



Item: AF: A-M

AUDIT AND FINANCE COMMITTEE

Tuesday, April 21, 2015

SUBJECT: ROLL CALL AND APPROVAL OF THE DRAFT MINUTES FOR THE FEBRUARY 24, 2015 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 February 24, 2015 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

Mr. Michael Cepeda	_____
Dr. Michael Dennis	_____
Dr. Jeffrey Feingold	_____
Dr. Ronald Nyhan	_____
Mr. Paul Tanner	_____
Dr. Julius Teske	_____



**AUDIT AND FINANCE COMMITTEE
DRAFT MINUTES
Tuesday, February 24, 2015**

AF: A-M. Roll Call and Approval of the Draft Minutes for the December 9, 2014 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 10:00 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; and Mr. Robert Rubin.

Other Trustees attending the meeting included: Mr. Michael Cepeda, Mr. David Feder, Dr. Jeffrey Feingold, Dr. Ronald Nyhan, Mr. Paul Tanner and Dr. Julius Teske.

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

Upon call, a motion was made and seconded to approve the minutes of the December 9, 2014 AFC meeting without change or correction. **The motion passed unanimously.**

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

Ms. Russell noted that there were not many changes to report and all DSO's are in fine fiscal health with no anomalies. Assets (cash and cash equivalents) have increased by \$22M due mainly in returns from the investment portfolio, however; contributions have decreased by about \$1.5M.

Upon question, Ms. Russell explained that although donations were down compared to last year, the loss was offset by the increase in returns and the total net increase was approximately \$22M. Also, Ms. Russell will find out and inform the board of the net return generated from the \$4M spent in fundraising this year.

Several additional questions were posed in regards to the property on Glades Road where Shake Shack resides. Chairman Barbar explained that the \$99,000/year rental income is part of the original lease agreement from several years ago that went through the Foundation. FAU is abiding by the terms of the agreement and the property, along with any improvements, will revert to the

Foundation when the deal expires in 58 years. There is also a 2% limited partner in the deal and Ms. Russell has agreed to find out more information and apprise the board.

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

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

Ms. Russell explained that the DSO is a smaller entity with a total business of about \$500,000 and noted that the bottom line has increased by about \$12k from last year. A suggestion was made to possibly find an alternative mechanism to support this organization due to the seemingly high overhead (audits, reporting, etc.) to maintain a small amount of revenue. Ms. Russell explained that it is a formal mechanism and the Research Corporation does have to be a part of the DSO right now due to the funds that come in from outside the University and then flow through the DSO to the University. It is expected to grow in the coming years.

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

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

Ms. Russell stated that this organization is carrying a lower cash balance this year based on operational needs and the FDIC Insured balance limits. Contributions decreased based on the specialty license plate deposits from the State of Florida, since they now go directly to the University and not through the DSO. Overall their net assets increased by \$7.5M and program expenses have decreased.

No questions or comments were put forth from Committee members.

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

Ms. Russell explained that the FAU CPO was established to handle activity in terms of patient care in the new College of Medicine, College of Nursing and other entities such as the Memory & Wellness Center and Counseling Center. It is expected to grow substantially over the upcoming years. Total assets are \$421k and the largest impact on this budget was the hiring of a consultant firm to help retrieve debt due to the University from patients.

No questions or comments were put forth from Committee members.

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). This year, the independent auditor's report was clean and no exceptions were found in the expense categories.

No questions or comments were put forth from Committee members.

AF: I-3. Review of the Mid-year Status Report of FAU's 2014-15 Operating Budget, July 1, 2014 to December 31, 2014.

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	Fund Type	2014-15 Mid-year			
		Actual	Adj. Budget	Remainder	% of Actual to Budget
REVENUE					
	Educational & General	\$193,103	\$293,609	\$100,506	65.8
	Auxiliary Enterprises	76,316	118,312	41,995	64.5
	Student Financial Aid	100,241	198,640	98,400	50.5
	Student Activities	7,493	9,385	1,892	79.8
	Athletics	12,537	20,359	7,822	61.6
	Stadium	76	7,050	6,974	1.1
	Sponsored Research/Grants	21,550	55,498	33,949	38.8
	Concessions	234	510	276	46.0
	TOTAL REVENUE	\$411,549	\$703,363	\$291,814	58.5
EXPENDITURES					
	Educational & General	\$136,387	\$280,795	\$144,409	48.6
	Auxiliary Enterprises	45,871	125,347	79,476	36.6
	Student Financial Aid	87,876	202,133	114,257	43.5
	Student Activities	4,920	11,218	6,298	43.9
	Athletics	10,432	22,134	11,702	47.1
	Stadium	1,093	5,276	4,183	20.7
	Sponsored Research/Grants	20,696	55,498	34,801	37.3
	Concessions	346	510	164	67.9
	TOTAL EXPENDITURES	\$307,621	\$702,912	\$395,289	43.8

No questions or comments were put forth from Committee members.

AF: I-4. Review of Summary of Follow-up on Audit Recommendations Scheduled to be Implemented During the Period of July 1 through September 30, 2014.

Mr. Barnett explained that the Office of Inspector General performs follow-up procedures for all outstanding audit recommendations on a regular basis. For the three months ended September 30, 2014, a total of seven audit recommendations were reviewed. Five out of the seven recommendations were found to be fully implemented and the two remaining were partially implemented and are not of great concern.

No questions or comments were put forth from Committee members.

AF: I-5. Review of Audits: FAU 14/15-1, Audit of Human Resources – New Hires for the Period July 1, 2013 through March 31, 2014.

Mr. Barnett described the primary objectives of the audit as evaluating the adequacy and effectiveness of internal controls over the recruitment and hiring processes and evaluating the security, accuracy and completeness of manual/electronic recruitment and hiring records that are maintained. With the implementation of Workday, much better controls will be set in place and the issues that were cited in the audit will be resolved. Management has agreed to implement the recommendation by December 31, 2015.

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 10:41 a.m.**