

April 1, 2011

Members of the Board Audit Committee

Marquita Wiley, Chair
Frank William Bonan II
Roger Tedrick

Dear Members of the Audit Committee:

There will be a meeting of the Audit Committee on Thursday, April 14, 2011, immediately following the Academic Matters Committee in the Auditorium of the SIU School of Medicine, 801 N. Rutledge, Springfield, Illinois. The following items have been suggested for the agenda:

1. Approval of the Minutes of the Meeting held April 8, 2010 (enclosure).
2. Proposed Revisions to the Board of Trustees Policy on Internal Audit [Amendments to 5 Policies of the Board E] (Board Agenda Item QQ).
3. Other business.

Yours truly,

Duane Stucky
Senior Vice President for Financial and Administrative Affairs
and Board Treasurer

DS/lap

Enclosure

C: Jeff Harrison
Ed Hightower
Donna Manering

John Simmons
Alex Vansaghi

Glenn Poshard
Rita Cheng
Vaughn Vandegrift

BOARD OF TRUSTEES

SOUTHERN ILLINOIS UNIVERSITY

Minutes of the Audit Committee Meeting

April 8, 2010

The Audit Committee met following the Finance Committee in the Conference Center of the Delyte W. Morris University Center, Southern Illinois University Edwardsville, Edwardsville, IL. Present were: Marquita Wiley (Chair), Frank William Bonan II, Keith Sanders, and Steve Wigginton. Other Board members present were: Nate Brown, Ed Hightower, John Simmons, Amber Suggs and Roger Tedrick. Executive Officers present were: President Glenn Poshard; Chancellor Samuel Goldman, SIUC; Chancellor Vaughn Vandegrift, SIUE; Vice President for Academic Affairs Paul Sarvela; and Senior Vice President for Financial and Administrative Affairs and Board Treasurer Duane Stucky.

Minutes

Steve Wigginton recommended approval of the minutes of the April 2, 2009, and May 6, 2009, meetings as submitted. The motion was duly seconded by Frank William Bonan II and passed by the Committee.

Presentation on sole source purchase orders for professional services.

Vice President Stucky explained that the Board asked for a special report on controls that exist to monitor sole source purchases of professional and artistic service contracts. He introduced Kevin Bame, SIUC Vice Chancellor for Administration and Finance, who highlighted the controls in place over University purchases and provided a handout to Board members. In response to a question, Mr. Bame confirmed that any sole source purchase after July 1, 2010, will require a public hearing, whether it is goods or services. Dr. Sanders complimented Mr. Bame on the competency and detail of the process.

Presentation on developing the Audit Plan.

Kim Labonte, SIU Executive Director of Audits, discussed how a risk-based Audit Plan was developed based on a thorough review of risk throughout the University, and provided a handout to Board members. She also discussed the authoritative guidance that Internal Audit is subject to and the impact that guidance has on the development of the Audit Plan. Ms. Labonte explained that a Self Risk Assessment tool was distributed to each auditable unit. Question and answer sessions on each campus were attended by less than 10% of the units asked to respond. However, 97% of the 377 Self Risk Assessments were received by the requested deadline. Ms. Labonte was asked by Steve Wigginton to provide the Board with information on which particular departments did not respond.

Ms. Wiley stressed the importance of this process to the University and congratulated Ms. Labonte and the staff who worked with her on this process. Ms. Wiley stated that she expects the next step in moving forward will be assessing risk on a non-financial basis. Mr. Tedrick expressed the higher level of comfort the Board now has with the Internal Audit function. Dr. Sanders questioned whether the low self risk assessments were a surprise. Ms. Labonte stated that it was probably due to the newness and uncertainty of this first-time process.

FY 09 Annual Audit Report.

Ms. Labonte explained that the Auditor General's Office hires an independent accounting firm to perform an annual audit of the University. Crowe Horwath performed the audit for the year ending June 30, 2009. The Auditor General released the audit on March 11, 2010. An unqualified, or clean, opinion was received on the financial statements and on compliance with major programs. Ms. Labonte reviewed the four findings (two repeated from FY 08). Dr. Sanders asked that an Executive Summary be provided to Board members in the future.

Ms. Wiley commented that a process should be in place to close out each finding, and Ms. Labonte concurred. President Poshard commented that complying with the finding on faculty timesheets would be an onerous requirement.

Other Business.

There being no further business, the meeting was adjourned.

DS/lap