



**Oregon State
University**

The Board of Trustees of Oregon State University

Regular Meeting of the Executive & Audit Committee

April 5, 2018

**Horizon Room, Memorial Union
Corvallis, Oregon**

MINUTES

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

Other Trustees Present: Mike Bailey, Mark Baldwin, Michele Longo Eder, Julie Manning, Laura Naumes, and Mike Thorne

University Staff Present: Ron Adams, Jennifer Almquist, Lois Brook, Susan Capalbo, Steve Clark, Debbie Colbert, Jon Dolan, Ed Feser, Becca Gose, Mike Green, Cindy Sagers, and Patti Snopkowski

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

Committee Chair Rani Borkar called the meeting to order at 8:33 a.m., asked the assistant board secretary to call the roll, and noted a quorum. Borkar then welcomed new Trustee Julie Manning. Manning provided a brief introduction and said she was pleased to serve as a trustee.

2. Consent Agenda

a. Minutes of the January 18, 2018 Executive & Audit Committee Meeting

b. Minutes of the January 18, 2018 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. Action Item

a. Office of Audit Services Progress Report

Borkar asked Chief Audit Executive Patti Snopkowski to present this item. Snopkowski provided an overview of the five reports that were issued by the Office of Audit Services (OAS) since the last committee meeting. She noted that the university's business operations have grown in size and scope because of the governance change, and an external consultant had recently been engaged to review the current business operations and make recommendations to enhance their effectiveness. Snopkowski noted a consultant was also hired to provide insights on best practices over capital construction and that Vice President for Finance and Administration Mike Green would speak to both the business operations and construction efforts later in the presentation. Snopkowski also said the OAS evaluated network security organizational

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responsibilities and firewall management practices, adding that Vice Provost for Information and Technology Lois Brooks would be reporting later in the meeting on the university's risk action plan related to IT security. Snopkowski reported on an attendance certification in accordance with NCAA rules and a complaint received by the OAS, noting that appropriate personnel action had been taken. Trustee Paul Kelly asked how the complaint fit into the risk assessment reporting to the Board. Snopkowski said one element of the OAS charter is to investigate allegations of unethical business practices, and, when a formal report is issued, to notify the Board. She added that the standard is whether the university's code of ethics was violated, rather than whether a particular monetary threshold was exceeded.

Next, Snopkowski reported on the status of recommendations due per action plans and described the follow-up process conducted every six months by the OAS. She described several of the areas in which improvements were made and noted the areas with open recommendations. In describing progress in Environmental Health & Safety, Snopkowski pointed to broader efforts underway to examine the Division of Finance and Administration, adding that the deliberate focus on creating the most effective structures and processes for the university delayed implementation of one final recommendation. She also described actions in process to improve IT systems and said the original timelines set by the responsible parties may not have been realistic, given leadership transitions and the complexity of the upgrades needed. Snopkowski said the rate of compliance with audit recommendations is at 80% and the industry benchmark is 85%. The OAS will be working with university leaders to determine a strategy for setting realistic implementation dates and with the appropriate staff to establish monitoring systems to increase the compliance rate. In response to a question by Trustee Darry Callahan, Snopkowski said the recommendations in progress were not yet cause for concern and that she would bring any such concerns to the attention of the president and the Executive & Audit Committee; however, she said it was important to continue working to improve the compliance rate. Trustee Kirk Schueler asked whether new implementation dates were set once an action was past due, and Snopkowski said the OAS works with leaders to re-establish a date and then to track progress toward the new deadline.

Snopkowski provided an overview of the recommendations with action plans that are not yet due. She noted that the recommendations related to the Office of Equal Opportunity and Access will be incorporated into an external quality control review that General Counsel Becca Gose will speak to later in the report. Lastly, she reported on the OAS engagements in progress, which she said are on target. Snopkowski said the OAS continually reevaluates the plan in relation to the needs of the university, adding that any changes will be shared with the committee. In response to a question about open recommendations associated with the human resources functional review, Snopkowski said that although the report was issued in October 2016, the recommended actions involve a comprehensive reworking of the organizational structure. She said that progress has been made in a number of areas, but because other actions are not yet due, the overall due date is on hold. President Ed Ray added that the functional

review of human resources was part of an overall effort to strengthen processes and leadership in Finance and Administration. Green summarized organizational shifts and process improvements that have already occurred, noting that efforts were underway to hire a chief human resources officer, which is an important position that will help lead implementation of some outstanding actions. Trustee Patty Bedient asked about the implementation date for all recommendations associated with the review, and Snopkowski said they were due by the end of the calendar year.

Following Snopkowski's summary of the OAS progress report, Green reported on improvements to the capital projects process and to overall business operations. He reported that the search for a director of Environmental Health & Safety was recently failed, and he will be reviewing where the unit is situated in the organizational structure before a new search is opened. In the meantime, Green is comfortable with the safeguards in place. He provided an overview of the comprehensive review of business operations, which he said resulted in recommendations to enhance the effectiveness of business operations organization-wide and ensure alignment of resources with strategic priorities. Schueler asked how Green would keep the Board apprised of progress, and Green said that he would continue to share with trustees the status of implementation efforts, including metrics and progress toward goals. Next, Green reported on efforts to improve the management of capital projects. He summarized steps taken since 2016 to improve processes and protocols and provided an overview of the recommendations made by a consultant following a recent review. In particular, Green noted the need to improve the process to facilitate the Board's oversight of capital projects. He said he would present at a future meeting a proposal for process modifications to more effectively engage the Board. Callahan noted the need to ensure that cost-estimating processes occur at the proper time, and Schueler pointed to the importance of understanding the total project cost. Green said the proposed process will include clarity on timelines and the connection of projects to the university's ten-year forecast and will enhance current efforts to improve cost-estimating and pragmatic evaluation on the front end and inform the Board about the ultimate cost.

Next, Gose reported that the university will be conducting a holistic outside audit of the entire Title IX compliance program. She said plans have been in place for some time to conduct such a review once a new director of the Office of Equal Opportunity and Access was hired and the sexual misconduct and discrimination policy was updated. Now that both actions have been completed, and given the national context, the university will engage in a review to ensure that existing policies and procedures effectively support the university's legal obligations and broader commitment to create an equitable and inclusive campus free of all violence, harassment, and discrimination. She added that particular attention will be paid to known areas of high-risk. Gose said the university will engage an outside firm, recognized as experts in the field, to assist the university in improving its efforts in this area. The Board will be kept informed of developments. Callahan asked about the final product, and Gose said the firm

will produce a final report and will also assist in the implementation of any recommendations.

Following the report and discussion, a motion was made and seconded to approve the Office of Audit Services April 2018 progress report. The motion carried.

4. Education/Discussion Item

a. IT Security, including risk management report

Borkar asked Provost and Executive Vice President Ed Feser, Brooks, and Associate Provost for Information Services Jon Dolan to present this item. Feser said that as the threat environment related to IT security continually worsens, it is important to report on steps the university is taking to evaluate and mitigate risk. Brooks began her report with an overview of the top threats to IT security and a discussion of the unique higher education threat vectors. She then described the university's security profile, which considers five technology areas and the sensitivity of the data, the extent to which the area is essential for operations, and the potential impact of a breach. Brooks said that over the past three years the university has used an industry standard tool to perform an annual security assessment to score systems across critical controls and determine where to conduct mitigation efforts. During this time period, the university's threat vector has decreased as a result of focused mitigation strategies. Brooks said that the university is now considering what new assessment methodologies might be available to continue to enhance the university's overall security program. Dolan said the focus is moving toward a more holistic evaluation of risk across the five elements of federal financial aid eligibility, daily operations, identity theft, reputational damage, and financial loss, and he described the nature of the risk and mitigation strategies for each. Callahan asked what the university can do to move a risk from very high toward very low, and Dolan said that strategies include implementing better access controls, strengthening policies, and ensuring that employees receive appropriate training.

Next, Brooks described steps for mitigation, which include extensive scanning, alerting, and notification; awareness efforts and training; improved automated inventory and remediation; and widespread use of encryption. She also described the priorities for the year. Borkar asked about efforts to make use of encryption seamless for users, and Brooks described efforts including pre-encrypting systems managed by the university and automating patching. Borkar also asked about training and awareness efforts, and Brooks said that an information security module was included as part of the required training to be launched for all employees later in the month and an awareness campaign aimed at students occurred each academic year. Brooks also presented benchmarking data that compared the university to both near peers and leading universities in the areas of systems review, policies, security services and operations, business continuity, and asset protection. Where gaps are identified, Brooks and Dolan are working with other university leaders to more closely examine the university's IT security risk profile and prioritize mitigation strategies. Callahan and Bedient emphasized the importance of improving the university's overall security program with a focus on improving in the areas in which OSU lags behind peers. Brooks noted that there are different levels of risk associated with each dimension, and the university's risk management plan needs to prioritize strategic investment in the most pressing risk areas. She added that she would

incorporate more fully the university's assessment of risk and prioritization of resources into the next report to the committee. Next, Dolan described the strategies underway by the university to enhance disaster recovery efforts. Following the report, Kelly noted the network security audit mentioned as part of Snopkowski's report earlier in the meeting and asked about the current information security organizational structure in place to support the university's IT security program. Brooks said that an important action following the audit will be to review staffing levels and skill sets to ensure that OSU's organizational structure is consistent with best practices.

5. Adjournment

With no further business proposed, Chair Borkar adjourned the meeting at 9:58 a.m.

Respectfully submitted,

Jennifer M. Almquist
Assistant Board Secretary