



Item: AF: A-M

**AUDIT AND FINANCE COMMITTEE**

Monday, June 15, 2015

**SUBJECT: ROLL CALL AND APPROVAL OF THE DRAFT MINUTES FOR THE APRIL 21, 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 April 21, 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**

Dr. Christopher Beetle	_____
Dr. Michael Dennis	_____
Ms. Kathryn Edmunds	_____
Dr. Jeffrey Feingold	_____
Mr. Paul Tanner	_____
Dr. Julius Teske	_____



**AUDIT AND FINANCE COMMITTEE  
DRAFT MINUTES  
Tuesday, April 21, 2015**

---

**AF: A-M. Roll Call and Approval of the Draft Minutes for the February 24, 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 10:11am. Roll call commenced with the following Committee members, in addition to Mr. Workman, participating: Mr. Anthony Barbar (ex-officio), Ms. Mary Beth McDonald, Mr. Robert Rubin, and Mr. Robert Stilley. Other Trustees attending the meeting included: Dr. Michael Dennis, Dr. Jeffrey Feingold, Dr. Ronald Nyhan, Mr. Paul Tanner and Dr. Julius Teske.

The following University officials participated: Dr. John Kelly, President; Ms. Dorothy Russell, Vice President for Financial Affairs and CFO; 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 February 24, 2015 AFC meeting. **The motion passed unanimously.**

**AF: A-1. Request for Approval of Proposed Regulation 8.001, Tuition, Fee Schedule and Percentage of Cost.**

Ms. Dorothy Russell advised members that in the desire to keep costs down for students, the University is not recommending an increase to the undergraduate and graduate resident and non-resident tuition per credit hour. The Tuition Differential fee, Capital Improvement Trust Fund (CITF) fee, Activity & Service fee, Health fee, Athletic fee and Technology fee will all remain unchanged.

Ms. Russell noted that the University is recommending a 3% increase in College of Medicine resident matriculation fee from \$27,292 to \$28,111 per year and an increase in the non-resident College of Medicine fee from \$33,418 to \$34,421. The total revenue generated will be about \$360k.

Ms. Russell explained that the state of Florida had provided \$500k non-recurring to the College of Medicine for the simulation lab in the 2012-13 year, however; it will not be provided this year. Ms. Russell also spoke about the plan within the Senate to reduce the College of Medicine at FAU by approximately \$446k in recurring money. The program within the College of Medicine is new and any kind of potential revenue to grow and maintain the quality of the program rests on the

ability to raise tuition at this point. In conclusion, Ms. Russell stated that this is a minor increase and while other institutions across the state of Florida are raising their tuition by 6-12%, the FAU tuition for the College of Medicine will only increase by 3%.

The University is also recommending a corresponding increase in the Financial Aid fee to 5% of matriculation for both resident and non-resident in accordance with FS 1009.24. This increase will help support the education of the students since 200 of the 256 students in the program obtain some form of financial aid and \$1.4 million in scholarships and grants is expected to be awarded next year.

Upon question, Ms. Russell confirmed that applicants and enrollment will not be affected as there are already 4,300 applicants to fill 64 open spots in the program for this coming year.

Dr. Michael Dennis also added that there is no other significant source of income except state funding, no significant clinical revenue yet, a negligible return of overhead from research, the cost of research currently exceeds grant support, the cost of IT resources is increasing, students are transitioning from iPads to laptops and there is no significant philanthropic support for faculty salaries. The additional revenue will be used to continue to expand faculty with the growing program. The total increase per year for resident students will be \$819. FAU's College of Medicine is well positioned in the lower end of the range compared to the other programs throughout the state.

Discussion followed regarding the tuition increase and concern that students will no longer want to pursue medicine due to the high fees. Dr. Dennis explained that there is a very active scholarship program for students and Ms. Russell informed the board that last year approximately \$700k was awarded in scholarships and for the upcoming year it will double to \$1.4M. Students are not required to declare their specialty when requesting a scholarship. Upon question, Dr. Dennis clarified that 30% of students who receive scholarships are out-of-state students and 70% are in-state. The average loss of students to the program due to lack of scholarship aid or more attractive scholarship offers from other medical schools is 5 out of 64 or 7%. Students who graduated from the FAU College of Medicine this year had a 100% match for residencies when other schools in the state did not.

With no further issues put forth for discussion, a motion was made and seconded to recommend BOT approval of the proposed Regulation 8.001 as presented. **The motion passed unanimously.**

**AF: I-1. Review of the Financial Statement of FAU Direct Support Organization: FAU Finance Corporation.**

The audited financial statements of the FAU Finance Corporation (FAUFC) for the period ended June 30, 2014 were presented to the FAUFC Board of Directors on April 1, 2015. Ms. Russell noted that when Parliament hall was first occupied in the 2013-14 year, the revenues had increased by \$3.4M and expenditures had decreased by \$288k; overall there was a net increase of \$3.2M.

No questions or comments were put forth from Committee members.

**AF: I-2. Review of Audit Report No. 2015-151, FAU Financial Audit for the Fiscal Year Ended June 30, 2014.**

The scope of this audit included an examination of the University's basic financial statements for the fiscal year ended June 30, 2014. Also examined were various transactions to determine whether they were executed in accordance with governing provisions of laws, rules, regulations, contracts and grant agreements. Ms. Russell explained that there are no findings of any internal control issues and the 2013-14 year that was audited had an increase in net position of approximately \$33M over the prior year.

Upon question, Ms. Russell explained that the change in Clearwire payments from an up-front yearly lump sum to paying on a monthly basis was stated in the original contract.

No further questions or comments were presented.

**AF: I-3. Review of the Florida Statewide A-133 Audit for the Fiscal Year Ended June 30, 2014.**

As a condition of receiving Federal funds, the U.S. Office of Management and Budget (OMB) requires an audit of the State's financial statements and major Federal awards programs as described in OMB Circular A-133.

Ms. Russell reported that the University had no instances of error or fraud, however; two monitoring control recommendations relating to Information Technology (IT) controls were cited. Management restricted access to certain privileges in the ERP system; management enhanced oversight reviews regarding monthly verification and satisfactory academic progress. The recommendations have already been implemented.

No questions or comments were presented by Committee members.

**AF: I-4. Update on 2015-16 Legislative Appropriations/Budget Construction Process.**

Ms. Russell noted that Mr. Ryan Britton had already given an update to the Committee members and agrees that there is not enough definitive information to discuss the budget at this time. She will keep everyone informed as information is obtained from the House and Senate.

**AF: I-5. Review of Summary of Follow-up on Audit Recommendations Scheduled to be Implemented During the Period of October 1 through December 31, 2014.**

Mr. Morley Barnett presented a brief summary of the follow-up in which there were four audit recommendations reviewed and all found to be fully or partially implemented.

No questions or comments were presented.

**AF: I-6. Review of Audits: FAU 14/15-3, Telecommunications for the Fiscal Year Ended June 30, 2014**

Mr. Barnett explained that the primary objectives of the Telecommunications audit were to evaluate whether decentralized responsibilities for oversight of telecommunications activities changes were documented in accordance with established procedures; and, fiscal and operational oversight for telecommunications contracts, work order requests, and general departmental expenditures were in accordance with established university policies and procedures and sound business practice. Management has agreed to implement the two audit recommendations by April 1, 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 10:48am.**