



**Board of Trustees of the University of Oregon
Executive and Audit Committee Meeting**

December 1, 2016

Committee Membership

Chuck Lillis, Chair	Present
Peter Bragdon	Present
Allyn Ford	Present
Ross Kari	Present
Ginevra Ralph	Present
Mary Wilcox	Present

The Executive and Audit Committee (EAC) of the Board of Trustees of the University of Oregon (Board) met in the UO's White Stag Building in Portland on December 1, 2016. Below is a summary of committee discussions and actions. An audio recording is maintained on file.

Convening, Introduction. The meeting was called to order at 8:33 a.m. by Committee Chair Chuck Lillis. Roll call was taken and a quorum verified.

University IT and Computing Priorities Update. Senior Vice President and Provost Scott Coltrane provided trustees with a quarterly update on information technology (IT) infrastructure, reorganization, and investments. He noted the hire of a new director for High Performance Computing (HPC), Nick Maggio, which will help continue the tremendous progress on HPC development and expansion. He provided an update on progress toward specific IT strategic priorities, including the effort to consolidate certain IT functions. He noted that this particular effort brings with it some employee morale considerations and some new challenges to ensure proper information flow (e.g., ticketing for help desk requests). Coltrane feels confident in the progress made during the past year and is pleased with efforts by interim and permanent staff, explained some additional support provided to effectively execute the transition, and provided a brief update on the search for a permanent Chief Information Officer. Trustee Susan Gary asked a question about maintaining quality of service for IT support; Coltrane acknowledged that there will be issues to work through, but that a goal of the initiative is to keep local IT support close and available to the end user. Trustee Kurt Willcox noted that he hears from staff on campus often about the overall issue of IT, with people pleased about a new focus on the issues, but concerned about long-term impacts and how consolidation and reorganization may impact staff directly; Coltrane acknowledged those issues and says that he and the interim IT leadership team remain committed to working with employees to make any transitions as smooth as possible. Trustee Connie Ballmer asked when the last major IT assessment on campus took place; Coltrane noted that while studies had been done in the past, nothing this focused or comprehensive has ever been done, so this is new to a lot of people but very necessary.

Approval of Minutes. Minutes from the September and November meetings of the EAC were approved without amendment.

Audited Financial Statements. Scott Simpson, partner with Moss Adams LLP, the UO's external audit firm, provided an overview of the 2016 auditor's report. Moss Adams issued an unmodified opinion that the financial statements "are presented fairly in all material respects in accordance with accounting principles generally accepted" in the US. The report further included an unmodified opinion for a report on

compliance requirements which could have a direct and material effect on federal programs. Simpson noted that the detailed audit of the financial aid services at the UO was very positive. Chair Lillis and Trustee Ross Kari asked about general differences between financial and auditing standards for government entities versus private sector companies. Kari further asked about the materiality threshold for the UO, and Simpson explained that there is no specific number, but that it is instead an analysis of whether a specific issue would have an impact on how a reasonable investor would interpret the financial statements. Simpson noted that he has very open lines of communication with the university, including management, internal audit, certain trustees, and the president.

Jamie Moffitt, vice president for finance and administration and CFO, and Kelly Wolf, associate vice president and controller, provided trustees with a more detailed overview of the FY16 financial statements, which are available online. They began by reminding trustees about a change in the Governmental Accounting Standards Board (GASB) standards regarding pension accounting that dramatically impacts the UO's balance sheet, specifically its unrestricted net assets. Due to this new standard, a \$94 million pension liability is now reflected on UO's balance sheet which reduces net assets. (This is the calculated "share" of the statewide PERS liability attributed to the UO.) Wolf walked trustees through information on capital assets, cash flow, financial statement overviews, unrestricted net assets, sources of revenue, trends in expenses and revenues, as well as key financial ratios, and debt burdens.

Quarterly Audit Report and Approval of External Auditor. Chief Auditor Trisha Burnett provided a quarterly audit report for the first quarter of FY17. She discussed an audit of processes in the Purchasing and Contracting Services office, which will be completed shortly after this meeting. She also discussed a pending project and update on data security and information technology, which shows implementation is proceeding at different speeds in different departments. She also informed trustees that two new internal auditors joined the Office of Internal Audit (IA) this quarter. Finally, Burnett sought approval from the EAC to contract with Baker Tilly, a well-established audit firm, to supplement the work of IA both as it relates to bandwidth and specialized audit projects through a co-sourced audit model.

ACTION: The Committee considered the resolution to authorize a co-source contract with Baker Tilly. It was moved by Wilcox and seconded by Bragdon. The resolution passed by voice vote without dissent.

Strategic Enterprise Risk Management. Andre LeDuc, associate vice president and chief resilience officer, provided an in-depth report on the university's strategic risk management planning and assessment processes, reports, and mitigation actions. LeDuc shared an updated 2014-15 risk quadrant map and discussed in more detail many of the items in the "continuous monitoring" portion of that quadrant: information technology, facilities, budget, emergency management, research, academic affairs, and student affairs. LeDuc informed trustees about the process and timeframe for developing an updated risk quadrant map, the campus-wide risk assessment survey, and the risk assessment workshop. He noted that he will be prepared to share updated information with the Board at its June meeting.

Board Officers. Trustee Peter Bragdon led a discussion about the selection of board officers. He noted that Chair Lillis and Vice Chair Ginevra Ralph were the only nominees for their respective positions. He indicated his full support to recommend both to reselection.

APPROVED BY THE EXECUTIVE AND AUDIT COMMITTEE ON MARCH 2, 2017

ACTION: The Committee considered the recommendation to reappoint Chuck Lillis as chair and Ginevra Ralph as vice chair. It was moved by Bragdon and seconded by Wilcox. The recommendation passed by voice vote without dissent.

Adjournment. The meeting was adjourned at 10:10 a.m.