

**University of North Florida  
Finance and Audit Committee  
December 11, 2008  
Minutes**

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

**Committee Members Absent:** Mr. Hugh Greene

**Other Trustees Present:** Dr. Katherine Robinson

**Item 1: Call to Order.** With a quorum of committee members present, Chair Twomey called the meeting to order.

**Item 2: Approval of the Minutes.** Chair Twomey asked for a MOTION to accept the minutes for the September 18 meeting. The MOTION was offered and seconded. The minutes were accepted as presented.

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

**Item 4: Athletics, Health and Activity and Service Fees.** Chair Twomey asked Vice President Shuman to talk about this item.

Vice President Shuman reported that a committee comprised of students, faculty and staff had recommended to the President a proposed increase of \$1.33 for the student athletics, health and activity and service fees for 2009-2010. This proposed amount would be distributed as follows: \$0.66 to the Activity and Service Fee; \$0.36 to Athletics; and \$0.31 to Counseling Services.

The administration responded that the committee voted unanimously for the increases and Trustee Barnes acknowledged that students were also in full support of the proposed fee increases.

Chair Twomey asked for a MOTION to accept the athletics, health and activity and service fees. The MOTION was offered by Chair Taylor and seconded by Trustee Barnes. The MOTION was carried.

**Item 5: Parking Rate Schedule.** Chair Twomey asked Vice President Shuman to address this item.

Vice President Shuman explained that the Parking Advisory Council had recommended to the President the addition of an *evening-only* premium permit and no increases to current permit and citation rates. She clarified that the additional permit would allow for parking in premium spaces between 5:00 p.m. and midnight and would be sold at the same rate as a discount permit.

Trustees asked about campus security and the administration responded that campus security guards were now patrolling the outer parking lots and isolated

housing lots at night. The administration noted that there would be a reevaluation of security after spring.

Chair Twomey asked for a MOTION to accept the parking rate schedule for 2009-2010. The MOTION was offered by Trustee Barnes and seconded by Trustee Kendrick. The MOTION was passed as presented.

**Item 6: Revisions to the Investment Policy.** Chair Twomey asked Vice President Shuman to speak about this item.

Vice President Shuman said that the proposed revisions to the Investment Policy were being presented in an effort to provide more flexibility and diversification, and avoid increased risk. She noted that a proposed new benchmark for company results was also added.

Chair Twomey asked for a MOTION to accept the revisions to the Investment Policy. The MOTION was offered by Chair Taylor and seconded by Trustee Barnes. The MOTION was carried.

**Item 7: Internal Revenue Service (IRS) Questionnaire.** Chair Twomey asked Vice President Shuman to present this item.

Vice President Shuman explained that the IRS, as part of its review of tax-exempt entities, sent out 400 questionnaires to colleges and universities across the country and UNF was a recipient. She clarified that the intent of the survey was to collect information on how institutions determine what constitutes tax exempt income and how these institutions handle taxable income. Vice President Shuman confirmed that UNF had completed and submitted the questionnaire.

**Item 8: Audit Update.** Chair Twomey asked Mr. Berry, Interim Director for the Office of Internal Auditing, to speak about this item.

Mr. Berry provided trustees with a status update on internal audits. He noted that, of the six targeted audits, three were completed with reports issued and one audit in progress. Another audit was scheduled to begin in January. He reported that all issues dated before, and including November, had been determined and management had closed and/or implemented corrective action plans. Mr. Berry stated that the OIA was in a good position to reach their yearly goals.

Mr. Berry updated trustees on staffing and recruiting for the OIA noting that of the 18 applicants, 7 telephone interviews were conducted and 2 candidates were interviewed on campus. He reported that the administration planned to issue an offer for this position by the end of January.

This item was provided for information only and no further action was required.

**Item 9: Review of Follow-up on Last Year's Operational Audit.** Chair Twomey asked Vice President Shuman to speak about this item.

Vice President Shuman reported on the university's responses to the seven findings on the operational audit. She mentioned that this was a good.

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

**Item 10: Update on the Museum of Contemporary Art (MOCA).** Chair Twomey asked President Delaney to speak about this item.

President Delaney provided an update on the university's purchase of MOCA, mentioning that there was no professional evaluation of the artwork. He also discussed the current economic climate which triggered distractions amid the university's budget. He explained that, although there were risks, this purchase would benefit the university.

President Delaney discussed the structure of the contract clarifying that MOCA would become a direct service organization owned by UNF, with the university making operational decisions. He noted that the existing board would serve as an advisor body.

President Delaney provided highlights on the monetary terms of the contract, noting that the museum would qualify for PO&M funding from the state.

Trustees discussed how the university would manage the liability should the museum not be self-supporting. President Delaney stated that any risk would be collateralized by the artwork, which was a liquid asset.

President Delaney stated that this acquisition would bring the university another circle of friends and a new audience which would be good for UNF and the metropolitan area.

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

**Item 11: Update on the Southern Association of Colleges and Schools (SACS) Reaccreditation Process.** Chair Twomey asked Provost Workman to speak about this item.

Provost Workman reported that the university submitted compliance information in September which was reviewed by an off-site committee, who subsequently made decisions based on the report. He noted that the majority of the committee's findings were easily addressed. He specified that a few issues were due to the unavailability of information which would be on hand by the site visit.

Provost Workman mentioned that the university would submit all responses in a focus report at the beginning of January, which would be reviewed by an on-site committee. He specified that the on-site team would visit in February to address any items deemed to be out of compliance as well as the Quality Enhancement Plan.

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

**Item 12: The Accountant's Report Required by the National Collegiate Athletic Association (NCAA).** Chair Twomey asked Vice President Shuman to report on this item.

Vice President Shuman stated that the university engaged an independent accountant to evaluate UNF's Intercollegiate Athletic Program for compliance with NCAA standards. She noted that the report indicated no exceptions with the agreed-upon procedures. She clarified that the report was brought before this committee as part of the university's audit.

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

**Item 13: Report on NCAA Compliance.** Chair Twomey asked Vice President Owen to speak about this item.

Vice President Owen introduced Ms. Bronner as the university's director of compliance and yielded to her to present this report.

Ms. Bronner provided trustees with a guide to basic rules for friends of UNF athletics. She provided a summary, as related to the athletes and NCAA rules, and discussed outreach efforts.

Ms. Bronner discussed the Academic Performance Program (APP) and clarified that this program was instituted by the NCAA to measure eligibility and retention. She noted most of UNF's teams were performing above minimum standards. She mentioned that, because this information was broadcast to the public, it was an opportunity for good exposure.

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

**Item 14: Quarterly Budget Report, Including a Review of the Current Status of the State and the University of North Florida Budget.** Chair Twomey asked Vice President Shuman to speak about this item.

Vice President Shuman stated that the meeting materials provided information about the E&G budget as of November 30, 2008. She noted that only 38.5 percent of the total budget was expended – this was compared to 42 percent of the year completed. She reported that divisions were where they should be.

Vice President Shuman talked about the auxiliary status report and pointed out that some business units were being affected by the lagging economy. She pointed out that reduced enrollment and the subsequent reduction in credit hours had created some negative fund balances. She specifically addressed budget shortfalls and ongoing funding for Continuing Education and the Fine Arts Center.

Vice President Shuman mentioned that recent budget reductions from the state included 4 percent from the General Revenue and 4 percent from the Lottery. Speculation was that the state may call back an additional 5 percent.

Vice President Shuman talked about possible budget reduction scenarios for 2008-2009. She mentioned that the worst-case scenario would include a total of 9 percent General Revenue and 4 percent Lottery reduction. She discussed various ways to accommodate the reductions.

This discussion was provided for information only and no additional action was required.

**Item 15: Treasurer's Report.** Chair Twomey asked Vice President Shuman to speak about this item.

Vice President Shuman discussed investments, noting that two money managers did very well in keeping in line with investment returns. She spoke about the two new money managers and noted that these would be reviewed in about two years.

Vice President Shuman reported that investments in Evergreen were down to \$6.5 million and would continue to decrease. She mentioned that the university would draw on Sawgrass LP as construction dollars were spent.

The SBA was discussed, noting that funds started at \$7.3 million with \$5.1 million being liquidated. Vice President Shuman mentioned that this fund was down to \$2.2 million with the university recently receiving \$75,000. She clarified that it may be March 2010 before the remaining funds were available.

Vice President Shuman stated that the DSO's would be included in the report from the UNF Foundation. She noted that TSI Foundation and the UNF Foundation had taken a hit from the ailing economy. Information from these business units was forthcoming.

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

**Item 16: Adjournment.** Chair Twomey adjourned the meeting.