Committee members physically present: Chair Gregg Tewksbury, Vice Chair Jacqueline Eastwood, Shawn Jasper, Mackenzie Murphy, Peter T. Paul

Other Trustees physically present: James Dean Jr. (joined meeting at 1:40 p.m.); Melinda Treadwell; Sen. James Gray (joined meeting at 1:45pm)

Other participants participating in person: (USNH) Kara Bean, Ashish Jain, Christine Heise; (CLA) Andy Lee, Luke Winter; (UNH) Brian Cournoyer; (PSU) Katie Caron; (KSC) Ralph Stuart

I. Call to Order

At 12:30 p.m., Committee Chair Tewksbury called the meeting to order. Chair Tewksbury called the roll and noted the presence of a quorum sufficient for the conduct of business.

II. Approval of Consent Agenda Items

Chair Tewksbury asked the committee members if they had any comments or questions about the consent agenda items; there were none. On motion offered by Trustee Eastwood and duly seconded, the committee voted to approve the consent agenda.

Items on the consent agenda appear below:
A. Minutes of January 19, 2023, Meeting
B. Enterprise Risk Management (ERM) Update on Compliance Risk
C. UNH NCAA Agreed Upon Procedures Report
D. Internal Audit Report Issued
   1. KSC Special Employee Payments Audit Report
III. Items for Committee Consideration and Action

A. Approve appointment of CliftonLarsonAllen (CLA) as external auditors and CLA's Fiscal Year 2023 audit plan covering USNH financial statements and federal awards under Uniform Guidance

Chair Tewksbury introduced Andy Lee, Principal and Luke Winter, Manager.

Mr. Lee reviewed the audit scope and deliverables, responsibility overview, audit timeline, and audit fees. The timeline is consistent with prior years and the fees are consistent with the original proposal. As noted in the proposal, fees will increase approximately 3% (to $280,412) for FY24. Additional testing beyond those specified in the proposal will increase fees. He noted that this is the 4th year of the engagement, with the same CLA team.

Mr. Winter discussed risk assessment and new accounting standards. In addition to other tests, CLA conducts design review and performs data analytics to detect trends. Varied tests (e.g., testing manual and/or “off-hours” journal entries) are conducted every year to help detect discrepancies. Discussions are held with management and their input is encouraged. New accounting standards include Public-Private Partnerships and Public-Public Partnerships and Availability Payment Arrangements GASB 94 and Subscription-Based Information Technology Arrangements GASB 96, both effective in 2023. GASB 94 should not have a major impact on USNH. However, GASB 96 is more complex, and the USNH Financial Team has begun to work on compliance.

Mr. Winter and Mr. Lee encouraged the committee to contact them with any suggestions or comments.

In response to a question from Trustee Eastwood, Mr. Lee stated that cybersecurity is an emerging risk and the Gramm Leach Bliley Act (GLBA) has new cybersecurity requirements. Mr. Jain noted that a GLBA assessment has been performed recently. The respective committee created and charged with overseeing and coordinating the GLBA security program is actively working to remediate items identified in the GLBA assessment. Mr. Lee also mentioned that decreasing high school population is a risk for higher education.

Chair Tewksbury thanked CLA and USNH management for their work.

The following motion was made by Trustee Jasper, duly seconded, discussed, and approved with no votes abstained or dissenting.

**VOTED, on recommendation of the Chief Administrative Officer, that CliftonLarsonAllen LLP be confirmed as the external auditor for the University System of New Hampshire to provide audit services related to activities of fiscal year ending June 30, 2023.**

B. Approve Enterprise Risk Management (ERM) Annual Report and Assignment of Risks (this item was discussed last due to scheduling conflicts)

At a recent Presidents’ Council meeting, President Dean, President Treadwell and President Birx concluded that they needed to take a more active role in risk management. As a result, the
presidents developed a newly organized report with risks that are common to all USNH campuses. Risks were identified and placed into three categories – Inputs, Processes and Mission Success. There was a lengthy discussion regarding the risks noted in the report.

The risks and new framework for organizing the risks were accepted by the committee.

The following motion was made by Trustee Jasper, duly seconded, discussed, and approved with no votes abstained or dissenting.

**VOTED**, on recommendation of the Chief Administrative Officer, that the Audit Committee recommends to the Executive Committee the adoption of the following motion:

**MOVED**, on recommendation of the Audit Committee, the Executive Committee hereby formally assigns the top system wide risks identified in the GY 2024 annual ERM report to the appropriate Board committees, as specified in the attachment, for purposes of oversight.

IV. **Items for Committee Consideration and Discussion**

A. **Receive USNH Environmental Health and Safety Council's 2022 Annual Report**

Brian Cournoyer, Environmental Health & Safety Manager at UNH provided a brief overview of the council mission and makeup, programs in place, and compliance status at each campus. He also mentioned staffing challenges that EHS departments have experienced.

Mr. Cournoyer discussed updates at UNH regarding the Research Fieldwork Safety Program, Analytical Technique for Laboratory Ventilation Assessments, Biohazardous Waste Management and Universal Waste Management. The new Research Fieldwork Safety Program’s goal is to enhance physical safety of researchers and implement innovative strategies to prevent interpersonal violence. EHS developed the Analytical Technique for Laboratory Ventilation Assessments to evaluate laboratory ventilation systems that serve as an alternative to commonly used environmentally harmful tracer gas. In 2022, UNH transitioned to utilizing contracted waste management services to dispose the biohazardous waste, eliminating the labor demands on UNH personnel and making the process compliant with industry standards. EHS managed the disposal of 7.4 linear miles of fluorescent lamps and 2 tons of ballasts in support of university efforts to move to LED lighting.

Katie Caron, PSU EHS director, updated the committee regarding environmental health and safety at PSU. The OEHS managed complex day to day operations regarding COVID-19 and continued to develop university-specific policy and protocols as new variants emerged. A temporary position was created to assist with COVID-19 issues which allowed Ms. Caron to focus on other EHS work. Close monitoring of COVID-19 supplies and tracking resulted in a generous reimbursement from the federal government. The OEHS acted as the university’s liaison with State of NH Public Health reporting positive cases, discussion of close contacts, and documentation of identified clusters. PSU focused on third party compliance review and any subsequent follow up actions. A NHDES compliance audit of underground storage tanks in 2022 resulted in zero financial penalty. There has been an EHS vacancy since May 2020. The position is on hold with a review scheduled for July 2023.
Ralph Stuart, KSC EHS manager, discussed the college’s EHS goals for 2023, which he has categorized by regulatory compliance status, emerging campus issues, academic support/safety culture development, and sector environmental scanning. Program goals include responding to the external review of compliance concerns, developing plans for emerging campus issues; providing value to the institutional mission of teaching, research, and service (internship program and guest lectures in classes); and identifying trends in higher education that are likely to impact KSC (3D printing, nanotech) and establishing KSC as a national leader in safety education. Mr. Stuart noted that KSC is pro-active about campus safety, likely in part due to the popular safety-focused majors offered there. In addition, President Treadwell participated in a safety video which is part of employee orientation. There have been a few fire safety compliance interpretation differences between KSC and fire officials, and President Treadwell has taken an active role to resolve them. Further, President Treadwell has been collaborating with the Town of Keene to create a joint Building Code Compliance Officer position.

Mr. Cournoyer provided updates for GSC and the System Office, whose staff remain largely remote. EHS activities at GSC in 2022 were very limited. The majority of academic operations have been moved to online modalities, GSC faculty and staff are now working almost entirely remote. Due to the merger with UNH, this will be the last EHS Annual Report by Granite State College. Regarding the System Office, safety concerns are primarily associated with life/safety planning, office ergonomics, and ongoing mitigation protocols for COVID-19. As a leased facility, building safety issues are directed to building management for resolution. In general, response to these concerns has been prompt and effective.

Mr. Cournoyer discussed USNH EHS Council collaborations which included management of indoor mold in residential buildings, interpretation of NHDES rules, applicability of the US EPA Emergency Planning and Community Right to Know Act (Tier II reporting), and an RFP for disposal of surplus hand sanitizer.

The Council provides system-wide review and comment at various stages of the rulemaking process for new or revised health and safety rules which might impact campus operations. In addition, the Council reviews proposed bills being considered by the general court and provides input to each component institution’s administration on the potential impact to campus operations.

Finally, council members mentioned emerging technology and the risk of the unknown effect on people and the environment.

Committee members expressed appreciation for the council’s important work keeping our community safe.

**B. Internal Audit Update**

Pursuant to a request from the January meeting, Ashish Jain, USNH Director of Internal Audit, provided the update. After reviewing historic staffing levels and public university benchmarks, Mr. Jain has concluded that a total staff of 4 (including the Director of Internal Audit) will be the minimum to maintain staff specializations and competencies and perform a minimum level of audit
activities. This includes continued outsourcing of specialized audits (e.g., construction cost reviews, technical audits).

The Internal Audit Department has recently reclassified the open Senior Auditor position which may increase the likelihood of the position being filled.

C. Receive Report on Conflict of Interest Process

Mr. Jain explained that review of this process is pursuant to the Audit Committee charter.

Related to Conflict of Interest reporting by the Board of Trustees, the policy changes were approved in January 2023. Pursuantly, the disclosure forms were received recently, and General Counsel will relay pertinent information concerning the disclosures to the Chair of the Board of Trustees and the Chair of the Governance Committee. USNH General Counsel has obtained all disclosures requested from the Executive Officers.

Work on revisions to the employee conflict of interest policies has been delayed due to COVID-19. During the coming governance year, the General Counsel’s Office, working together with groups across USNH, plans to restart work on revisions to these policies. Any revised policy will be provided to the Presidents’ Council for comments and adoption. In response to a question from Chair Tewksbury, Mr. Jain stated that new employees are referred to the code of ethical conduct, which includes a reference to existing conflict of interest policies.

V. Other Business

None.

VI. Adjournment

There being no further business, the meeting adjourned at 2:18 p.m.

-- End of Audit Committee Meeting Minutes --