



Board of Governors Risk Management & Audit Committee Meeting

West Plains Civic Center, Magnolia Room

Thursday, 6/20/2024

4:00 - 5:30 PM CT

I. Roll Call *Presented By: Governor Chris Waters*

II. Approval of Minutes *Presented By: Governor Chris Waters*

A. Approval of the open and closed minutes of the April 22, 2024, Risk Management and Audit Committee Meeting

II.A. Open Minutes of the Risk Management and Audit Committee meeting of April 22, 2024 - Page 2

III. Introduction of Tongbin “Toni” Zan, Internal Auditor, and Cailyn Cordell, Audit Intern *Presented By: Natalie McNish, Director of Internal Audit and Risk Management*

IV. Issued Communications from Auditor *Presented By: Natalie McNish, Director of Internal Audit and Risk Management*

A. Drago Bookstore Inventory Letter

IV.A. Drago Bookstore Inventory Letter - Page 4

V. Review of Replacement Policies G1.02 Conflict of Interest and Financial Disclosure *Presented By: Natalie McNish, Director of Internal Audit and Risk Management, and Rachael Dockery, General Counsel and Vice President for Legal Affairs and Compliance*

V. Review of Replacement Policies G1.02 Conflict of Interest and Financial Disclosure - Page 6

VI. Resolution Authorizing Closed Meeting, Pursuant to the Revised Statutes of the State of Missouri 610.021

VI. Closed Meeting Resolution - RMAC - Page 15

VII. Adjournment *Presented By: Governor Chris Waters*

**MINUTES OF THE
BOARD OF GOVERNORS RISK MANAGEMENT AND AUDIT COMMITTEE
MISSOURI STATE UNIVERSITY
MONDAY, APRIL 22, 2024**

Governor Chris Waters, Chair of the Risk Management and Audit Committee, called the meeting to order at 10:00 a.m. via Zoom webinar.

Roll Call

Present – Chris Waters, Committee Chair
Anson Elliot, Committee Member
Lynn Parman, Committee Member

Absent – Ann Kampeter, Committee Member

Also present – Clif Smart, President
Brad Bodenhausen, Vice President for Community and Global Partnerships
Jeff Coiner, Chief Information Officer
Bradley Cooper, Student Governor
Rachael Dockery, General Counsel and Vice President for Legal Affairs
and Compliance
Tim Francka, Governor
Travis Freeman, Governor
Missy Gourley, Governor
John Jasinski, Provost
Natalie McNish, Director of Internal Audit and Risk Management
Kyle Moats, Director of Athletics
Matt Morris, Vice President for Administration and Finance
Zora Mulligan, Executive Vice President
Jeff Schrag, Governor
Suzanne Shaw, Vice President for Marketing and Communications
Dee Siscoe, Vice President for Student Affairs
Rowena Stone, Secretary to the Board of Governors

Approval of Minutes

Governor Waters called for a motion to approve the open and closed minutes of the February 16, 2024, Risk Management and Audit Committee meeting. Governor Lynn Parman provided a motion, receiving a second from Governor Anson Elliott.

Motion passed 3-0.

Closed Session

It was determined that the Board of Governors Risk Management and Audit Committee needed to meet in a closed session to consider items of business provided in the Revised Statutes of Missouri. Governor Waters asked if a resolution authorizing a closed meeting of the Board was prepared. Thereupon, the following resolution was presented for consideration:

BE IT RESOLVED by the Risk Management and Audit Committee of the Board of Governors for Missouri State University that a closed meeting, with closed records and closed vote, be held during a recess of the Risk Management and Audit Committee meeting of the Board of Governors to consider items pursuant to:

- R.S.Mo. 610.021 (17). “Confidential or privileged communications between a public governmental body and its auditor,....”

Governor Parman provided a motion for approval, receiving a second from Governor Elliott.

A roll-call vote on the motion was as follows: those voting in favor – Governors Elliott, Parman, and Waters; those voting against – none; those absent – Governor Kampeter.

The open meeting recessed at 10:02 a.m. to go into closed session.

The open meeting reconvened at 11:04 a.m.

Adjournment

With no additional information needing to be discussed, Governor Waters called for a motion to adjourn the meeting. Governor Elliott provided a motion, receiving a second from Governor Parman.

Motion passed 3-0.

Meeting adjourned at 11:04 a.m.

Chris Waters
Committee Chair

Passed at the meeting of
June 20, 2024

Rowena Stone
Secretary to the Board



**OFFICE of
INTERNAL AUDIT and
RISK MANAGEMENT**

To: Wayne Cahoj, Manager

CC: Dr. Angela Totty, Vice-Chancellor of Student Services
 Crockett Oaks, Associate Vice-Chancellor for Business and Support Services
 Dr. Dennis Lancaster, Chancellor
 Rachael M. Dockery, General Counsel
 Zora Mulligan, Executive Vice-President
 Clifton M. Smart III, President

From: Natalie B. McNish, Director
 Grant Jones, Internal Auditor

Date: May 15, 2024

The Office of Internal Audit and Risk Management (herein “Office”) receives and reviews inventory records from all departments with recorded inventory values each fiscal year. Based upon our analysis of risk at the time of the review, inventories are selected to be physically confirmed.

On April 29, 2024, the Office conducted limited procedures to confirm physical inventory counts for the **Drago College Store**. The following table summarizes the quantity and value of inventory counted by the bookstore, audit’s risk-based sampling, and the determined error rate (Auditor Count vs. Bookstore Count) for each department:

Department	Quantity	Value	Sample Quantity	Sample Value	Error Rate
Clothing	3,359	\$ 57,957	272	\$ 5,707	1.49%
Textbooks	665	44,004	270	25,579	0.00%
Gifts	3,501	23,596	176	2,701	0.00%
School Supplies	5,805	13,673	125	1,422	0.00%
Electronics	201	3,963	28	1,946	0.00%
Graduation	90	1,407	13	292	0.00%
Food	1,515	2,185	Not included in our scope this year		
TOTAL	17,209	\$146,785	884	\$37,647	

The error rate for the textbooks, gifts, school supplies, electronic, and graduation departments were less than 1%, which is commendable. The error rate for the clothing department was less than 5%, which is tolerable.

Overall, the combined inventory shrinkage for recorded items was only 188 items valued at \$1,566, or 1.06%. This is below industry standards and we commend the store management and staff for their diligence in tracking inventory.

We thank you and your staff for your assistance with these procedures.

Sincerely,

A handwritten signature in black ink, appearing to read 'Natalie B. McNish', written over a horizontal line.

Natalie B. McNish, CFE, CGAP
Director - Internal Audit and Risk Management
Carrington Hall, Room 314 (417) 836-5110
nataliemcnish@missouristate.edu

V.

MISSOURI STATE UNIVERSITY

BOARD RESOLUTION

BOARD POLICIES NO. ###-24
Approval of Replacement Policies G1.02
Conflict of Interest and Financial Disclosure

WHEREAS, on December 31, 1999, the Board of Governors (“BOG”) initially approved its policy governing conflicts of interest and financial disclosures, entitled G1.02 Conflict of Interest and Financial Disclosure (“Policy”), and amended said policy on April 20, 2001;

WHEREAS, certain revisions should be made to the Policy to update its language and disclosure reporting requirements;

WHEREAS, Administration recommends approval of the revised Policy by the BOG.

NOW, THEREFORE, BE IT RESOLVED by the Board of Governors for Missouri State University that the new governing policy G1.02 Conflict of Interest and Financial Disclosure Policy is hereby approved and shall replace and supersede the existing version of this Policy.

Lynn Parman
Board Chair

Passed at meeting of
June 21, 2024

Rowena Stone
Secretary to the Board

COMMENTS:

The policy continues to be applicable to all employees, including staff, faculty, and contracted employees (e.g. athletic coaches).

Paragraph 4 requires that an Employee with Budgetary and/or Contracting Authority (as defined by the Policy) must disclose outside interests within the first thirty (30) days of hire, and then on an annual basis each January thereafter.

The Director for Internal Audit and Risk Management shall be responsible for ensuring compliance with completion of the disclosure form.

Upon receipt of the disclosure form, the Director for Internal Audit and Risk Management shall review the form for potential conflicts and notify the Employee's supervisor if there is a possible conflict. The supervisor must investigate the possible conflict and attempt to make a determination if a conflict exists within 20 days from the determination of a possible conflict. The supervisor shall report their conclusions in writing to the Director for Internal Audit and Risk Management.

On an annual basis, Faculty members shall complete the disclosure form. Faculty outside activities and conflicts of interest will be handled pursuant to this policy and Section 10 of the Faculty Handbook.

Whenever any conflict of interest appears to exist at any time during employment, the Employee with Budgetary and/or Contracting Authority shall immediately fully disclose that conflict to the Director for Internal Audit and Risk Management. The Director for Internal Audit and Risk Management shall then forward the Disclosure Form to the Employee's supervisor.

The supervisor must investigate the possible conflict and attempt to make a determination if a conflict exists within twenty (20) days from determination of a possible conflict. The supervisor shall provide their conclusions to the Director for Internal Audit and Risk Management.

Waivers for actual or potential conflicts may be requested by the Employee. Upon receipt of the waiver request, the Director of Internal Audit and Risk Management, in consultation with the General Counsel & Vice President for Legal Affairs & Compliance, shall determine whether the waiver will be granted or denied based on the competitive nature of the procurement and/or the contracting process, or other controls applied to ensure no undue influence will be applied to university transactions.

Conflict of Interest and Financial Disclosure Policy

G1.02 Conflict of Interest and Financial Disclosure

1. Purpose

All members of the Board of Governors and University employees (faculty and staff) are expected to understand and abide by Missouri statutory requirements conflicts of interest and to avoid situations which may have the appearance of a conflict of interest. The purpose of this policy is to define potential conflicts of interest as they pertain to University employees and to prescribe a policy for the disclosure and evaluation of possible conflicts of interest.

The process for members of the Board of Governors to disclose conflicts of interest is delineated in Article XII of [G1.01 Bylaws of the Board of Governors](#).

2. Definitions

Unless the context clearly requires otherwise, the following terms used in this policy shall mean:

Business with which he/she is associated

Any sole proprietorship owned by the person, their spouse, or any dependent child in their custody;

Any partnership or joint venture in which the person, or their spouse, is a partner, and any corporation or limited partnership in which he/she is an officer or director or of which the person, their spouse, or dependent child in their custody, whether singularly or collectively, owns in excess of ten percent (10%) of the outstanding shares of any class of stock or partnership units; or

Conflict of interest

A situation in which an Employee allows improper outside influences on institutionally related decisions or activities or uses their position or the property of the University for their personal financial or political gain.

Dependent child, or dependent child in their custody

All children, stepchildren, foster children, and wards, under the age of eighteen (18) residing in an Employee's household who receive in excess of fifty percent (50%) of their support from said Employee.

Employee

Any person employed by the University on either a full-time or part-time basis, including contracted employees (e.g. athletic coaches). Employee includes both faculty and staff.

Employee with delegated budgetary or contracting authority

An Employee to whom has been delegated budgetary or contracting authority, as defined by [G1.18 Contract Authorization Policy](#) and/or [Op8.05 Delegation of Contracting Authority](#).

Substantial interest

Ownership by an Employee, their spouse, or dependent children, whether singularly or collectively, directly or indirectly, of ten percent (10%) or more of any business entity or of an interest having a value of Ten Thousand Dollars (\$10,000.00) or more, or the receipt by such an individual, their spouse, or their dependent children, whether singularly or collectively, of a salary, gratuity, or other compensation or remuneration of Five Thousand Dollars (\$5,000.00), or more, per year from any individual, partnership, organization, or association within any calendar year.

Substantial personal or private interest in any measure or action

Any interest in a measure or action (e.g., budgetary decision, contract, expenditure etc.) which results from a substantial interest in a business entity.

University

Missouri State University.

3. General Policy

No Employee of the University shall:

Outside Interests

Knowingly engage in any outside matters of financial interest incompatible with the impartial, objective, and effective performance of their University duties. They shall not use their decision-making authority to realize personal or political gain in any form or which would improperly influence the conduct of their University duties. They shall not knowingly use University property, funds, position or power for personal or political gain.

Use of Confidential Information

Use confidential information obtained in the course of or by reason of employment in any manner, with intent to result in financial or political gain for the Employee, their spouse, dependent child in their custody, or any business with which they are associated.

Disclosure of Confidential Information

Disclose confidential information obtained in the course of or by reason of their employment or official capacity in any manner with intent to result in financial or political gain for the Employee or any other person.

Financial or Political Gain

Use their decision-making authority for the purpose of obtaining a financial or political gain which materially enriches themselves, their spouse, or dependent children, by acting or refraining from acting for the purpose of coercing or extorting from another anything of actual pecuniary value.

Selling, Renting, Leasing of Property

Participate in any matter, directly or indirectly, in which they attempt to influence any decision of the University, when they know the result of such decision may be the acceptance of the performance of a service, or the sale, rental, or lease of any property to the University for consideration in excess of Five Hundred Dollars (\$500.00) value per annum to themselves, to their spouse, to a dependent child in their custody, or to any business with which they are associated, unless the transaction is made pursuant to an award on a contract let or sale made after public notice and in the case of property other than real property, competitive bidding, provided that the bid or offer accepted is the lowest received and in all such cases the Governor or Employee shall disclose their personal interest and abstain from any consideration or decision on any vote taken on any of such matters.

Outside Compensation

Perform any services during the time of their office, appointment or employment for any consideration from any person, firm or corporation, other than the compensation provided for the performance of their official duties, by which service they attempt to influence a decision of the University.

The Employees of the University are hired to perform professional and skilled duties. Any outside employment or business interests must be clearly subordinate to and not interfere with the Employee's obligations to the University.

Except during the summer when they are not under contract to the University, a full-time faculty member who engages in outside activities for which they are remunerated must report each such activity to their Academic Unit Head prior to, when possible, the commencement of the activity. If in the Academic Unit Head's judgment the activity will interfere with the faculty member's performance of duties at the University or constitute a conflict of interest, it is the responsibility of the Academic Unit Head to discuss and attempt to resolve the problem with the faculty member. The Academic Unit Head must identify the specific nature and extent of the faculty member's diminished effectiveness or the conflict of interest. If an agreement cannot be reached, the matter will be taken to the College Dean who will attempt to reach a resolution satisfactory to

both the individual and the administration. If resolution is not possible at the college level, the Provost will make a final determination.

Because University faculty members are hired primarily to teach, outside teaching by full-time faculty members is permitted only with the knowledge of and written consent of the Provost, except during the summer when University faculty members are not under contract.

Faculty Consultation Activity

Consultation by the faculty, whether income-producing or otherwise, is the application of professional and scholarly expertise in the external community. It is a significant means of professional improvement as well as a form of community service. However, consultation may, in some instances, also constitute a business interest requiring disclosure and approval when the entity for which the faculty member consults also transacts business with the University or is in competition with the University, or where the consultation itself competes with the work of the University. It is the policy of the University to permit consulting activities that:

1. are related to the professional interest and development of the faculty member or other exempt person;
2. do not interfere with regular duties;
3. do not utilize University materials, facilities or resources except as specifically authorized by the appropriate dean;
4. do not compete with the work of the University, and are not otherwise contrary to the best interest of the University;
5. do not violate federal or state law; and
6. do not represent a conflict of interest under other policies of the University.

Each department shall make an annual report to the Provost indicating the aggregate time and the nature of the service performed for each individual engaged in consulting. Any potential conflict of interest shall be reviewed by the Director for Internal Audit and Risk Management. These reports shall be transmitted annually to the President.

Prohibited Services after Termination of Office or Employment

No Employee shall:

1. Perform any service for consideration, during one year after termination of their office, appointment or employment, by which performance they attempt to influence a decision of the University, except that this provision shall not be construed to prohibit any person from performing such service, and receiving compensation therefore, in any adversary proceeding or in the preparation or filing of any public document or to prohibit an Employee from being employed by any other department, division or agency of the executive branch of state government.

2. Perform any service for any consideration for any person, firm or corporation after termination of their office or employment in relation to any case, decision, proceeding or application with respect to which they were directly concerned or in which they personally participated during the period of their service or employment.

Receipt of Gifts Policy

No Employee should accept any personal gifts or favors exceeding the amount provided in § 105.485.2(8) R.S.MO., as amended, (currently \$200) in monetary value in any calendar year from any single person, company, or firm which transacts, or wishes to transact, business with the University. This is not intended to be applicable to meals/functions conducted at the initiative of the University and involving University purposes or business, or to compensation or fringe benefits provided by the University. Any exception to this policy requires the written approval of the Employee's supervisor and vice president (if applicable), based on a written explanation for the requested exception.

4. Disclosing Outside Interests

Within the first thirty (30) days of hire, and then on an annual basis each January thereafter, each Employee with Budgetary and/or Contracting Authority must complete an Outside Activities and Conflicts of Interest disclosure form. In addition, at any time during employment where conflict of interest appears to exist, the Employee with Budgetary and/or Contracting Authority shall immediately fully disclose the conflict to the Director for Internal Audit and Risk Management through the Outside Activities and Conflicts of Interest disclosure form. The Office of Internal Audit and Risk Management shall be responsible for ensuring compliance with completion of the disclosure form.

Upon receipt of the disclosure form, the Director for Internal Audit and Risk Management shall review the forms for any potential conflict of interest. If a possible conflict is determined to exist, the Director for Internal Audit and Risk Management, or appointed designee, shall forward the disclosure form to Employee with Budgetary and/or Contracting Authority's supervisor. The supervisor must investigate the possible conflict and attempt to make a determination if a conflict exists within 20 days from determination of a possible conflict. The supervisor shall provide their conclusions in writing to the Director for Internal Audit and Risk Management.

On an annual basis, each Faculty member must complete the Outside Activities and Conflicts of Interest disclosure form. Faculty outside activities and conflicts of interest will be handled pursuant to this policy and Section 10 of the Faculty Handbook.

Additional disclosures may be required when applying for grants or other external funding sources for the purpose of research and development.

Employee with Budgetary and/or Contracting Authority Duty to Disclose; Timing

Whenever any conflict of interest appears to exist at any time during employment, the Employee with Budgetary and/or Contracting Authority shall immediately fully disclose that conflict to the Director for Internal Audit and Risk Management. The Director for Internal Audit and Risk

Management shall then forward the Disclosure Form to the Employee with Budgetary and/or Contracting Authority's supervisor. The supervisor must investigate the possible conflict and attempt to make a determination if a conflict exists within twenty (20) days from determination of a possible conflict. The supervisor shall provide their conclusions to the Director for Internal Audit and Risk Management.

Waivers

If it is determined that a conflict exists or may exist, a waiver may be requested by the Employee. A copy of the waiver request form may be requested from the Director of Internal Audit and Risk Management. Upon receipt of the waiver request, the Director of Internal Audit and Risk Management, in consultation with the General Counsel & Vice President for Legal Affairs & Compliance, shall determine whether the waiver will be granted or denied based on the competitive nature of the procurement and/or the contracting process, or other controls applied to ensure no undue influence will be applied to university transactions.

5. No Discrimination for Filing Reports

No person with supervisory authority shall discipline, discharge, threaten, retaliate or otherwise discriminate against a person or employee acting on behalf of a person, regarding compensation, terms, conditions, location, or privileges of employment because:

1. The person or employee acting on behalf of the person reports or is about to report, verbally or in writing, a violation or suspected violation of this policy or of law.
2. A person or employee acting on behalf of the person is requested by the Missouri Ethics Commission to participate in an investigation, hearing, or inquiry held by the Commission or any related court action.

6. Personal Financial Interest Statements

Members of the Board of Governors, the President of the University, the Vice Presidents identified above, the Treasurer, the Purchasing Officer, and any other persons identified in the minutes of the Board of Governors as decision-making public servants, are required to file personal financial interest statements prescribed by Mo. Rev. Stat. § 105.483. The President of the University may designate additional employees as decision-making public servants through Op8.05 Delegation of Contracting Authority Memorandum. The financial interest statements, as required by law, are to be filed with the Missouri Ethics Commission on an annual basis not later than the first (1st) day of May in each year, after January 1, 1993, and with the Secretary of State prior to that time.

7. Nepotism

No Governor, officer, faculty member, or employee shall participate, either directly or indirectly, in a decision to appoint or hire an employee of the University, either part-time or full-time, who is related to such person within the fourth degree of consanguinity (blood) or affinity (marriage). It also shall be a violation of this policy for an employee to supervise, either directly or

indirectly, the work of another employee who is related within such fourth (4th) degree, unless the supervisory role is specifically approved by the President of the University

8. Limitation on Gift Acceptance

An Employee shall not accept gifts or benefits from any person holding contracts for supplies or services to the University, or from any bidder on contracts for such services or supplies.

However, this provision shall not apply to acceptance of gifts, benefits, gratuities, amenities, or favors based on obvious family, friendship, or personal relationships where the circumstances make it clear that it is those relationships rather than the business of the University, which are the motivating factors.

9. Transactions with Students

Instructors

Textbooks, tapes, software and other materials authored by the course instructor may be assigned to be purchased by students for a course taught by the author if the royalties arising from the purchase of the assigned materials are returned to the University, another educational institution, a charitable organization, or a not-for-profit foundation. Any proceeds from other University uses of such materials, such as purchase by the library, shall be the property of the faculty member.

10. Stationery

While not a conflict of interest, official University stationery may not be used in outside business, personal and other private or political activities of employees.

11. Logo

While not a conflict of interest, it is a violation of University policy to employ the name of the University or any of its graphic identification symbols in printed materials intended to endorse or promote individual enterprises or to otherwise enhance private gain without the written permission of the University President.

Line of authority

Responsible administrator and office: Director of Internal Audit & Risk Management

Contact person in that office: Director of Internal Audit & Risk Management

Effective date

Approved by Board of Governors:

VI.

RECOMMENDED ACTION - Resolution authorizing closed meeting

BE IT RESOLVED by the Risk Management and Audit Committee of the Board of Governors for Missouri State University that a closed meeting, with closed records and closed vote, be held during a recess of the Risk Management and Audit Committee meeting of the Board of Governors to consider items pursuant to the [revised statutes of the State of Missouri 610.021](#) sections...

- A. R.S.Mo. 610.021(1). “Legal actions, causes of action, or litigation involving a public governmental body...”
- B. R.S.Mo. 610.021(2). “Leasing, purchase or sale of real estate by a public governmental body...”
- C. R.S.Mo. 610.021(3). “Hiring, firing, disciplining or promoting of particular employees by a public governmental body...”
- D. R.S.Mo. 610.021(6). “Scholastic probation, expulsion, or graduation of identifiable individuals...”
- E. R.S.Mo. 610.021(9). “Preparation, including any discussions or work product, on behalf of a public governmental body or its representatives for negotiations with employee groups;”
- F. R.S. Mo. 610.021(11) and (12). “Specifications for competitive bidding...;” and “Sealed bids and related documents...;”
- G. R.S.Mo. 610.021(13). “Individually identifiable personnel records, performance ratings or records pertaining to employees or applicants for employment,...”
- H. R.S.Mo. 610.021(14). “Records which are protected from disclosure by law;” and
- I. R.S.Mo. 610.021(17). “Confidential or privileged communications between a public governmental body and its auditor,....”
- J. R.S.Mo. 610.021(21). “Records that identify the configuration of components or the operation of a computer, computer system, computer network, or telecommunications network,...”