



**Oregon State
University**

The Board of Trustees of Oregon State University

Meeting of the Executive, Audit and Governance Committee

April 4, 2024

8:00 – 9:45 am

Memorial Union Horizon Room

MINUTES

Committee members present: Julia Brim-Edwards (*via Zoom*), Román Hernández (*vice chair*), Julie Manning, Elise McClure, Jayathi Murthy (*ex-officio*), Kirk Schueler (*chair*)

Other trustees present: Patty Bedient, Kasaundra (Kassy) Bonanno, Karla Chambers, Susan Clark, Grant Kitamura, Greg Macpherson, Inara Scott

University staff present: Andrea Ballinger, Jackie Bangs, Katie Fast, Ed Feser, Alix Gitelman, Lynn Gonzalez, Becca Gose, Mike Green, Jen Humphreys, Stacy Jeffries, Deb Mott, Paul Odenthal, Rob Odom, Julee Otter, Shalece Rains, Melanie Rose, Patti Snopkowski, Irem Tumer, Scott Vignos

Invited guests: Greg Hamann (Higher Education Coordinating Commission vice chair)

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

Chair Kirk Schueler called the meeting to order at 8:00 a.m. Board Secretary Jackie Bangs called the roll and verified a quorum.

Chair Schueler read the university's land acknowledgment statement.

2. Consent agenda

- a. **Minutes of the January 18, 2024 Executive, Audit and Governance Committee Meeting**
- b. **Minutes of the January 18, 2024 Joint Meeting of the Executive, Audit and Governance Committee and the Finance and Administration Committee**

The chair sought a motion to approve the consent agenda. A motion was made by Vice Chair Hernández, seconded by Trustee Manning and approved by all committee members in attendance. The motion carried.

3. Action items

- a. **Office of Audit, Risk and Compliance Progress Report**

Deputy Chief Executive of Audit and Risk Julee Otter and Director of the Integrity Hotline Program Lynn Gonzalez presented a progress report for the Office of Audit, Risk and Compliance (OARC).

Otter provided brief remarks on the audit reports that were issued and commented on engagements in process and plan status. She noted that follow-up reviews are a key function and responsibility of the

OARC, as reflected in its charter, and that the office had been primarily focused on performing these reviews since the January board meeting.

Otter reported that the construction audit of the new PRAX building would wrap up soon and announced that the OARC was partnering with a consulting firm on a review of research accounting processes. She also noted that fieldwork would begin soon on an IT audit of third-party information security risk management and added that the OARC would provide support through a review of the IT project management process, with a primary focus on the Administrative Modernization Program.

Gonzalez talked about how the hotline fits into the OARC's strategic goals by assisting in the prevention of losses, detecting fraud earlier and promoting sound fiscal practices.

She gave an overview of Ethics Point, the confidential, third-party reporting hotline and incident management software OARC uses to allow anyone in the OSU community to report a concern. She added that the OARC plans to activate the mobile-friendly version of Ethics Point this year as well.

Gonzalez reported that the OARC had received 94 complaints in 2023, which is a 65% increase over 2022 and the highest number of complaints in one calendar year. She noted that 63 complaints came in through Ethics Point and 31 came directly to the OARC. She reported that 77 complaints were referred to a partner unit and the audit team in the OARC – which focuses on complaints about fiscal matters – investigated 11.

Gonzalez provided benchmarks with peer institutions, which are all public institutions of similar size to OSU and located in the Western half of the U.S. She reported that all but two of the 10 universities participating this year saw an increase in their total number of complaints, with the average number among all participating universities increasing from 46 in 2022 to 60 in 2023.

In response to a question from Vice Chair Hernández, Gonzalez confirmed that telephonic reporting was available 24/7. Hernández also asked about follow-up from the OARC when complaints were referred to a partner unit, and if anonymous reporters received any information about their complaints. Gonzalez said the OARC follows up to ensure that a complaint goes through a partner unit's internal process for review and investigation after it is referred. She added that anonymous reporters were informed that the matter was investigated, but they do not receive results or specific details.

Trustee McClure asked if Gonzalez thought the significant percentage increase in complaints was due to increased knowledge of the reporting function or more incidents. Gonzalez said it could be both, noting that eight out of 10 peer institutions saw significant increases.

Trustee Brim-Edwards asked if Gonzalez thought the increase in complaints would continue or was just a one-year spike. Gonzalez gave an overview of the trends, which showed an initial spike in 2018 after the rollout of critical training on reporting mechanisms, followed by a slight decline in 2019, then an abrupt decline in 2020 followed by an increase after employees returned to work after the pandemic.

Brim-Edwards asked what could be done to address the increase in workplace incidents if it continues, and Gonzalez said she was working closely with campus partners in her new role to start tackling problematic trends as they emerge and before they become a bigger issue. Brim-Edwards asked if people who filed complaints were satisfied with the process, and Gonzalez said there had not been any surveys done to collect that data. Brim-Edwards said the spike in complaints could be interpreted as a positive thing that people feel comfortable using the mechanism available to them.

Trustee Manning noted that the majority of hotline complaints came from staff and asked if that statistic applied to peer institutions. Gonzalez pointed out that OSU had also seen a significant increase in students using the hotline in 2023 but couldn't speak to peer institutions' reports because they had not yet provided this year's data.

Chair Schueler asked if it was common to see a cluster of complaints around a certain topic that could indicate a problem. Gonzalez said there were multiple complaints last year regarding one issue that was a significant complaint and was elevated to the Office of the General Counsel for advising a variety of units navigating that situation.

There being no further discussion, the chair sought a motion to accept the Office of Audit, Risk and Compliance progress report. A motion was made by Trustee Manning and seconded by Trustee Brim-Edwards. Before the vote, Trustee Brim-Edwards asked if there was any concern that two out of four recommendations for the IT audit were past due. Otter said the OARC felt IT's action plans were responsive and was comfortable with the delay since progress was being made. The original motion carried with the approval of all committee members in attendance.

b. Shared Governance Philosophy

Board Chair Kirk Schueler and Board Secretary Jackie Bangs presented the board's shared governance philosophy statement.

Secretary Bangs provided background and context on how the board arrived at the current statement, noting the process began at the October 2023 board retreat, which included a discussion of shared governance principles and how they function at OSU. She added that the faculty senate president, student government leadership, the provost and the president were involved in the discussion with trustees. Bangs noted that the committee had also reviewed key takeaways from the retreat discussion at its January 2024 meeting.

Schueler clarified that the statement was not a board policy, but rather a high-level document highlighting the board's commitment to shared governance.

Trustee Bedient cited persistent misunderstanding about what shared governance is and stressed that shared governance is not shared decision making. She emphasized the importance of delegation of authority and noted that the board delegates authority to the president and other decision makers in certain matters.

Vice Chair Hernández recalled a discussion of shared governance at the first board retreat he attended and his subsequent search for a detailed document on shared governance. He added that the current philosophy was a notable improvement on the statement in previous board materials.

Trustee Scott said she was originally skeptical the board could approve a shared governance philosophy in one meeting but expressed appreciation for the quality of the finished document. She noted a missing word in the bullet point on shared governance to be corrected.

Trustee Manning felt the philosophy accurately captured the comments and discussion from the October 2023 retreat and January 2024 board meeting. She stressed the importance of making sure the board continued to reference the document and make sure its shared governance partners were aware of it, since they have similar statements in place.

Chair Schueler sought a motion to recommend the shared governance philosophy to the full board. A motion was made, seconded and approved by all committee members in attendance. The motion carried.

c. SB 273: Implementation and Next Steps

Board Secretary Jackie Bangs and Trustee Julie Manning were joined by Executive Director of Government Relations Katie Fast (*by Zoom*) to present information on the implementation of Senate Bill 273.

Bangs provided background on the legislation, which was passed by the Oregon Legislature in 2023 and requires university governing boards to adopt policies on operational matters and include two new student positions (one graduate and one undergraduate). The legislation also removes the provision for the governor to decide whether the faculty, staff and student trustees are voting or non-voting, making it a requirement that all three categories of trustees are voting. Bangs noted that the board was able to amend existing policies instead of adopting new ones and added that the proposed amendments had been reviewed by Vice President and General Counsel Becca Gose and Chief Executive of Audit, Risk and Compliance Patti Snopkowski.

Bangs cited a requirement for all governing boards to submit a report by July 2, 2024, verifying compliance with SB 273 and showing how they are implementing changes. She added that OSU's report would include input from the Associated Students of Oregon State University (ASOSU), Associated Students of Cascades Campus (ASCC) and OSU's Faculty Senate. Bangs extended an invitation to trustees to connect with these stakeholders and said that a summary of any input would be included in the report.

Bangs gave an overview of the legislation's requirements of the Higher Education Coordinating Commission and recognized HECC Executive Director Ben Cannon, who met with university board secretaries to solicit their feedback and collaboration. She noted trustees would have a chance to interact with HECC Vice Chair Greg Hamann, who would join the board's ASC meeting as his schedule allowed.

Trustee Manning noted that Vice Chair Hamann had been a long-time partner to OSU and said his involvement would lend itself well to discussions of what collaboration with the HECC might look like going forward.

Fast added that she expected continued discussions around governance with both the HECC and the legislature.

Chair Schueler asked about the board's recruitment and appointment process and if having individual organizations like the ASOSU, ASCC and faculty senate submit recommendations to the governor could result in competing nominations. Trustee Bonanno, who participated in the search for the student trustee, spoke to that process, noting that the search committee included the presidents of the ASOSU and ASCC in addition to a representative of the CGE, the graduate student union. She said the CGE indicated they would submit their own list of names to the governor, but she didn't think that had happened. Bangs said additional names sent by stakeholders could be seen as a way to provide the governor with additional perspectives, rather than as competing nominations.

Vice Chair Hernández sought to clarify that different stakeholder groups submitting their own candidates to the governor was defined in the legislation, and Secretary Bangs confirmed it was, adding that stakeholder recommendations are deeply valued by the governor's office.

Chair Schueler sought a motion to recommend to the board approval of the amendments to the board bylaws, conduct of board meetings policy, presidential search and selection guidelines and board recruitment and appointment policy. A motion was made by Trustee Manning, seconded by Trustee Brim-Edwards and approved by all committee members in attendance. The motion carried.

4. Discussion items

a. Information Technology Ecosystem/Security, including risk management report

Chief Information Officer and Vice Provost for Information and Technology Andrea Ballinger and Chief Information Security Officer David McMorries presented the report.

Ballinger noted efforts to create a shared IT vision at all OSU locations across a decentralized organization to improve capacity and capability and support the broader university community in a digital world. She added IT had been moving the needle on projects vital to the success of *Prosperity Widely Shared* (PWS), the university's strategic plan. She said work on the IT strategic plan would end on June 30 and work was underway on an action plan for PWS that incorporates work done in IT over the past 4 years.

Ballinger announced OSU is ranked #2 in the state of Oregon by RiskRecon, which evaluates the quality of security programs, adding that the university was also ranked higher than all Big Ten institutions, including the new members.

McMorries walked trustees through the details of the risk management report. He also introduced key members of his team: Deputy Chief Information Security Officer Marjorie McLagan and Security Operations Center Manager Emily Longman.

He noted that OSU's information security program was based on the cybersecurity framework of the National Institute of Standards and Technology (NIST), which provides a straightforward way to measure processes, procedures and investments against risk.

McMorries mentioned significant investment in the Office of Information Security, which has grown from five to 20 FTE since he came to OSU. He said the office also employs about as many students, who gain experiential learning through the important work they do to protect the university.

Trustee Chambers noted the increasing sophistication of cyber attacks and the increasing difficulty of detecting fraudulent emails. She commended Ballinger and McMorries for the efforts in a growing area of concern.

Trustee Manning commented on the number of student employees in IT, noting the competitive hiring landscape for people with that expertise and the possibility of some students staying with OSU after they graduate. Ballinger added that OSU students find jobs with major companies across the country after finishing the program. McMorries noted that the College of Engineering and the College of Business are major contributors of student workers and commended those colleges for providing the education students need to be successful.

Trustee Bedient asked McMorries about quantum computing as an emerging risk for IT security. McMorries said that quantum computing threatens cryptography and that OSU's encryption could be at risk if an adversary had access to quantum computing. He noted the added challenges of AI applications that could create voicemail or Teams calls that imitate someone's voice. He acknowledged

concerns for the future but said he was confident OSU would be able to address those issues in time and did not feel quantum computing was a near-term significant threat to the university.

Trustee Macpherson noted the vulnerability of healthcare providers to ransomware attacks and asked if the same was happening in higher ed. McMorries confirmed it was, citing what appeared to be a ransomware attack at a Big Ten institution with a medical school at the beginning of the academic year. He also noted an attack on OHSU several years ago and added that cyber adversaries attack higher ed for some of the same reasons they target healthcare – because they know institutions can't afford the downtime. Ballinger added that the OSU team had been to two different Oregon institutions to help with equipment and make sure those institutions could come back quickly while they dealt with cyber attacks.


Vice Chair Hernández noted examples of ransomware attacks, one of which was caused by someone opening an attachment from a slightly modified email address. He said this was a problem across the public and private sectors and thanked Ballinger and McMorries for their work.

Chair Schueler asked Ballinger and McMorries for their thoughts on the possibility that the cost of securing technology could outweigh the benefits of using that technology. McMorries noted the importance of conversations about balancing the risks and rewards. Ballinger added that IT was simplifying the university's existing ecosystem so there is less technology controlling the institutions' data.

5. Adjournment

With no further discussion or business before the committee, Chair Schueler adjourned the meeting at 9:35 a.m.

Respectfully submitted,



Stacy Jeffries
Executive Assistant, Office of the Board of Trustees