CALL TO ORDER AND ROLL CALL

The meeting was called to order at 9:03 a.m. by Chair Robert Boey in the Board of Trustees Room, 315 Altgeld Hall. Recording Secretary Julie Edwards conducted a roll call. Members present were Chair Robert Boey, Trustees John Butler, Wheeler Coleman, Veronica Herrero and Student Trustee Matthew Holmes. There were no members absent. Also present: Greg Long, Executive Secretary, Advisory Council and President, Faculty Senate Cathy Doederlein, President, SPS Council.

VERIFICATION OF QUORUM AND APPROPRIATE NOTICE OF PUBLIC MEETING

Acting General Counsel Greg Brady indicated the appropriate notification of the meeting has been provided pursuant to the Illinois Open Meetings Act. Mr. Brady also advised that a quorum was present.

MEETING AGENDA APPROVAL

Chair Robert Boey asked for a motion to approve the meeting agenda. Trustee John Butler so moved and Trustee Matthew Holmes seconded. The motion was approved.

REVIEW AND APPROVAL OF MINUTES

Chair Robert Boey asked for a motion to approve the minutes of November 17, 2016. Trustee Wheeler Coleman so moved and Trustee John Butler seconded. The motion passed.

CHAIR’S COMMENTS/ANNOUNCEMENTS

Chair Boey: Other comments, we have our new DeKalb mayor Jerry Smith in the audience. Jerry would you like to say a few words?

Jerry Smith: Good morning. I’m Jerry Smith newly elected the mayor of the City of DeKalb. I was telling Matt Streb I feel like a veteran. I’ve been on the job for 10 days. During the campaign for the mayor and other offices, one to the issues that arose was the problems at Northern Illinois University. Not only the drop in enrollment, but the problems in Springfield that only exacerbate that situation. During that campaign, I pledged if elected to work very closely with the Board of Trustees, administration, student groups, and with any groups at Northern Illinois to let those organizations know and the university know that the City of DeKalb will be a true partner. Not that we haven’t been a partner. There are so many programs and so many instances of the City of DeKalb working with Northern Illinois University. So as a proud Huskie alum, and a proud head of a Huskie household; my wife is a Northern grad, our boy is a Northern grad, we are just delighted to be able to continue to live in DeKalb, to continue to be very active with the university. And so to fulfill that pledge, now as the city mayor of the City of DeKalb, I pledge to you the City of DeKalb’s efforts to sit with you and with any organization when appropriate to let you know that we truly want to be partners with Northern Illinois University. I thank you for few minutes that you’ve given me. Thank you.

Chair Boey: Thank you Jerry. I would like now to recognize the various leaders of the university constituencies who are with us today here. Dr. Gregory Long, President Faculty Senate and Executive Secretary of University Council and well as faculty representative to the CARL Committee. Mr. Long, good morning. Cathy Doederlein, President SPS Council and representative to the CARL Committee, Holly Nicholson, President Operating Staff Council and representative to the CARL Committee. Good Morning. We are especially pleased that you are with us today, are there any remarks you’d like to share with us?
Greg Long: Yes, please. Thank you for the opportunity. This is my last set of committee meetings and so I want to offer my thanks to the Board of Trustees for your service and dedication to the university. I’m inspired by how much work that you put into the job and I know it’s a lot of responsibility and so I want to say thank you. And I’d also like to take just a moment and introduce Professor Linda Saborio. I’m ending my term as University Council Executive Secretary come June 30th and also retiring at that point, and Linda is coming in as the Faculty Senate President and Executive Secretary of University Council. She’s a professor in the Department of Foreign Languages and Literature with Spanish and coordinates the undergraduate Spanish program. Linda would you stand for just a moment to people can see who you are. I’m quite pleased with Linda’s willingness to do this, it’s a lot of work and takes you out of what you do often times. As a professor, it’s a more fun job than being Faculty Senate President, but appreciate her willingness to do this. I would also like to make a couple of comments, I know in this meeting we’re going to talk about the enterprise risk management work that’s being done and I want to say that I think it’s very good and important work, and I want to thank administration and finance for leading this effort. I think it’s very important. But I would offer one caveat based on my professional experience, expertise, and a lifetime of experience and that is that I do not believe that disability related accessibility, especially as related to technology access, has received sufficient attention. I want to go on record to remind the trustees the resolutions passed by the Faculty Senate and University Council regarding needed supports for the Disability Resource Center. Later this afternoon NIUs Presidential Commission on Persons with Disabilities has its monthly meeting. One of the primary topics for the discussion is a resolution from the commission encouraging the university to address university-wide challenges related to technology accessibility. At present we are out of compliance regarding accessible technology and the feds have a 508 refresh on that begins January 18 wherein expectations for accessibility are even higher. I urge the administration and trustees to take these concerns seriously. Over the past several years, Miami University, Youngstown State, and University of Cincinnati have all lost major law suits to the Department of Education that cost them hundreds of thousand dollars to address. As yet another encouragement, if we become more disability friendly, we could use this to our advantage for recruitment. Almost 13% of students in the K through 12 pipeline have disabilities and the majority of those students have learning disabilities or other types of disabilities that are relatively inexpensive to accommodate. So rather than looking at accessibility as a burden and a responsibility, I would urge you to consider the possibilities in revenue generation if NIU were to recruit these students and provide appropriate supports. Thank you.

Chair Boey: Thank you Dr. Long. Thank you for being so effective as a representative of the Faculty Senate and you as Executive Secretary of the University as well as faculty representative to the CARL Committee. Thank you for all your efforts.

Greg Long: My pleasure, thank you.

Chair Boey: Cathy, do you have any remarks you’d like to make?

Cathy Doederlein: No thank you other than just to echo the sentiment of Dr. Long having also served on and still serving on the Presidential Commission on Person with Disabilities, I would agree that this is an important item to be mindful of.

Chair Boey: Great, thank you. Holly, do you have any remarks that you would like to make? I’ve been told Holly is absent.

Chair Boey Remarks; when the CARL Committee last met in November 2016, we heard presentations on the university’s continuing compliance efforts with NCAA regulations and the federal Clery Act as well as the report on the Fiscal Year 2016 internal Audit. Today the agenda for the CARL Committee involves two other important areas which are Enterprise Risk Management the Annual Review Cycle which will be presented by Dr. La Vonne Neal, Associate Vice President for Finance & Budget, Improvement & Operational Effectiveness. And second on the agenda is the external audit executive summary committee presented by Larry Pinkelton Associate Vice President for Finance and Budget and also Acting Chief Financial Officer. Dr. Neal.
Acting General Counsel Greg Brady indicated there were no request for public comment.

Information Item – 7.a. – Enterprise Risk Management Annual Review Cycle (Dr. La Vonne I. Neal)

La Vonne Neal: Good morning everyone. I just wanted to thank Dr. Long for his important comments regarding accessibility for people with disabilities. Clearly, as you’re aware, I am a professor of special education so I absolutely understand the need and we will continue as we move forward with making certain that NIU continues to be accessible for all. But thank you for that Dr. Long. The purpose for our conversation today is to focus on the next steps regarding Enterprise Risk Management which basically is an annual review cycle. What I’m going to do is contextualize where we are now and why we’re moving forward the way that we are. Some of you are new to the Board, but some of you also in the audience might not have been aware that we conducted an enterprise risk management review during the academic year 2015 and 2016. One of the important things to remember is that this review was comprehensive, it was inclusive, it included a 16-member enterprise risk management panel across all of the divisions. The reason we conducted this review was to identify and assess the risk on campus as well as to develop the tools, processes, and structures necessary to establish an ongoing ERM program; as well as to set in place the basis for developing a culture of risk informed decision making at NIU. What we really appreciated about those findings as we illuminated in the report was that although the ERM review identified risk issues and areas of concern in general, we were pleased to find out that most of the significant risks addressed had been previously identified and were mitigated to the extent through the use of risk management tools such as insurance, training, and establishment of appropriate policies and procedures and reviewed as a priority to NIU. However, the review also determined that there was no overall enterprise risk strategy to set priorities, to ensure that mitigation plans were in place, nor was there a mechanism to document as well track the execution of those plans. What we did find out was that because these efforts were not coordinated across the university, NIU was not able to effectively prioritize and track risk. What we determined through the analysis of all the data from that exercise was that NIU’s risk profile indicated a need for systems, infrastructure, and process development. One of the examples of a system needing development is an ERM system to better coordinate risk assessment, management, prioritize risk and really enhance risk ownership across all the units. What I’m describing today is the actual way forward in terms of the system, the process that we concluded would be effective. Now you’ll see that is say ISO ERM process. ISO is an international organization established in the 1940’s that focuses on risk mitigation. So we wanted a framework that would help us structure our way forward. So basically the ISO ERM framework suggests that we should establish context, you see that in green and we did that through the review process. It also says that primarily we have to communicate and consult and that’s what we did with the ERM team, the team of 16, but also consulting with over 100 faculty and staff across NIU. We also know that we needed to have risk assessment and according to ISO standards that included identification, risk analysis, risk evaluation, and treatment. What are our next steps? Now that we have over the past – this process began August, 2015. In less than two years we now know the way forward and that would include a review cycle. So part of our system is indeed this review cycle. At the core of it is an ERM team that will assist in the maintenance of this process. So I draw your attention to the cycle itself. This is all about identifying risk, analyzing the risk, and evaluating the risk. So moving forward we’re looking at the cycle beginning in October and as you can see through December the risk assessment element. When you look at what are the next steps beyond risk assessment? The next steps beyond risk assessment include risk treatment. So those are highlighted in blue and the risk treatment is from January through July. As you can see, it is an inclusive process. The risk treatment primarily is a focus of the risk owners and then we folded into the FY budget development process and then we developed the process to implement the plans based on receiving resources. These again just illuminate some of the things that I just mentioned. And then I draw your attention again to the risk treatment element really focusing on the risk owners who are responsible for developing the mitigation plans, and then the mitigation resourcing merges with budget development.
Also I wanted to; let me just go back for a moment to risk assessment. The inclusive part, we are constantly having conversations regarding risk, but if you look at the risk evaluation step, the full ERM team and the Resource, Space and Budget Committee will review the risk rankings so we do have necessary shared governance components in this inclusive process. We will then culminate the analysis, the risk assessment and treatment with an ERM report. These are just some of the components of the report. This will be an annual report that will be produced by the ERM core team in the Administration and Finance using data from all of the risk owners. So we will be compiling, it is not our data, it is the data from the risk owners. The annual report will include relevant background information, the top institutional risks, the new and emerging risks as applicable, highlights of the mitigation efforts, the top identified opportunities, and the supplementary data. The report will be distributed September 1 once this cycle begins. The next slide really illuminates just a different view of the review cycle timeline delineated by activities associated with risk assessment, risk treatment, and annual report; as well as the tasks, responsibilities, and due dates. As you can see when you look at responsibilities notice the key responsibilities of all the risk owners would be risk identification, risk evaluation, risk mitigation plan development, mitigation resourcing, mitigation plan implementation, so this is a network initiative that makes certain that we’re able to link and mitigate risk across the university in a network way. Any questions or comments?

Chair Boey: Any questions for Dr. Neal?

Trustee Coleman: How many risk owners do we have at the university and the number of core ERM team members?

Dr. Neal: Let me pull the slide here. Here we have the core ERM team members. There are four of us and these are the personnel responsible in the operations arm for assisting with analytics and university sustainability. As you can see, the role of the core team is to facilitate information collection, to conduct scenario based risk exercising in collaboration with the risk owners, to consult with identified risk owners, to facilitate as well as document risk analysis, identify and document risk evaluations for units, and to facilitate the risk evaluation. This was the previous full team that assisted us with the review initially. We will be building a new full team in accordance with the guidance from Dr. Baker and his senior cabinet.

Trustee Coleman: Thank you. And then the risk owners are?

Dr. Neal: The risk owners are across all of the divisions.

Trustee Coleman: Approximately how many do we have?

Dr. Neal: I don’t have that number for you today, but I will provide you with that number.

Trustee Boey: Any other questions for Dr. Neal, trustees? None? Thank you Dr. Neal. Good report. Dr. Neal: Thank you.

**Information Item – 7.b. – External Audit Executive Summary – Fiscal Year 2016 (Larry Pinkelton)**

Chair Boey: Mr. Larry Pinkelton

Larry Pinkelton: Good morning everyone. I would like to draw the board’s attention to the executive summary as represented in their board documents. I’m going to be sharing a couple of brief thoughts concerning the External Audit results for Fiscal ’16. Briefly the audit scope covers both financial and compliance related activities. Financial in this context is intended to be associated with the timely and accurate composition of the university’s financial statements. Compliance covers a wide spectrum of both federal and state mandates that govern the university’s operations. In terms of the timing on a normal basis, the financial component of the external audit results is distributed on or around the December or January time period every year. Compliance follows shortly thereafter, February or March; and then the
final report is released per the office of the Auditor General’s website approximately March of every year. Looking at results going into Fiscal ’16 we’ve got a total of 12 material findings that would be distributed between financial at 2, federal is 0 this year, and state at 10. Contrasting to Fiscal ’15, we were at 1 for financial, 2 for federal, and 7 for state. As a basis of comparison to give some context to how NIU performs relative to external audit results, I can share with the group that U of I has 18 material findings for Fiscal ’16. NEIU has 17 material findings for Fiscal ’16. CSU has 15 material findings, and ISU has 4. If you would like to read specific details concerning any of the findings, those are available on the Auditor General’s website. As we look to move forward, the keys to success revolve around enhanced compliance resource that will be dedicated to testing and building corrective action plans that are specifically a function of the university’s audit findings. We have recently dedicated an additional .5 FTE out of Admin and Finance that is specifically intended to be involved with the compliance portion of the external audit. We’ve also engaged with our internal audit group to assist us with testing which will be conducted periodically throughout the course of the audit cycle. And then lastly, as we talk about trying to really impact the external audit results going forward, it’s important to note that our end game is to really instill a culture of compliance within the institution and so that is our primary objective and we understand that that is a responsibility that is born by every staff member, every part of every member of administration including reinforcement of the messages from the Board of Trustees. With that, I will take any questions.

Chair Boey: Are there questions, Trustees?

Trustee Butler: In the past we’ve had reports to various committee I think it was the prior External Affairs Committee about the number of FOIA requests that the institution has been receiving and the overall workload and strategy of managing those FOIA requests. There was a period of time where the responsible office was shifted at one point. We haven't received a report like that in quite some time. Can this committee receive a report on the FOIA traffic compared to prior years?

Larry Pinkelton: I think the answer to that is yes I would like to defer a more detailed response to that to Greg Brady.

Greg Brady: Yes, absolutely we can provide that. I’ll work with the CARL Committee Chair to add that to the agenda.

Trustee Butler: Okay, thank you.
Chair Boey: Anything else? Thank you. Excuse me, there's a question.

Trustee Coleman: Larry I don’t know maybe this is more a comment than a question, but we go from 10 to 12 clearly we’re moving in the wrong direction, but the repeat findings is an area that you call out here where we said we had 7 repeat findings from the prior year and it looks like there were some actions that were taken to try to prevent that from recurring, my thought is that we probably should get some insight on these repeat findings and maybe do some kind of off cycle report on what we’re doing to prevent this from happening. It’s one thing to have a finding over a given year, but year after year having repeat findings on what appears to be I think this is two years running at least for the majority of them, what can we do and what are we doing to get rid of those repeat findings?

Larry Pinkelton: Agreed and as I mentioned in the earlier comments, it starts with effective designing and effective correction action plan, and as a function of that corrective action plan being established we look to test the integrity of the plan throughout the course of the fiscal year and so we’ve beefed up our efforts both internally and also engaging internal audit, those are two tangible strategies that over time will pay dividends and will certainly eliminate repeat findings.

Trustee Coleman: I’m assuming each one of those findings has an individual that’s responsible for addressing those issues, is that correct?

Larry Pinkelton: That is correct.
Trustee Coleman: Alright and we need visibility to that right and we should you know maybe I don’t know every quarter or every two months or so we should have some kind of report on what we’re doing to address those repeat findings.

Larry Pinkelton: Okay.

Trustee Coleman: And you know I’m looking at our friends at ISU with four audit findings over a given year. They’re setting the bar, right; everybody should aspire to beat ISU.

Larry Pinkelton: In a number of ways.

Trustee Coleman: In a number of ways, right, even with student enrollment.

Larry Pinkelton: No doubt, that’s where it starts.

Trustee Coleman: And so it would be nice if we can sit back and say let’s make sure not only, let’s activate all our resources to do whatever we can to say let’s get on top of this, let’s prevent any new findings, but let’s definitely get rid of the repeat findings. If we get rid of the repeat findings, then we’re in the neighborhood with ISU.

Larry Pinkelton: That’s correct.

Trustee Coleman: Is that correct?

Larry Pinkelton: That is correct.

Trustee Pinkelton: Okay, thanks.

Trustee Herrero: My question is your timeline. What is the timeline that you have between, so audit findings and the time you have to address the findings?

Larry Pinkelton: Right so that really speaks to the challenge of eliminating findings. When you talk about a cycle that kick in next year, the audit cycle begins generally speaking in the month of May and will run through January. So under normal circumstances the external auditors have the ability to test throughout the course of that 7-8-month period. So if you get an audit finding in January, what that suggests that you’ve got 6 months of exposure against that very same issue in the next fiscal external audit period. It’s very easy to understand even if you take positive steps to eliminate the audit finding as brought to your attention in the January/February time period you’ve still got 6 months of exposure that the auditors can come back to the next cycle and test against that very same issue. So generally speaking it takes two years to eliminate an external audit finding, in terms of a standard benchmark, so to the extent that we’ve got findings that are in our tally that are greater than two years, then that suggests that our corrective action plan has not worked effectively and that’s where we engage in issues that are intended to beef up testing to give us a higher level of comfort that we’ve identified all the process steps that are intended to eliminate the audit finding.

Chair Boey: Any other questions? No? Thank you Larry.

### OTHER MATTERS

No other matters were discussed.

### NEXT MEETING DATE

The next meeting of the CARL Committee will be August 17, 2017 at 11:00 a.m.
Chair Boey: The next meeting of the CARL Committee is scheduled for August 17, 2017.

**ADJOURNMENT**

Chair Robert Boey asked for a motion to adjourn. Trustee Wheeler Coleman so moved and Trustee John Butler seconded. The motion was approved. Meeting adjourned at 9:33 a.m.

Chair Boey: Do I have a motion to adjourn?

Trustee Coleman: So be it.

Trustee Butler: Second.

Chair Boey: Thank you. All in favor?

Members: Aye.

Chair Boey: Opposed? Thank you.

Respectfully submitted,

Julie A. Edwards
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.*