AGENDA

NIU Board of Trustees
COMPLIANCE, AUDIT, RISK MANAGEMENT AND LEGAL AFFAIRS COMMITTEE
11:00 a.m. – Thursday – February 27, 2014
Board of Trustees Room
315 Altgeld Hall

1. Call to Order and Roll Call
2. Verification of Appropriate Notification of Public Meeting
3. Meeting Agenda Approval ................................................................. Action........i
4. Review and Approval of Minutes of November 7, 2013 .................................. Action......1
5. Chair’s Comments/Announcements
6. Public Comment*
7. University Report
   a. Fiscal Year 2013 External Audit Report ........................................ Information.....4
8. Executive Session ......................................................................................... Action
9. Other Matters
10. Next Meeting Date
11. Adjournment

*The Board and its committees comply with P.A. 91-0715 through its Bylaws, Article II, Section 5.B:

1. Consistent with Public Act 91-0715 and reasonable constraints determined by these Bylaws and the Chair, at each regular or special meeting of the Board or its committees that is open to the public, members of the public may request a brief time on the approved agenda of the meeting to address the Board on relevant matters within its jurisdiction.

2. Committees of the Board review University proposals for action and make adjustments and endorsements as appropriate for further consideration by the full Board. Public comments are generally most useful at meetings of Board committees, where proposals are first considered and the time for interaction most feasible.

3. To facilitate an orderly process, appearance requests must be registered on a Board-provided form and submitted to the Board’s Parliamentarian at least 45 minutes before the meeting is scheduled to be called to order. To be recognized, the appearance request will include the name, address and position of the individual wishing to speak, the name of the organization or group represented, a concise summary of the presentation, and whether the requestor has appeared earlier on the topic before any other meeting of the Board. The Parliamentarian may confer with registered speakers to cooperatively assist the Chair of the meeting in assuring coordinated issue presentation and an efficient use of allocated time. The Parliamentarian will acquaint requestors with the generally acceptable rules of decorum for their presentations. In lieu of oral presentations, individuals may present brief written materials not to exceed five (5) pages to the Parliamentarian for distribution and consideration by the Board in advance of the meeting.

4. The Chair of the meeting will recognize duly registered individuals at the appropriate point during the meeting. Unduly repetitive comments may be discouraged and restricted by the Chair. To assure an orderly and timely meeting the Chair may limit time allotments to five minutes or less, may delay or defer appearances when appropriate, and defer or refer questions received from presenters for answers if available.

Anyone needing special accommodations to participate in the NIU Board of Trustees meetings should contact Ellen Andersen, Director of Special Events, at (815)753-1999, as soon as possible, normally at least a week before the scheduled Board meeting.
Minutes of the
NIU Board of Trustees
COMPLIANCE, AUDIT, RISK MANAGEMENT
AND LEGAL AFFAIRS COMMITTEE
November 7, 2013

CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Robert Boey at 2:37 p.m. in the Board of Trustees Room, 315 Altgeld Hall. Recording Secretary Sharon Banks-Wilkins conducted a roll call of Trustees. Members present were Trustees Wheeler Coleman, Robert Marshall, Marc Strauss, Student Trustee Elliot Echols, BOT Chair John Butler and Chair Robert Boey. Not present were Trustees Anthony Iosco and Cherilyn Murer. Also present were Deputy General Counsel Gregory Brady and President Douglas Baker. With a quorum present, the meeting proceeded.

VERIFICATION OF APPROPRIATE NOTICE OF PUBLIC MEETING

Confirmation of Open Meetings Act public notice compliance was provided by Acting Board General Counsel Gregory Brady.

MEETING AGENDA APPROVAL

Vice Chair Boey asked for a motion to approve the agenda. Trustee Strauss made a motion to approve the agenda, seconded by Trustee Marshall. The motion was approved.

REVIEW AND APPROVAL OF MINUTES

It was moved by Trustee Strauss and seconded by Trustee Iosco to approve the minutes of the August 29, 2013 meeting. The motion was approved.

CHAIR’S COMMENTS/ANNOUNCEMENTS

The Chair recognized the University Advisory Committee members Alan Rosenbaum and Deborah Haliczer.

As a reminder, Chair Boey said, the CARL committee will cover four functional areas: Compliance and Ethics, Audit, Risk Management, and Legal Affairs. In order to provide sufficient opportunity to cover each of these functional areas, it is my intention to highlight one area for discussion and rotate the discussion for each meeting, eventually covering all four areas. I am hopeful that we will also be able to provide an opportunity to discuss the other functional areas as needed or as requested by any of the committee members. The focus of today’s meeting will be Internal Audit.

PUBLIC COMMENT

Acting Board General Counsel Gregory Brady stated that no members of the public had registered a written request to address this Board committee in accordance with State law and the Board of Trustees Bylaws.
UNIVERSITY REPORT

Agenda Item 6.a. – Review of Role and Responsibility of Internal Audit

Chair Boey introduced Ms. Danielle Schultz, Director of Internal Audit, who gave a brief report on the activities of the Internal Audit Division for Fiscal Year 2013. Danielle has been the Director of Internal Audit for more than four years. She has been a member of the NIU Internal Audit staff since 1995 and reports directly to President Baker. Danielle is a Certified Internal Auditor, a Certified Information Systems Auditor, and a Certified Public Accountant. She leads the internal audit function at NIU which includes overseeing four full-time staff auditors and one part-time staff auditor.

It was requested that I not present a review of the roles and responsibilities of Internal Audit at this time, Ms. Schultz stated. Instead, I will be presenting a report on the activities of the Internal Audit Division for FY13. There are two requirements of the standards that I am obligated to adhere to, Ms. Schultz said, that I report to the Board on a regular basis and that I confirm our continued independence. I would like to take this opportunity to assure you that we continue to be independent of university operations. We have no operational duties and, although we advise management, we do not make decisions. I am also required to give you a recap of the prior fiscal year activities. The Fiscal Year 2013 audit plan started with 16 audits. Four audits were added based on a request from President Peters, and one audit was added as a result of the signing of Public Act 97-1055. That statute requires that all State agencies submitting a GAP package and financial statements to the Comptroller’s Office have their internal audit departments perform an annual internal audit of the process for preparing those items. Due to these additions, four of the audits remaining on our plan were moved to future years, which left a total of 18 audits completed during Fiscal Year 2013. This is quite an accomplishment, and I appreciate the hard work and dedication of my staff. Currently, I have four full-time and one half-time employee; however, one of those full-time people started just two weeks ago, so he is not included in the 2013 statistics. During Fiscal Year 2013, I had one staff member who was on extended leave for more than 90 percent of the year, as well as two other staff members who were on intermittent leave. These leaves had a significant impact on our office, so I commend my staff for their hard work and dedication during this time and really digging in and getting all these audits completed in a timely manner.

Trustee Butler asked Ms. Schultz if there was any reason she could not report to the committee what audits were performed. She explained that one of the things that she was planning to disclose as part of her roles and responsibilities is that the Internal Audit work product and documents are not public records, and are not subject to FOIA. So, I cannot speak about them in a public forum, she said. However, if any of you have specific questions, I would be happy to address them on a one-on-one basis.

Trustee Coleman if this was a closed discussion item since the audits that are conducted are not available or cannot be discussed in public forum. Acting General Counsel Brady replied that the Open Meetings Act and this conversation is not in relation to any of the exceptions for closed sessions on the Open Meetings Act. Danielle was speaking to the fact that her records, as an audit, are protected from FOIA. Under FOIA, she would waive this exemption if she reveals her actual audit documents in a public setting.

On an annual basis, every member of my staff and I complete a confidentiality statement that we will not discuss audits outside of the person or area that we are directly working with, Ms. Schultz added. Therefore, I would have to consult with the General Counsel’s Office to make sure that I am still protected because there are specified restrictions and ramifications listed in that annual statement.

All of our audit reports are addressed directly to President Baker and are made available to the Board of Trustees members upon request and others that are required by State statute or regulatory or statutory requirements. But they are always available to the Board of Trustees through Bill Nicklas.

Most often, the chair of this committee usually gets a copy of our monthly activities report on a monthly basis, and it lists all the audit reports that have been issued during the month. It also lists the audits that are in progress, and that usually is the catalyst for requests for copies of the report.
I am one of the people who receives the summary, Trustee Strauss said, and I routinely ask for the issued reports. If there is no legal prohibition, the easy solution would be to send a copy of the summary to all of the Board of Trustees members and let them determine what it is they would like to read. Dr. Nicklas stated that he would be happy to send copies of the summary to all of the Trustees, as well as a full copy of any of the reports that a member requests.

Trustee Coleman asked if Ms. Schultz had a list of when her department provided advisory services to the institution. Ms. Schultz stated that in addition to audit or assurance services, we provide consultation services as well. That can take on many roles. In many cases, I, or a member of my staff, might serve as a member on a committee, we sit at the table and raise internal control concerns as we are progressing through. It could be a system implementation or a system upgrade. Those are two good examples of committees that we actively participate in on an ongoing basis. It also can be a consulting advisory role. A department might contact me and say they are going through some changes and ask us to make sure that they maintain the proper internal controls and let them know if they have maintained the proper segregation of duties, etc., during that restructure. So, it can range from something very ad hoc to something ongoing.

NEXT MEETING DATE
Chair Boey announced that the next meeting date would be provided after approval of the 2014 Board Meeting Schedule.

ADJOURNMENT
Trustee Strauss moved to adjourn, seconded by Trustee Marshall. Chair Boey adjourned the meeting at approximately 2:56 p.m.

Respectfully submitted,

Sharon Banks-Wilkins
Recording Secretary

In compliance with Illinois Open Meetings Act 5 ILCS 120/1, et seq., a verbatim record of all Northern Illinois University Board of Trustees meetings is maintained by the Board Recording Secretary and is available for review upon request. The minutes contained herein represent a true and accurate summary of the Board proceedings.
FISCAL YEAR 2013 EXTERNAL AUDIT REPORT

Nancy Suttenfield, Interim Chief Financial Officer, will give a summary of the Fiscal Year 2013 External Audit Report.