

C. Compliance and Audit

Dr. Goyal will report on the committee meeting of April 7, 2017 in the absence of General Moore, chair of the committee.

**Compliance and Audit Committee
Meeting of November April 7, 2017**

Minutes

Present: D. Fecher, S. Fitzpatrick, J. Large, W. Montgomery, C.D. Moore, R. Pignatiello, G. Ramos,

Guests: D. Andersh, L. Chan, P. Cheng, t. Davis, K. English, R. Fyffe, T. Heigel, N. Jenkins, D. Kimpton, C. Krebs, S. Lightle, N. Lasky, C. McCray, T. Mills, K. Munch, K. Ralston, S. Sherbet, T. Sudkamp, R. Sweeney, K. Tittle, J. Ulliman

General Moore called the meeting to order at 12:45 p.m. and read the conflict of interest statement

Comments from the Chair

General Moore reviewed the purpose of the purpose of the Compliance and Audit committee and outlined the order of business for the meeting.

The Compliance and Audit Committee has a governance and oversight responsibility that includes a periodic review of established policies and operating procedures to determine if changes and/or updates are required.

Three agenda items were presented:

- An update from Ms. Tittle, the University's compliance officer, regarding progress on the time-phased compliance assessment of the University's Affiliate Entities. As established in the plan, the focus included the first four Affiliate Entities under review. These include the Alumni Association, the Wright State Foundation, Double Bowler, and the Wright State Applied Research Corporation.
- Mr. Peter Cheng, university auditor, reviewed the Audit Report from August 1, 2016 through January 31, 2017.
- Finally, the Committee heard a report from five Master of Accountancy graduate students, under the supervision of Dr. Susan Lightle, who were tasked to assist the Trustees with updating their Bylaws.
- The planned discussion of the University's Contracting Policy was postponed in the interest of the more urgent Financial Policy work underway.

Affiliated Entity Review Update

Last year the Board passed a resolution establishing a University-wide Director of Compliance position and a University-wide Compliance Program. At the November committee meeting, the timeline for the review of the first group of Affiliated Entities was presented. Ms. Kelli Tittle, director of compliance, updated the committee on the work done so to review the Alumni Association, the Wright State Foundation, Double Bowler and the Wright State Applied Research Corporation.

The review process is on track with the estimated timeline. Each entity has submitted documentation to support compliance with the policy and that documentation has been reviewed by the respective review group for each entity. Currently, Ms. Tittle is working with each entity to address any questions or concerns raised during the review process as well as beginning the process to put in place a Memorandum of Agreement (MOA) that sets forth the entities obligations as an Affiliated Entity of Wright State University.

Ms. Tittle clarified that according to the timeline, this part of the process should be completed by June 30th. However, per the policy, the University President is supposed to appoint two university directors to serve on each entity's governing board. In addition, the President is supposed to sign each MOA. The presidential transition period will likely delay the formal completion.

Various affiliated entities have expressed concern about the impact of an Affiliated Entities Audit on their day-to-day operations. Trustee Moore indicated that no aspect of the audit process should slow down, stop or impede the operations of any entity. As to the June 30th timeline, the Compliance Committee would like to make sure that Dr. Schrader has the time she needs to fully review and ask questions about the individual MOA's before moving forward. The June 30th expectation has been revised to July as a more realistic timeframe to complete this part of the process.

Trustee Fecher asked about the crossover between the Affiliated Entity Policy and the University Financial Governance Policy and whether the Finance Committee or the Compliance Committee of the Board has oversight. As part of their review, Affiliated Entities are asked to provide financial documents to the Wright State Board of Trustees through the University CFO. Ms. Tittle explained that according to the Affiliated Entity Policy, the annual financial reports are to be sent to the CFO by dates to be determined for each affiliate. Trustee Moore indicated that the Finance Committee should then receive these documents from the CFO for appropriate Board oversight.

Trustee Fecher shared that the University community continues to question what affiliated entities do, what role they serve, and what contribution they make to the University's financial viability. General Moore indicated that President Schrader will be reviewing the audits from all the various affiliated entities and deciding how best to communicate with the broader University community regarding each Affiliate's role and purpose as part of the Wright State mission.

Internal Audit Report

Mr. Peter Cheng, assistant vice president for University Audit and Consulting Services, briefed the Board on the audit report from August 2016-January 2017.

An audit was performed on the Bursar's office according to the audit schedule. Based on current University financial conditions, the audit shifted from the traditional cash control review to insight on the short and long-term solutions to managing cash flow. Recommendations to expand the horizon to include best and worst-case scenarios and the use of benchmarks to predict interruptions in cash flow earlier were made. The results of the audit were made available to the CFO.

CaTS (Computing and Telecommunications Services) is the most important information structure on campus and the backbone upon which information handling depends. The ISO 27,000 benchmark was used to perform the IT security and management review and the unit performed well. Due to the importance of CaTS to the overall operation of the University's information technology, recommendations were made to evaluate business continuity, change management, staffing and risk assessment.

An audit was done for the University Center for International Education (UCIE). The audit was requested by the unit in order to review the agency relationships utilized for international student recruiting. The Office of General Counsel has since developed a template to manage the Universities relationships with international recruiting agencies.

A review of Facility Management looked at contract management and local supply purchases. Recommendations were made to improve management of the scope of contracts to deter sole sourcing and to prevent expansion of work without the proper authorizations.

Several trustees expressed concern over contract management. The Board would like to address the implementation of improved contract handling processes.

Findings from the audit of the Payroll Office concluded that while the workload has increased, the office continues to be managed in a very cost effective manner and under the cost of outsourcing the work.

The audit of Parking and Transportation audit incorporated a study comparing the ratio of parking spots to patrons. Competition remains strong for parking spaces in proximity to campus. Recommendations included offering tiered parking passes for a more direct match between available spaces and demand. Another recommendation was to improve the parking R&R (Repair and Replacement) funds to make them more sustainable.

The final audit related to FERPA, which covers student records and personal information. Recommendations were offered concerning certain accessibility and policy issues.

Updating the Trustee Bylaws

The committee heard a presentation from the five graduate students from Dr. Susan Lightle's ACC 7500 class, who have spent the last three months working on a project to update the Board of Trustee Bylaws. The last time the Bylaws were formerly updated was 2003. The team researched best practices, reviewed comparable schools, performed a gap analysis, and interviewed key stakeholders.

While the Trustees Bylaws are relatively consistent with comparable schools, the students recommended seven general areas for further exploration as a way to improve board excellence and align with current industry best practices. These include:

1. Governance Committee
2. Risk Assessment
3. Board Self-Assessment and Culture
4. Conflict of Interest
5. Trustee Onboarding and Training
6. Policies and Procedures Document
7. Committee Charters

General Moore commended Tyler Davis, Nathaniel Jenkins, Christine Krebs, Tyler Mills and Kevin Munch for the quality of their work and the variety of sample documents and best practice examples that they prepared. The Compliance and Audit Committee will be establishing a sub-committee for updating the By-Laws and meeting with Trustees to incorporate their inputs into the revised document.

Good of the Order

General Moore outlined the agenda for the next committee meeting. Another update on the Affiliate Entity Compliance review is planned as well as hearing from the new Administration regarding any non-compliance issues with the first four Entities under evaluation and their plans to address any compliance issues. In addition, a progress report on the Bylaws update will be offered.

The meeting was adjourned at 1:40 p.m.

Respectfully Submitted,
Deborah Kimpton