

POSITION	TERM	NAME	DEPARTMENT/DIVISION
Chair	2021-24	Don DaSaro	Business Management
VP of Finance & Administration	2023-24	John Harman	Finance and Administration
Provost / VP SEM	2023-24	Joanna Mott	Academic Affairs
AVP of Student Affairs	2023-24	Mandi Clark	Student Affairs
Vice Provost	2023-24	Abdy Afjeh	Research and Academic Affairs
Administrative Council Representative	2023-24	Carleen Drago Starr	Educational Partnerships & Outreach
Asst. Vice Pres. Financial Operations	2023-24	Alicia Dillon	Finance and Administration
Senate Executive Representative	2023-24	Cristina Negoita	Faculty Senate
Univ. Admin/ Staff Rep. 1	2022-25	Ken Fincher	University Advancement
Univ. Admin/ Staff Rep. 2	2024-26	Anna Clark	Budget/Planning Office
Univ. Admin/ Staff Rep. 3	2023-26	Lara Pracht	Academic Affairs
Faculty 1	2022-25	Rose McClure	Natural Sciences
Faculty 2	2022-25	Mark Neupert	Humanities & Social Science
Faculty 3	2022-25	David Hammond	Applied Mathematics
Faculty 4	2021-24	Dibyajyoti Deb	Applied Mathematics
ASOIT President, Klamath Falls des.	2023-24	Diana Escamilla	ASOIT
Executive Assistant	2023-24	Helen Drewel	Finance and Administration

## Minutes

Attendees: Anna Clark, Dr. Mandi Clark, Dr. Abdy Afjeh, Chair Don DaSaro, Dr. Dibyajyoti Deb, Alicia Dillon, Carleen Drago Starr, Dr. David Hammond, VP John Harman, Prof. Rose McClure, Dr. Joanna Mott, Dr. Cristina Negoita, Dr. Mark Neupert, Lara Pracht

Additional Attendees: Celia Green, Michelle Meyer

**Meeting called to order** – Chair DaSaro called the meeting to order at 2:02pm.

- 1. Review Minutes from October 2023 Meeting-** Chair DaSaro reviewed the minutes. Dr. Neupert moved to approve the minutes; Rose McClure seconded.
- 2. Audit Risk Assessment and Multi-year Audit Plan-** Michelle Meyer reviewed the Internal Audit Risk Assessment & Heat Map.
  - a. Dr. Mott asked how the risk rating was calculated. Michelle replied that the overall risk scores are a weighted average based on the combination of each risk’s likelihood and impact and are assigned by the external Internal Audit firm. The external Internal Audit firm takes into consideration programmatic, operational, and financial data, including the strategic plans, when assigning risk categories for the weighted average calculations. Michelle offered an opportunity to walk through the report in depth outside of this meeting.
  - b. Dr. Deb inquired about the meaning of the axis on the heatmap graph, as well as how often the risk assessment is performed. Michelle replied that the "Overall Likelihood Score" is a measure of the possibility a given event will occur, whereas the "Overall Impact Score" is a measure of the potential consequence across the University. The Internal Audit risk assessment is performed annually by the external Internal Audit firm.

- c. Carleen Drago asked how often each department will revisit the audit process. Michelle replied that there is no specified timetable for when departments will be audited. Departmental involvement is determined based on factors such as nature of department operations and if the department has previously been reviewed by Internal Audit, and when. In addition, Carleen asked how department chairs and staff are prepared for these audits. Michelle responded that Eide Bailly will be hosting a kick-off meeting to facilitate planning and communication with departments. The Board of Trustees and the Board's Audit Committee have approved a multi-year audit plan to allow audits to be conducted with advance notice, with the goal of aligning audit timing with departmental business cycles.
- d. It was asked by Dr. Negoita how the heat maps compare from one year to the next. Michelle responded that the Internal Audit risk assessment performed by Eide Bailly provides a high-level view of possible future impacts. It is forward looking and is not necessarily comparable to prior year reports due to factors such as COVID-19. While the Heat Map may not be suitable for year-to-year comparison, we are working with Eide Bailly on Internal Audit's traditional annual review report of prior audits to show department corrective actions that have been put into place and to acknowledge the work departments are performing as an outcome of the audits.
- e. Dr. Negoita asked what the sizes of the spheres on the heat map represent. Michelle responded that a larger sphere indicates a wider, far-reaching impact across the University; a smaller sphere indicates a more localized, or minimal, impact.
- f. Prof. Rose McClure inquired about the decision to move from Kernutt Stokes (the previous internal audit firm) to Eide Bailly. Michelle responded that our seven-year contract with Kernutt Stokes had ended, and a Request for Proposal (RFP) was recommended by management to the Board of Trustees's Audit Committee, which was approved. Eide Bailly was sourced through the RFP process; one of the distinguishing factors of Eide Bailly is their subject matter expertise and experience in higher education and being able to leverage their expertise as an additional aid to Oregon Tech.
- g. Dr. Neupert asked what the FOAC's advisory role is when it comes to contracting services such as auditing firms. Michelle explained that Internal Audit reports directly to the Board of Trustees Audit Committee; therefore, the contract was approved by the Board of Trustees. Information provided by the external Internal Audit firm may provide information FOAC might find helpful when making advisory recommendations on items like capital projects, for example.

**3. YTD November FY2023-24 Management Report-** Alicia Dillon and Anna Clark reviewed the FY24 year-to-date Management Report through November.

- a. Dr. Deb inquired as to whether there was a deficit of \$3 million. Alicia replied that the plan in the Board's adopted budget was to use \$3 million from the reserve. Reserve funds should be maintained at 10-15% of operating expenditure, following Board policy. The question was raised by Dr. Deb as to how much is placed in the reserve each year. In response, Alicia explained that if there is a surplus at the end of the year, this surplus will be added to the reserve fund, while if there is an overspend, this fund will be utilized.
- b. Dr. Mott expressed concern that we may be overly conservative when planning budgets, particularly in areas with a history of overspending. There is concern that unnecessary budget cuts may be made in anticipation of shortfalls, leading to the loss of necessary service lines, faculty, and other resources. In the past, we have had significant surpluses in our ending budget, so why aren't we utilizing it? Alicia replied that our budget has been reduced for the past few years, we've experienced 3 consecutive years of enrollment decline, and discretionary funds are shrinking. Budget cuts have led to overspending in areas we have not experienced before, and structural deficits are becoming more evident. The University used over \$700 thousand of reserve funds in FY23 and we are currently on pace to use all of the \$3 million in reserve funds

approved for FY24. Anna Clark added that a surplus in the budget reflects the desire to keep and account for essential vacant positions and service lines.

- c. Prof. Rose McClure expressed concern about the use of salary savings as a source of funding. Anna responded that we are not intentionally leaving positions open to create savings. Alicia added that the deployment of budget cuts is made at the local division and department level rather than at the direction of Finance & Administration.
- d. A suggestion was made by Dr. Negoita to speak directly with the Medical Imaging Department (MIT), since many students have expressed interest in this field. It is important that we investigate ways to assist this department in growing. Dr. Mott responded that MIT has been involved in Academic Affairs budget conversations in the recent past. Dr. Negoita also shared direct communication should also be established with the IT department in order to identify possible ways to improve the negotiation process for infrastructure contracts. Carleen Drago suggested that we should explore ways to collaborate with other institutions regarding IT infrastructure.
- e. Prof. Rose McClure asked how we can access Quasi-Endowment funding. Anna and Alicia responded that the Board would need to approve it.
- f. Dr. Deb asked what is preventing us from using more of our fund balance. Alicia responded that figures were presented to Dr. Nagi, and this was his recommendation on use of fund balance.
- g. Alicia asked the group for their feedback on the idea of sending the budget survey University wide. Dr. Negoita suggested that it might be beneficial to tailor each question by department to obtain more comprehensive feedback. Dr. DaSaro recommended asking each department for two revenue generating ideas.

Meeting adjourned at 3:28pm.