



Item: A-M

**BOT AUDIT AND FINANCE COMMITTEE**

**Tuesday, October 17, 2006**

**SUBJECT: ROLL CALL AND APPROVAL OF MINUTES FOR THE JUNE 14, 2006 AUDIT AND FINANCE COMMITTEE MEETING.**

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**PROPOSED BOARD RECOMMENDATION**

Initiate roll call to document member participation and ensure appropriate quorum numbers are achieved.

**BACKGROUND INFORMATION**

Mr. Norman Tripp, Chair	_____
Ms. Nancy Blosser	_____
Dr. William Bryant	_____
Mr. David Feder	_____
Ms. Lalita Janke	_____
Dr. George Zoley	_____
Mr. Kirk Murray	_____
Dr. Frederick Hoffman (ex-officio)	_____

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**Supporting Documentation:** Not Applicable.

**Presented by:** Mr. Norman Tripp, Chair

**FAU**  

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**BOARD OF TRUSTEES**  
Florida Atlantic University

**Draft Minutes of the June 14, 2006 Audit and Finance Committee Meeting.**

Mr. Norman Tripp, Chair of the Audit and Finance Committee, convened this meeting at 12:20 p.m. with the following Committee members participating:

Ms. Nancy Blosser, Dr. William Bryant, Ms. Lalita Janke and Dr. Fred Hoffman (ex-officio).

The following Board of Trustees members participated:

Ms. Sherry Plymale, Mr. Arnold Grossman, Dr. Rajendra Gupta, Dr. Roy Levow, and Mr. Bob Stilley.

The following University officials participated:

Mr. Frank T. Brogan, President; Dr. Kenneth A. Jessell, Vice President for Financial Affairs; Ms. Paula Behul, Director, Equal Employment Opportunities; and Mr. David Kian, General Counsel.

**Agenda Item AF: A-M.            Roll Call and Approval of Minutes.**

Handout: Draft Minutes of the April 19, 2006 Meeting.  
Draft Minutes of the June 7, 2006 Workshop.

Trustee Tripp called for commentary and/or corrections to the minutes presented. With none forthcoming, he called for a motion to approve these minutes. A motion was made and seconded. The motion passed unanimously.

**Agenda Item AF: A-1. Request for Approval of the Proposed Anti-Discrimination and Anti-Harassment Regulation, 5.010.**

Handout: Regulation Amendment Notice, Proposed and Redlined Regulation 5.010.

Ms. Behul addressed this item advising that in 2004, the Office of Access and Equity, Board of Education, advised that all SUS institutions should have anti-harassment policies covering all federal and state protected classes.

The proposed regulation adds anti-discrimination to the existing anti-harassment regulation. It contains five sections addressing the University's policy statement, definitions and procedures for reporting violations, investigating complaints and for reconsideration of final report findings.

Ms. Behul then provided a summary review of the directives, procedures and timeline(s) provided within the proposed regulation to address a multitude of situations.

Chairman Tripp called for a motion to approve for full BOT review the Proposed Anti-Discrimination and Anti-Harassment Regulation. A motion was made and seconded. The motion passed unanimously.

**Agenda Item AF: A-2. Request for Approval of the Updated FAU 2005–2006 Educational Equity Act.**

Handout: FAU Florida Educational Equity Act 2005-2006 Update Summary.

Ms. Behul advised that this report is required by the Florida Department of Education and summarizes FAU's efforts to expand access to educational advancement and equitable opportunities to previously under-served and under-represented student and employee populations. It covers FAU's responsibilities and reporting requirements under applicable laws and regulations that prohibit discrimination for protected groups based on race, ethnicity, national origin, gender, disability or marital status and outlines existing university policies and procedures that comply with state and federal regulations.

Ms. Behul then reviewed the results, noting that graduate enrollment and completion rates had increased this past year, while undergraduate rates had decreased. This decrease likely resulted from an institutional decision to reduce admittance of students requiring remediation based upon standardized testing results. To maintain minority enrollment, the university has increased scholarship assistance and enhanced recruitment of better prepared minority students.

In hiring statistics, Hispanic under-representation in the areas of senior-level administrators, deans, chairpersons and executive committee continues. The academic administration category includes directors, deans, chairs, librarians and executives and there continues to be slight under-representation of minorities in these positions.

Ms. Behul recapped the stated 2004-2005 goals, noting both accomplishments and areas needing further effort. She reminded the Committee of the creation of a BOT Sub-committee on Diversity that is tasked with ensuring the institution's commitment in enhancing the advertising, recruiting and hiring practices of the University to maximize diversity. A good deal of the information to be included in future versions of this report will be generated from the initiatives and actions of this sub-committee. The goals for 2005-2006 were also reviewed.

The next area reviewed was the University's tenure process. Ms. Behul noted the confidentiality of information provided on the approval and denial of both tenure and promotions during this period. She noted for the record that prior to media publication, applicable information must be redacted.

Ms. Behul noted the final area of the report being the annual evaluation of the President. This item was completed and approved by the Board of Trustees on November 9, 2005.

Discussion ensued on the classification of both Asian and Hispanic categories and it was noted that individual self-identification and definitions and guidelines provided by the Departments of Education and Labor were utilized to develop these classes.

Chairman Tripp then requested a motion to approve the Updated FAU 2005-2006 Educational Equity Act for submission to the full Board. A motion was made and seconded to approve this request. The motion passed unanimously.

**Agenda Item AF: A-3. Request for Approval of Regulation Promulgation for Legislatively Established Increases in Student Fees for Academic Year 2006-2007.**

Handout: Proposed Regulation 8.001 Amendment: Chapter 8, Tuition and Fees.

Dr. Jessell advised the Committee that annually the University is required to promulgate rules in accordance with Legislative directives as respects FAU's tuition and fees. For the 2006-2007 fiscal year, the Legislature provided a base increase of three percent in Undergraduate In-State fees. All other fees will remain at the current level. The legislatively established fees will generate approximately \$1 million and is already reflected in the Florida Atlantic University appropriated Educational and General Operating Budget.

A typographical error indicating the increase of Out-of State fees was noted within this Agenda Item Cover Sheet. This error must be corrected prior to submission to the full Board.

With no further comments Chairman Tripp called for a motion to approve, with the correction noted above, the Request for Approval of Regulation Promulgation for Legislatively Established Increases in Student Fees for Academic Year 2006-2007. A motion was made and seconded to approve this request. The motion passed unanimously.

**Agenda Item AF: A-4. Request for Approval of Increase in Housing Rental Rates.**

Handout: Proposed Regulation 8.001 Amendment: Chapter 8, Tuition and Fees.  
FAU Tuition and Fees Impact, June 14, 2006.

Dr. Jessell reminded members that this proposal to increase housing rental rates was presented at the April 2006 AFC meeting. It was decided at that time to request formal approval of this item when other fee increases were finalized.

Dr. Jessell reviewed FAU's Tuition and Fee history noting this increase would reflect just over four percent as a weighted average of all rate increases. As noted previously, the only other tuition or fee increase is a three percent Undergraduate In-State matriculation fee.

These rates increases will produce additional income of \$501,500 and is requested primarily to address increased utilities, staffing, and expenses.

Chairman Tripp then requested a motion to approve the Request for Increase in Housing Rental Rates. A motion was made and seconded to approve this request for full Board consideration. The motion passed unanimously.

**Agenda Item AF: A-5. Request for Approval of the 2006-2007 FAU Capital Outlay Budget.**

Handout: 2006-2007 Capital Outlay Budget Request for Florida Atlantic University.

This request is a reaffirmation, consistent with statutory requirements, that University's 2006-2007 fixed capital outlay budget be approved in conjunction with approval of the institution's annual operating budget. The Fixed Capital Outlay Budget includes projects funded by the PECO, Courtelis Matching Gifts and PECO Construction Cost Increased Funding and totals \$36,398,260. The Board previously reviewed and approved this issue in August 2005 and January 2006.

Chairman Tripp requested a motion to approve the 2006-2007 FAU Capital Outlay Budget for submission to the full Board. A motion was made and seconded to approve this request. The motion passed unanimously.

**Agenda Item AF: A-6. Request for Approval of the 2006-2007 Florida Atlantic University Operating Budget.**

Handout: PowerPoint Presentation: 2006-2007 FAU Operating and Capital Outlay Budget Report.

Dr. Jessell began this presentation noting the AFC Workshop held June 7, 2006 where several hours were spent reviewing this document. Dr. Jessell reiterated that every aspect of this budget ties to a BOT priority or a component of the Strategic Plan and the presentation today specifically articulates these ties.

He also noted that few new dollars were received this budget cycle to enable funding of many priority issues, but that the various budgetary areas examined and addressed as best as possible the funding of critical items with the explicit intent of meeting BOT goals, especially addressing access to higher education opportunities.

Another area was addressing the realities of a distributed campus environment and enhancing library technology and the availability of electronic databases on all campuses. While adequate new funding is not available, the

University has already identified approximately \$1 million in savings from the elimination of current data processing charges. Upon implementation of the Banner Student Information System in 2007 approximately \$1 million in savings will be realized and become available for reallocation to this and/or other priorities and goals. In this manner, the University is not relying on just new dollars but identifying existing dollars to enable implementation of priorities.

Dr. Jessell acknowledged institutional commitment to develop a template to list budget issues and funding allocations designated by the strategic plan to include identifying short-, medium- and long-term goals and the current and future allocation plans to meet these goals.

Dr. Jessell then reviewed the key funding elements of this Operating Budget comprising of Educational and General; Student Financial Aid; Contracts and Grants; Auxiliary Enterprises; Athletics; Student Government, and, Concessions. He noted an overall increase of \$30.3 million to \$493.2 million, or a 6.5 percent increase over prior year.

**Educational and General.** This is the largest portion of FAU's Operating Budget which is proposed at \$236.9 million or 11.5 percent over prior year. Within this budget, Instructional and Research funding represents over 64 percent or \$152.4 million, a 14.2 percent increase over prior year. Recent BOG expenditure data indicate that FAU is within one percentage point of the system-wide average in I&R funding and in fact, designates more to this category than our peer institutions.

Library/Learning Resources (\$14.1 million), Physical Plant (\$21.2 million), Student Services (\$20.6 million) and University Support (\$28.51 million) comprise the remaining \$84.5 million of the E&G funding allocation.

**Student Financial Aid.** This is the second largest component of the Operating Budget at \$122.8 million, which reflects a 2.7 percent increase over prior year and represents 24.9 percent of the current budget.

The remaining 27 percent is designated to the following budget components:

**Contract and Grants, Auxiliary, Student Government and Concessions.** These budgets are really status quo / continuation budgets. Increases in Contracts and Grants and Auxiliary Enterprises represent the increases in salary costs comparable to employees funded by state educational and general dollars. He advised members that although the university had distributed comparable increases in the past, this year the budget language requires these areas receive these increases.

**Athletics.** This component is funded at \$12,067,000, an increase of 9.7 percent over prior year. A nominal increase, of which approximately one-half is the result of student athlete financial aid support.

Dr. Jessell then reviewed the legislative adjustments and appropriations used in constructing the E&G Revenue funding which included the following items: cost to continue insurance and salary increases, legislative tuition increases, 2006 salary increases, plant operations and maintenance, enrollment growth, utility rate increases, Florida Israel Institute, St. Lucie campus expansion, Center for Disaster and Emergency Care, Targeted degrees (nursing) and the Challenge Grant program.

Commentary and discussion ensued on the following:

- Review of Instructional and Research funding by College;
- Clarification of funding given for Utilities;
- Institutional commitment to address deferred maintenance;
- Explanation of the cost to continue;

- Providing members a copy of the finalized SUS Allocation document; and,
- Providing members the percentage of faculty members eligible to receive merit increases.

With Chairman Tripp noting the prior review and understanding by Committee members of the Operating Budget, Dr. Jessell noted for members the more specific inclusion of linkage to strategic goals in the remainder of the presentation addressing new funding, enrollment growth allocations, and the reallocation of existing resources.

A cursory review of the 2006-2007 Revenue and Expenditure Budgets with comparisons to the 2005-2006 Revenue and Expenditure Budgets followed on all Operating Budget components.

Upon completion of the presentation, Chairman Tripp clarified to members that this budget is the University President's budget and that he is an appropriate recipient of discussion and commentary. He then handed the floor to President Brogan.

Mr. Brogan addressed members of the Committee and the audience to express appreciation to all university entities for cooperation in constructing this budget, and especially to the Board and members of the Strategic Planning Committee for the opportunity to streamline the budget process and begin to build priorities.

He assured members that collegiate effort will continue among all in campus-wide budget entities to ensure prioritized initiatives are met fairly to best serve students and faculty.

The following topics were discussed:

- The transparency in the linkage of funding to goals/priorities;
- Lack of definitive prioritization by the Executive Committee in identifying priorities of the Strategic Plan to guide the budget construction process;
- The role of the Board of Trustees in budgetary allocations; and,
- Ensuring Members set policy; not micromanagement/dictation of administrative action.

Chairman Tripp called for a motion to recommend approval of the FAU 2006-2007 Operating Budget to the BOT. A motion was made and seconded to approve this request. The motion passed unanimously.

Mr. Tripp directed the agenda to first address the review of audit informational agenda items prior to the Report on Diversity.

**Agenda Item AF: I-1-a Review of Audits: 2006-173, Florida Bright Futures Scholarship Program Operational Audit.**

Handout: Audit Report 2006-173.

Dr. Jessell addressed this item advising members that Florida Atlantic University had no findings recorded.

Chairman Plymale commented on the fact that FAU stands 7<sup>th</sup> system-wide in Bright Futures funding allocation. She noted this as a baseline measurement and hopes to increase these numbers as recruiting, enrollment, and academic programs are reviewed.

**Agenda Item AF: I-1-b Review of Audits: FAU 05/06-3, Travel for the Period October 1 through December 31, 2005.**

Handout: Audit Report 2006-173.

Dr. Jessell noted five comments relating to travel policies/procedures, documentation involving advances, authorization requests and reimbursements, and access approval of new users to the WOLF system.

The most significant issue addressed funding advances for team travel within the Athletics Department. Receipts from travel will be submitted on a timelier basis. He noted that with the implementation of the Banner SIS system some of these will clear automatically. The new system will show advances as an accounts receivable on the employees account and reimbursement needs can be accomplished by holding wages or tapping separation annual/sick leave payouts.

Chairman Tripp requested a motion to accept both audit reports. A motion was made and seconded. The motion passed unanimously.

**Agenda Item AF: A-7. Presentation and Request for Approval of the Report on Diversity.**

Handout: PowerPoint Presentation: Report on the Status of Diversity, June 14, 2006.

Dr. Bryant addressed the Committee noting the creation of this sub-committee. He then thanked its members for the tremendous effort put forth in gathering and analyzing data and developing the recommendations. He noted the report a blueprint for the President's implementation, and shared his satisfaction with the President's commitment to ensure diversity and inclusiveness at this university.

President Brogan addressed the Committee, noting the importance of this initiative by its adoption in the FAU Strategic Plan by the BOT. The university was directed to adopt strategies that would institutionalize diversity among the University's faculty and staff and to that end, the sub-committee conducted a diversity assessment of all units of the University.

The President then reviewed steps that will immediately be implemented to facilitate this initiative, including such measures as:

- Aggressive outreach/publicity both locally and nationally to targeted populations;
- Recruiting within our own student body;
- Accountability at all hiring levels in implementing these recruiting strategies;
- Annual reporting by all colleges and divisions detailing strategies utilized and the results of these efforts, including internal promotions meeting these objectives; and,
- Creation of a Diversity Advisory Committee to evaluate the effectiveness of this initiative.

A review of gender, ethnicity and program data on faculty, staffing, and student in all colleges, divisions, and campuses followed including comparative results to SUS and nation-wide peer institutions. As measured by service areas and student populations, several areas for improvement within the university were noted, i.e. black faculty representation in Bio-medical Science and Business, Hispanics in faculty and staff positions, and female representation in Engineering and Computer Sciences, among others.

President Brogan then presented the objectives and strategies to implement these recommendations as indicated in the FAU Action Plan.

To conclude, President Brogan noted the extent of involvement in this initiative that revealed much being done well but with better organization of processes, and with the addition of these strategies, FAU can ensure a broader spectrum of inclusion and diversity.

Chairman Tripp asked for questions and with none forthcoming, initiated discussion of a recent Stanford University report highlighting best practices and how to implement diversity. Further discussions ensued on the rising importance of diversity nation-wide and institutional commitments as exemplified by the regular meetings of the residents of MIT, Stanford and Princeton to address this issue.

Chairman Tripp called for a motion to approve the Report on Diversity. A motion was made and seconded. The motion approved unanimously.

The meeting was adjourned at 2:10 p.m.