



Oregon State
University

The Board of Trustees of Oregon State University

Meeting of the Executive and Audit Committee

October 27, 2022

8:00 – 10:30 a.m.

Memorial Union, Horizon Room
Corvallis, OR

MINUTES

Committee Members Present: Kirk Schueler (*chair*), Julia Brim-Edwards (*via Zoom*), Darry Callahan, Preston Pulliams, Jayathi Murthy (*ex officio*)

Committee Members Absent: Patty Bedient (*vice chair*)

Other Trustees Present: Maria Chávez-Haroldson, Susan Clark, Michele Longo Eder (*via Zoom*), Román Hernández, Julie Manning, Jax Richards

University Staff Present: Jackie Bangs, Belinda Batten, Steve Clark, Kevin Dougherty, Ed Feser, Susan Freccia, Alix Gitelman, Becca Gose, Mike Green, Jen Humphreys, Stacy Jeffries, Deb Mott, Paul Odenthal, Julee Otter, Shalece Rains, Melanie Rose, Patti Snopkowski, Irem Tumer, Scott Vignos

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

Committee Chair Kirk Schueler called to the meeting to order. Board Secretary Jackie Bangs called the roll and verified a quorum. Chair Schueler made a land acknowledgment statement.

2. Consent Agenda

- a. Minutes of the May 26, 2022 Meeting of the Executive and Audit Committee
- b. Delegation of Authority Updates

Trustee Callahan moved to approve the consent agenda, and Trustee Brim-Edwards seconded the motion. The motion carried.

3. Action Items

- a. Board Chair's Report: Consideration of President's FY2023 Goals

President Murthy met with Chair Schueler in August as she was transitioning into the role of president to discuss goals for her first year. Trustees had an opportunity to review the proposed goals and provide feedback.

Trustee Brim-Edwards made a motion to approve the President's FY2023 goals, and trustee Callahan seconded the motion. The motion carried.

- b. Annual Committee Work Plan

Chair Schueler noted that the Executive and Audit Committee's charter would undergo an annual review in Jan. 2023 and said the committee would take that opportunity to clarify its role in

governance.

Schueler reported that the annual committee self-assessment survey showed scores slightly lower than the five-year average on some metrics and solicited feedback from trustees.

Hearing none, a motion was made by trustee Callahan to approve the Executive and Audit Committee Work Plan for 2023. Trustee Brim-Edwards seconded the motion. The motion carried.

c. Office of Audit, Risk and Compliance Progress Report

Chief Audit, Risk and Compliance Executive Patti Snopkowski and Deputy Chief Audit, Risk and Compliance Executive Julee Otter presented the report.

Otter gave an overview of two high-risk reports with a shared theme of safety and security: the criminal history check audit and the information technology general controls – access controls audit. She expressed confidence that leadership is committed to addressing recommended improvements from those audits and minimizing risks going forward.

Otter noted that six follow-up reports were issued during this review period, for a total of eight open recommendations. Five of those were closed out, including one that was originally due in 2019. Otter added that the three open items are expected to be closed out during the next review cycle.

Snopkowski gave an update on internal audit coverage, noting that the university has nine major functional units encompassing a total of 89 different functional areas for the purposes of audit. Since the change in governance structure in 2014, the need for coverage of other activities (mainly hotlines and external audit coordination) has expanded, and OSU put about 2 ½ FTE (full time equivalent) toward those endeavors, taking staff time away from scheduled audits.

In response to a question from President Murthy regarding OSU's internal coverage compared to other regional R1's, Snopkowski said coverage among our peers was between 6 ½ to 7 ½ FTE. Returning the audit function to 2014 staffing levels would bring OSU up to 5 FTE. Snopkowski added that the high experience level of current OSU staff helps the university perform at a higher level than some peers.

Trustees engaged Snopkowski and Otter in discussion on the following topics: working with units to set realistic due dates and expect greater accountability moving forward; the annual snapshot of trending issues as reported through hotlines (and benchmarking those issues against peers); and utilizing the option of external auditors. Trustees encouraged Snopkowski and the president to examine staffing levels for the OARC.

Hearing no further discussion, a motion was made by Trustee Brim-Edwards and seconded by trustee Callahan to approve the OARC compliance report. The motion carried.

d. External Audit Service Provider Selection Report

Trustee Darry Callahan presented the report, noting the pending expiration of the university's current contract with the external audit firm hired to perform annual financial statement audits and federal compliance audits. The university issued a request for proposals (RFP) and established an evaluation committee that included Callahan and Trustee Brim-Edwards. Three qualified auditors submitted proposals and were evaluated, and the committee selected CliftonLarsonAllen LLP (the university's current auditors). An initial contract of three years was recommended.

Patti Snopkowski, chief audit, risk and compliance executive, answered questions about staff rotation at CliftonLarsonAllen, noting that OSU will have a new management team at the firm moving forward. At the partner level – where quality control is provided – there will be a new second review partner (who double-checks the partner’s work) on the OSU team as well.

Callahan made a motion to approve the report, and Trustee Brim-Edwards seconded the motion. The motion carried.

5. Discussion Items

a. Office of General Counsel Annual Report

General Counsel Becca Gose delivered the annual report from the Office of General Counsel (OGC).

Gose called attention to several trends from the past year, including a further decrease in OSU’s litigation claims, which are already historically low (a trend she says is unlikely to continue); a decrease in administrative claims; outside counsel costs consistent with national peers (though on the lower end); and increases in some categories (chiefly intellectual property).

For the coming year, Gose expects the focus areas that OGC advises on to remain similar to this year’s, including athletics; complex transactions supporting innovation, research and infrastructure; the 2023 legislative session; student mental health; Title IX; public safety and law enforcement; and issues involving free speech and the diversity, equity and inclusion (DEI) space in general.

Discussion followed between Gose and trustees on issues of free speech. Highlights included differences at the state and federal level); the university’s varying levels of ability to restrict or regulate speech depending on context; and the University’s philosophy and policies supporting free speech and empowering students and others in expressing their diverse opinions and viewpoints.

b. Annual Compliance and Ethics Program Report

Patti Snopkowski, chief audit, risk and compliance executive, and Susan Freccia, director of compliance, presented the report.

Snopkowski noted that compliance is a university-wide effort, with Freccia providing central coordination to decentralized compliance programs and functioning as the hub to all subject matter experts across campus.

Freccia added that higher ed is a highly regulated industry with hundreds of federal and state regulations across areas as broad as research, health and safety, civil rights, employment, information security and privacy, athletics, and international activities.

Freccia commented on current compliance trends and emerging issues. For 2022, those included interpersonal violence and Title IX; research, including undue influence and additional reporting requirements from the federal government; state ethics law; conflicts of interest; and conflicts of commitment. She added that an ADA task force had been convened and that a report and recommendations will follow soon.

Trustees engaged Freccia and Snopkowski in conversation about compliance and ethics training (there are five critical training modules that all employees must complete and renew every two years; training is logged, and there’s an escalation process if it’s not completed); separate federal training

requirements; how the office supports subject matter experts in their work (instead of policing them); performing root cause analyses of what led to non-compliance; and ensuring routine audits over high-risk areas.

c. Needs Assessment for At-Large Position Vacancies

Board Chair Kirk Schueler and Board Secretary Jackie Bangs presented the needs assessment.

Schueler and Bangs clarified the extent of the pending vacancies, noting that four trustees will term out in June 2023; the faculty and staff trustees are up for reappointment and the current student trustee will graduate (and need to be replaced) in 2023; and an additional three trustees will term out in 2025.

Bangs provided background on the process for appointing at-large trustees. (The student, faculty and staff trustees potential candidates recommendations come to the president through a different processes led by groups outside of the board and president’s offices.) Based on the committee’s needs assessment, the president will identify potential candidates. To assist the president in identifying potential candidates, the secretary of the board will share a list of individuals submitted by sources such as trustees, the president, senior administrators, alumni, and others.

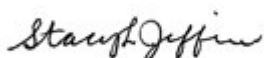
The president will vet potential candidates in consultation with board officers and present recommendations to the committee. If the committee concurs with the president’s recommendations, the board chair will submit names of potential candidates on behalf of the board to the governor for consideration. In response to a question from Trustee Brim-Edwards, Bangs confirmed that the governor can also go “off list,” and that the board does not have the ultimate authority to select future trustees. Candidates are submitted by the governor to the senate for confirmation after vetting, which includes background checks.

Trustees provided input on the candidate selection process. They expressed interest in including representation from community colleges, higher ed, K-12 education, the Tribal Nations, eastern Oregon, and out of state. They also voiced interest in candidates with experience in the following areas: real estate, government, leadership at an HIS (Hispanic Serving Institution), governance (candidates who have served on multiple boards), the agricultural sector, tech and innovation, and finance and accounting.

6. Adjournment

With no other discussion or business, Committee Chair Schueler adjourned the meeting.

Respectfully Submitted,



Stacy Jeffries
Executive Assistant, Office of the Board of Trustees