

**University of North Florida
Finance and Audit Committee
March 12, 2009
Minutes**

Committee Members Present: Dr. Bruce Taylor, Ms. Wanyonyi Kendrick, Ms. Joannie Newton, Mr. Kevin Twomey

Committee Members Absent: Mr. John Barnes, Mr. Hugh Greene

Other Trustees Present: Dr. Katherine Robinson

Item 1: Call to Order. Chair Twomey recognized a quorum and called the meeting to order.

Item 2: Approval of the Minutes. Chair Twomey asked for a MOTION to accept the minutes from the December 11 meeting. The MOTION was offered by Trustee Kendrick and seconded by Chair Taylor. The minutes were accepted as presented.

Item 3: Open Comments. There were no comments from the public.

Item 4: Approval of the Financial Aid Regulation. Chair Twomey asked Vice President Serwatka to discuss this item.

Vice President Serwatka stated that this regulation was being proposed in response to a Board of Governors' (BOG) request. He asked that a friendly amendment be considered making the Financial Aid Committee a recommending as opposed to approving body. Vice President Serwatka clarified that the proposed regulation was consistent with current university practice regarding financial aid.

Vice President Serwatka provided an overview of the Financial Aid Policy Committee which was established to recommend regulations, establish program objectives and monitor effectiveness of financial aid activities. He noted that this committee was made up of internal administrators with the director of Student Financial Aid as the chair.

Chair Twomey asked for a MOTION for approval for the financial aid regulation, including the friendly amendment. The MOTION was offered by Trustee Kendrick and seconded by Trustee Newton. Chair Twomey asked for further discussion. Trustees clarified that the proposed regulation was a reflection of the BOG recommendation – the administration affirmed. Chair Twomey then called for the vote. The financial aid regulation was approved as modified.

Item 5: Update on the Proposal for the Purchase of the Museum of Contemporary Art (MOCA). Chair Twomey asked President Delaney to provide this update.

President Delaney stated that this item was being tabled for further discussions. He mentioned that additional information would be available at the April Board meeting.

This item was for discussion only. No further action was required.

Item 6: Office of Internal Auditing (OIA) Status Update. Chair Twomey asked Mr. Berry, Director, OIA, to present this update.

Mr. Berry provided trustees with a summary of the 2009 fiscal year audit activities, as of February 28. He reported that performance trends indicated that OIA would double the six year average internal audit output, without a change in staff size. He noted that, of the eight audits approved, four were complete and three were pending. Mr. Berry explained that one item (a whistleblower item) might be handled by another group to avoid duplication of functions – this discussion was ongoing. He mentioned that there were no new advisory service activities.

Mr. Berry provided an update on recruiting efforts for the OIA. He reported an offer was made but declined; thus, recruiting efforts were ongoing. Trustees asked for clarification on why the offer was declined. The administration stated that it was because of salary.

This report was provided for information only. No further action was required.

Item 7: Update on the Auditor General’s Federal Awards Audits. Chair Twomey asked Vice President Shuman to report on this item.

Vice President Shuman stated that there were two findings on the federal awards audit. She provided details of these findings which included (1) inappropriate disbursement of Title IV Higher Education Act funds and (2) improper reporting on Federal Family Education Loans. Vice President Shuman clarified that the first finding was connected to a new program and this issues was resolved. She also clarified that the second finding was resolved by strengthening the monitoring procedure.

This item was for information only. No further action was required.

Item 8: Quarterly Budget Report. Chair Twomey asked Vice President Shuman to speak about this item.

Vice President Shuman reported that the university was projected to stay within budget, with 64 percent of the total budget expended. She clarified that the \$3.4 million budget reduction was reflected in these numbers.

Vice President Shuman talked about central reserves and mentioned that all of salary savings would be returned to this account. She reported that these extra funds would allow for the budget to come in below the original projection. Vice President Shuman clarified that previously, salary savings were split between these reserves and the respective departments. She also clarified that carry forward funds would be added to reserves.

Vice President Shuman reported on Academic Affairs' budget, clarifying that the meeting materials showed these accounts before summer school disbursement. She clarified that all colleges were on track with no budgetary issues.

Vice President Shuman discussed central reserves, noting that the university anticipated that about 59 percent of the remaining amount would be expended by the end of the fiscal year. She elaborated that termination pay would be fully funded and lottery enhancement funds would remain in reserves.

Vice President Shuman recapped information previously provided to this committee, noting that the budget reduction scenarios included reductions between 10 and 20 percent. She mentioned that these same scenarios were provided to all divisions for their budget preparations. President Delaney presented an update on the state's budget, noting that each week brought new information.

Vice President Shuman discussed the auxiliary status report. She spoke about the net income of some activities, noting that funds had not been transferred to administrative overhead expenditures, the swimming pool was yet to hit its season, the child development center would catch up, and the Fine Arts Center was about ready to hit their peak rental season.

Vice President Shuman spoke about Continuing Education and the university's plans to return this auxiliary to a positive net income. The administration was working to achieve this result.

Vice President Shuman reported on student housing, mentioning that Osprey Fountains would open August 2009 at reasonable capacity, the Village was at capacity and the university was optimistic about the other residence halls.

This report was provided for information only. No further action was required.

Item 9: Treasurer's Report. Chair Twomey asked Vice President Shuman to speak about this item.

Vice President Shuman stated that the university had more investments than cash at this time. She noted that the investment benchmark was SPIA which was at 3.2 percent. She discussed effective rates, mentioning that the active managers were all beating the benchmark with PMF at 3.8 percent, RBC at 4.6 percent and Sawgrass at 4.1 percent. She discussed SBA, noting that this account was now at \$2.1 million, down from \$7.3 million, with remaining payouts at a trickle.

This item was for discussion only. No further action was required.

Item 10: Adjournment. Chair Twomey adjourned the meeting.