



**STATE BOARD OF EDUCATION
AUDIT COMMITTEE**

STATE of IDAHO
BOARD of EDUCATION

**APPROVED MINUTES
STATE BOARD OF EDUCATION AUDIT COMMITTEE
November 9, 2016**

A regular meeting of the Audit Committee of the State Board of Education was held November 9, 2016 in Boise, Idaho and video conference in Moscow, Idaho.

ATTENDANCE

Committee: Don Soltman, Chair; Emma Atchley, Andy Scoggin, Mark Heil, Brent Moylan

Board staff: Chet Herbst, Scott Christie

Moss Adams: Scott Simpson, Tammy Erickson

BSU: Jo Ellen Dinucci, Suzanne Adams, Larry Harmon, Mark Eisenman, Kevin Satterlee, Texie Evans

ISU: Brian Hickenlooper, Brant Wright, Reese Jensen

UI: Brian Foisy, John Keatts, Linda Campos, Brad White, Kent Nelson

LCSC: Todd Kilburn, Teresa Cole, Ryan Bircher

IDVR: Joey Sanchez

LSO: Aimee Hayes

AGENDA

1. Approve June 1, 2016 Meeting Minutes

The meeting minutes of the June 1st 2016 Audit Committee meeting were approved unanimously as presented.

2. Moss Adams FY 2016 Audit Report

Scott Simpson and Tammy Erickson reviewed the results of the FY 16 audits. The University of Idaho management letter needs to be finalized and then forwarded to the Committee. The Committee unanimously approved the first amendment to the audit contract which includes a 1% increase for the FY 2017 audit year.

3. Year-end FY 2016 Financial Reports

The institutions presented their year-end FY 2016 financial statements. The Committee requested the institutions review and proof-read their MD&A to ensure figures tie out before submitting to Moss Adams. The Committee requested staff work with the State Controller's Office to examine whether the due dates for draft and/or final financial statements could be slightly delayed to reduce the overtime burden needed to meet the current deadlines set by the State Controller's Office.

The Committee also requested the Net Position and Ratios be included in the annual review reports.

4. Legislative Audits of Idaho Division of Vocational Rehabilitation

Aimee Hayes from Legislative Audits and Joey Sanchez from IDVR were available to answer questions regarding the findings in the 2015 Single Audit Report. The Committee suggested leaving findings open upon completion of the next audit. Aimee noted the corrective action plan was on track, and that a cash draw was caught in late FY 2016 so it will probably be a finding in the FY 2016 audit. There were no losses associated with the audit findings.

5. Institution Internal Audit Year-End Reports

The internal auditors for the 4-year institutions reviewed their FY 2016 year-end reports.

The Committee requested the internal audit reports include the date the finding occurred or date an allegation was received, the name of management individual responsible for corrective action, and the deadline for corrective action. The audit findings from the external audit should be included in the audit plan, the mid-year review, and the year-end audit report.

The Committee suggested standardizing the risk levels of low, moderate and high possibly using parameters such as size of the institution, staff, complexity and the associated dollars.

Boise State University's next scheduled Quality Assessment Review (QAR) is for FY 2017 and the review is currently in process. Idaho State University began its self-assessment during FY 2016, and their external QAR will be completed by December 2016. University of Idaho will work with University of Washington and Washington State University to perform an external QAR in November 2016. The Committee approved Lewis-Clark State College's request to schedule their first QAR in 2022. The Committee requested staff include any reference to an institution's QAR process in the minutes. Staff provided a number of prior Audit Committee minutes to the institutions to submit to their external QAR firms.

The Committee requested staff obtain from the institutions information copies of the annual evaluations and salary adjustments of the lead internal auditor for their review and feedback to management.

6. Boise State University Foundation Agreement

The agreement between the Boise State University (BSU) and the Boise State University Foundation was reviewed by the Committee and BSU staff. The Committee requested a clause be inserted that effectively states that the Foundation will not do anything that would place BSU out of compliance with Board policy.

The Committee requested that all future operating agreements be red-lined to the Board template. Any future updates to an operating agreement would be compared to the Board template with past approved deviations parenthetically noted with the date of the approval.

7. Boise State University Bronco Athletics Association Operating Agreement

The Committee requested the institutions use similar templates for the foundations, any alumni associations, and any athletic associations. Staff will provide the Board's legal counsel the Board's foundation operating agreement template and the checklist of items to include in the agreements which was developed at the same time as the template. Counsel, staff and the institutions will develop a checklist of required elements for each type of operating agreement which will be used for future new operating agreements and/or revisions to existing agreements.

The revised operating agreement will be presented at the November 30th Audit Committee meeting in order to include it in the February Board meeting. Otherwise, the agreement will be presented at a special Audit Committee meeting in order to meet the same deadline for the February Board meeting.

8. Boise State University Alumni Association Operating Agreement

See item 7 above.

9. University of Idaho Vandal Boosters Operating Agreement

See item 7 above.

10. Audit Committee 2017 Meetings

Staff to email potential dates of meetings in 2017 to Committee members for their feedback.

Meeting adjourned at 5:30 pm (Mountain)