



CMI

BOARD OF REGENTS

College of the Marshall Islands

Accredited by the Western Association of Schools and Colleges

P.O. Box 1258
Uluga Campus

Tel: (692) 625-3394/3291/4931

Fax: (692) 625-7203

Email: bor.regents@cmi.edu

Special Board of Regents Minutes - Approved November 4, 2022

Members Present

Chairperson Kathryn Relang
Regent Kino Kabua
Regent Stiffney Paul

Vice-Chair Harden Lelet
Regent Helmer Lang
Regent Marie Maddison

Regent Julius Lucky
Regent Salome Andrike
Student Regent Faith Mia Lanwi

Member Absent/Excused

Regent Yolanda Lodge-Ned Regent Ione deBrum

CMI employees in attendance:

Dr. Irene Taafaki, CMI President
William Reiher, Executive Vice President
Dr. Elizabeth Switaj, Vice President for Academic and Student Affairs
Stanley Lorennij, Vice President for Land Grant
Kelly Sebastian, Executive Officer/Executive Secretary for the CMI Board of Regents (ESBOR)

The meeting was called to order @ 9:08 AM

Agenda Items

1. Opening prayer & Roll call and call to order
2. Approval of the Agenda
3. Standing Committee Reports
4. Report and Recommendations/Approvals
 - 4.1. Audit update
 - 4.2. HR Director Recruitment
 - 4.3. Board Evaluation
5. BOR request for future items and information
6. Executive Session



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Minutes

1. OPENING PRAYER, ROLL CALL, AND CALL TO ORDER

Regent Lang opened the BOR meeting with a prayer, then Chair Relang called the meeting to order at 9:08 am.

2. APPROVAL OF THE AGENDA

Regent Lelet moved to approve the CMI Board of Regents Agenda with the addition of the audit update. Regent Lang seconded the motion. The motion was unanimously approved.

3. REPORT AND RECOMMENDATIONS/APPROVALS

3.1. 2021 Audit update

- 3.1.1. Introduction of the Internal Auditor Roneel Sharma and FABS Director Pradeep Prakash.
- 3.1.2. In the last board meeting, we reported a visit from Chris Wolseley who manages the Deloitte operations for the northern pacific.
- 3.1.3. Chris reported that Deloitte is putting out operations for the pacific effective January 1st.
- 3.1.4. The company that Chris manages is migrating to a new audit firm called Ernst and Young.
- 3.1.5. We have had difficulties with putting together our trial balances (five).
 - 3.1.5.1. The first trial balances were submitted in March, they were unsatisfactory.
 - 3.1.5.2. The second set of trial balances was submitted in May and they were also deemed unsatisfactory.
 - 3.1.5.3. The internal auditor was asked to assist the FABS director with the preparation of the correct trial balances.
- 3.1.6. Three weeks ago, VPBAA and the President met with the National Auditor General, Junior Patrick together with those agencies which have independent letters of engagement with the GRMI's auditing firm: MIMRA, NTA, MIDB and xxx. The meeting was called to discuss the implications of Deloitte's withdrawal of services from December 31, the decision of the RMI to proceed with contracting Ernst and Young using the same Guam-based implementing office, and the need for those with independent letters of engagement to decide if they, too, will proceed with an arrangement with E&Y or seek another auditor.
 - 3.1.6.1. At this meeting, issues were raised about satisfaction with the current arrangements - notably the lack of familiarity of auditors with the audit of US Federal funds.
- 3.1.7. At the JEMFAC the College was included as part of a list of 5 agencies that have not submitted their trial balance.
 - 3.1.7.1. The President questioned the Auditor General, according to our records the CMI TB's were submitted on October 5th.



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- 3.1.7.2. On October 20th, Deloitte wrote to the Auditor General that the College was one of the agencies that have not submitted their trial balance.
- 3.1.8. VPBAA called Deloitte to ask the reason for this difference, and as a result, CMI had a meeting with Deanna where CMI was informed that Deloitte has not looked at the CMI trial balances because they have been busy evaluating other audits.
 - 3.1.8.1. Unfortunately, CMI is part of a group of agencies that will not be audited by Deloitte.
 - 3.1.8.2. This means that Deloitte will not be able to complete our audit by December 31.
- 3.1.9. President proposed to Deloitte that If the audit could begin immediately, CMI would be willing to pay the cost for the additional auditors to assist complete the work before December 31. A meeting was immediately arranged with Chris Worsley to discuss this strategy:
 - 3.1.9.1. The meeting was held with Chris, Deanna, VPBAA, and our internal auditor.
 - Chris said he was very sorry, they just did not have the staff to be able to complete our audit.
 - 3.1.9.2. Reflecting on this, the President and VPBAA have said that we could have done much better as a college to get those trial balances completed earlier and accurately. In her view, FABS didn't have the leadership and sufficient people to complete the work required. CMI was grateful to Internal Auditor Roneel, who stepped in and did a combination of training as well as verification of the accounts and data that was needed.
 - 3.1.9.3. We feel that there was a conflation of circumstances, including a substantial increase in the amount of work (due to HEERF funding spending), which overwhelmed capability. At the time the corrections were supposed to be made, the campus was closed due to COVID and FABS staff absences due to sickness and absence off-island.
- 3.1.10. The External Auditors also expressed their recognition that the situation has been caused by a combination of factors and have assured CMI that if we could prepare our books and have the 2022 audit books ready in January he will prioritize us to complete the 2021 and 2022 audits.
 - 3.1.10.1. We can't ask Ernst and Young to come in before December because of the agreement that the company has to switch. They can't begin until the first of January.
 - 3.1.10.2. The President has discussed with VPBAA the possibility that in the future we'll seek our own audit firm to do the audits.
- 3.1.11. President asked Roneel to share some details of the challenges.



- 3.1.11.1. Roneel reported that the March and May trial balance submissions were not accepted by the external auditors.
- 3.1.11.2. One of the major reasons was there were huge variances between the statement and GL. These variances were not supported by the reconciliation.
- 3.1.11.3. The internal audit simply identifies where these variances are and so they conducted a reconciliation on behalf of the FABS department and made necessary arrangements to have these variances posted accordingly.
- 3.1.11.4. This was submitted to the external auditor but unfortunately, they declined to audit it.
 - The audit was declined because the trial balances were not reconciled accordingly and also that they say they did not receive it but it was submitted through Asana.
 - The auditors will get a notification as soon as it appears in Asana. MJ was busy doing another audit but she didn't inform Deanna that she received it.
 - A mistake on the FABS part not to include the head of the audit.
 - By the time of the meeting with Deanna twenty-five days had elapsed and therefore it was too late for her to take any action.
 - Unfortunately, we did not make a follow-through via email. We can't put so much faith in project management software because some people are not familiar with its use.
 - The reason we didn't follow up, in the past two years of audits we've been putting everything on Asana and it always worked smoothly.
 - The assumption was made that if we put it on Asana they will look at it but unfortunately, they did not.
 - That was a lesson learned that we have to have multiple notifications to let the auditors know.
- 3.1.12. Chair Relang: All of this comes down to a monthly reconciliation that the FABS team is not doing every month. Hopefully, we can prepare our fiscal year 2022 trial balances so we can have a quick start on the audit. Asked the President to check with Palau Community College because they have their own audit firm that they work with.
- 3.1.13. Since the fiscal year has ended and our books are ready for 2021 we have already been in the process of preparing for the trial 2022, so it should be done before December thirty first.
- 3.1.14. Chair Relang: Board is meeting again in the last week of this month, so we will get an update on the 2022 trial balances.



- 3.1.15. Chair Relang: Deloitte has come to a decision that they wouldn't have the time to audit our fiscal year 2021. However, given the recommendation to combine 2021 and 2022 audits in the new year. So we've closed our books for 2021 and are preparing our books for 2022 so that come January everything is good to go. The new audited firm Ernst and Young will audit for these two years.
- 3.1.16. Regent Maddison: A communication problem has to do with the transmittal of the trial balances. And the reconciliation, I think a number of these are also related to, as Chair Relang said earlier. Another one is on human capability, not only at our level, but also at the level of Deloitte. It's always good to have good monitoring and following up.
 - 3.1.16.1. Chair Relang: President and VPBAA have had a talk with the FABS team and are hopeful that with the new director things will get better. An additional accountant that will also be recruited to ensure the work is completed.
- 3.2. HR Director Recruitment
 - 3.2.1. Chair Relang: Normally we wouldn't have this kind of issue come to the attention of the board, however, the President is bringing this to us solely to get our advice. We're a sounding board to discuss this particular recruitment and kindly ask that we keep this very confidential. The final decision will be done by the President because this is an operational matter.
 - 3.2.2. In July of this year we posted the current director of HR position, as the incumbent has decided not to renew her contract.
 - 3.2.3. There were five applicants and the President was the chair of the screening committee that comprised the SLT members, VPBAA recused himself due to a conflict.
 - 3.2.4. Interviews of the three applicants selected were conducted on October twenty-seven. The preferred selection was the wife of VPBAA
 - 3.2.5. The panel agreed to approach the Board and asked the Board to test the temperature of the possible reputational and institutional risk.
 - 3.2.6. The HR Director reports directly to the President.
 - 3.2.7. Chair Relang: CMI follows an equal opportunity policy that states we don't discriminate on the basis of their status and among other things. And we do have a conflict of interest policy. The issue here is if there ever is an issue pertaining to that person, like PMS and other scenarios, is there someone who can take that on? We'll need to clarify that process.
 - 3.2.7.1. If this occurs then it will fall under the Office of the President to look at all the facts.
 - 3.2.7.2. The importance is that we'll uphold the policies of the institution.



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3.2.7.3. The current HR director is developing a job description for the associate director and, once this appointment is made, any cases pertaining to this person will be upon this associate director.

3.2.7.4. Regent Kino Kabua asked if the purpose for hiring an associate director was solely to manage this situation.

- The president responded that the purpose for hiring an associate director was to focus on Training, Professional Development, and talent acquisition - and those areas of HR development required by the college.

3.2.8. Regent Lang and Regent Kabua appreciated and supported the decision made by the President and the team.

3.3. Board Evaluation

3.3.1. Chair Relang emailed and checked if board members have completed the full survey.

3.3.1.1. When you go into the link you should have started with that welcome message if you did not you may have started in the middle of the survey. AGB is looking into this.

3.3.1.2. You'll just need to click on the back button to go to the welcome message.

3.3.2. We'll resend and extend the deadline of the survey for those who need to complete it.

3.3.3. Chair Relang asked that all utilize the open-ended questions and give their thoughts, nobody will know what was written.

4. BOR REQUESTS FOR FUTURE ITEMS AND INFORMATION

5. EXECUTIVE SESSION

5.1. Selection of Board Chair and Vice Chair

5.1.1. The Board reviewed and discussed the terms for each Regent and realized that all but 2 members have term expiring on March 2023. The Board requested the Chair to meet with the Minister of Education to discuss the terms and make recommendations for staggered terms to comply with the CMI Act, immediate renewal of Regent Lang's term as his term expired back in June 2022 along with all regents who have another term to serve following the March 2023 expiration.

5.1.2. It was noted that Regent Relang and Regent Maddison's terms will have reached the 6 years maximum come March 2023.

5.1.3. Following the discussions on the terms, Regent Maddison made a motion to allow for the current Chair and Vice Chair to remain on until such a time Cabinet has made a decision on reappointments.

The motion was seconded by Regent Kabua and unanimously passed.



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5.2. Annual Bonus for President Dr. Irene

- 5.2.1. Based on the performance evaluation of Dr. Irene, the Board has the discretion to award Dr. Irene her annual bonus in accordance with her contract. The total amount Dr. Irene is able to receive in bonus for the 5 year duration of her contract is upto \$35,000. Given her positive performance evaluation, a motion was made by Regent Lelet to award Dr. Irene her annual bonus of \$7,000 (subject to tax).

The motion was seconded by Regent Lang, and unanimously passed.

Meeting adjourned @ 1:42 PM

Next Meeting: November 28 @ 9AM

Scribe

Kelly Luce Sebastian,
Recording Secretary

Reviewed & Approved by

Kathryn Relang
Chair, Board of Regents

11/28/22

Date approved