

**University of North Florida
Finance and Audit Committee
June 1, 2009
Minutes**

Committee Members Present: Mr. John Barnes; Mr. Hugh Greene; Ms. Wanyonyi Kendrick; Dr. Bruce Taylor; Mr. Kevin Twomey

Committee Members Absent: Ms. Joannie Newton

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 March 12 meeting. The MOTION was offered by Chair Taylor and seconded by Trustee Greene. The minutes were accepted as presented.

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

Item 4: One-Year and Five-Year Capital Outlay Requests (PECO Submissions). Chair Twomey asked Vice President Shuman to speak about this item.

Vice President Shuman stated that Florida Statutes required the Board of Trustees to adopt a capital outlay budget for the upcoming year. She noted that the meeting materials included a list of major projects.

Vice President Shuman discussed infrastructure allocation for this year which included \$2 million. She noted that the biology building was \$5.5 million, which left the science and humanities building short by about \$5.4 million. She clarified that this amount was included on the proposed list.

Vice President Shuman discussed other proposed projects including land acquisition and the Disability Resource Center. She noted that the Student Wellness and Sports Education Center already had CITF funding for \$4.5 million. She listed other proposed projects in order of importance and provided commentary on the fine arts building/art gallery, noting that it was not a duplication of MOCA.

After inviting questions from trustees, Chair Twomey asked for a MOTION to recommend approval to the full Board for the PECO submissions. A MOTION was offered by Trustee Barnes and seconded by Trustee Greene. Without further discussion the MOTION was carried.

Item 5: Notice of Amended Regulation – University Prompt Pay Regulation. Chair Twomey asked Vice President Shuman to speak about this item.

Vice President Shuman stated that this was an out-of-date rule being transitioned into a regulation. She noted that there were minor changes which would allow for easier incorporation into agreements and contracts.

Following the discussion Chair Twomey asked for a MOTION. The MOTION was offered by Chair Taylor and seconded by Trustee Kendrick. The MOTION passed with no abstentions.

Item 6: Office of Internal Auditing (OIA) Status Update. Chair Twomey asked Mr. Robert Berry, director for the OIA, to provide this report.

Mr. Berry stated that the target range for audit completion was between four and seven audits per year and currently five audits were complete. He noted that current year efforts had doubled the prior average with no increase in staff size.

Mr. Berry commented on internal audit activities, including five completed audits, three not started and one in progress. He mentioned two advisory service activities, noting that a whistleblower policy for the university was being reviewed by the General Counsel. He reported that investigation activities had three projects completed, two transferred to other departments, and one in progress.

Mr. Berry updated trustees on recruiting efforts, mentioning that there were three viable candidates and plans to make an offer.

Trustees asked if there was any correlation on reports not started and parking services. Mr. Berry clarified that a new information system was being implemented which would delay this audit. Mr. Berry also clarified that the financial aid audit was not connected to issues from other state institutions.

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

Item 7: Quarterly Budget Report. Chair Twomey asked Vice President Shuman to speak about this item.

Vice President Shuman stated that as of April 30, the university was within the revised budget which included a \$3.4 million reduction. She clarified that the reduction came from the reserve budget.

Vice President Shuman talked about the auxiliary status report, stating that the reserves were decreasing in the available fund balance, indicating that projects were beginning to utilize cash. She spoke about Continuing Education, noting that new contracts would significantly reduce the deficit. She stated that housing was using construction bonds with \$11 million yet to pay out, and the Student Union bonds were paid out.

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

Item 8: Treasurer's Report. Chair Twomey asked Vice President Shuman to speak about this report.

Vice President Shuman stated that there was a net cash balance of \$86.7 million which was down from \$100.9 million. She noted that cash balances for the Student Union and other projects were being drawn down. She reported that \$87.1 million was invested, including Evergreen at \$14 million and Sawgrass at \$11 million. She spoke about the liquidity pool, noting that this was monitored on a daily basis.

Vice President Shuman reported that the SBA account was moved from the UNFFC to the university. She clarified that effective rates for the SBA went from 2.3 to 4.7 percent.

Vice President Shuman spoke about investments, noting that RBC was at 4.4 percent, Sawgrass at 3.9 percent and Sawgrass UNFFC at 2.9 percent – all beating the SPIA benchmark of 2.6 percent.

Vice President Shuman noted that remaining funds in UNFFC were for housing.

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

Budget Workshop

President Delaney prefaced this discussion by stating that there was a conservative attitude on spending and the university was preparing for future economic shifts by building a reserve for state call backs. He explained that there was a need to build a larger reserve balance for next year because of economic unpredictability. He clarified that if the reserves were not needed for this purpose there would be funds available for initiatives tied to the strategic plan.

The administration clarified that the proposed budget was tied to the five new goals in the strategic plan.

Trustees discussed the proposed budget which took into account a total reduction of \$5.3 million, including \$3.5 million in 2008/2009 and \$1.8 million in 2009/2010.

The administration clarified the budget process, noting that each division determined their informal reductions and a controlled spending committee reviewed spending. A vacancy pool committee remained empanelled to review vacated positions. Subsequently, vice presidents worked together to ensure a fair budget. The administration stated that the university was able to maintain status quo with any incremental funds tied to the strategic plan.

The discussion addressed budget reductions noting that no new funding was allocated for enrollment growth. Other reductions were made by elimination of unfilled positions, operating expenses and travel. The energy savings program continued and some outsourcing was brought back in. Lambda Rail expenses were reduced and Information Technology Services reduced lab hours and eliminated duplicative software.

Academic budget reductions included increasing efficiencies for summer school and reducing adjunct faculty. (This was in response to lower enrollments.) Colleges reduced some faculty lines and transferred others.

The administration clarified that recurring E&G resources for 2009/2010 were about \$125 million (including about \$5.9 million from the Federal Stabilization Fund) and nonrecurring allocations were about \$9 million.

Trustees discussed proposals at other SUS institutions, noting that UNF had no layoffs and was not, at present, considering program closure.

The administration commented on replacement of the Federal Stabilization Fund, noting that reserves were being set aside to be used if needed.

The administration discussed how the proposed budget tied to the strategic plan and its five new goals. Initiatives for each goal were narrated, including accomplishments from the 2008-2009 fiscal year.

Chair Twomey clarified that the budget discussion process included this review and an additional discussion June 15 – these two discussions were prior to the full Board meeting June 25.

Trustees offered appreciation to the administration for their efforts toward this proposed budget and agreed to convene June 15 for further deliberation.
