

Minutes of the
NIU Board of Trustees
**COMPLIANCE, AUDIT, RISK MANAGEMENT
AND LEGAL AFFAIRS COMMITTEE**
February 27, 2014

CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Robert Boey at 12:10 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, Anthony Iosco, Robert Marshall, Cherilyn Murer, Marc Strauss, Student Trustee Elliot Echols and Committee Chair Boey and BOT Chair John Butler. Also present were Committee Liaison Nancy Suttentfield, General Counsel Jerry Blakemore 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 General Counsel Jerry Blakemore.

MEETING AGENDA APPROVAL

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

REVIEW AND APPROVAL OF MINUTES

It was moved by Trustee Strauss and seconded by Trustee Marshall to approve the minutes of the November 7, 2013 meeting. The motion was approved.

CHAIR'S COMMENTS/ANNOUNCEMENTS

Chair Boey recognized the representatives of the University Advisory Committee, Dr. Alan Rosenbaum and Ms. Deborah Haliczner.

As a reminder, the Chair said, this committee covers 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 to rotate the discussion for each meeting. I am hopeful that we will be able to provide an opportunity to discuss the other functional areas as needed or requested by any of the committee members. The focus of this meeting will be an annual report on the findings and recommendations that we received from the external auditors, McGladrey LLC, concerning the audit of the university's 2013 financial statements.

PUBLIC COMMENT I

The Chair asked Board General Counsel Jerry Blakemore if any members of the public had registered a written request to address the Board in accordance with state law and the Board of Trustees Bylaws. Mr. Blakemore noted that no timely requests had been received to address this Board Committee meeting.

UNIVERSITY REPORT

Agenda Item 6.a. – Fiscal Year 2013 External Audit Report

Ms. Nancy Suttentfield, our Interim Chief Financial Officer, will give a summary of the FY13 External Audit Report. Nancy has been serving as our Interim CFO since November. She has served as the CFO of the University of North Carolina at Chapel Hill, the Case Western Reserve University in Ohio and Wake Forest University in North Carolina. Early in her career, she worked with Virginia's public universities and teaching hospitals, serving as a budget manager for the executive branch, later serving as a director of planning and budget, and then CFO at the Smithsonian Institution in Washington, D.C. At NIU, she currently oversees Budget and Financial Planning, Controller's Office, Accounting, Grants Fiscal Administration, Institutional Research and Treasury Operations.

The university recently received the audit of our annual financial statements for Fiscal year 2013, which was completed by McGladrey LLP in December, with copies provided to the Illinois Auditor General, Ms. Suttentfield reported. The audit was conducted according To Governmental Accounting Standards Board (GASB) that apply to all public universities and other public entities. That set of standards requires the auditors obtain reasonable assurance that the statements are free from material misstatement. Based upon the audit McGladrey completed, they expressed an unqualified opinion on the university's financial statements. However, I would like to note the discovery of a misstatement that was corrected in the course of the 2013 audit. It involved incorrect calculations of interest recorded in previous years on a cash basis, which should have been calculated on the basis of accrual accounting and adjusted for timing. This related to interest payments on a capital lease. The adjustments were made according to GASB and the amount of adjustment represented \$4.2 million, representing the correction of the 2011, 2012 and 2013 misstatements, as required by GASB. So, instead of using a cash basis of accounting for interest, we should have been following an accrual basis of accounting. So the correction has been made and will be correctly recorded in future financial statements.

NEXT MEETING DATE

The next meeting of the Compliance, Audit, Risk Management and Legal Affairs Committee is scheduled for Thursday, May 29, in DeKalb.

ADJOURNMENT

Trustee Strauss moved to adjourn, seconded by Student Trustee Echols. Chair Boey adjourned the meeting at approximately 12:21 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.