

APPROVED



**STATE BOARD OF EDUCATION
AUDIT COMMITTEE**

STATE OF IDAHO
BOARD OF EDUCATION

**APPROVED MINUTES
STATE BOARD OF EDUCATION AUDIT COMMITTEE
December 8, 2014**

A regular meeting of the Audit Committee of the State Board of Education was held November 8, 2014 in Boise, Idaho and via teleconference call throughout Idaho.

ATTENDANCE

Committee: Emma Atchley, Chair, Bill Goesling, Don Soltman, Mark Heil
Board staff: Matt Freeman
BSU: Jo Ellen Dinucci
ISU: Jim Fletcher
UI: Dan Stephens, John Keatts
LCSC: Chet Herbst, Jeff Phelps

AGENDA

1. Approve November 13, 2014 Meeting Minutes

The meeting minutes of the November 13th 2014 Audit Committee meeting were approved unanimously as presented.

2. Lewis-Clark State College Foundation Operating Agreement

A motion to approve the Foundation Operating Agreement between Lewis-Clark State College and Lewis-Clark State College Foundation, Inc. was unanimously approved.

3. First Quarter FY 2015 Financial Reports

The institutions presented their Q1 FY 2015 reports.

Boise State University is going to announce cost controls to campus this week. Primary focus is on controlling operating expenses.

Idaho State University self-reported that the accuracy of the employment figures on its Year-To-Date at a Glance page was in question. ISU will analyze the data and provide an update to the committee. Board member Atchley asked about ISU's reserves and whether ISU intends to continue to build up reserves or invest in the campus. Mr. Fletcher stated that ISU's reserve stand at ~\$35m. This is about \$2M short of the two months of prior year's operating expense target level the Government Financial Officers Association recommends. ISU is shifting its emphasis now from growing the reserves to investing in other urgent needs. For example, Mr. Fletcher explained that ISU has already redirected \$6.3M which could have gone to reserves in order to invest in the campus.

After reaching the GFOA target amount, Mr. Fletcher expects the reserves to stabilize at about that level; the one caveat being how the GASB 68 discussion will affect the target.

4. External Audit Contract

Staff reviewed the RFP process for re-bidding the external audit contract. Board member Soltman asked if there was a requirement to select a different audit firm. Staff replied that there is no such requirement. The only requirement is that the contract be re-bid. Board member Goesling asked Mr. Heil to comment about his experience with selecting audit firms. Mr. Heil replied that changing audit firms can be disruptive and involves a certain amount of risk. Nevertheless, he said it is important to ensure there is an appropriate fee relationship by evaluating other firms. Mr. Goesling asked staff to see if AGB has any guidance in this area.

5. Outside Audit Committee Members

Staff reported that two individuals have indicated their desire to serve on the committee. Mr. Brant Moylan is VP & Controller at Simplot. Mr. Scott Plew, CPA is a Partner-in-Charge of the Cooper Norman Twin Falls office. Mrs. Athley asked that the two candidates be brought to the Board for appointment at the February Board meeting.

Other Business

Mr. Goesling asked that a white paper on GASB 68 and its impact to institutions and their reserves be prepared for the committee. Staff indicated they will work with Moss Adams to have a white paper drafted and disseminated to the committee.

Meeting adjourned at 11:30 am (Mountain)