



The Board of Trustees of Oregon State University

Regular Meeting of the Executive & Audit Committee

March 18, 2015

Willamette Room, CH2M Hill Alumni Center
Corvallis, Oregon**MINUTES**

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

Other Trustees Present: Michelle Longo Eder, Orcilia Forbes (arrived at 9:50 a.m.), Brenda McComb, Laura Naumes, and Taylor Sarman

University Staff Present: Sherm Bloomer, Steve Clark, Debbie Colbert, Becca Gose, Mark Huey, Julee Otter, Sabah Randhawa, Clay Simmons, and Patti Snopkowski

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

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

Committee Chair Pat Reser called the meeting to order at 9:00 a.m., asked the Assistant Board Secretary to call the roll, and noted a quorum.

2. Consent Items**a. Minutes of the January 15, 2015 Executive & Audit Committee Meeting****b. Minutes of the January 15, 2015 Joint Meeting of Executive & Audit and Finance & Administration Committees**

A motion was made and seconded to approve the minutes of the January 15, 2015 Executive & Audit Committee meeting and the January 15, 2015 joint meeting of the Executive & Audit and Finance & Administration committees; the motion carried.

3. Action Item**a. Office of Audit Services Quarterly Report**

Patti Snopkowski, Chief Audit Executive, introduced Ms. Jean Bushong, principal, CliftonLarsonAllen LLP (CLA). OSU hired CLA to perform the required NCAA Division I agreed upon procedures over the athletics financial reports for fiscal year ending June 30, 2014. Bushong reported that no exceptions were noted during the NCAA agreed upon procedures engagement. Based on a report by the Office of Audit Services, Snopkowski also confirmed that OSU is in compliance with NCAA rules concerning Division I football bowl attendance. Regarding the annual external audit, Bushong advised that CLA will also be auditing OSU financial statements and compliance with federal regulations for the fiscal year ending June 30, 2015. Bushong highlighted that, as part of standard audit procedures, board interaction will occur during the engagement as in previous years.

Snopkowski reported out on all internal audits issued, stating that the control improvement recommendations have all been accepted by management. Snopkowski also noted the follow-up audits documented a high implementation rate. Highlights of improvements to enhance the efficiencies and effectiveness of business operations as well as reduce the risk profile in several areas were provided. The status of open recommendations and actions plans were also discussed.

During the discussion of the audit plan status, President Ray discussed how during the annual planning process and throughout the year trustees can refer to Snopkowski potential areas within the University for review or audit. At the request of trustees who are not Executive & Audit Committee members, it was agreed that audit reports would be provided to the full Board.

Snopkowski noted that subsequent quarterly reports will be expanded and will focus on a combination of three topics including current audits, compliance, and risk (for example, enterprise risk management).

Following the report, a motion was made and seconded to accept the March 2015 Quarterly Office of Audit Services report; the motion carried.

4. Discussion Items

a. Draft Presidential Assessment Policy

Reser noted that, under Senate Bill 270, the Board is required to conduct presidential performance assessments. During the course of several Committee meetings, discussion has centered on best practices for implementing an assessment process and determining the aspects the Committee deemed most important to performance assessment. Reser reviewed the draft policy including the guiding principles, process, and elements of annual and periodic comprehensive assessments. Following this overview, there was a discussion of the policy. It was suggested that the policy include input from the Faculty Senate, Associated Students of Oregon State University, and others when the Board Officers are conducting an assessment.

The Committee also discussed how it would transition to the new policy for the current President. Reser outlined several options for making the transition. There was discussion of how to reconcile the timing of new contracts with a President and the timing of comprehensive assessments. Committee members expressed an interest in keeping some flexibility for the Board to schedule comprehensive assessments. Reser described the timeline for President Ray's current contract. After some discussion, several Trustees suggested that a new contract could move forward now and that a comprehensive assessment could occur in 2016 or 2017. Several of the Trustees felt that this would send a strong message of support for President Ray while also transitioning to the new policy.

The Committee asked staff to bring an updated policy for action at its next meeting.

b. Development of a Trustee Nomination Process

Reser deferred this item to the next meeting.

c. Status Report on Whitepaper for October Board Retreat

Provost Randhawa reported he is collaborating with the Faculty Senate President on a 'SWOT' analysis, looking at the university's strengths, weaknesses, opportunities, and threats, that will be completed by the summer. This analysis will support the preliminary business plan narrative for discussion at the Board retreat. The retreat will provide the Board an opportunity to engage in shaping the business plan based on that analysis, Strategic Plan 3.0, and consideration of the state's "40-40-20" education goals.

5. Adjournment

With no further business proposed, Reser adjourned the meeting at 11:02 a.m.

Respectfully submitted,

Mark C. Huey
Assistant Board Secretary