

**BOARD OF REGENTS and its
AUDIT, COMPLIANCE AND TITLE IX COMMITTEE
NEVADA SYSTEM OF HIGHER EDUCATION**

Thursday, June 11, 2020

Members Present: Dr. Patrick R. Carter, Chair
Mr. Trevor Hayes, Vice Chair
Mrs. Carol Del Carlo
Mr. Donald Sylvantee McMichael Sr.
Ms. Laura E. Perkins

Other Regents Present: Dr. Jason Geddes, Chairman
Dr. Mark W. Doubrava, Vice Chairman
Ms. Amy J. Carvalho
Ms. Lisa C. Levine
Mrs. Cathy McAdoo

Others Present: Mr. Andrew Clinger, Chief Financial Officer
Ms. Crystal Abba, Vice Chancellor, Academic and Student Affairs
Mr. Zelalem Bogale, Deputy General Counsel, System Administration
Mr. Dean J. Gould, Chief of Staff and Special Counsel to the Board
Mr. Nate Mackinnon, Vice Chancellor, Community Colleges
Mr. Joe Sunbury, Chief Internal Auditor
Dr. Federico Zaragoza, President, CSN
Dr. Kumud Acharya, President, DRI
Ms. Joyce M. Helens, President, GBC
Mr. Bart J. Patterson, President, NSC
Dr. Karin M. Hilgersom, President, TMCC
Dr. Marta Meana, President, UNLV
Dr. Marc A. Johnson, President, UNR
Dr. Vincent R. Solis, President, WNC

Faculty senate chairs in attendance were: Dr. Maria Schellhase, CSN; Dr. Vicki Rosser, UNLV; and Dr. Brian Frost, UNR. Student body presidents in attendance were: Ms. Karli McFarling-Kelly, ASCSN President, CSN; Ms. Alyssa Fromelius, SGA President, TMCC; Mr. Will Carrasco, GSA President, UNR; and Ms. Gabrielle Clark, ASWN President, WNC.

Chair Carter called the meeting to order at 11:00 a.m. with all members present except Regent Del Carlo.

1. Information Only – Public Comment – None.

Regent Del Carlo entered the meeting.

2. Approved – Consent Items – The Committee recommended approval of the consent items except Item 2e (Follow-Up: Uniform Guidance – Gramm-Leach Bliley Act, NSHE), which was considered separately.
 - 2a. Approved – Minutes – The Committee recommended approval of the March 5, 2020, meeting minutes. (*Ref. A-2a on file in the Board Office.*)
 - 2b. Approved – Follow-Up: Foundation, WNC – The Committee recommended approval and acceptance of the follow-up response to the audit report of the WNC Foundation for the period January 1, 2018, through April 30, 2019. (*Ref. A-2b on file in the Board Office.*)
 - 2c. Approved – Follow-Up: Travel, NSC – The Committee recommended approval and acceptance of the follow-up response to the audit report of NSC Travel for the period January 1, 2018, through September 30, 2018. (*Ref. A-2c on file in the Board Office.*)
 - 2d. Approved – Follow-Up: Crime Statistics Assurance, NSHE – The Committee recommended approval and acceptance of the follow-up response to the audit report of NSHE Crime Statistics Assurance for the period January 1, 2016, through October 1, 2017. (*Ref. A-2d on file in the Board Office.*)

Vice Chair Hayes moved approval of the consent items except Item 2e (Follow-Up: Uniform Guidance – Gramm-Leach Bliley Act, NSHE), which was considered separately. Regent Perkins seconded. Motion carried.

(Consent item heard separately.)

- 2e. Approved – Follow-Up: Uniform Guidance – Gramm-Leach Bliley Act, NSHE – The Committee recommended approval and acceptance of the institution status updates related to the Gramm-Leach Bliley Act finding from the NSHE Uniform Guidance Audit Report presented at the Committee’s December 5, 2019, meeting. (*Ref. A-2e on file in the Board Office.*)

Chief Internal Auditor Joe Sunbury reported at the December 2019 meeting Chair Carter requested a follow-up on the Gramm-Leach Bliley Act finding related to student information security. CSN, TMCC, UNLV, and WNC were asked to prepare a summary indicating any action taken to date, any planned action, or estimated time of completion. The status updates are included in *Ref. A-2e*, as requested.

Regent Del Carlo moved approval and acceptance of the institution status updates related to the Gramm-Leach Bliley Act finding from the NSHE Uniform Guidance Audit Report presented at the Committee’s December 5, 2019, meeting. Vice Chair Hayes seconded. Motion carried.

(Audit Summary on file in the Board Office.)

3. Approved – Center for Academic Enrichment and Outreach, UNLV – The Committee recommended approval of the report and institutional response to the UNLV Center for Academic Enrichment and Outreach audit for the period October 1, 2017, through September 30, 2019. *(Ref. A-3 on file in the Board Office.)*

Regent Carter disclosed he was previously a student in the Gaming Innovation course at UNLV, where he developed a casino game. If the game is marketed and sold, he will be required to pay remuneration to UNLV in the form of shared royalties pursuant to a standard contract that all students in the course were required to sign. He will receive no remuneration from UNLV. He disclosed the relationship under NRS Chapter 281A, as recommended by the Nevada Commission on Ethics. He will vote on the item.

Chief Internal Auditor Sunbury reviewed the *Audit Summary* and *Ref. A-3* and highlighted:

- Identified opportunities for control enhancement and documentation improvement surrounding travel, participant support, and volunteers.
- Enhancements to vehicle management policies/procedures.
- Ensuring the Office of Sponsored Programs captures effort reporting correctly.

Vice Chair Hayes moved approval of the report and institutional response to the UNLV Center for Academic Enrichment and Outreach audit for the period October 1, 2017, through September 30, 2019. Regent McMichael seconded.

Vice Chair Hayes was concerned with the numbers of purchased tickets, such as movie tickets, that are now unissued. Ms. Jean Vock, Chief Financial Officer, responded tickets are purchased when a discount opportunity arises, and then are distributed as needed. Vice Chair Hayes understood the tickets are used as an incentive to participate in programs, but if the tickets are not being used, then not as many should not be purchased. He requested further follow-up.

Regent Levine stated since the program is federally funded, the expenses should be clarified as not to cause a problem during an audit.

Motion carried.

4. Approved – Child Development Center, WNC – The Committee recommended approval of the report and institutional response to the WNC Child Development Center audit for the period July 1, 2018, through October 31, 2019. *(Ref. A-4 on file in the Board Office.)*

Chief Internal Auditor Sunbury reviewed the *Audit Summary* and *Ref. A-4* and highlighted:

- Controls identified to mitigate risks associated with the segregation of duties.
- Development of documentation/manuals for key processes to ensure knowledge transfer.

4. Approved – Child Development Center, WNC – (Continued)

Vice Chair Hayes disclosed his children attended the WNC Child Development Center during the 2015 Legislature. He will vote on the item.

Vice Chair Hayes moved approval of the report and institutional response to the WNC Child Development Center audit for the period July 1, 2018, through October 31, 2019. Regent Perkins seconded. Motion carried.

5. Approved – Dental Faculty Practice, CSN – The Committee recommended approval of the report and institutional response to the CSN Dental Faculty Practice audit for the period July 1, 2015, through June 30, 2018 (and subsequent follow-up). (*Ref. A-5 on file in the Board Office.*)

Chief Internal Auditor Sunbury stated the deliverable for the report looks different than the traditional deliverable. Internal Audit is always looking for fresh approaches to risk assessment. The Department came across an article that defined failures in auditing and different ways to evolve in how to assess risk. The goal is to focus on what matters and what is significant. The approach of facilitated discussion was piloted with CSN's Dental Faculty Practice audit. The idea is to split the audit into two parts. The first is to identify risks in partnership and then Internal Audit, using its level of independence, identifies gaps and makes recommendations. All is documented and done in agreement with management. CSN was given time to work on the identified matters, and then a follow-up is completed to make sure the Dental Faculty Practice has made the appropriate changes and improvements.

Chief Internal Auditor Sunbury reviewed the *Audit Summary* and *Ref. A-5* and highlighted:

- Well documented policies and procedures will be a driver to reduce residual risks (e.g., accounts receivable balance accuracy and tracking, consistent write-off policies).
- Previously identified deficit balance was noted, with additional tracking mechanisms in place.

Vice Chair Hayes stated it is a great program, but it cannot continue to lose money.

Regent Del Carlo was disturbed with this audit and the number of account receivables. It may be a great program, but it continues to be a problem.

Chair Carter stated this warrants a discussion as to whether the program is viable. It seems like an easy way to cut money when the program is so disorganized.

CSN President Federico Zaragoza echoed Regent concerns but emphasized the value of this program to the community. There are issues associated with the management of the program. CSN is working to create a more accountable plan. Dr. Sonja Pearson, West Charleston Campus Provost, agreed with the comments. She thought the most troubling aspects would turn out as the greatest opportunity to turn the program around. She did not believe there was anything in the report that cannot be overcome. During the course

5. Approved – Dental Faculty Practice, CSN – (Continued)

of the audit, two of five audit concerns were resolved. The most significant area of interest to still be addressed is the policy and procedure manual. These types of practices cannot function without this manual. A draft has been created and is in the process of being reviewed. The financial side of the program is the other significant area that warrants attention. Dr. Pearson is working on a comprehensive business plan that identifies not only resources being received from patients but other resources such as grants. Dr. Pearson reported the collection rate has increased to above industry standards. She is confident the right plan is in place and believes it will accelerate. Dr. Pearson stated the Dental Faculty Practice is not in the position to hire individuals above and beyond industry pay rates.

Dr. Pearson believed that during the audit, there could have been a more comprehensive approach as to who would be accountable for the findings and recommendations. The dean for Health Sciences will be the core administrator to monitor the day to day operations and resolution of the audit action items. Dr. Pearson has requested a 30-day, 60-day, and 90-day plan, and the Practice is responding appropriately.

Dr. Pearson stated she had instituted a comprehensive, integrated, systemic approach.

Vice Chair Hayes believed that the program might have to restructure to align with common practice. He requested this item come back to the September Board meeting.

In response to a question from Regent Perkins, Dr. Pearson stated several things must happen for this program to stabilize. The staffing model must be reviewed, and they cannot only rely on institutional dollars. The institutional dollars must be leveraged with external resources. Dr. Pearson believed she would be able to show plans to level the deficit, if not eliminate it, by September.

Regent Del Carlo noted that Dr. Pearson has identified the problem and is taking corrective action. She is holding herself accountable and responsible, and she should be allowed time to correct the issues since students need this valued program.

Vice Chair Hayes moved approval of the report and institutional response to the CSN Dental Faculty Practice audit for the period July 1, 2015, through June 30, 2018 (and subsequent follow-up). Regent Del Carlo seconded. Motion carried.

6. Approved – Sponsored Projects, UNR – The Committee recommended approval of the report and institutional response to the UNR Sponsored Projects audit for the period January 1, 2018, through March 31, 2019. (Ref. A-6 on file in the Board Office.)

Chief Internal Auditor Sunbury reviewed the *Audit Summary* and *Ref. A-6* and highlighted:

6. Approved – Sponsored Projects, UNR – (Continued)

- Compliance-related findings and control enhancement suggestions in the following areas:
 - Effort Reporting
 - Cash Management
 - Close-out of Awards
 - Cost Sharing
 - Expenditures

Vice Chair Hayes moved approval of the report and institutional response to the UNR Sponsored Projects audit for the period January 1, 2018, through March 31, 2019. Regent Del Carlo seconded. Motion carried.

7. Information Only – Internal Audit, Compliance and Title IX Updates, NSHE – Chief Internal Auditor Sunbury provided general remarks regarding departmental updates, initiatives, and alignment related to on-going risk assessments including updates on efforts regarding incident management and the status of NSHE Title IX policy review. (Ref. A-7 on file in the Board Office.)

Chair Carter announced Title IX changes had been made at the federal level. The Committee will see proposed changes soon. Deputy General Counsel Zelalem Bogale reported he had been tasked with leading a Task Force to review and implement the new Title IX rules by the August 14, 2020, deadline. Chief Internal Auditor Sunbury stated when the Department of Education released its updated Title IX rules, the NSHE began to draft the necessary proposed amendments for the *Handbook* and *Procedures and Guidelines Manual*.

Chief Internal Auditor Sunbury reported in response to the pandemic, audit functions around the country are updating audit plans and risk assessments. Early in the System's work-from-home directive, he was able to have conversations with key stakeholders across the System, including the business officers, about updated risks and where internal audit could best be utilized during these times. Chief Internal Auditor Sunbury believed this had moved Internal Audit away from the more static one-year plan that would typically be presented to the Committee, moving toward an audit plan that is updated more often. He believed the approach would give a real-time snapshot and further commits the Internal Audit Department to tighter timeframes and allows agility to adjust to institutional needs.

Vice Chair Hayes stated these are the first new rules issued in Title IX guidance in a while. He appreciated the efforts of Deputy General Counsel Bogale and the Task Force to meet the August deadline.

Chief Internal Auditor Sunbury stated at the June meeting an update was requested on the Incident Management System hotline. NAVEX Global administers the hotline and issued a benchmarking report in late April. Chief Internal Auditor Sunbury reviewed the "2019 Reporting Percentage by Category" table provided by NAVEX Global.

7. Information Only – Internal Audit, Compliance and Title IX Updates, NSHE – (Continued)

Chair Carter stated the benchmark categories would be useful for comparison in future years.

Vice Chair Hayes asked if the number of calls for institutions of the same size are higher, lower, or equal. Chief Internal Auditor Sunbury believed he would be able to review the benchmarks further, specifically compared with other higher education institutions and their numbers.

Regent Del Carlo stated the report was beneficial. She asked for a future breakdown of the calls by institution, so over time they can identify trends that may require intervention.

8. Information Only – New Business – Vice Chair Hayes requested the CSN Dental Faculty Practice return in September to the full Board.

9. Information Only – Public Comment – None.

The meeting adjourned at 11:48 a.m.

Prepared by:

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Submitted for approval by:

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Chief of Staff and Special Counsel
to the Board of Regents

Approved by the Board of Regents at its September 10-11, 2020, meeting.