's compensation. Because the increases were merit-based, some people received 0%, high-performers received 6%, and the pool average was 3%. Callahan noted that the President's compensation fell within the range observed at comparator institutions. He also said that the market for a president of a land-grant university is national in scope, so it is appropriate to look at a number of comparators. He highlighted President Ray's 13 years of service to the university, compared to an average of seven years of service for presidents at the comparator institutions, and said that, following their review of the data, he and Chair Reser would propose that the committee recommend to the Board for its approval an adjustment of 6% to the President's compensation.

Trustees discussed the timing of a compensation adjustment in light of discussions on budget planning and tuition recommendations for the 2017-18 fiscal year. Callahan reminded the committee of the strong performance noted in the presidential assessment completed in October 2016. Trustee Eder added that Ray's longstanding commitment to OSU has had an immeasurable benefit to the university. Eder also said that the role of university president carries a national profile, and it is important for the Board to send a national message about making a commitment to excellence and valuing strong leadership. Other committee members echoed this perspective on the importance of honoring exemplary leadership in general and commended Ray specifically for his leadership and

strong commitment to the university, particularly his personal investments in student success.

Following a discussion, a motion was made and seconded that the Executive & Audit Committee recommend to the Board for its approval an adjustment of 6% to the President's compensation, effective January 1, 2017, recognizing that adjustments to compensation provided by the OSU Foundation would be subject to approval by the OSU Foundation board. The motion carried.

#### **4. Education/Discussion Item**

##### **a. Statement of Mission, Principles & Core Values**

Reser stated that recent discussions and decisions before the Board have highlighted a need to adopt a statement of principles to guide their deliberations and actions. She asked Interim Provost and Executive Vice President Ron Adams and Board Secretary Debbie Colbert to present a draft statement. Adams reminded the committee that the Board formally adopted the mission, vision, and goals for the university in March 2014. Colbert noted that a statement of core values and principles would serve as a guide for the Board. Reser added that the draft statement provided in the docket drew on statements trustees had made in prior discussions, decisions, and closing comments. Trustees discussed the draft statement in detail, offering overall support for the content of the statement and making specific edits to further enhance and clarify the language. Colbert noted the edits and committed to presenting a revised version to the committee at their next meeting.

#### **5. Adjournment**

With no further business proposed, Chair Reser adjourned the meeting at 9:47 a.m.

Respectfully submitted,



Jennifer M. Almquist  
Assistant Board Secretary