# The Board of Trustees of Oregon State University

## Regular Meeting of the Executive & Audit Committee
### April 4, 2019
### Horizon Room, Memorial Union
### Corvallis, Oregon

## MINUTES

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

**Other Trustees Present:** Mike Bailey, Mark Baldwin (*by phone*), Michele Longo Eder, Julie Manning, Angel Mandujano-Guevara, and Mike Thorne

**University Staff Present:** Ron Adams, Jennifer Almquist, Susan Capalbo, Steve Clark, Debbie Colbert, Jon Dolan, Ed Feser, Becca Gose, Mike Green, Lauren Skousen, Patti Snopkowski, and Irem Tumer

1. **Call to Order/Roll/Declaration of a Quorum**
   Committee Chair Rani Borkar called the meeting to order at 8:04 a.m., asked the assistant board secretary to call the roll, and noted a quorum.

2. **Consent Agenda**
   a. **Minutes of the January 17, 2019 Executive & Audit Committee Meeting**
   b. **Minutes of the January 18, 2019 Executive & Audit and Finance & Administration Committees Meeting**
   A motion was made and seconded to approve the items on the consent agenda. The motion carried.

3. **Education/Discussion Item**
   a. **IT Security, including risk management report**
   Borkar asked Provost and Executive Vice President Ed Feser and Interim Vice Provost for Information and Technology Jon Dolan to present this item. Feser said Dolan would review the university's risk action plan related to Information Technology (IT) security. Dolan began by announcing the recent hire of David McMorries as the university's new chief information security officer (CISO). Dolan spoke about the unique IT security challenges that higher education faces because the user base is constantly changing and the environment is profoundly decentralized. In describing the threats, he said that higher education is inviting to adversaries because of the value of data, the probability of success, and the limited consequences. Additionally, because the university's operations include multiple industries, there is no single best practice for securing all of the data. Dolan noted that the current threat environment continues to evolve, with an increase over the past year in phishing attempts, both with regard to their frequency and sophistication. He then described recent improvements, including the adoption of two-factor authentication. While the university already used two-factor authentication over critical business processes, the increase in phishing attempts prompted university leaders to adopt mandatory two-factor authentication. Dolan said employees have until

May; requirements for students to adopt this technology will be phased in over the course of the next academic year.

Next, Dolan spoke about staffing. He said the competitiveness of the field makes it difficult to retain qualified staff. To try to address this challenge, Oregon State has partnered with other Oregon higher education institutions to establish the Oregon Research Teaching Security Operations Center (ORTSOC) to provide cybersecurity work experience to students. At OSU, the program is a partnership with the College of Engineering and engages students in the cyber security program. Dolan then reviewed the findings of the Network Security Audit that was previously presented to the committee. He reported that all three items had been addressed, and he described in further detail efforts to evaluate current Information Security leadership and organizational structure. Dolan said hiring the CISO was part of that effort, which also included reviewing the organizational structure against best practice and increasing staffing levels in critical areas. He concluded by describing the university's current cybersecurity strategy, noting that it has evolved over the past year to move beyond meeting basic requirements and toward a more holistic, strategic approach to effectively managing institutional risk.

Following the presentation, trustees discussed the uniquely risky environment of higher education and some of the challenging dynamics such as maintaining aging infrastructure and adapting to meet the increasingly complex needs of the university. There was discussion about the university's use of cloud based and online services, and Dolan said the university continued to move many core systems to the cloud while also remaining mindful of some of the challenges associated with using online systems. Trustees also discussed the efficacy of the Information Security module included as part of the Critical Training for employees and the need to continue to educate students on how to recognize phishing attempts.

## 4. Action Items

### a. Office of Audit, Risk and Compliance Progress Report

Borkar asked Chief Audit, Risk and Compliance Executive Patti Snopkowski to present this item. Snopkowski provided an overview of the four reports that were issued by the Office of Audit, Risk and Compliance (OARC) since the last committee meeting. She spoke first about the report on Research Business Operations, noting that the scope and objectives of the review changed when the university received notice from the National Science Foundation of its intent to complete a holistic cost accounting review, as it has done with other research institutions across the country. As a result, the OARC instead focused on examining distributed revenue operations and identifying ways to improve fiscal operational efficiencies and to enhance the oversight of fiscal activity. Snopkowski said the other three reports issued were the standard reports completed for athletics on an annual basis. Trustee Paul Kelly asked about a variance noted in the review of the financial reports, which Vice President for Finance and Administration Mike Green said was due to coaching transitions. Trustee Darry Callahan asked about variances noted in ticket sales, and Snopkowski said this was the result of an accounting process that needed to be revised.

Next, Snopkowski reported on the status of recommendations due per action plans. She said eight of 13 recommendations had been implemented during the reporting period, adding that actions plans were in place for the remaining five. Borkar asked about the anticipated completion of these recommendations, particularly the two outstanding recommendations related to IT vendor management. Green spoke about the efforts under way and the interim risk mitigation controls in place while the recommendations are being fully implemented. Snopkowski added that whenever recommendations are lagging, the OARC works with the appropriate leaders to establish interim controls.

Snopkowski provided an overview of the recommendations with action plans that are not yet due and spoke about progress on OARC engagements in 2019. She reported that the assessment of the accuracy of the financial reporting for the Umatilla County 4-H Association is nearing completion. Snopkowski added that the OARC is also in the process of assessing the adequacy of the fiscal control structure of the 4-H programs and 4-H associations across the state. She said the OARC will be reviewing the control structure over complimentary athletic tickets to ensure compliance with NCAA requirements and OSU policy. She then spoke about efforts related to enterprise risk management. Regarding a previous discussion related to the Accountability and Integrity Hotline, Snopkowski reported on efforts to improve its discoverability online and to publicize it more broadly to students. She also said the OARC had devised a methodology for future reporting on hotline complaints and trends. Lastly, Snopkowski provided an update on OARC personnel, including the recent hiring of Susan Freccia as director of compliance.

Following the presentation, Callahan asked how new employees are introduced to the university's policies and procedures. Snopkowski spoke about the onboarding and orientation process and the critical training that is now required of all employees. Trustee Michele Longo Eder noted the recommendation in the annual audit of the OSU athletics compliance function related to transfer eligibility, and Snopkowski said this recommendation was made because of the complexity of transfer eligibility and the university's commitment to continually enhancing the culture of compliance. Trustees Patty Bedient and Paul Kelly discussed the challenges with hiring and retaining skilled IT auditors and expressed support for the efforts described by Snopkowski to engage external expertise where needed while also building capacity among existing staff.

Following the report and discussion, a motion was made and seconded to approve the April 2019 OARC progress report. The motion carried.

b. **Board Officers Policy Amendments**
   Borkar introduced this item by reminding trustees that they had to update at their last meeting several existing Board documents to reflect the title changes resulting from the move from an Office of Audit Services to an Office of Audit, Risk and Compliance. At the time, Borkar asked Board Secretary Debbie Colbert to develop a proposal for an efficient way to make non-substantive administrative updates to maintain the currency of Board policies. Borkar referenced TAB E and said the proposal was included as Exhibit A. In response to a request by Kelly for examples, Colbert noted that the move to the Office of Audit, Risk and

Compliance resulted in the need to make non-substantive changes within other policies such as to position titles and webpages that could be completed in a more timely manner under the proposed amendments.

A motion was made and seconded to recommend to the Board that it adopt the Resolution amending the Board Office Policy as provided in Attachment 1. The motion carried. Following the vote, Borkar reminded trustees that the proposed policy amendments would be included on the consent agenda at the Board meeting.

## 5. Adjournment
With no further business proposed, Chair Borkar adjourned the meeting at 9:07 a.m.

Respectfully submitted,

Jennifer M. Almquist
Assistant Board Secretary