



The Board of Trustees of Oregon State University

Meeting of the Executive & Audit Committee
October 16, 2014

Robert Family Event Room, Austin Hall
Oregon State University, Corvallis, Oregon

MINUTES

Committee Members Present: Rani Borkar, Darry Callahan (Vice Chair), Paul Kelly, Pat Reser (Chair), Ed Ray (ex officio), and Kirk Schueler

Other Trustees Present: Michele Longo Eder, Orcilia Forbes, and Laura Naumes

University Faculty and Staff Present: Sherm Bloomer, Dan Edge, Mark Huey, Linda Powell, Meg Reeves, Clay Simmons, Patti Snopkowski, and Marcia Stuart

1. Call to Order

Committee Chair Pat Reser called the meeting to order at 9:10 a.m., asked the assistant board secretary to call the roll, and noted a quorum.

2. Consent Agenda

a. Approval of Minutes of the August 28, 2014 Meeting

A motion was made and seconded to approve the minutes of the August 28, 2014 committee meeting; the motion carried.

3. Action Items

a. Audit Service Provider Selection

Patti Snopkowski, Chief Audit Executive, described the process used to elicit proposals from audit firms. CliftonLarsonAllen, LLP (CLA) has been the auditor for the Oregon University System for the past two years, and the expenses associated with their work were significantly under budget during 2014, with the quality and price of their work giving them a competitive advantage in this search. Committee Member Kirk Schueler expressed his appreciation for the thoroughness and appropriateness of the search process and made the motion that the Committee approve the selection of CLA as the University's external auditor for the years ending June 30, 2015 and June 30, 2016 (unless otherwise terminated). The contract may be extended to perform the services for up to five additional one-year periods, for a possible total of seven audit periods ending June 30, 2021, as such services are needed. The motion was seconded and carried.

b. Office of Audit Services Quarterly Progress Report, October 2014

Ms. Snopkowski described the objectives and key results during the period January to September 2014 for the Office of Audit Services (OAS). During this period, the transition from the OUS audit to the University audit was completed. Of note was the implementation of the University hotline service agreement for use with the University fraud, waste and abuse reporting policy. Working with search committees, the office

successfully recruited a university senior auditor, an IT auditor and an office executive assistant. Priorities have been set for October-December 2014 and include developing a 2015 calendar year audit plan, conducting trainings on fraud awareness, evaluating the hotline marketing and branding, and finalizing the contract with CLA. A motion was made and seconded to approve the October 2014 quarterly OAS progress report. Motion carried.

4. Discussion Items

a. Office of Audit Services Annual Planning Process

Ms. Snopkowski described the 2015 calendar year planning process for the OAS, with the following objectives used to form the plan: reducing the risk of operational inefficiencies and ineffectiveness, increasing the reliability of financial reporting, and reinforcing the likelihood of non-compliance.

b. Formal Presidential Performance Assessment Process

Chair Reser drew the Committee's attention to the proposed presidential performance assessment materials provided in the full Board docket and introduced the topic. Vice Chair Callahan urged the Committee to establish a 360-degree in-depth assessment, conducted every three to four years, to incorporate longer-term objectives. President Ray recommended reviewing best practices at peer institutions on the timing of presidential evaluations.

5. Education Item

a. Internal Control at OSU – COSO and Enterprise Risk Management

Ms. Snopkowski described the framework provided by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which defined internal control as a process, affected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives (the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with applicable laws and regulations). This model is used to evaluate operations and, therefore, reported Ms. Snopkowski, is provided to OSU managers, external stakeholders, board and executive leaders, and internal auditors. Ms. Snopkowski described each of the five interrelated components of the internal control model (control environment, risk assessment, control activities, information and communication, and monitoring). In conclusion, the Committee was advised that Oregon State will continue to use and improve upon the principles of COSO to provide reasonable assurance regarding the achievement of the three stated objectives.

6. Adjournment

With no further business proposed, Chair Reser adjourned the meeting at 10:35 a.m.

Respectfully submitted,

Mark Huey
Assistant Board Secretary