

April 24, 2009

Members of the Board Audit Committee  
Marquita Wiley, Chair  
Keith Sanders  
Steve Wigginton

Dear Members of the Audit Committee:

There will be a meeting of the Audit Committee on Wednesday, May 6, 2009, at 2:30 p.m. in the Large Dining Room at the Stone Center, Southern Illinois University, Carbondale, Illinois. The following items have been suggested for the agenda:

1. Approval of the Minutes of the Meeting held April 2, 2009 (enclosure).
2. Creation of Board of Trustees "Legal and Ethical Conduct Requirements" Section (Section 7) and Amendment to Sexual Harassment Policy  
[Addition of Section 7 Policies of the Board and Amendments to Section 2 Policies of the Board G, H, I, and J] (Board Agenda Item SS).
3. Creation of Board of Trustees Conflict of Interest Policy [Addition of 7 Policies of the Board B] (Board Agenda Item TT).
4. Other business.

Sincerely,

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

DS/lap

Enclosure

C:	Frank William Bonan II	John Simmons	Glenn Poshard
	Nate Brown	Amber Suggs	Samuel Goldman
	Ed Hightower	Roger Tedrick	Vaughn Vandegrift

## **BOARD OF TRUSTEES**

### **SOUTHERN ILLINOIS UNIVERSITY**

#### **Minutes of the Audit Committee Meeting**

**April 2, 2009**

The Audit Committee met following the Academic Matters Committee in the Conference Center, 2<sup>nd</sup> Floor, of the Delyte W. Morris University Center, Southern Illinois University Edwardsville, Edwardsville, IL. Present were: Marquita Wiley (Chair), Keith Sanders, and Steve Wigginton. Other Board members present were: Frank William Bonan II, 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**

Keith Sanders recommended approval of the minutes of the September 10, 2008, meeting as submitted. The motion was duly seconded and passed by the Committee.

#### **Internal Audit Risk Assessment Report.**

Ms. Kim Labonte, Executive Director of Audits, reviewed with the Committee the implementation of a risk-based audit approach to the University's annual audit plan to improve its operations. She reviewed her department's past practice of audit plan development. As a result, Ms. Labonte stated that she was looking to implement a risk-based approach to the audit plan which would consider input from each campus unit and the risk each unit brought to the University. She noted that the approach would seek input from University management and the Board members. Then consideration would be given to the units considered high risk to be placed at the top of the audit plan. Ms. Labonte reviewed with the Committee higher education violation categories of risk from an *EthicsPoint* Whitepaper.

Ms. Labonte noted that she had shared the approach with the President's Office and the Chancellor's Council at SIUE, and it was well received. She noted future plans were to share the approach with the Chancellor's Council at SIUC as well. It was anticipated that the risk assessment would be completed by the end of the fiscal year with anticipation that the 2010 audit plan as it exists could be modified after receipt of the results of the assessment.

Chair Wiley noted that Ms. Labonte was on track with her approach, and she anxiously awaited any updates Ms. Labonte had for the Committee.

### **Review of Selection Processes for Selected Contractors.**

Vice President Stucky reviewed that at the February Board meeting during the public comment portion of the Board agenda a person raised a question about the appropriateness of the processes of selection of two contractors. The first question was regarding the use of the Arthur Agency for Connect SI. The second question was regarding the selection of Dunn/Holland for the construction management services of the stadium and Arena project.

Rex Duncan, Executive Director of Connect SI, reviewed with the Committee the selection process of selecting the Arthur Agency for Connect SI. He noted the process was very competitive and rigorous. He reviewed that a Marketing and Communications Committee was formed to draft a request for proposal (RFP) for a vendor to provide assistance in the development and execution of a marketing and communications strategy and to select the vendor.

Mr. Duncan reviewed the timeline of when the RFP was submitted through the University's Purchasing Department and placed on the State Procurement Website. He noted that the Purchasing Department's RFP process met the minimum requirement of receipt of two proposals. The Committee researched the Arthur Agency proposal further and found that it related much more to the needs of the RFP. Mr. Duncan noted that the second proposal received by Research Associates from New York, New York, related more to the performance of market research.

Dr. Sanders noted that he thought the process went as required and that he saw no evidence of conflict of interest in the Arthur Agency contract.

Kevin Bame, Executive Director of Finance, SIUC, and Phil Gatton, Director of Plant and Services Operations, SIUC, provided information to the Committee regarding the Dunn/Holland contract.

Mr. Bame reviewed with the Committee the following three methods to competitively select vendors under the Illinois Procurement Code: Request for Quote, Request for Proposal, and Quality Based Selection. He noted that a Quality Based Selection process was used in the selection of construction manager for the SIUC athletic facilities. A five-member committee was established to evaluate the proposals with representation from the Physical Plant and Intercollegiate Athletics. Of the seven firms who submitted proposals, the committee unanimously voted to rank Dunn/Holland Construction as the best fit for the University's requirements.

Mr. Gatton reviewed with the Committee the decision to hire and benefits provided by a construction manager. In addition, he provided further details of the selection process performed by many of his staff members.

Mr. Wigginton remarked that he felt explanations were adequately provided for both contracts.

Vice President Stucky reviewed that the Audit Committee had requested a report of Professional and Artistic Services Purchase Orders, and he noted that those were provided to the Board for requisitions above \$20,000. The Vice President stated that he looked forward to working with the Committee in the future to make the report more productive.

Mr. Wigginton stated that during a future Audit Committee, he wished to have Ms. Labonte recommend a plan for Internal Audit to review the sole source no bid professional service contracts. Chair Wiley agreed that she would like to see that in the future due to the number on the report provided that indicated them as sole source contracts.

**Other Business.**

Ms. Wiley noted that in January the Committee received the Summary of Internal Audit Activity for the period October 1, 2008, through December 31, 2008.

Dr. Sanders noted that he did not find anything in the report that raised any high concerns. He mentioned that perhaps the subject of the White Paper could be an educational opportunity for the Audit Committee members at a future meeting.

There being no further business, the meeting was adjourned.

DS/mdw