



AUDIT COMMITTEE

FEBRUARY 1, 2018

PLYMOUTH STATE UNIVERSITY
PLYMOUTH, NEW HAMPSHIRE

MEETING MINUTES

Committee members present: Chairman Todd Black, Wallace R. Stevens, Frank Edelblut, M. Jacqueline Eastwood, Scott Mason, and Cathy Green

Other Trustees present: President Donald Birx, President Mark Huddleston, President Mark Rubinstein, Interim President Melinda Treadwell, Kassandra Ardinger, James Burnett, Adam Geddis, Todd Leach, Joseph Morone, Ted Dey, Rick Ladd, and Christopher Pope

Others in attendance: (KPMG) David Gagnon; (USNH) Ashish Jain, Carol Mitchell, Ron Rodgers, Kara Bean; (Governor's Office) Rhonda Hensley; (Baker Tilly) Raina Rose Tagle and Mike Cullen; (UNH) Donna Marie Sorrentino, Julianne Chen, Chris Clement, and Stan Waddell; (KSC) Jeff Maher; (GSC) Tiffany Doherty.

A number of faculty, staff and students were also in attendance.

Call to Order

The Audit Committee convened at 10:42 AM.

Chairman Black welcomed the committee and reviewed the agenda.

I. Audit Committee Members

Todd Black, Chair, Alexander Walker, Vice Chair, M. Jacqueline Eastwood, Frank Edelblut, Cathy Green, Shawn Jasper, Scott Mason, Wallace Stevens, Governor Sununu.

II. Approval of Consent Agenda Items

Chairman Black asked the committee members if they had any comments or questions on the Consent Agenda Items and there were none. On motion of Trustee Stevens and duly seconded, the

Audit Committee voted to approve the Audit Committee consent agenda items. Items on the consent agenda appear below:

- A. Minutes of June 22, 2017 Meeting
- B. Minutes of October 19, 2017 Meeting
- C. Internal Audit Reports Issued:
 - 1. University of New Hampshire: UNH Destiny One Audit Report
 - 2. University of New Hampshire: UNH Capital Projects Process Review
 - 3. University of New Hampshire: UNH Sponsored Research Project Closeout Audit Report
 - 4. University System of New Hampshire: USNH Unimarket Security Audit Report
 - 5. Keene State College: KSC - PCI DSS Audit Memo
 - 6. Keene State College: KSC Summer Youth Programs Audit Report
 - 7. Granite State College: GSC Financial Aid Data Security Review Report
 - 8. University of New Hampshire: UNH Health & Wellness Data Security Review
 - 9. University System of New Hampshire: USNH Travel Expense Audit Report

III. Items for Committee Consideration and Action

A. Accept External Auditors' FY17 Uniform Guidance (formerly known as A-133) Audit Reports on USNH Federal Expenditures

David Gagnon from KPMG discussed the process and focus of the uniform guidance audit.

USNH Federal spending totals \$328 million. The majority of federal spending is for student financial assistance cluster, which was KPMG's audit focus.

There was one reportable finding regarding timing and record keeping of disbursement notifications. Findings included management being unable to provide evidence of written loan disbursement notifications at KSC covering 42 disbursement notifications; the dollar amount of the disbursement notification did not agree to the actual dollar amount of the disbursement made for 11 disbursement notifications to KSC students; and communication of loan disbursement was untimely for 5 of 40 students tested at UNH and 5 of 40 students tested at KSC.

KPMG's recommendations include retention of records, and a reconciliation process and controls on the timing of disbursements be established.

Interim President Treadwell stated that KSC has established procedures to prevent this from happening in the future. In addition, management has emphasized the importance of this finding and the process improvements made.

In response to a question, Mr. Gagnon assured the committee that the findings did not indicate any mishandling of funds.

Chairman Black notified the committee that KPMG requires additional time to complete their work on the report.

At 10:55 AM, the following motion to go into non-public session was moved by Trustee Stevens, duly seconded, and unanimously approved by roll call vote of the Audit Committee:

MOVED, that the Audit Committee go into non-public session for the purpose of discussing: (1) matters which if discussed in public would likely affect adversely the reputation of a person or persons, who are not members of this committee; (2) consideration of pending claims or litigation; and (3) consultation with legal counsel, as authorized by RSA 91-A:2, I(b) and 3, II(c) and (e).

Chairman Black reconvened the public meeting at 11:18 AM and announced that no votes were taken and no decisions were made in non-public session.

B. Approve CY2018 Internal Audit Plan/Review Internal Audit 2017 Annual Report

Mr. Jain outlined the risk-based plan for CY2018 for all campuses and the System Office.

In addition, Mr. Jain presented the 2017 Internal Audit Annual Report and discussed Internal Audit's organizational chart, staffing, budget, hotline and fraud activities in 2017, 2017 planned vs. actual activities, and initiatives for 2018.

Internal Audit Department activities in 2017 included issuance of 12 internal audits, one investigation, one construction cost review, and six advisory reports; administration of the Ethics and Compliance Hotline; ERM reporting and coordination; Internal Audit Director's presentations on network security and auditing at ISACA's CACS, IIA's GRC, and ACUA's Annual Conference; implementation of Pentana software (automated workpaper solution); and data security assessments in business areas. Internal Audit provides internship opportunities for USNH students. Prevention of fraud and waste is an important focus area for internal audit. Construction cost reviews have recovered approximately \$70,000 to date. The travel expense audit has provided recommendations to enhance controls to prevent waste. The procurement card audit is underway and will provide similar recommendations. In the area of data analysis and continuous monitoring, Internal Audit has started providing management with some monitoring reports in the areas of procurement card and Banner segregation of duties.

Internal Audit initiatives for 2018 include adoption of automated workpaper solution; streamlining and enhancing quality assurance protocols; expansion of continuous monitoring program; and providing recommendations for conflict of interest disclosure process.

In response to a question from Trustee Edelblut, Mr. Jain explained that the work outside the formal audit plan stems from special requests, hotline reports, policy reviews, and even simply an issue that comes up in the course of business. Trustee Edelblut asked if staffing levels are sufficient. Mr. Jain stated that although the Internal Audit Department has fewer staff members than a few years ago, he feels that there is adequate staff to complete the audit plan provided the current open positions are filled in a timely manner.

On motion of Trustee Stevens and duly seconded, the Audit Committee unanimously approved the following motion:

VOTED, on recommendation of the Chancellor, that the proposed Internal Audit Plan for CY2018 be approved.

IV. Items for Committee Consideration and Discussion

A. Enterprise Risk Management

1. ERM Annual Report

Chancellor Leach outlined the top risks for USNH and the process for identifying, assessing and managing these risks. Mr. Rodgers explained that there are six reports – one from each institution, one from the System Office and one USNH system wide report. Mr. Rodgers encouraged Trustees to focus on the risk status changes in system wide report such as safety, change management and information technology. This report is important because it also explains interdependent risks. Chairman Black agreed that change management and campus safety are important risks for USNH to recognize and undertake.

2. Cybersecurity Assessment Report from Baker Tilly

Chairman Black briefly reviewed the history of the USNH cybersecurity project.

Raina Rose Tagle and Mike Cullen from Baker Tilly introduced themselves and provided a brief background.

Ms. Tagle discussed Baker Tilly’s objectives and scope, and that the project was based on the National Institute of Standards and Technology Cybersecurity Framework (“NIST CSF”).

Mr. Cullen stated that their team did not find any “major gaps” and that noted issues are being addressed. A majority of the cybersecurity issues are a matter of lack of maturity, i.e., lack of formal policy, procedure, or process.

Baker Tilly recommends that USNH institutions collaborate to enhance cybersecurity governance and management practices to address their recommendations. Their recommendations are to improve the cybersecurity process; clearly define Information Security Officer roles; develop shared cybersecurity services (“centers of excellence”); strengthen data security compliance (rules/regulations, governance program); clarify cybersecurity governance; and establish detailed information technology and cyber risk management processes specific to each institution and at the System level. A suggested roadmap to provide short- and long-term timeframes for implementation of recommendations was provided.

In response to a question from Chairman Black, Mr. Cullen stated that Baker Tilly’s overall assessment was that processes are dependent on people rather than formal processes and that it is

a challenge to stay on top of all of the cybersecurity risks. One way that USNH can do that is to establish an Information Security Officer at the System level.

Stan Waddell, UNH Chief Information Officer, addressed a question from Trustee Black regarding next steps. ITEC is reviewing Baker Tilly's report and has spoken to the Administrative Board. The goal is to take elements of the report and produce a management response and action plan to satisfy and remedy noted issues by mid-February. The response along with detailed action plan will then be discussed with the Administrative Board and presented to the Audit Committee.

B. Title IX

1. Report on Title IX Compliance

Donna Marie Sorrentino UNH Director and Title IX Coordinator, Julianne Chen, UNH Investigator/Case Manager, Jeff Maher, KSC Title IX Discrimination and Harassment Coordinator, and Tiffany Doherty, GSC Title IX Coordinator, introduced themselves to the committee.

Ms. Chen presented the report, which covers the period of July 1, 2017 to December 22, 2017.

There were 115 total reports across USNH, including 6 "pre-affiliation" disclosures. Although not included in the data contained in the report, the pre-affiliation disclosures demonstrate the reporting/disclosure culture, indicate faculty/staff training effectiveness, and show responsive resource referral.

Sex assault with penetration continues to be the highest reported type of misconduct, followed by sexual harassment and dating violence.

As expected, students continue to be the majority of impacted and respondent types.

In response to a question from Trustee Morone regarding comparisons to other institutions, Mr. Maher stated that anecdotally USNH is on point; however, there is not enough data at this point to make a determination or make a year over year comparison.

There was agreement that more reporting is not necessarily a negative; it can be seen as a positive as people feel comfortable to report the matter.

The focus of this Title IX report is partnering with Intercollegiate Athletics.

The NCAA Board of Governor's Policy states that each institution's President, Director of Athletics, and Title IX Coordinator must attest annually that the Athletics Department is integrated in and compliant with institutional policies regarding sexual violence prevention, adjudication, and resolution; institutional policies and process are readily available within Athletics; and all student-athletes, coaches and staff have been educated on sexual violence prevention, intervention and response. This is the first year that this report was implemented; it is due by May 1, 2018.

Current efforts involving athletics include in-person Title IX training for head and assistant coaches, Athletics administration, and athletic trainers; online training for Athletics staff and event staff; direct outreach and trainings for student athletes/teams; online and anonymous reporting options (links on Athletics websites); post-season student athlete surveys to evaluate team experiences; and peer education programs.

The next Title IX update to the committee will be provided at the June 2018 meeting.

In response to a question from Trustee Green regarding system guidelines/mechanisms for reporting allegations to the Board of Trustees where a faculty member is involved, Ms. Sorrentino reported that there is a current protocol to report the matter to the President. Chancellor Leach informed the committee that the Presidents and Chancellor are responsible for keeping Board leadership informed of matters that may present significant risk to the University.

Chancellor Leach stated that there is an anonymous hotline administered by a third party, which is managed by the Internal Audit Department. Mr. Jain explained that there is a protocol in place for handling allegations reported via Ethics and Compliance Hotline, and includes escalation of the matter to the Audit Committee Chair in certain cases.

Ms. Sorrentino informed the committee that an extensive climate survey is underway. In addition, Title IX staff is required to respond to every filing. Part of their investigation includes discovering who knew what and when, and holding parties accountable. Training is a critical piece to prevention. In response to a question from Trustee Mason, Ms. Sorrentino also stated that the Human Resources Department is part of their team.

Upon a question, Mr. Maher informed the committee that KSC tracks issues referred to the police. Chairman Black noted that this will be an important area to report on the dashboard.

Trustee Morone suggested that this issue be presented to the Executive Committee to determine if USNH has the tools needed to ensure these matters will be addressed, to which Chairman Black agreed.

Chairman Black informed the committee that outstanding audit issues, annual internal audit charter review, and a report on pay-for-play are provided in materials.

Due to time constraints, the remaining items on the agenda were not discussed.

The Audit Committee adjourned at 12:32 PM.

-- End of Audit Committee Meeting Minutes --