

BOARD OF REGENTS
BRIEFING PAPER

Agenda Item Title: Handbook Revision, Title 4, Chapter 9, new Section A.9
Audit Department Charter *and Institution Audit Response Requirements*

Meeting Date: September 10-11, 2015

2. BACKGROUND & POLICY CONTEXT OF ISSUE:

Institutions at times must adopt new institution policies or amend existing policies to address issues that have been identified in an audit. Institutions have indicated that their internal process for policy development, which includes consultation with faculty, cannot always be completed before they are required to report back to the Audit Committee following the initial meeting at which the audit finding is discussed.

3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

To adopt a new Board Handbook policy as follows:

A. Internal Audit Department Charter *and Institution Audit Response Requirements*

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Section 9. *Institution Audit Response Requirements*

- 1. *Time Period for Response. In response to audit findings, institutions at times must adopt new institution policies or amend existing institution policies to address the issues identified in the audit. The adoption of new policies or amendment of existing policies in response to an audit finding must be completed within 150 calendar days after the audit and institutional response have been discussed at a Board of Regents Audit Committee meeting.***
- 2. *Expedited Procedure and Consultation with Faculty Senate. Each institution shall develop a procedure for the expedited adoption of new policy and for the amendment of existing policy to comply with the 150 calendar day requirement set forth above. The institution procedure must include an expedited process for consultation with the Faculty Senate.***

4. IMPETUS (WHY NOW?):

The Audit Committee discussed this issue at its June 2015 meeting. Vice Chancellor Nielsen offered to draft a proposed policy for the Committee's consideration at the September 2015 meeting that would require expedited procedures for policy amendment or creation, and which would include consultation with faculty.

5. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

- Corrective action in response to audit findings should not be unduly delayed.
- The proposal gives the institutions 150 days after an audit finding is discussed by the Audit Committee to adopt any necessary policy changes.

- Institutions are required to report back and appear before the Audit Committee approximately 180 days after the audit is initially considered by the Audit Committee.
- 150 days is more than enough time to make necessary policy changes at the institution.
- The institution policy changes would be completed before the institution reports back and appears before the Audit Committee again.
- The institutions and their faculty senates can work together to develop the expedited process for policy changes.

6. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:

- The policy is not needed since it is very rare that an institution is unable to make necessary policy changes in a timely manner.
- Requiring an expedited process for institution policy development in response to audit findings may diminish shared governance at the institutions.

7. ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:

None.

8. COMPLIANCE WITH BOARD POLICY:

- Consistent With Current Board Policy: Title # _____ Chapter # _____ Section # _____
- Amends Current Board Policy: Title # 4 Chapter # 9 Section # A
- Amends Current Procedures & Guidelines Manual: Chapter # _____ Section # _____
- Other: _____
- Fiscal Impact: Yes _____ No X
Explain: _____

POLICY PROPOSAL – HANDBOOK - TITLE 4, CHAPTER 9, *new*
SECTION A.9

Internal Audit Department Charter *and Institution Audit Response Requirements*

Additions appear in *boldface italics*; deletions are [~~stricken~~ and bracketed]

A. Internal Audit Department Charter *and Institution Audit Response Requirements*

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