

**University of North Florida  
Finance and Audit Committee  
March 12, 2008  
Minutes**

**Committee Members Present:** Dr. Edythe Abdullah, Mr. Hugh Greene, Ms. Wanyonyi Kendrick, Ms. Joy Korman, Dr. Bruce Taylor, Ms. Rachael Tutwiler, Mr. Kevin Twomey (via conference)

**Committee Members Absent:** None

**Item 1: Call to Order.** Since Chair Twomey was participating via conference phone, he asked Vice Chair Kendrick to chair the meeting. With a quorum of committee members present, Vice Chair Kendrick called the meeting to order.

**Item 2: Approval of the Minutes:** Vice Chair Kendrick asked for a MOTION to accept the minutes for the December 13, 2007 meeting. The MOTION was offered, seconded and accepted.

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

**Item 4: University of North Florida Board of Trustees – United Faculty of Florida 2007 Supplement to the 2004-2007 Collective Bargaining Agreement.** Vice Chair Kendrick asked Dr. Joann Campbell, Associate Vice President for Academic Affairs, to speak about this item.

Dr. Campbell reported that the initial agreement had been ratified over a year ago and since that time, efforts had been directed toward refining and clarifying the language. She spoke about the details of the supplement and noted one example regarding Article 11 and the ambiguity of unannounced visits to the classroom. She stated that the language had been further clarified.

Dr. Campbell asked that the record reflect that there was a typo in Article 11, line 2, whereby the word *announced* should be changed to *unannounced*. The administration agreed to make appropriate changes.

Without further discussion, Vice Chair Kendrick asked for a MOTION to approve the University of North Florida Board of Trustees – United Faculty of Florida 2007 Supplement to the 2004-2007 Collective Bargaining Agreement, with the record reflecting the typo in Article 11, line 2. The MOTION was duly made, seconded and approved unanimously.

**Item 5: Student Loan Practices Code of Conduct Policy.** Vice Chair Kendrick asked Vice President and General Counsel Stone to speak about this item.

Vice President Stone yielded to Mr. Richard Buck, Associate General Counsel, and asked him to present this item. Mr. Buck provided a brief background for the policy, stating that this action came as a result of recent scrutiny of the financial aid industry. He explained that UNF had received inquiries about financial aid practices and had been proactive in reviewing current policy. Mr. Buck noted that, as a result of the review, the institution found that it was comfortable with current practice.

Mr. Buck said that the Attorney General's office had also responded to the industry's scrutiny and drafted a policy to be accepted by all State universities. He explained that the administration had received a copy of the proposed policy and compared it with UNF's current practice. He stated that changes were made to address noncompliance and the final result was the proposed code of conduct included in the meeting materials.

Mr. Buck reported that the Board of Governors requested for all State boards of trustees to approve the proposed code of conduct to signify that the universities understood the issues. He then presented the four elements, including: no personal benefits from lenders, no remuneration for lender advisory boards, no advantage to a lender, and preferred lender lists.

Trustees offered appreciation to the administration for being proactive in addressing the policy. Vice Chair Kendrick then asked for a MOTION to approve the Student Loan Practices Code of Conduct. A MOTION was offered, seconded and accepted.

**Item 6: Child Development and Research Center (CDRC) Fee Increase for 2008-2009.** Vice Chair Kendrick recognized Mr. Everett Malcolm, Associate Vice President for Student Affairs, and asked him to present this item.

Mr. Malcolm reported that the CDRC fee increase was reviewed by a board of directors which included students, faculty, staff and community members. He explained that that board of directors made a recommendation for fall 2008 which was subsequently presented for review and comment to Student Government leadership, the Auxiliary Oversight Committee and the President. The administration was now seeking a recommendation for approval from the Finance and Audit Committee to the Board of Trustees.

Mr. Malcolm stated that for the fiscal year 2007-2008, the CDRC had not requested a fee increase for any category. But for the fiscal year 2008-2009, a modest increase was being requested to keep pace with the rising costs of materials, supplies, food, utilities and teaching assistants' salaries.

Mr. Malcolm clarified the increase in teaching assistants' salaries by stating that the CDRC was renewing the National Association of the Education of Young Children accreditation which included a requirement to have full time assistant teachers. He noted that in an attempt to slow the turnover in teaching assistants the CDRC would like to add benefits to those positions.

Mr. Malcolm previewed the proposed fee increases and noted that the meeting materials included a summary of fee changes. Trustees asked for clarification on usage of the Center. The administration responded that the order of priority students, faculty and staff, and the community. He noted that the Center always maintained greater than 50 percent student usage and the community received slots that were not filled by students or faculty and staff.

Vice Chair Kendrick asked for a MOTION to approve the Child Development Research and Center Fee Increase for 2008-2009. Without further discussion, the MOTION was duly made, seconded and approved unanimously.

**Item 7: Capital Improvement Trust Fund (CITF).** Chair Twomey asked Vice President Shuman to present this item.

Vice President Shuman clarified that the CITF was subsidized by a fee paid by all students enrolled in SUS institutions. She noted that the State usually released funds from the CITF every three years but felt there were enough funds to be released one year earlier.

Vice President Shuman explained that, in preparation for the release of these funds, the Board was required to approve UNF's plans for expenditure. She noted that the University had submitted its proposed list of Capital Improvement Fee Projects to the BOG Planning and Budgeting Committee, under signature of Chair Taylor, because the deadline for doing so was February 29<sup>th</sup>. She stated that the letter submitting the list noted that the Board of Trustees would be confirming these plans at their upcoming meeting.

Vice President Shuman stated that UNF's allocation from the CITF would be about \$7 million. She provided a summary of the projects and noted that the University had worked in conjunction with students to determine this list.

Trustees asked for clarification on the CITF and its correlation to the University's budget. Vice President Shuman clarified that the CITF was in addition to the budget. She noted that UNF's allocation from the CITF was not sufficient to cover all projects on the list and, through the next three years, alternate means would be considered. She stated that the Board would have another chance to preview the list.

Vice Chair Kendrick asked for a MOTION to approve expenditures for the Capital Improvement Trust Fund. Without further discussion, the MOTION was duly made, seconded and approved unanimously.

**Item 8: Update on the Auditor General's Operational Audit.** Vice Chair Kendrick asked Vice President Shuman to speak about this item.

Vice President Shuman stated that, the operational audit for this year was good. She said the University had seven findings and noted that this was compared to 16 for 2007 and 15 for 2006.

Vice President Shuman stated that this year's state-wide focus had been on disaster recovery and security. She reviewed the findings and noted that the meeting materials included the University's draft response to the audit.

Vice President Shuman provided an update on the financial audit, Florida Bright Futures Scholarship Program Audit and the Federal Awards Audit, noting that these audits were all with no significant deficiencies.

This item was presented as information only. No further action was required.

**Item 9: Follow-Up on the Status of the Approved Audit Report.** Vice Chair Kendrick asked Mr. Robert Berry, Interim Director for Internal Auditing to speak about this item.

Mr. Berry clarified that the purpose of this report was to provide information to the Committee on risks within the University's management audits and investigations. He presented details regarding the status of outstanding audit issues and updated trustees on completed audits. Mr. Berry spoke about upcoming items for the Committee, including updated charters for the OIA and FAC and a risk assessment for audits for the upcoming year.

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

**Item 10: Quarterly Budget Report.** Vice Chair Kendrick asked Vice President Shuman to present this item.

Vice President Shuman spoke about the auxiliary status report and the E&G budget and indicated that campus building projects were moving quickly, therefore cash balances would be reduced within the year. She reported that the only one auxiliary account was not where it should be but noted that efforts were being made toward resolution.

Vice President Shuman reported on the E&G budget, speaking about endeavors to address additional budget shortfalls. She noted that, at this point, the University did not anticipate any budgetary issues at the end of the fiscal year – even with the budget reductions.

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

**Item 11: Treasurer's Report.** Vice Chair Kendrick asked Vice President Shuman to present this item.

Vice President Shuman stated that this report was current as of January 31, 2008. She provided details about the report and noted that investments exceeded the net cash balance.

Vice President Shuman updated the Committee on the University's transition out of the State Board of Administration (SBA) and spoke about the University engaging Sawgrass as an active money manager. She added that cash had been pulled out of the Wacovia account and invested with Evergreen. Vice President Shuman noted that the Sawgrass account has posted an 8 percent return. She also noted that the University anticipated the release of additional dollars from the SBA in March.

Vice President Shuman then spoke about the SPIA account, stating that the University had pulled out of that account with a 6.07 percent rate-of-return, annualized between July and January. She noted that if SPIA continued to perform well, the University might consider reinvesting at a later date.

Vice President Shuman spoke about bonding, stating that housing and Student Union bonds were fixed and parking bonds remained variable. She discussed bonding insurance and provided details about FDIC, clarifying that this had been paid as a one-time upfront fee at closing.

This information was provided for discussion only. There was no further action required.

**Item 12: Adjournment.** President Delaney reported on the State's budget predictions and spoke about the University's plans to adjust its budget. Provost Workman spoke about the budget and noted that UNF would address reductions strategically in an effort not to render programs mediocre.

The administration discussed prospective State budget shortfalls and spoke about possible solutions. This discussion included additional faculty and the Quality Enhancement Plan, with both being deemed a priority to Southern Association of Colleges and Schools (SACS) reaccreditation. Other issues discussed were reducing funds set aside for new flagship programs which would add funds back to the Academic Affairs budget and executive reserves.

A discussion ensued regarding faculty pay raises. The administration also discussed the dissolution of marginal programs, reduced first-time enrollment and stricter limitations on transfer students.

Vice Chair Kendrick adjourned the meeting.