

Minutes of the  
NIU Board of Trustees  
**COMPLIANCE, AUDIT, RISK MANAGEMENT  
AND LEGAL AFFAIRS COMMITTEE**  
November 7, 2013

**CALL TO ORDER AND ROLL CALL**

The meeting was called to order by Chair Robert Boey at 2:37 p.m. in the Board of Trustees Room, 315 Altgeld Hall. Recording Secretary Sharon Banks-Wilkins conducted a roll call of Trustees. Members present were Trustees Wheeler Coleman, Robert Marshall, Marc Strauss, Student Trustee Elliot Echols, BOT Chair John Butler and Chair Robert Boey. Not present were Trustees Anthony Iosco and Cherilyn Murer. Also present were Deputy General Counsel Gregory Brady and President Douglas Baker. With a quorum present, the meeting proceeded.

**VERIFICATION OF APPROPRIATE NOTICE OF PUBLIC MEETING**

Confirmation of Open Meetings Act public notice compliance was provided by Acting Board General Counsel Gregory Brady.

**MEETING AGENDA APPROVAL**

Vice Chair Boey asked for a motion to approve the agenda. Trustee Strauss made a motion to approve the agenda, seconded by Trustee Marshall. The motion was approved.

**REVIEW AND APPROVAL OF MINUTES**

It was moved by Trustee Strauss and seconded by Trustee Iosco to approve the minutes of the August 29, 2013 meeting. The motion was approved.

**CHAIR'S COMMENTS/ANNOUNCEMENTS**

The Chair recognized the University Advisory Committee members Alan Rosenbaum and Deborah Haliczner.

As a reminder, Chair Boey said, the CARL committee will cover four functional areas: Compliance and Ethics, Audit, Risk Management, and Legal Affairs. In order to provide sufficient opportunity to cover each of these functional areas, it is my intention to highlight one area for discussion and rotate the discussion for each meeting, eventually covering all four areas. I am hopeful that we will also be able to provide an opportunity to discuss the other functional areas as needed or as requested by any of the committee members. The focus of today's meeting will be Internal Audit.

**PUBLIC COMMENT**

Acting Board General Counsel Gregory Brady stated that no members of the public had registered a written request to address this Board committee in accordance with State law and the Board of Trustees Bylaws.

## UNIVERSITY REPORT

### **Agenda Item 6.a. – Review of Role and Responsibility of Internal Audit**

Chair Boey introduced Ms. Danielle Schultz, Director of Internal Audit, who gave a brief report on the activities of the Internal Audit Division for Fiscal Year 2013. Danielle has been the Director of Internal Audit for more than four years. She has been a member of the NIU Internal Audit staff since 1995 and reports directly to President Baker. Danielle is a Certified Internal Auditor, a Certified Information Systems Auditor, and a Certified Public Accountant. She leads the internal audit function at NIU which includes overseeing four full-time staff auditors and one part-time staff auditor.

It was requested that I not present a review of the roles and responsibilities of Internal Audit at this time, Ms. Schultz stated. Instead, I will be presenting a report on the activities of the Internal Audit Division for FY13. There are two requirements of the standards that I am obligated to adhere to, Ms. Schultz said, that I report to the Board on a regular basis and that I confirm our continued independence. I would like to take this opportunity to assure you that we continue to be independent of university operations. We have no operational duties and, although we advise management, we do not make decisions. I am also required to give to you a recap of the prior fiscal year activities. The Fiscal Year 2013 audit plan started with 16 audits. Four audits were added based on a request from President Peters, and one audit was added as a result of the signing of Public Act 97-1055. That statute requires that all State agencies submitting a GAP package and financial statements to the Comptroller's Office have their internal audit departments perform an annual internal audit of the process for preparing those items. Due to these additions, four of the audits remaining on our plan were moved to future years, which left a total of 18 audits completed during Fiscal Year 2013. This is quite an accomplishment, and I appreciate the hard work and dedication of my staff. Currently, I have four full-time and one half-time employee; however, one of those full-time people started just two weeks ago, so he is not included in the 2013 statistics. During Fiscal Year 2013, I had one staff member who was on extended leave for more than 90 percent of the year, as well as two other staff members who were on intermittent leave. These leaves had a significant impact on our office, so I commend my staff for their hard work and dedication during this time and really digging in and getting all these audits completed in a timely manner.

Trustee Butler asked Ms. Schultz if there was any reason she could not report to the committee what audits were performed. She explained that one of the things that she was planning to disclose as part of her roles and responsibilities is that the Internal Audit work product and documents are not public records, and are not subject to FOIA. So, I cannot speak about them in a public forum, she said. However, if any of you have specific questions, I would be happy to address them on a one-on-one basis.

Trustee Coleman if this was a closed discussion item since the audits that are conducted are not available or cannot be discussed in public forum. Acting General Counsel Brady replied that the Open Meetings Act and this conversation is not in relation to any of the exceptions for closed sessions on the Open Meetings Act. Danielle was speaking to the fact that her records, as an audit, are protected from FOIA. Under FOIA, she would waive this exemption if she reveals her actual audit documents in a public setting.

On an annual basis, every member of my staff and I complete a confidentiality statement that we will not discuss audits outside of the person or area that we are directly working with, Ms. Schultz added. Therefore, I would have to consult with the General Counsel's Office to make sure that I am still protected because there are specified restrictions and ramifications listed in that annual statement.

All of our audit reports are addressed directly to President Baker and are made available to the Board of Trustees members upon request and others that are required by State statute or regulatory or statutory requirements. But they are always available to the Board of Trustees through Bill Nicklas.

Most often, the chair of this committee usually gets a copy of our monthly activities report on a monthly basis, and it lists all the audit reports that have been issued during the month. It also lists the audits that are in progress, and that usually is the catalyst for requests for copies of the report.

I am one of the people who receives the summary, Trustee Strauss said, and I routinely ask for the issued reports. If there is no legal prohibition, the easy solution would be to send a copy of the summary to all of the Board of Trustees members and let them determine what it is they would like to read. Dr. Nicklas stated that he would be happy to send copies of the summary to all of the Trustees, as well as a full copy of any of the reports that a member requests.

Trustee Coleman asked if Ms. Schultz had a list of when her department provided advisory services to the institution. Ms. Schultz stated that in addition to audit or assurance services, we provide consultation services as well. That can take on many roles. In many cases, I, or a member of my staff, might serve as a member on a committee, we sit at the table and raise internal control concerns as we are progressing through. It could be a system implementation or a system upgrade. Those are two good examples of committees that we actively participate in on an ongoing basis. It also can be a consulting advisory role. A department might contact me and say they are going through some changes and ask us to make sure that they maintain the proper internal controls and let them know if they have maintained the proper segregation of duties, etc., during that restructure. So, it can range from something very ad hoc to something ongoing.

#### **NEXT MEETING DATE**

Chair Boey announced that the next meeting date would be provided after approval of the 2014 Board Meeting Schedule.

#### **ADJOURNMENT**

Trustee Strauss moved to adjourn, seconded by Trustee Marshall. Chair Boey adjourned the meeting at approximately 2:56 p.m.

Respectfully submitted,

Sharon Banks-Wilkins  
Recording Secretary

*In compliance with Illinois Open Meetings Act 5 ILCS 120/1, et seq, a verbatim record of all Northern Illinois University Board of Trustees meetings is maintained by the Board Recording Secretary and is available for review upon request. The minutes contained herein represent a true and accurate summary of the Board proceedings.*