

Minutes approved by the Board of Regents at the March 6 & 7, 2025, meeting.

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

University of Nevada, Las Vegas
Student Union, Ballrooms B & C
4505 S. Maryland Parkway, Las Vegas

Wednesday, December 4, 2024

Video Conference Connection from the Meeting Site to:
System Administration, Reno
2601 Enterprise Road, Conference Room
and
Great Basin College, Elko
1500 College Parkway, Berg Hall Conference Room

Members Present: Mr. Joseph C. Arrascada, Chair
Mrs. Susan Brager
Mrs. Carol Del Carlo

Members Absent: Mr. Patrick J. Boylan

Other Regents Present: Mrs. Amy J. Carvalho, Board Chair
Dr. Jeffrey S. Downs, Board Vice Chair
Ms. Heather Brown
Ms. Stephanie Goodman

Others Present: Ms. Patricia Charlton, Interim Chancellor
Dr. Daniel Archer, Vice Chancellor for Academic and Student
Affairs
Ms. Elizabeth Callahan, Public Information Officer
Ms. Lynda P. King, Senior Associate General Counsel
Mr. James J. Martines, Vice Chancellor and Chief General
Counsel
Mr. Christopher G. Nielsen, Special Counsel to the Board of
Regents
Ms. Keri D. Nikolajewski, Chief of Staff to the Board of Regents
Ms. Lauren Tripp, Chief Internal Auditor
Mr. Chris Viton, Vice Chancellor, Budget and Finance and Chief
Financial Officer
Mr. Michael B. Wixom, Special Real Property Counsel
Dr. William L. Kibler, Acting President, CSN
Dr. Kumud Acharya, President, DRI
Dr. Amber Donnelly, Interim President, GBC

Others Present:

(Continued)

Dr. Sarah Frye, Provost and Vice President for Academic Affairs
(sitting in for Dr. DeRionne Pollard, President, NSU)

Dr. Karin M. Hilgersom, President, TMCC

Dr. Keith E. Whitfield, President, UNLV

Mr. Brian Sandoval, President, UNR

Dr. J. Kyle Dalpe, President, WNC

Faculty senate chairs in attendance included the following individuals: Ms. Valerie Conner, CSN *(Chair, Council of Faculty Senate Chairs)*; Dr. Maureen McCarthy, DRI; Mr. David Sexton, GBC; Dr. David Cooper, NSU; Mr. Glenn Heath, SA; Dr. Jinger Doe, TMCC; Dr. Deborah Arteaga, UNLV; Dr. Aaron Hill, UNR; and Mr. Martin Schmidt, WNC. Student body presidents in attendance included the following individuals: Ms. Janeth Vences-Balvas, ASCSN President, CSN; Mr. Kevin Osorio Hernández, NSSA President, NSU *(Chair, Nevada Student Alliance)*; Ms. Lisha Allison, SGA President, TMCC; Mr. Allister Dias, CSUN President, UNLV; Ms. Teresa Marie, GPSA President, UNLV; Mr. Dawson Deal, ASUN President, UNR; Ms. Tania Akter, GSA President, UNR; and Ms. Catalina Wilson, ASWN President, WNC. Classified council chair in attendance included the following individual: Ms. Stacy Wallace, NSU, ex-officio.

Land Acknowledgment

Before beginning, we take a moment to recognize that here in Nevada we stand on the land of the Wa She Shu – Washoe; Numu – Northern Paiute; Nuwe – Western Shoshone; and Nuwu – Southern Paiute. We take a moment to recognize and honor their stewardship that continues into today. With this recognition, we state an intention to rightfully include their voice and respect them as the 27 sovereign tribal nations of Nevada.

Chair Arrascada called the meeting to order at 8:00 a.m. with all members present except Regent Boylan. Regent Del Carlo led the Pledge of Allegiance and Chair Arrascada read the Land Acknowledgment.

1. Information Only – Public Comment

Kent Ervin provided in-person public comment stating the Auditor for the single audit report and financial statements found several compliance issues, which are not unexpected, but the large number of findings raises concerns. NSHE's task is to set up appropriate controls and systematic corrections, hopefully with reasonable efficiency and cost. The ghost student fraud at CSN stands out for the sheer magnitude of losses. NSHE needs controls that prevent fraud. However, course instructors should not be held responsible or tasked with procedures that are unworkable for them, such as requiring in-person activities for online courses that may have out-of-state and out-of-country students. The American Association of University Professors has opposed the expansion of mandatory Title IX reporting to include all faculty. That interferes with the trust relationship between the instructor and student. However, NSHE must comply. There needs to be robust education for both faculty and students about how students can seek confidential counseling and assistance.

2. Approved – Consent Items – The Committee recommended approval of the consent items.
 - 2a. Approved – Minutes – The Committee recommended approval of the September 5, 2024, meeting minutes. *(Ref. A-2a on file in the Board Office.)*
 - 2b. Approved – Follow-Up: Hosting, NSU – The Committee recommended approval of the follow-up responses to the audit report of NSU Hosting for the period July 1, 2022, through September 30, 2023. *(Ref. A-2b on file in the Board Office.)*
 - 2c. Approved – Follow-Up: Facilities Management, CSN – The Committee recommended approval of the follow-up response to the audit report of CSN Facilities Management for the period July 1, 2022, through June 30, 2023. *(Ref. A-2c on file in the Board Office.)*

Regent Brager moved approval of the consent items.
Regent Del Carlo seconded. Motion carried. Regent
Boylan was absent.

3. Information Only – Chair’s Report – Chair Joseph C. Arrascada stated he was going to identify and focus on vacant positions with System Administration, especially the Audit Department. He commended Chief Internal Auditor Lauren Tripp for providing him with copious amounts of information. However, due to today’s time constraints, he will discuss staffing at a future meeting.
4. Approved – Communications with Those Charged with Governance and Uniform Guidance Audit Report and Financial Statements, NSHE – The Committee recommended approval of the results of the Nevada System of Higher Education Single Audit (Uniform Guidance) for the year ended June 30, 2024, including the Independent Auditor’s Report, Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor’s Report on Compliance for Each Major Federal Program, and Report on Internal Control over Compliance. *(Refs. A-4a, A-4b, and A-4c on file in the Board Office.)*

Kurt Schlicker, Partner, Eide Bailly, LLP presented the results of the Nevada System of Higher Education Single Audit (Uniform Guidance) for the year ended June 30, 2024, to include the Independent Auditor’s Report, Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor’s Report on Compliance for Each Major Federal Program, and Report on Internal Control over Compliance.

Regent Brager asked who did the audit last time that so many findings came up this time. Mr. Schlicker stated this was Eide Bailly’s first year as the NSHE auditor, and Grant Thornton was the previous auditor.

4. Approved – Communications with Those Charged with Governance and Uniform Guidance Audit Report and Financial Statements, NSHE – (Continued)

In response to a request from Regent Brager related to receiving the last audit for comparison, Chief Financial Officer Chris Viton responded he could provide the link to Grant Thornton's audit. He stated there definitely were more findings at the time because more programs were reviewed because of federal awards. He added that one of the advantages of rotating audit firms is having a new set of auditors taking a different perspective and often identifying things that may not have been overlooked but may have been viewed differently by the prior firm.

Regent Del Carlo voiced her concerns that the Regents were not alerted to the CSN fraud. She wanted assurance as a fiduciary of the System that every step is being taken to prevent this from happening again. Interim Chancellor Charlton stated it is unfortunate that this happened at one of the institutions, but they now can share that knowledge and identify best practices. CSN did take immediate action from what they learned through the process. Interim Chancellor Charlton stated she is not a financial aid expert but once the funds are dispersed it does become a receivable to the institution because the federal government will complete a pullback so that the award amount is reduced. It will sit on the CSN books, and they will have to remedy it through collections or potential write-offs.

Regent Del Carlo stated that the Board should have been alerted to something this serious.

Regent Brager echoed Regent Del Carlo's concerns and hoped this would not happen in the future. All the Board members must be notified, regardless of whether they are the Chair or on the Committee.

Chair Arrascada echoed the frustration with the lateness in which they were notified. He asked how much the total hit to the System was, what has been reimbursed, how it will be reimbursed, and what is going to be on CSN's shoulders. CSN Acting President Kibler responded the total estimated financial liability will be between \$7-\$7.5 million, which breaks down into several categories. CSN Interim Vice President for Finance and Administration Rolando Mosqueda reiterated there are several categories of funding, and he is happy to provide a detailed report. Much of the funding was released to the ghost students via financial aid. That money has been returned to the federal government therefore, CSN is liable for that portion. There is also a large balance of \$3.5 million related to outstanding student tuition and fees that CSN will not realize. There is little hope that CSN will receive any of those funds through the collections process. In total, CSN will have to identify approximately \$7 million in institutional resources to address the issue.

In response to a question from Regent Del Carlo asking if insurance covers any of this, Vice President Mosqueda responded they have worked with NSHE Risk Management to file an insurance claim, but it was denied for various reasons.

4. Approved – Communications with Those Charged with Governance and Uniform Guidance Audit Report and Financial Statements, NSHE – (Continued)

Regent Del Carlo asked how they would receive funds from collections if these were ghost students. Vice President Mosqueda stated that the individuals used stolen credentials to perpetuate the fraud. They filled out FAFSAs with real Social Security numbers, names, and addresses. CSN could not identify a real student from a fraudulent student as this was progressing. So, as a part of the normal process, CSN is sending to collections. Regent Del Carlo then asked whether controls are in place so this does not happen again. CSN Vice President for Student Affairs Juan Avalos provided a general timeline of the suspicious activity and potential fraud in the fall. As suspicious activity was identified it was sent to the Inspector General's Office for follow-up. The reason January was given as the discovery date is because that coincides with the first day of classes when students show up in class. Before that, they were names in a system but on the first days of class, actual people show up. So, when there are full rosters and empty classrooms, that is when CSN recognizes the magnitude of the problem. CSN immediately went into investigation and protection mode, but a lot had already happened because the spring semester had started. CSN then began looking at summer and fall. CSN implemented seven layers of filters where bots could not move through a process and when there was any kind of suspicion, CSN placed a hold on the student records for registration, financial aid, and disbursement, which forced students to come in with government-issued identification to continue the process. If they were unable or did not show up, they were disenrolled. CSN disenrolled thousands of students who did not comply or didn't meet the requirements. So, through additional filters, requiring IDs, and then ultimately disenrolling, CSN feels confident that measures are taking effect.

Regent Del Carlo appreciated the response, and she understood that they could not go into detail, but she wanted to make sure it does not happen again.

In response to a question from Regent Del Carlo asking whether this would hurt CSN's accreditation, Interim Chancellor Charlton did not believe it would have an impact on CSN's accreditation status.

Board Chair Carvalho acknowledged that she had heard about this a bit earlier than others, but it was in the investigation stage. It was clear to her that there was a lot of work happening and she did not think it was necessary to say anything. She does hear the concerns, but she was not hiding this from anyone. She respected the process and investigation that was in progress.

Chair Carvalho asked if there is a work plan to come back to the Committee to show significant deficiencies have been resolved. Chief Internal Auditor Tripp stated there have been instances of significant findings in the past that required additional follow-up. She can put a progress report on upcoming agendas.

4. Approved – Communications with Those Charged with Governance and Uniform Guidance Audit Report and Financial Statements, NSHE – (Continued)

Chair Arrascada stated there is a significant amount of collaboration with federal dollars in respect to the schedule of expenditures of federal awards. He understands that these are from the two R1 institutions. However, he had a question regarding the collaboration between the medical schools and the respective research departments throughout the country and the expenses involved in the collaboration. He asked representatives to speak about the necessity of the expenditure.

UNLV Kirk Kerkorian School of Medicine Dean Marc Khan responded there are several large grants that the schools intend to work on together. One is the CTRIN Grant which promotes clinical trial design. Those grants are multi-institutional. He and UNR Med Dean Paul Hauptman are in the process of putting teams together for the grant for submission in 2025. They recognize that they are stronger working together and that the state is better when they work together.

Regent Del Carlo moved to approve the results of the Nevada System of Higher Education Single Audit (Uniform Guidance) for the year ended June 30, 2024, including the Independent Auditor's Report, Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program, and Report on Internal Control over Compliance. Regent Brager seconded. Motion carried. Regent Boylan was absent.

5. Approved – Communications with Those Charged with Governance and Financial Statements, University of Nevada Las Vegas Medicine, Inc. – The Committee recommended approval of the results of the UNLV Medicine, Inc. financial statement audit for the year ended June 30, 2024, including the Independent Auditor's Report and Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. (A-5a, A-5b, and A-5c on file in the Board Office.)

Renee Gravalin, Partner, Eide Bailly, LLP presented the results of the UNLV Medicine, Inc. financial statement audit for the year ended June 30, 2024, including the Independent Auditor's Report and Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Chair Arrascada expressed his appreciation to Eide Bailly, LLP.

5. Approved – Communications with Those Charged with Governance and Financial Statements, University of Nevada Las Vegas Medicine, Inc. – (Continued)

Regent Del Carlo appreciated the work of the external auditors. It is healthy for an organization to have fresh eyes auditing, and she looked forward to working with them.

Regent Brager moved to approve the results of the UNLV Medicine, Inc. financial statement audit for the year ended June 30, 2024, including the Independent Auditor's Report and Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Regent Del Carlo seconded. Motion carried. Regent Boylan was absent.

6. Information Only – Overview of Title IX Regulatory Changes and NSHE Policy Updates – NSHE Senior Associate General Counsel Lynda King presented an overview of the 2024 Federal Title IX regulations with a specific focus on key changes between the 2020 and 2024 regulations and the impact of those changes on NSHE policy and procedure. (Refs. A-6a and A-6b on file in the Board Office.)

Regent Brager appreciated the thorough report.

Chair Arrascada expressed his appreciation to Senior Associate General Counsel King for a well-done presentation.

7. Information Only – Internal Audit, Compliance and Title IX Updates, NSHE – Chief Internal Auditor Lauren Tripp provided general remarks regarding departmental updates, initiatives, and alignment related to ongoing risk assessments. This included updates on efforts regarding the internal audit initiatives and incident management processes and metrics. (Ref. A-7 on file in the Board Office.)

Regent Brager asked if communication could be sent to students on the appropriate use of the hotline. Interim Chancellor Charlton responded that yes, another level of communication would be helpful to ensure that students and faculty know what the hotline is, what it is not, and where to send concerns appropriately.

In response to a question from Regent Del Carlo related to the substantiation rate and how NSHE is looking at moving forward with the hotline, Chief Internal Auditor Tripp responded there is value in the system and it is a very useful resource if used correctly. She added that NSHE pays \$6,000 a year for the hotline and that she would like to see how the trend continues and then offer recommendations to the Board for consideration.

Chair Arrascada thanked Chief Internal Auditor Tripp for the presentation.

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

Chief Internal Auditor Tripp welcomed Internal Audit Manager Madison Siqueiros. She added that she was embedded with the Eide Bailly team and as a part of that experience NSHE will learn from them and get a discount on their bill. She thanked Eide Bailly for welcoming her to the team and the Financial Aid Directors for fielding all her questions.

8. Information Only – New Business

Regent Brager requested that the Chancellor direct the institutions to send out a message to students regarding the incident management system and the proper place for questions to be answered.

9. Information Only – Public Comment – None.

The meeting adjourned at 9:53 a.m.

Prepared by:

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

Submitted for approval by:

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