



Item: AF: A-M

**AUDIT AND FINANCE COMMITTEE**

Tuesday, February 18, 2014

**SUBJECT: ROLL CALL AND APPROVAL OF THE DRAFT MINUTES FOR THE  
OCTOBER 15, 2013 AUDIT AND FINANCE COMMITTEE MEETING.**

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**PROPOSED COMMITTEE ACTION**

Initiate roll call to document member participation to ensure appropriate quorum numbers are achieved and to approve the minutes of the October 15, 2013 Audit and Finance Committee meeting.

**COMMITTEE MEMBERS**

Mr. Thomas Workman, Jr., Chair	_____
Mr. David Feder, Vice Chair	_____
Mr. Anthony Barbar (ex-officio)	_____
Mr. Abdol Moabery	_____
Mr. Robert Rubin	_____
Mr. Robert Stilley	_____

**BOT MEMBERS**

Mr. Patrick Callahan	_____
Mr. Daniel Cane	_____
Dr. Jeffrey Feingold	_____
Ms. Mary Beth McDonald	_____
Dr. Ronald Nyhan	_____
Mr. Paul Tanner	_____
Dr. Julius Teske	_____



**AUDIT AND FINANCE COMMITTEE  
DRAFT MINUTES  
Tuesday, October 15, 2013**

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**AF: A-M. Roll Call and Approval of the Draft Minutes for the June 4, 2013 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 10:08 a.m. Roll call commenced with the following Committee members, in addition to Mr. Workman, participating: Mr. David Feder, Vice Chair; Mr. Anthony Barbar (ex-officio), Dr. Ronald Nyhan and Mr. Robert Stilley.

Other Trustees attending the meeting included: Mr. Peter Amirato, Mr. Daniel Cane, Ms. Mary Beth McDonald and Mr. Paul Tanner.

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

Upon call, a motion was made and seconded to approve the minutes of the June 4, 2013 AFC meeting without change or correction. **The motion passed unanimously.**

**AF: A-2. Review and Approval of the 2013-14 Work Plan for the Office of the Inspector General (OIG).**

As required by Operating Procedures, Mr. Barnett presented the OIG's annual work plan based on a risk assessment of basic programs, functions, and activities of the University. Members were reminded that advice had been sought from senior management, the Audit and Finance Committee, and the audit staff through a risk assessment survey. This plan has been approved by the President and is being presented to this Committee for final review and approval.

With no question or commentary put forth from Committee members, a motion was made and seconded to approve this Work Plan as presented. **The motion passed unanimously.**

**AF: I-1 Review of Fourth Quarter Financial Report, July 1, 2012 – June 30, 2013.**

Ms. Russell provided a five-year comparison of Florida Atlantic University’s (FAU) Educational and General Operating Budget status showing a 5-year decline in General Revenue in the State of Florida and increasing reliance on Student Tuition and Fees. An update on each of the budget components was given with year-end financial data summarized as follows:

<b>REVENUE (\$000)</b>				
<b>Fund Type</b>	<b>Actual</b>	<b>Adjusted Budget</b>	<b>Remainder</b>	<b>% of Actual to Budget</b>
Educational & General	\$253,322	\$238,369	\$14,953	106.3
Auxiliary Enterprises	96,638	101,272	(\$4,635)	95.4
Student Financial Aid	192,523	193,791	(\$1,268)	99.3
Student Activities	9,177	8,979	\$198	102.2
Athletics	18,389	17,556	\$832	104.7
Stadium	2,588	6,483	(\$3,895)	39.9
Sponsored Research / Grants	57,098	65,476	(\$8,379)	87.2
Concessions	589	480	\$108	122.6
<b>TOTAL REVENUE</b>	<b>\$630,322</b>	<b>\$632,407</b>	<b>(\$2,085)</b>	<b>99.7</b>

<b>EXPENDITURES (\$000)</b>				
<b>Fund Type</b>	<b>Actual</b>	<b>Adjusted Budget</b>	<b>Remainder</b>	<b>% of Actual to Budget</b>
Educational & General	\$250,964	\$238,369	(\$12,595)	105.3
Auxiliary Enterprises	93,758	107,309	13,551	87.4
Student Financial Aid	192,736	193,986	1,250	99.4
Student Activities	9,813	10,542	729	93.1
Athletics	17,278	18,522	1,244	93.3
Stadium	2,588	5,303	2,714	48.8
Sponsored Research/Grants	54,404	64,753	10,349	84.0
Concessions	502	480	(21)	104.5
<b>TOTAL EXPENDITURES</b>	<b>\$622,043</b>	<b>\$639,265</b>	<b>\$17,222</b>	<b>97.3</b>

Regarding Student Financial Aid, Ms. Russell noted that we received all reimbursements before the government shutdown of 2013 and does not anticipate any issues for students during this time.

Other noteworthy budgetary issues included:

- Stadium budget is separate from Athletics budget to get a sense of how the stadium is performing. Ticket sales are down so far this year but management is working to help stabilize this budget since it has only been in operation for two years and still very new.
- FAU Foundation Inc. revenue fluctuates due to the economy, however; progress is being made and it is back up from two years ago.
- Henderson School has over 900 students and receives funding on a per student basis. A committee member asked why there was a large increase in revenue from the 2011-12 to 2012-13 year. Mr. Crudele informed the Committee that the main reason for the increase was due to the addition of high school and more FTE funding.

Conversation followed comparing FAU to other universities regarding research grants and future goals; concerns about the Student Activities Budget and spending more than what is being brought in over the past few years and steps being taken to gain control; the stabilization or shift going forward regarding General Revenue and student tuition.

**AF: I-2. Review of Summary of Follow-Up on Audit Recommendations Scheduled to be Implemented During the Six Month Period ending June 30, 2013.**

Mr. Barnett mentioned there is a relatively short follow-up list this year and reviewed the report which provides a summary of the eight audit recommendations: four recommendations were found to be fully implemented; three had been partially implemented; and, one is no longer applicable.

Upon request, Mr. Barnett explained why some audit recommendations are implemented and partially implemented. He noted no concerns with any of the issues still in implementation processes.

**AF: I-3a. Review of Audits: FAU 12/13-2, Audit of Athletics Ticket Revenue for the Fall 2012 Semester.**

Mr. Barnett reviewed this report in which the executive summary states that audit objectives were to determine whether adequate controls over the receipt, recording, safeguarding, and deposit of monies collected from athletic event ticket sales were in place; and, there was proper accountability for all unissued and issued athletic event tickets. There were six recommendations noted in the report.

A Committee member requested additional information regarding Mr. Barnett's statement about the need to improve some documentation in the internal control processes. Mr. Barnett assured them that there has already been much improvement and they are working diligently for further improvement.

**AF: I-3b. Review of Audits: FAU12/13-3, Audit of Parking and Transportation Services for the Fall 2012 Semester.**

Mr. Barnett reviewed this report and only one recommendation was made to enhance existing written procedures. He stated that he was satisfied that the basic operations during the audit period were well-managed.

No questions or comments were put forth from Committee members.

**AF: I-3c. Review of Audits: FAU 12/13-4, Audit of Housing & Residential Life for the Fall 2012 Semester.**

Mr. Barnett explained the scope of the audit focuses on transaction documentation, safety and security, and asset accountability. Overall there were five recommendations, however; none are highly significant.

A Committee member inquired about random complaints and Mr. Barnett explained that since there is a form located on the website which is anonymous, they do see complaints and follow up on all of them. Not many have been noteworthy. He also mentioned the Board of Governors (BOG) will occasionally receive complaints and the BOG will work with management to follow up, however; nothing significant has been received within the last several years.

A Committee member asked about the Attorney's Office and at what point the legal staff would get involved in complaints being filed. Mr. Kian explained that most of their involvement is advisory in nature assisting Mr. Barnett in reviewing outside or anonymous submissions. Mr. Barnett clarified that their investigations are never criminal; that type of complaint would be forwarded to the Police Department and the General Counsel's Office.

With no further questions or comments put forth from Committee members, a motion to adjourn the meeting was made and was seconded. **The meeting was adjourned at 10:45a.m.**