

Agenda  
**Board of Regents**  
**Audit Committee Agenda**  
Friday, April 12, 2013; \*8:00 a.m. – 9:00 a.m.  
Room 229  
Sitka Campus  
Sitka, Alaska

*\*Times for meetings are subject to modifications within the April 11-12, 2013 time frame.*

**Committee Members:**

Kenneth Fisher, Committee Chair  
Timothy Brady

Michael Powers  
Patricia Jacobson, Board Chair

**I. Call to Order**

**II. Adoption of Agenda**

**MOTION**

**"The Audit Committee adopts the agenda as presented.**

- I. Call to Order**
- II. Adoption of Agenda**
- III. Executive Session**
  - A. Executive Session with the Internal Audit Director**
- IV. Full Board Consent Agenda**
  - A. Approval of Department Name and Director Title Proposal**
- V. Ongoing Issues**
  - A. Final Audits Issued**
  - B. Internal Audit Status Report**
  - C. External Audit Status Report**
- VI. Future Agenda Items**
- VII. Adjourn**

**This motion is effective April 12, 2013."**

### III. Executive Session

#### A. Executive Session with the Internal Audit Director

##### MOTION

**"The Audit Committee of the Board of Regents goes into executive session at \_\_\_\_\_ Alaska Time in accordance with the provisions of AS 44.62.310 to discuss matters the immediate knowledge of which would have an adverse effect on the finances of the university. The session will include members of the Board of Regents, General Counsel Hostina, and such other university staff members as the Audit Committee Chair may designate and will last approximately \_\_\_\_ minutes. This motion is effective April 12, 2013."**

*(To be announced at the conclusion of executive session)*

The Audit Committee of the Board of Regents concluded an executive session at \_\_\_\_\_ a.m. Alaska Time in accordance with AS 44.62.310 discussing matters the immediate knowledge of which would have an adverse effect on the finances of the university. The session included members of the Board of Regents, Internal Audit Director Pittman, General Counsel Hostina, and other university staff designated by the chair of the Audit Committee and lasted approximately \_\_\_\_\_.

### IV. Full Board Consent Agenda

#### A. Approval of Department Name and Director Title Proposal Reference 31

The president recommends that:

##### MOTION

**"The Audit Committee recommends that the Board of Regents approve the proposal to modify the internal audit department name to Audit and Consulting Services and modify the title of the internal audit director to chief audit executive. This motion is effective April 12, 2013."**

##### BYLAWS CITATION

Board of Regents' Bylaws BL07.G.3.j. states that one of the principal duties and responsibilities of the committee includes: "reviewing, as needed, the internal audit charter and audit protocols under P05.03.010-05.03.018 and making recommendations to the board regarding changes and enhancements." Modification of the department name and director job title should result in a revision to P05.03 only for the purposes of updating the titles where they are specified in policy.

#### RATIONALE AND RECOMMENDATION

As part of Regents Policy P05.03 the mission of the internal audit activity is to: *“assist the board and management in the effective discharge of their fiduciary and administrative responsibilities by providing analysis, appraisals, counsel, information and recommendations concerning activities reviewed and by promoting effective controls for the recording and reporting of operational activities and for the custody and safeguarding of assets.”* The mission is accomplished by operating as an independent and objective assurance and consulting activity within the university to examine and evaluate activities in a manner that meets the needs of the board and executive management.

The internal audit department currently strives to provide consulting/advisory services that are important for the fulfillment of the department mission, as stated above, and the standards of the Institute of Internal Auditors (IIA). The IIA standards encourage internal audit departments to add value to their organizations by performing a mix of audit and consulting services. It would be beneficial to highlight the advisory component in the audit department title so that it is readily seen as a department that offers a valuable service to management and the board through consulting/advisory engagements and guidance on internal controls, risk and fraud, as well as traditional audits. While the conduct of these activities is not new to the department, the current title ‘Internal Audit’ leads to the perception that we only conduct traditional internal audits. It might be a deterrent for management and staff from contacting our department when they have questions about internal controls, fraud, or have an analysis or consulting need that does not fit into the traditional classification of an audit.

For comparison purposes, these are examples of audit department titles from other public universities:

University of Tennessee System – Audit and Consulting Services  
Montana State University – Institutional Audit and Advisory Services  
University of Nebraska – Internal Audit and Advisory Services

A change to the department name to reflect consulting/advisory services will not result in a change to the mission or activities, but will instead acknowledge this important aspect of our departmental role.

Modification of the director title to chief audit executive brings the position into alignment with other higher education systems and with industry standards. The IIA defines the position as: *“Chief Audit*

*Executive (CAE) describes a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the Definition of Internal Auditing, the Code of Ethics, and the Standards...”*

For comparison purposes, these are examples of public universities that use the title chief audit executive for their audit department lead:

Oregon University System  
Utah State University  
California State University System

**V. Ongoing Issues**

A. Final Audits Issued

Nichole Pittman, director of internal audit, will review with the Audit Committee final audits issued and answer any questions members of the committee may have. This is an information item; no action is necessary.

B. Internal Audit Status Report Reference 32

Nichole Pittman, director of internal audit, will review with the Audit Committee the Internal Audit Status Report and answer any questions members of the committee may have. This is an information item; no action is necessary.

C. External Audit Status Report References 33-34

Nichole Pittman, director of internal audit, will review with the Audit Committee the External Audit Status Report and answer any questions members of the committee may have. This is an information item; no action is necessary.

**VI. Future Agenda Items**

**VII. Adjourn**