



Item: AF: A-M

AUDIT AND FINANCE COMMITTEE

Tuesday, May 17, 2016

SUBJECT: ROLL CALL AND APPROVAL OF THE DRAFT MINUTES FOR THE MARCH 15, 2016 AUDIT AND FINANCE COMMITTEE MEETING.

PROPOSED COMMITTEE ACTION

Initiate roll call to document member participation to ensure appropriate quorum numbers are achieved and to approve the minutes of the March 15, 2016 Audit and Finance Committee meeting.

COMMITTEE MEMBERS

Mr. Thomas Workman, Jr., Chair	_____
Mr. Daniel Cane, Vice Chair	_____
Mr. Anthony Barbar (ex-officio)	_____
Ms. Mary Beth McDonald	_____
Mr. Abdol Moabery	_____
Mr. Robert Rubin	_____
Mr. Robert Stilley	_____

BOT MEMBERS

Dr. Christopher Beetle	_____
Mr. Michael Cairo	_____
Mr. Shaun Davis	_____
Dr. Michael Dennis	_____
Dr. Malcolm Dorman	_____
Dr. Jeffrey Feingold	_____



**AUDIT AND FINANCE COMMITTEE
DRAFT MINUTES
Tuesday, March 15, 2016**

AF: A-M. Roll Call and Approval of the Draft Minutes for the December 15, 2015 BOT Audit and Finance Committee meeting.

Mr. Thomas Workman, Chair of the Board of Trustees (BOT) Audit and Finance Committee (AFC), convened this meeting at 10:13 a.m. Roll call commenced with the following Committee members, in addition to Mr. Workman, participating: Mr. Daniel Cane, Vice Chair; Mr. Anthony Barbar (ex-officio); Ms. Mary Beth McDonald; Mr. Robert Rubin; and Mr. Robert Stilley.

Other Trustees attending the meeting included: Dr. Christopher Beetle, Mr. Shaun Davis, Dr. Michael Dennis, Ms. Kathryn Edmonds, Dr. Jeffrey Feingold and Dr. Julius Teske.

The following University officials participated: Ms. Dorothy Russell, Vice President for Financial Affairs and CFO; Mr. David Kian, Vice President and General Counsel; and Mr. Morley Barnett, Inspector General.

Upon call, a motion was made and seconded to approve the minutes of the December 15, 2015 AFC meeting without change or correction. **The motion passed unanimously.**

AF: I-1. Request to Amend Regulation 8.006, Waiver of Tuition and Other Fees, and Repeal Regulation 5.004, Procedures Related to the Free Course Enrollment of Full-time State Employees.

Mr. Kian explained that the goals of the proposed amendments are to clarify the authority delegated by the Board of Trustees and to provide the President and Provost with flexibility in the use of tuition waivers as a tool for advancing the University's mission. The amendments will also allow for the repeal of Regulation 5.004, as the waivers articulated in that Regulation will be incorporated into the language of Regulation 8.006, and the operational procedures for implementation of each waiver would be developed and maintained through University or Departmental policies.

Upon query, Mr. Kian clarified that the board authorizes the administration of waivers, which are mostly used as a recruiting tool, and described several categories of waivers given to students. Ms. Russell explained the financial impact of waivers and stated that between \$2M and \$3M is budgeted for it.

Upon call, a motion was made and seconded to approve amendment to Regulation 8.006 and repeal of Regulation 5.004. **The motion passed unanimously.**

AF: I-1a. Review of Financial Statements for FAU Direct Support Organizations: FAU Foundation, Inc.

Ms. Russell explained that all DSO's are reviewed annually by outside auditing firms and no material weaknesses are present.

The audited financial statements for the period ending June 30, 2015 were presented to the Foundation Board of Directors on October 15, 2015. Upon question, Mr. Kian explained that uncollectable pledges are write-offs from prior years in which donors were unable to make the annual payments due to a downturn in the market.

AF: I-1b. Review of Financial Statements for FAU DSO: FAU Research Corporation

The audited financial statements for the periods ended June 30, 2015 and June 30, 2014 were presented to the FAURC Board of Directors on October 30, 2015.

AF: I-1c. Review of Financial Statements for FAU DSO: FAU Harbor Branch Oceanographic Institute Foundation, Inc.

The audited financial statements for the periods ending June 30, 2015 and 2014 were presented to the HBOIF Board of Directors on November 11, 2015.

AF: I-1d. Review of Financial Statements for FAU DSO: FAU Clinical Practice Organization.

The audited financial statements are for the period ended June 30, 2015 and were presented to the FAU CPO Board of Directors on November 16, 2015.

AF: I-1e. Review of Financial Statements for FAU DSO: FAU Finance Corporation.

The audited financial statements for the period ended June 30, 2015 and were presented to the FAUFC Board of Directors on October 1, 2015. Upon query, Ms. Russell informed the board that housing occupancy is currently at 96-97%.

AF: I-2. Review of FAU Athletics Department Independent Accountant's Report on Agreed-upon Procedures.

Ms. Russell explained that this report is an annual evaluation to ensure FAU compliance with requirements of the National Collegiate Athletic Association (NCAA). The annual report on Florida Atlantic University Intercollegiate Athletics is required to be submitted to the Board of Governors as part of the State University System data request process. This year, the independent auditor's report was clean with only one comment, which is a vast improvement from prior years.

AF: I-3. Review of the Mid-year Status Report of FAU's 2015-16 Operating Budget, July 1, 2015 to December 31, 2015.

Ms. Russell provided a review of the financial status at mid-year for each of the seven funding categories that reflects that spending is controlled and revenues are anticipated appropriately, which was summed up as follows:

Category and Fund Type	2015-16 Mid-year			
	Actual	Adj. Budget	Remainder	% of Actual to Budget
REVENUE				
Educational & General	\$201,536	\$299,810	\$98,274	67.2
Auxiliary Enterprises	82,436	125,087	42,651	65.9
Student Financial Aid	97,535	192,223	94,688	50.7
Student Activities	7,396	9,284	1,888	79.7
Athletics	13,065	26,346	13,281	49.6
Contracts & Grants *	25,360	59,099	33,740	42.9
Concessions	103	625	522	16.5
TOTAL REVENUE	\$427,430	\$712,474	\$285,044	60.0
EXPENDITURES				
Educational & General	\$139,456	\$299,810	\$160,354	46.5
Auxiliary Enterprises	43,368	139,559	96,191	31.1
Student Financial Aid	89,928	196,559	106,631	45.8
Student Activities	3,840	9,876	6,036	38.9
Athletics	13,629	26,346	12,717	51.7
Contracts & Grants *	26,436	59,099	32,663	44.7
Concessions	312	625	313	49.9
TOTAL EXPENDITURES	\$316,969	\$731,874	\$414,905	43.3

Upon question, Ms. Russell explained that since there has not been a long history as of yet, the impact of the increase in stability of the retention rate will be seen in the next two fiscal years. Additionally, the increase in credit hours is due to several factors including increased course offerings and students enrolling in additional credit hours.

A question was put forth regarding an explanation of inter-fund and intra-fund transfers. Ms. Russell provided the example of student activities money generated from credit hours, which gets transferred out to various clubs and groups as well as the student union. Upon query, Ms. Russell clarified the decrease in Bright Futures was due to the state changing the qualifications for students to receive it.

Ms. Russell explained that performance funding revenue from the Board of Governors each year is treated as non-recurring and is obligated only to non-recurring funds.

No further questions or comments were put forth from Committee members.

AF: I-4. Review of Audits: FAU 15/16-2, Audit of Campus Recreation – Memberships for the Period July 1 through September 30, 2015.

Mr. Barnett described the primary objectives of the audit were to determine whether applications for recreation and fitness center memberships were supported by appropriate documentation and payment of requisite membership fees; membership cancellations and fee refunds were processed in accordance with campus recreation department policies and procedures; and, effective controls were in place to restrict use of campus recreation facilities to bona fide registered FAU students, current members and their approved guests, and properly account for collected revenues. Four recommendations were made to address the findings and management has agreed to implement all recommendations by February 15, 2016.

With no further questions or comments put forth from Committee members, a motion to was made and seconded to adjourn the meeting. **The meeting was adjourned at 11:00 a.m.**