

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

Thursday, December 3, 2020

Members Present: Dr. Patrick R. Carter, Chair  
Ms. Laura E. Perkins, Vice Chair  
Dr. Jason Geddes  
Mr. Trevor Hayes  
Mr. Donald Sylvantee McMichael Sr.

Other Regents Present: Dr. Mark W. Doubrava, Board Chair  
Mrs. Carol Del Carlo, Board Vice Chair  
Ms. Amy J. Carvalho  
Ms. Lisa C. Levine  
Mrs. Cathy McAdoo  
Mr. John T. Moran  
Mr. Kevin J. Page

Others Present: Dr. Melody Rose, Chancellor  
Mr. Andrew Clinger, Chief Financial Officer  
Ms. Crystal Abba, Vice Chancellor, Academic and Student Affairs  
Mr. Zelalem Bogale, Deputy General Counsel, System Administration  
Mr. Nate Mackinnon, Vice Chancellor, Community Colleges  
Ms. Keri Nikolajewski, Deputy Chief of Staff  
Mr. Joe Sunbury, Chief Internal Auditor  
Mr. Rhett Vertrees, Assistant Chief Financial Officer  
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. Keith E. Whitfield, President, UNLV  
Mr. Brian Sandoval, President, UNR  
Dr. Vincent R. Solis, President, WNC

Faculty senate chairs in attendance were: Dr. Maria Schellhase, CSN; Dr. Eric Wilcox, DRI; Mr. Brian Zeiszler, GBC; Dr. Laura Naumann, NSC; Dr. Theo Meek, SA; Ms. YeVonne Allen, TMCC; Dr. Vicki Rosser, UNLV; Dr. Amy Pason, UNR; and Dr. Robert Morin, WNC. Student body presidents in attendance were: Ms. Alyssa Fromelius, SGA President, TMCC; and Mr. Will Carrasco, GSA President, UNR. Classified council chair in attendance was: Ms. Sarah Wilkey, GBC.

Chair Carter called the meeting to order at 12:00 p.m. with all members present.

1. Information Only – Public Comment – None.
2. Approved – Consent Items – The Committee recommended approval of the consent items.
  - 2a. Approved – Minutes – The Committee recommended approval of the September 10, 2020, meeting minutes. *(Ref. A-2a on file in the Board Office.)*
  - 2b. Approved – Follow-Up: Center for Academic Enrichment and Outreach, UNLV – The Committee recommended approval of the follow-up response to the audit report of UNLV Center for Academic Enrichment and Outreach for the period October 1, 2017, through September 30, 2019. *(Ref. A-2b on file in the Board Office.)*
  - 2c. Approved – Follow-Up: Child Development Center, WNC – The Committee recommended approval of the follow-up response to the audit report of WNC Child Development Center for the period July 1, 2018, through October 31, 2019. *(Ref. A-2c on file in the Board Office.)*
  - 2d. Approved – Follow-Up: Sponsored Projects, UNR – The Committee recommended approval of the follow-up response to the audit report of UNR Sponsored Projects for the period January 1, 2018, through March 31, 2019. *(Ref. A-2d on file in the Board Office.)*

Regent Geddes moved approval of the consent items. Vice Chair Perkins seconded. Motion carried.

3. Information Only – Chair's Report – Chair Carter reported the Committee would hear the yearly external audit reports. It is crucial to review repeat audit findings. Because of COVID-19 money received and guidelines not being released for auditing purposes, reports are missing but will hopefully be available in March 2021. Additional auditing costs will be incurred.

*(Audit Summary on file in the Board Office.)*

4. Approved – Human Resources, DRI – The Committee recommended approval of the report and institutional response to the DRI Human Resources audit for January 1, 2019, through December 31, 2019. *(Ref. A-4 on file in the Board Office.)*

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

- File examination to ensure required documentation is maintained
- Updates to configurations in Human Resource management system
- Discussion and possible revision to Board policy related to self-supporting budget revisions

4. Approved – Human Resources, DRI – (Continued)

Regent Geddes moved approval of the report and institutional response to the DRI Human Resources audit for January 1, 2019, through December 31, 2019. Vice Chair Perkins seconded.

Chair Carter stated there were great feedback and suggestions, and a lot of the recommendations were already in place.

Motion carried.

5. Approved – Follow-Up: Dental Faculty Practice, CSN – The Committee recommended approval of the follow-up report with CSN Dental Faculty Practice responses to the audit recommendations presented and approved at the June 11, 2020, and September 10, 2020, meetings, with additional follow-up in 180 days (June 2021). (Ref. A-5 on file in the Board Office.)

Chief Internal Auditor Sunbury and CSN Campus Vice President Dr. Sonya Pearson presented the follow-up report and responses to the CSN Dental Faculty Practice audit recommendations.

Dr. Pearson reported in September that five areas of improvement were noted. The Dental Faculty Practice has made significant improvements in four of the five financial areas. The Dental Faculty Practice has increased its overall production and its patient base. Historically collection efforts were at 40 percent, but today sit at 85 percent. The Dental Faculty Practice's aging report was averaging 90-120 days. Currently, the average for billing and collection activities is 30-60 days. The Practice has also stabilized expenses. The Dental Faculty Practice is working to resolve the uncollectible debts. Approximately \$412,000 of accounts receivable have been written off but will not impact the deficit balance. CSN is doing a much better job of collecting current receivables, impacting the deficit balance.

Dr. Pearson stated while there is good steady progress toward minimizing deficits month-to-month, CSN must still have an aggressive plan to reduce or eliminate prior debts. To do that, CSN is still having partnership discussions with UNLV and Clark County Social Services to bring in additional revenue and grant opportunities.

Regent Geddes moved approval of the follow-up report with CSN Dental Faculty Practice responses to the audit recommendations presented and approved at the June 11, 2020, and September 10, 2020, meetings, with additional follow-up in 90 to 180 days. Regent McMichael seconded.

Regent Geddes clarified he would leave the follow-up timeline to CSN since he was unsure of their workload.

5. Approved – Follow-Up: Dental Faculty Practice, CSN – (Continued)

In response to a question from Vice Chair Perkins related to collections, Dr. Pearson stated CSN is looking at an 85-90 percent collection rate given 70 percent of patients are through insurance carriers.

Vice Chair Perkins asked if the Dental Faculty Practice collected at 80 percent, when would it break even. Dr. Pearson stated if the Dental Faculty Practice has a 90 percent collection rate consistently between expenditures and collection activities, there would be a break-even over the next six months. But the previous debt will require new contracts and revenue.

Chief Internal Auditor Sunbury stated if there are open or ongoing findings, Internal Audit will provide follow-up in six months.

Chair Carter provided a friendly amendment for additional follow-up in 180 days (June 2021). Regents Geddes and McMichael accepted the friendly amendment.

Motion carried.

6. Information Only – Internal Audit, Compliance and Title IX Updates, NSHE – Chief Internal Auditor Sunbury provided an update on the Compliance Hotline and Incident Management System with a summary report of activities, including initial review and determinations, metrics, and nature/benchmarking materials from NAVEX Global. (Ref. A-6 on file in the Board Office.)

7. Information Only – Communications with Those Charged with Governance, University of Nevada, Reno School of Medicine Integrated Clinical Services, Inc. – Ms. Kim McCormick, Audit Partner, Grant Thornton, presented a report on Communications with Those Charged with Governance for the University of Nevada, Reno School of Medicine Integrated Clinical Services, Inc. for the year ended June 30, 2020, in line with requirements for compliance with the professional standards for CPA firms. (Ref. A-7 on file in the Board Office.)

Ms. McCormick reviewed *Ref. A-7* highlighting: values; responsibilities; governance and management responsibilities; timeline and scope; materiality; significant risks; other cycles; areas of focus; technology support; summary of misstatements; other required communications; quality of accounting practices; internal control matters; related parties and transactions; commitment to ethical and professional excellence; and technical updates-GASB.

8. Approved – Financial Statements, University of Nevada, Reno School of Medicine Integrated Clinical Services, Inc. – The Committee recommended approval of the University of Nevada, Reno School of Medicine Integrated Clinical Services, Inc. Financial Statements for the year ended June 30, 2020. *(Ref. A-8 on file in the Board Office.)*

Ms. McCormick reviewed *Ref. A-8* highlighting an unmodified opinion of the University of Nevada, Reno School of Medicine Integrated Clinical Services, Inc. Financial Statements.

Grant Thornton observed \$1.2 million in patient refunds and other liabilities included stale balances from earlier years. Modest progress was made in clearing the balances. Grant Thornton recommended increased rigor and focus on balance resolution.

Chair Carter asked if this entity received a COVID-19 loan that will require further action in the next year. Ms. McCormick stated the organization was a recipient of a payroll protection loan. It does show as cash and liability because it is a loan. Before June 30, 2021, the organization will have the opportunity to apply for loan forgiveness, and if granted, it will be a Fiscal Year 2021 event.

Regent McMichael moved approval of the University of Nevada, Reno School of Medicine Integrated Clinical Services, Inc. Financial Statements for the year ended June 30, 2020.  
Regent Geddes seconded. Motion carried.

9. Information Only – Communications with Those Charged with Governance, University of Nevada, Las Vegas Medicine, Inc. – Ms. McCormick presented a report on Communications with Those Charged with Governance for the UNLV Medicine, Inc. for the year ended June 30, 2020, in line with requirements for compliance with the professional standards for CPA firms. *(Ref. A-9 on file in the Board Office.)*

Ms. McCormick reviewed *Ref. A-9* highlighting: values; responsibilities; governance and management responsibilities; timeline and scope; materiality; significant risks; other cycles; areas of focus; technology support; other required communications; quality of accounting practices; internal control matters; related parties and transactions; commitment to ethical and professional excellence; and technical updates-GASB.

10. Approved – Financial Statements, University of Nevada, Las Vegas Medicine, Inc. – The Committee recommended approval of the UNLV Medicine, Inc. Financial Statements for the year ended June 30, 2020. *(Ref. A-10 on file in the Board Office.)*

Chair 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.

10. Approved – Financial Statements, University of Nevada, Las Vegas Medicine, Inc. –  
*(Continued)*

Ms. McCormick reviewed *Ref. A-10* highlighting an unmodified opinion of the University of Nevada, Las Vegas Medicine, Inc. Financial Statements.

The University of Nevada, Las Vegas Medicine was also a recipient of a payroll protection loan. Any potential loan forgiveness will be a Fiscal Year 2021 event.

Regent Geddes moved approval of the UNLV Medicine, Inc. Financial Statements for the year ended June 30, 2020. Vice Chair Perkins seconded.

Regent Geddes asked where the initial loan to cover costs during startup is credited. Ms. McCormick reported it is represented on the Statement of Net Position on page 19 of 37.

Dr. Michael Gardner stated UNLV Medicine appreciated the hard work of Ms. McCormick and the Grant Thornton team.

In response to Chair Carter's question about whether the line of credit had been refinanced, Dr. Gardner stated it was a \$19 million line of credit of which approximately \$15 million was used. The remainder of the line of credit has not been touched in two years. Ms. Jean Vock, UNLV Senior Vice President for Business Affairs, clarified the line of credit with the bank is for a five-year payback. The amount that UNLV Medicine is paying back to UNLV is a ten-year payback.

Motion carried.

11. Information Only – Communications with Those Charged with Governance, NSHE – Ms. McCormick presented a report on Communications with Those Charged with Governance for the Nevada System of Higher Education for the year ended June 30, 2020. This is a report on communications related to the System's consolidated audit and is required for compliance with the professional standards for CPA firms. *(Supplemental Material on file in the Board Office.)*

Ms. McCormick reviewed *Supplemental Material* highlighting: values; responsibilities; governance and management responsibilities; materiality; timeline and scope; significant risks; other areas of focus; technology support; COVID-19 pandemic; summary of misstatements; other required communications; quality of accounting practices; deliverables; internal control matters; use of other auditors-system related organizations; use of the work of others; commitment to ethical and professional excellence; and technical updates-GASB.

12. Approved – Financial Statements, NSHE (Agenda Item 12) – The Committee recommended approval of the NSHE Financial Statements for the year ended June 30, 2020. *(Supplemental Material on file in the Board Office.)*

Ms. McCormick reviewed *Supplemental Material* highlighting an unmodified opinion of the NSHE Financial Statements.

12. Approved – Financial Statements, NSHE (Agenda Item 12) – (Continued)

Ms. McCormick stated outside agencies such as the state of Nevada use the NSHE Financial Statements.

Regent Geddes moved approval of the NSHE Financial Statements for the year ended June 30, 2020. Regent McMichael seconded.

Chair Carter asked whether the compliance audit repeat findings had been communicated to the institutions. Ms. McCormick stated any findings associated with the work had been shared with the institutions.

Motion carried.

13. Information Only – New Business – None.

14. Information Only – Public Comment – None.

The meeting adjourned at 12:56 p.m.

Prepared by:

Angela R. Palmer  
Special Assistant and Coordinator  
to the Board of Regents

Submitted for approval by:

Keri D. Nikolajewski  
Interim Chief of Staff  
to the Board of Regents

***Approved by the Board of Regents at its March 4-5, 2021, meeting.***