

APPROVED



**STATE BOARD OF EDUCATION
AUDIT COMMITTEE**

STATE of IDAHO
BOARD of EDUCATION

**APPROVED MINUTES
STATE BOARD OF EDUCATION AUDIT COMMITTEE
June 8, 2015**

A video conference of the Audit Committee of the State Board of Education was held June 8, 2015 in Boise, Idaho and throughout Idaho.

ATTENDANCE

Committee: Emma Atchley, Chair, Bill Goesling, Don Soltman, Mark Heil
Board staff: Matt Freeman, Scott Christie
BSU: Stacy Pearson, Jo Ellen Dinucci, Suzanne Adams, Larry Harmon, Mark Eisenman
ISU: Jim Fletcher, Brandt Wright, Roger Egan, Angie Dobbins, Reese Jensen
UI: John Keatts, Ron Town, Brad White
LCSC: Chet Herbst, Jeff Phelps, Teresa Cole
EITC: Christian Godfrey

AGENDA

1. Approve March 11, 2015 Meeting Minutes

The meeting minutes of the March 11th 2015 Audit Committee meeting were approved unanimously as presented.

2. Moss Adams FY 2015 Interim Audit Update

Scott Simpson and Tammy Erickson provided an interim audit update discussing internal control issues, A133 audits, and general audit concerns. There were no significant concerns at this time.

3. Audit RFP Update

Staff provided an update on the progress of the Audit RFP with an update to the timeline.

4. 3rd Quarter FY 2015 Financial Reports

The institutions presented their 3rd quarter financial reports. The Committee requested the number of student employees be included in the quarterly reports.

5. University of Idaho Internal Revenue Service's Audit and Settlement

Tracy Paglia, Moss Adams partner, reviewed the results of the IRS audit with the Committee and institutions. Suggestions for best practices included spot checks on employee vehicle logs, documentation supporting spousal business travel, documentation supporting business use of executive residence, and clarifying that the executive's reportable tax benefit is determined using local rental rates and the proportion of the house that is used for non-business purposes plus utilities. See attached summary of IRS issues and final adjustments.

6. Internal Audit FY 2016 Audit Plans and Charters

The internal auditors presented their FY 2016 audit plans. There were no changes to their charters. The Committee approved all four FY 2016 audit plans and all institution charters. As a result of the Moss Adams presentation of the UI IRS audit, the Committee directed the internal auditors to include the following in their FY 2016 audit plans.

1. Courtesy Cars
2. Withholding rates for non-resident alien students
3. Executive housing
4. 1099 vs W2 reporting

7. Idaho State University Foundation Operating Agreement

The Committee recommended Board approval of the operating agreement between Idaho State University and the Idaho State University Foundation, Inc. The Committee directed staff and the institution to remove attachments and exhibits that have already been reviewed by the Committee and do not have any revisions.

8. University of Idaho Alumni Association Operating Agreement

The Committee recommended Board approval of the operating agreement between University of Idaho and the University of Idaho Alumni Association, Inc.

9. Eastern Idaho Technical College Foundation Operating Agreement

The Committee reviewed the operating agreement between Eastern Idaho Technical College and the Eastern Idaho Technical College Foundation, Inc. The Committee did not approve the agreement based on concerns over the revisions to the Investment Policy which added investment options for foreign securities, emerging market securities and publicly traded real estate investment trusts (REITs). The college will review these issues and bring the agreement back to the Committee at a later date.

10. Delegation of Legislative Services Office (LSO) Audits to the Executive Director

The Committee discussed how it wants to handle Legislative Services Office audits of agencies under the jurisdiction of the Board. The Committee delegated review of LSO audit reports to the Executive Director unless a material weakness or significant deficiency was included in the audit report. Staff will draft revisions to Board policy incorporating the delegation.

Meeting adjourned at 2:15 pm (Mountain)