

Minutes are intended to note: (a) the date, time and place of the meeting; (b) those members of the public body who were present and those who were absent; and (c) the substance of all matters proposed, discussed and/or action was taken on. Minutes are not intended to be a verbatim report of a meeting. An audio recording of the meeting is available for inspection by any member of the public interested in a verbatim report of the meeting. These minutes are not final until approved by the Board of Regents at the March 2020 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
Thursday, December 5, 2019

Video Conference Connection from the meeting site to:
Desert Research Institute, Reno
2215 Raggio Parkway, Stout Conference Rooms A & B
and
Great Basin College, Elko
1500 College Parkway, Berg Hall Conference Room

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

Others Present: Ms. Crystal Abba, Vice Chancellor, Academic and Student Affairs
 Mr. Andrew Clinger, Chief Financial Officer
 Mr. Dean J. Gould, Chief of Staff and Special Counsel to the Board
 Mr. Nate Mackinnon, Vice Chancellor, Community Colleges
 Mr. James J. Martines, Deputy General Counsel, Real Estate
 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. Marc A. Johnson, President, UNR
 Dr. Vincent R. Solis, President, WNC

Faculty senate chairs in attendance were: Dr. Arnold Bell, CSN; Mr. George Kleeb, GBC; Dr. Serge Ballif, NSC; Ms. Brigette Glynn, SA; Ms. Anne Flesher, TMCC; Dr. Janis McKay, UNLV; and Dr. Brian Frost, UNR. Student body presidents in attendance were: Ms. Nicola Opfer, NSSA President, NSC; Ms. Hannah Patenaude, CSUN President, UNLV; Ms. Stephanie Molina, GPSA President, UNLV; and Ms. Tamara Guinn, GSA President, UNR.

For others present, please see the attendance roster on file in the Board Office.

Chair Carter called the meeting to order at 10:30 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 September 5, 2019, meeting minutes. *(Ref. A-2a on file in the Board Office.)*
 - 2b. Approved – Follow-Up: Thomas & Mack Center, UNLV – The Committee recommended approval and acceptance of the follow-up response to the audit report of UNLV Thomas & Mack Center for the period July 1, 2016, through December 31, 2017. *(Ref. A-2b on file in the Board Office.)*
 - 2c. Approved – Follow-Up: Purchasing Card Program, GBC – The Committee recommended approval and acceptance of the follow-up response to the audit report of GBC Purchasing Card Program for the period January 1, 2018, through September 30, 2018. *(Ref. A-2c on file in the Board Office.)*
 - 2d. Approved – Follow-Up: Purchasing Card Program, NSC – The Committee recommended approval and acceptance of the follow-up response to the audit report of NSC Purchasing Card Program for the period of January 1, 2018, through September 30, 2018. *(Ref. A-2d on file in the Board Office.)*

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

(Audit Summary on file in the Board Office.)

3. Approved – Foundation, WNC – The Committee recommended approval of the report and institutional response to the WNC Foundation audit for the period January 1, 2018, through April 30, 2019. *(Ref. A-3 on file in the Board Office.)*

Chief Internal Auditor Joe Sunbury reviewed the *Audit Summary* and *Ref. A-3* and noted the following recommendations:

- Best practice for cash controls
- Compliance with contract and student worker policies
- Gift account classification for enhanced tracking within the accounting system

Regent Del Carlo moved approval of the report and institutional response to the WNC Foundation audit for the period January 1, 2018, through April 30, 2019. Regent Perkins seconded.
Motion carried.

4. Approved – Travel, NSC – The Committee recommended approval of the report and institutional response to the NSC Travel audit for the period January 1, 2018, through September 30, 2018. (Ref. A-4 on file in the Board Office.)

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

- Creation of automated controls over travel documentation and processing

Regent Perkins moved approval of the report and institutional response to the NSC Travel audit for the period January 1, 2018, through September 30, 2018. Regent Del Carlo seconded. Motion carried.

5. Approved – Crime Statistics Assurance, NSHE – The Committee recommended approval of the report and institutional response to the NSHE Crime Statistics Assurance audit for the period January 1, 2016, through October 1, 2017. (Ref. A-5 on file in the Board Office.)

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

- Correction of discrepancies, enhancement of controls, communications, consistency in reporting and documentation maintained across all institutions

Regent Perkins moved approval of the report and institutional response to the NSHE Crime Statistics Assurance audit for the period January 1, 2016, through October 1, 2017. Vice Chair Hayes seconded. Motion carried.

6. Information Only – Internal Audit and Compliance Department Updates, NSHE – Chief Internal Auditor Joe Sunbury provided general remarks related to the role of Compliance Coordinator. Types of activities this role will lead and participate in have been identified. Proposed amendments will be brought forward at a future meeting.

The meeting recessed at 10:38 a.m. and reconvened at 10:51 a.m. with all members present.

7. No Action Taken – Communications with Those Charged with Governance, NSHE – Ms. Kim McCormick, Audit Partner, Grant Thornton, presented a report on Communications with Those Charged with Governance for the Nevada System of Higher Education for the year ended June 30, 2019. 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-7 on file in the Board Office.)

Ms. McCormick reviewed *Ref. A-7* highlighting: values; responsibilities; governance and management responsibilities; materiality; timeline and scope; significant risks; areas of focus; technology support; 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 promote ethical and professional excellence; technical updates-GASB; and industry updates.

7. No Action Taken – Communications with Those Charged with Governance, NSHE – (Continued)

In response to a question from Vice Chair Hayes, Chief Internal Auditor Sunbury stated the required communications historically had been an action item. Vice Chair Hayes said action does not have to be taken if the report is just providing information.

8. Approved – Uniform Guidance Audit Report & Financial Statements, NSHE – The Committee recommend approval of the NSHE Uniform Guidance Audit Report and Financial Statements for the year ended June 30, 2019. (Ref. A-8 on file in the Board Office.)

Ms. McCormick directed the Committee to page 11 and stated the financial statements conform with generally accepted accounting principles and received an unmodified/clean opinion.

Page 220 of the report summarizes the current year's findings. The financial statement audit had one finding related to the adjustment of the refunding of debt and the accounting for it. The internal control issue is that it was not recognized as a crossover refunding. It was recommended to reflect accounting accurately. Both findings in the previous year were resolved.

Two federal programs were audited. Career and technical education received an unmodified/clean opinion. The student financial assistance cluster had eight findings. Most of the findings are repeat issues that have been identified in prior years. One new finding relates to student privacy rules. A corrective action plan has been created. This report is filed with the Federal Government and reviews the status of the findings, whether there are repeat issues, what the corrective action plan is, and follow-up as to the progress being made.

Regent Perkins moved approval of the NSHE Uniform Guidance Audit Report and Financial Statements for the year ended June 30, 2019. Regent Del Carlo seconded. Motion carried.

9. No Action Taken – 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, 2019, 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; areas of focus; technology support; summary of misstatements; other required communications; quality of accounting practices; deliverables; internal control matters; related party transactions; commitment to promote ethical and professional excellence; and technical updates-GASB.

10. Approved – Financial Statements, University of Nevada, Reno School of Medicine Integrated Clinical Services, Inc. Financial Statements for the year ended June 30, 2019 – 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, 2019. *(Ref. A-10 on file in the Board Office.)*

Ms. McCormick directed the Committee to page three and stated the financial statements conform with generally accepted accounting principles and received an unmodified/clean opinion.

One finding noted on page 42 relates to a gift recorded in 2018 with a realization it did not belong there, but the financial statements were not corrected in a timely manner. A corrective action plan has been created.

Chair Carter clarified this type of finding causes the results of one year to be overstated and the next year to be understated.

Regent Del Carlo moved approval of the University of Nevada, Reno School of Medicine Integrated Clinical Services, Inc. Financial Statements for the year ended June 30, 2019. Vice Chair Hayes seconded. Motion carried.

11. No Action Taken – Communications with Those Charged with Governance, University of Nevada, Las Vegas Medicine, Inc. – Ms. Kim McCormick, Audit Partner, Grant Thornton, presented a report on Communications with Those Charged with Governance for the UNLV Medicine, Inc. for the year ended June 30, 2019, in line with requirements for compliance with the professional standards for CPA firms. *(Ref. A-11 on file in the Board Office.)*

Ms. McCormick reviewed *Ref. A-11* highlighting: values; responsibilities; governance and management responsibilities; timeline and scope; materiality; significant risks; areas of focus; technology support; summary of uncorrected misstatements; other required communications; quality of accounting practices; internal control matters; related party transactions; commitment to promote ethical and professional excellence; and technical updates-GASB.

Ms. McCormick acknowledged the cooperation and professionalism from UNLV Medicine, Inc., during the audit.

12. 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, 2019. *(Ref. A-12 on file in the Board Office.)*

Ms. McCormick directed the Committee to page three and stated the financial statements conform with generally accepted accounting principles and received an unmodified/clean opinion.

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

One finding noted on page 32 relates to patient revenue that was recorded in the wrong year. A corrective action plan has been created.

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.

Vice Chair Hayes moved approval of the UNLV Medicine, Inc. Financial Statements for the year ended June 30, 2019. Regent Del Carlo seconded.

Chief Internal Auditor Sunbury thanked Ms. McCormick for emphasizing the cooperation on this audit. A lot of people take part in these audits, and their efforts are appreciated.

Motion carried.

13. Information Only – New Business – Vice Chair Hayes thanked Chief Internal Auditor Sunbury and his team for a job well done. Regent Del Carlo echoed Vice Chair Hayes' comments.

Chair Carter requested a follow-up related to the development of a new plan for the financial aid requirement.

14. Information Only – Public Comment – None.

The meeting adjourned at 11:27 a.m.

Prepared by:

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

Submitted for approval by:

Dean J. Gould
Chief of Staff and Special Counsel
to the Board of Regents