



MINUTES

Executive & Audit Committee Members Present: F. King Alexander (*ex officio*), Rani Borkar (*chair*), Patty Bedient, Julia Brim-Edwards, Preston Pulliams, and Kirk Schueler (*vice chair*)

Finance & Administration Committee Members Present: Mike Green (*ex officio*), Stephanie Smith, and Mike Thorne

Other Trustees Present: Mike Bailey, Darry Callahan, Michele Longo Eder, and Julie Manning

University Staff Present: Charlene Alexander, Jennifer Almquist, Debbie Colbert, Becca Gose, Lauren Skousen, Heidi Sann, and Patti Snopkowski

Guest: Jean Bushong (*principal, CliftonLarsonAllen LLP*)

1. Call to Order/Roll/Declaration of a Quorum

Executive & Audit Committee Chair Rani Borkar called the meeting to order at 9:01 a.m., asked the board secretary to call the roll, noted a quorum, and welcomed members of the Finance & Administration Committee to the joint meeting. Borkar then made a land acknowledgement statement.

2. Action Item

a. FY2020 External Auditor Annual Report

Borkar asked Chief Audit, Risk and Compliance Executive Patti Snopkowski to introduce Jean Bushong, a representative from CliftonLarsonAllen LLP (CLA), the firm that conducted the external audit of the FY2020 Annual Financial Report. Snopkowski reminded trustees that a financial statement audit and federal compliance audit are conducted annually in accordance with federal regulations. She noted that the federal compliance audit had been conducted separately at a later date due to federal government delays in finalizing auditing programs. Snopkowski said the findings of that audit would be summarized in her next report to the committee. She added that the contract with CLA is set to end in June and staff are exploring the possibility of a contract extension.

Bushong began by reminding trustees that CLA's responsibilities under U.S. generally accepted auditing standards include expressing an opinion on whether financial statements are in conformity with U.S. generally accepted accounting principles in all material respects; expressing an opinion only over information identified in the CLA report; performing the external audit in accordance with auditing standards; and communicating any significant matters related to the audit, information required by law/regulation, or other information agreed upon by the university. She also described

the scope of CLA's engagement, which included the financial statement audit; the "single audit," which is an audit of compliance with certain federal regulations; and a review of the NCAA Agreed Upon Procedures. Bushong described some of the unique circumstances impacting this year's review, including the delay noted by Snopkowski — the result of the late release of the Office of Management and Budget's guidance for single audits, which were made more complicated by the federal coronavirus relief funding for higher education — and changes in business practices due to the pandemic, such as an increase in remote working and learning. She said that Oregon State University was impacted by Governmental Account Standards (GASB) Statement No. 84, Fiduciary Activities. Bushong said that CLA issued an unmodified opinion of the university's FY2020 financial statements and had no audit adjustments or findings over financial reporting. She noted that CLA had several recommendations, including making annual updates to the university's business continuity and disaster recovery plan and addressing an IT access issue that was identified during the audit. Bushong reviewed CLA's required communications with the Board.

Next, Bushong discussed a significant deficiency reported by CLA related to the university's vendor change management process and an attempted fraudulent bank account change incident. She said that CLA recommended areas for improvement. Associate Vice Provost for Finance and Controller Heidi Sann described the actions taken to address areas identified for improvement, including enhancing vendor change management processes and offering additional training to university employees.

Following the report, Trustee Kirk Schueler said he was pleased with the university's prompt and comprehensive response to the deficiency. He remarked on the need this year to perform the audit remotely and asked whether this might suggest a shift in how future audits are performed. Bushong said that while there was some possibility of remote work, there also can be some value to being onsite, adding that CLA would continue to follow the university's preferred approach. In response to a question by Borkar about preferred vendors, Sann said there is a process for reviewing the university's list of vendors to make sure that it is up to date.

Following the presentation and discussion, a motion was made and seconded by the Executive & Audit Committee to accept the Oregon State University 2020 Annual Financial Report. The motion carried.

3. Adjournment

With no further business proposed, Chair Borkar adjourned the meeting at 9:27 a.m.

Respectfully submitted,



Jennifer Almquist
Assistant Board Secretary