

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

System Administration, Las Vegas
4300 South Maryland Parkway, Board Room
Thursday, June 10, 2021

Members Present:

Dr. Patrick R. Carter, Chair
Ms. Laura E. Perkins, Vice Chair
Mr. Joseph C. Arrascada
Dr. Jason Geddes
Mr. Donald Sylvantee McMichael Sr.

Other Regents Present:

Dr. Mark W. Doubrava, Board Chair
Mrs. Carol Del Carlo, Board Vice Chair
Mr. Patrick J. Boylan
Mr. Byron Brooks
Ms. Amy J. Carvalho
Mrs. Cathy McAdoo
Dr. Lois Tarkanian

Others Present:

Dr. Melody Rose, Chancellor
Ms. Crystal Abba, Vice Chancellor, Academic and Student Affairs
Mr. Caleb Cage, Vice Chancellor, Workforce Development
Mr. Andrew Clinger, Chief Financial Officer
Ms. Yvonne Nevarez-Goodson, Deputy General Counsel
Ms. Keri Nikolajewski, Interim Chief of Staff to the Board
Mr. Joe Reynolds, Chief General Counsel
Ms. Tina Russom, Deputy General Counsel
Mr. Joe Sunbury, Chief Internal Auditor
Mr. Michael B. Wixom, Special Counsel
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. Dave Rhode, DRI; Mr. Kevin Seipp, GBC; Dr. Samantha Jewell, NSC; Mr. Glenn Heath, SA; Ms. YeVonne Allen, TMCC; Ms. Shannon Sumpter, UNLV; Dr. Amy Pason, UNR; and Mr. Jim Strange, WNC. Student body presidents in attendance were: Mr. Austin Brown, ASUN President, UNR; Mr. Matthew Hawn, GSA President, UNR; and Ms. Andrea Sanchez De Loza, ASWN President, WNC.

Chair Carter called the meeting to order at 10:35 a.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 March 4, 2021, meeting minutes. *(Ref. A-2a on file in the Board Office.)*
 - 2b. Approved – Follow-Up: Human Resources, DRI – The Committee recommended approval of the follow-up response to the audit report of DRI Human Resources for the period January 1, 2019, through December 31, 2019. *(Ref. A-2b 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 external audit report would be completed at this meeting. NSHE looks forward to working with the Legislative Counsel Bureau on its external audit of NSHE. In addition, the Title IX Task Force will begin shortly.

(Audit Summary on file in the Board Office.)

4. Approved – Foundation, GBC – The Committee recommended approval of the report and institutional response to the GBC Foundation audit for the period July 1, 2019, through March 31, 2020. *(Ref. A-4 on file in the Board Office.)*

Chief Internal Auditor Joe Sunbury highlighted the following:

- Review of scholarship processes to improve components currently complicated to reconcile
- Updates to policies and procedures to accurately reflect processes

Regent McMichael moved approval of the report and institutional response to the GBC Foundation audit for the period July 1, 2019, through March 31, 2020. Vice Chair Perkins seconded. Motion carried.

5. Approved – Facilities Management, WNC – The Committee recommended approval of the report and institutional response to the WNC Facilities Management audit for the period July 1, 2018, through February 29, 2020. *(Ref. A-5 on file in the Board Office.)*

Chief Internal Auditor Sunbury highlighted the following:

- Control improvements surrounding expenditures
- Control improvements surrounding inventory procedures documentation
- Control improvements surrounding contract reviews

5. Approved – Facilities Management, WNC – (Continued)

Regent McMichael moved approval of the report and institutional response to the WNC Facilities Management audit for the period July 1, 2018, through February 29, 2020. Vice Chair Perkins seconded. Motion carried.

6. Approved – Hosting, UNR – The Committee recommended approval of the report and institutional response to the UNR Hosting audit for the period July 1, 2019, through June 30, 2020. (Ref. A-6 on file in the Board Office.)

Chief Internal Auditor Sunbury highlighted:

- A required test sample of host accounts annually per Board of Regents Handbook
- Opportunity to improve documentation and monitoring controls

Regent McMichael moved approval of the report and institutional response to the UNR Hosting audit for the period July 1, 2019, through June 30, 2020. Vice Chair Perkins seconded. Motion carried.

7. Information Only – Internal Audit, Compliance and Title IX Updates, NSHE – Chief Internal Auditor Sunbury updated the Committee on the upcoming quality assurance review and incident management processes.

8. Information Only – Communications with Those Charged with Governance, NSHE – Ms. Kim McCormick, Partner, Grant Thornton, LLP 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 consolidated audit of the System and is required for compliance with the professional standards for CPA firms. (Ref. A-8 on file in the Board Office.)

9. Approved – Uniform Guidance Audit Report and Financial Statements, NSHE – The Committee recommended approval of the NSHE Uniform Guidance Audit Report and Financial Statements for the year ended June 30, 2020. (Ref. A-9 on file in the Board Office.)

Ms. McCormick reviewed Ref. A-9 highlighting an unmodified opinion of the NSHE Uniform Guidance Audit Report and Financial Statements.

Chair Carter stated last year there was a finding related to the Gramm-Leach Bliley Act and clarified that there is a repeat finding this year. Chief Internal Auditor Sunbury said that was correct. When the item was presented, the institutions with findings were identified. The identified institutions provided a six-month follow-up. Some of the institutions outsourced comprehensive reviews but fell short of the threshold. UNLV Executive Vice President and Provost Chris Heavey stated UNLV performed a gap analysis, but it was not deemed appropriate for the entire risk assessment that was needed. UNLV has taken additional steps to complete that risk assessment. The executive team is putting the controls in place that are necessary to be compliant in the future.

9. Approved – Uniform Guidance Audit Report and Financial Statements, NSHE –
(Continued)

In response to a question from Chair Carter related to the untimely return of funds, Ms. McCormick stated the student financial aid administrative rules are very detailed. One of the most complex rules relates to when a student withdraws midterm. There is a complex calculation to determine what portion of the student's financial aid they return or keep. The timelines are stringent regarding when the calculation is done and when the funds are returned. Provost Heavey understood the seriousness of the finding, and it is the highest priority that he and the President are working on. UNLV has placed new leadership in the Financial Aid Office, new processes, training, and certifications. Provost Heavey committed that the audit will be substantially better in two years.

Regent McMichael moved approval of the NSHE Uniform Guidance Audit Report and Financial Statements for the year ended June 30, 2020. Vice Chair Perkins seconded. Motion carried.

10. Information Only – Audit, Compliance & Title IX Committee Development – Mr. Matt Unterman, Principal – Advisory Services, Grant Thornton, LLP presented a PowerPoint titled, "The State of Not-for-Profit & Higher Education in 2021" that included a COVID assessment and lessons learned, ongoing response monitoring and communications, Enterprise Risk Management, reserves planning, future readiness, operating efficiency, IT/system optimization and cybersecurity, cost and revenue modeling and striking a balance.

In response to a question from Chair Carter related to an appropriate level of reserve, Mr. Unterman recommended the reserve be pooled into three sections, including a risk reserves pool, a general reserves pool, and a working capital pool. In addition, Grant Thornton has a white paper that can be shared with NSHE, including what risks may occur and how to apply the impact that will result from the reserve.

Chair Carter believed the presentation was incredibly valuable.

Regent Carvalho appreciated the information provided.

Board Vice Chair Del Carlo stated NSHE has many challenges ahead, and now NSHE will have to decide where to go.

11. Information Only – New Business – None.

12. Information Only – Public Comment – None.

The meeting adjourned at 11:50 a.m.

Prepared by:

Angela R. Palmer
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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 September 9-10, 2021, meeting.