



Item: AF: A-M

AUDIT AND FINANCE COMMITTEE

Thursday, June 5, 2014

SUBJECT: ROLL CALL AND APPROVAL OF THE DRAFT MINUTES FOR THE APRIL 10, 2014 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 10, 2014 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. Michael Cepeda	_____
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
Thursday, April 10, 2014**

AF: A-M. Roll Call and Approval of the Draft Minutes for the February 18, 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 1:29 p.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), Mr. Abdol Moabery, Mr. Robert Rubin, and Mr. Robert Stilley.

Other Trustees attending the meeting included: Mr. Patrick Callahan, Mr. Daniel Cane, Dr. Jeffrey Feingold, Ms. Mary Beth McDonald, Dr. Ryan Nyhan, Mr. Paul Tanner and Dr. Julius Teske.

The following University officials participated: Dr. John Kelly, President; Ms. Dorothy Russell, Interim Senior Vice President for Financial Affairs; Dr. Charles Brown, Senior Vice President for Student Affairs; Dr. Gary Perry, Interim Provost; 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 18, 2014 AFC meeting, which included two corrections. **The motion passed unanimously.**

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

Ms. Russell advised members that in the desire to keep costs down for students, recommendations from the Board of Governors and the impact of the change in Bright Futures, the University is not recommending an increase to the undergraduate resident, graduate resident and graduate non-resident fees. The undergraduate resident tuition will remain at \$105.07 per credit hour and the undergraduate non-resident fee will remain at \$493.86 per credit hour. The graduate resident tuition will remain at \$303.71 per credit hour and the graduate non-resident fee will remain at \$623.80 per credit hour.

Ms. Russell explained that while the tuition differential rate is currently 15%, there is legislation presently under review to reduce the tuition differential rate to 6%. This has not yet been

confirmed and there no increase is recommended to the tuition differential by the University. The fee will remain at \$40.13 per credit hour.

No increases are recommended for fees: CITF fee (\$6.76 per credit hour), Financial Aid fee (\$5.16 per credit hour), Activity & Service Fee (\$12.32 per credit hour), Health fee (\$9.42 per credit hour), Athletic fee (\$17.27 per credit hour) and Technology fee (\$5.16 per credit hour).

Ms. Russell noted that the University is recommending a 3% increase in Medical School tuition for the Charles E. Schmidt College of Medicine (CESCOM). The tuition will increase from \$26,497 to \$27,292 per year for residents and from \$32,445 to \$33,418 per year for non-residents. The university is also recommending the CESCOM Financial Aid fee be increased from 3% to 4% of matriculation and non-resident fee. Although State Statutes is currently at 5%, Ms. Russell explained that in order to minimally impact students, the increase is only 4% and the recommendation of an increase to 5% will most likely be presented next year. All other CESCOM fees remain unchanged from the 2013-14 tuition and fee schedule.

Upon question, Ms. Russell explained that the reason for the increase for the CESCOM tuition only is due to the affordability of the program even with the increase, compared with other universities offering the same program.

Discussion followed clarifying that the 3% CESCOM tuition increase is actually under the budget that was provided the LCME, which was 5%. Dr. Perry advised that the University is prepared to help with scholarship funds to recruit the very best students to this program and stated that there are 64 spots in the program and 4,500 students had applied.

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: A-2. Request for Approval of Proposed 2014-15 Increase to the Karen A. Slattery Education Research Center for Child Development Rates.

Ms. Russell explained the functionality of the Karen A. Slattery Educational Research Center for Child Development (SERCCD) which combines research and teaching early child development with daily care for the children of students, faculty, staff and members of the public. These operations are an auxiliary enterprise with financial support coming from user fees and appropriation of student fees.

The recommendation is to increase fees for all age groupings by \$30 per month on August 1, 2014, which was developed after administrative review, assessment by the Karen Slattery Board of Directors and review by parents during a session held in April of 2014. Dr. Perry explained the significance of this accredited program and indicated that the resultant revenue will be used for the installation of a Pre-K playground and Sensory Integration Therapy Swing and to upgrade classroom windows to impact glass.

Upon question, it was confirmed that the majority of children who attend SERCCD are children of FAU faculty, staff and students (49% faculty/staff, 20% students and 31% outside community). Dr. Perry stated that all children attend at the same rate and that the facility is filled to capacity along with a waiting list. Dr. Perry confirmed that parents are extremely happy with the way the center is run and generally in favor of the increase. When compared with other centers in the area, the cost is very reasonable.

With no further discussion, a motion was made and seconded to recommend BOT approval of the proposed 2014-15 SERCCD rates as presented. **The motion passed unanimously.**

AF: I-1. Review of Audits: FAU 13/14-3, Audit of Faculty Activity Reporting for the 2012/13 Academic Year.

The primary objectives of this audit were to assess the adequacy of management's policies, procedures, and practices in place to assure accurate and complete compilation and reporting of faculty activities and to determine whether faculty instructional and non-instructional activities reported were verifiable to appropriate supporting manual records and/or electronic documentation from the Faculty Academic Information Reporting (FAIR) and Banner systems.

Mr. Barnett provided a summary of the audit and upon question, Dr. Perry advised that the number of discrepancies showing up on the audit regarding faculty reporting is unacceptable. The discussion continued regarding how the FAIR system works and how it shows proposed assignments versus actual assignments and a variety of different issues. Dr. Perry confirmed that all faculty assignments have been carried out, but the system may show a lack of signature due to signatures on paper, not electronically. He noted that the FAIR system has faults and some faculty complete paper assignments, however, they are looking into different systems and working on ways to make the current system easier to use.

No further questions or comments were presented.

AF: I-2. Review of Audit Report No. 2014-179, FAU Financial Audit for the Fiscal Year Ended June 30, 2013.

Ms. Russell explained that each year an audit of the University's financial statements is conducted and for the fiscal year ended June 30, 2013 the audit resulted in no findings.

Ms. Russell highlighted a few areas of the report regarding the bottom line and noted that the University's assets totaled \$1 billion at June 30, 2013. This balance reflects a \$4.7 million, or 0.5 percent decrease from the 2011-12 fiscal year; primarily due to the change in the capitalization threshold. While assets decreased, liabilities increased by \$21.3 million, or 11.9 percent, totaling \$200.7 million at June 30, 2013, compared to \$179.4 million at June 30, 2012; primarily due to the actuarial calculation of postemployment benefits and the capital improvement debt issuance

related to the new parking garage. As a result, the University's net position decreased by \$25.9 million, resulting in a year-end balance of \$824.2 million.

The University's operating revenues totaled \$230.2 million for the 2012-13 fiscal year, representing a 7.8 percent increase from the 2011-12 fiscal year due mainly to increases in net student tuition and fees generated by increased enrollment. Operating expenses totaled \$443.1 million for the 2012-13 fiscal year, representing a decrease of 0.09 percent over the 2011-12 fiscal year.

Discussion followed regarding an update on housing and the processes in place to increase the number of students living on campus for the upcoming year. Current students who are living on campus have until April 30, 2014 to sign the contract for another year at the same rate. The Living-Learning Communities (LLC) has been reinstated this year and the radius has been reduced from 50 to 30 miles requiring students outside of 30 miles to live on campus. Presently, the numbers show that we are exceeding last year's numbers at this point for students who have committed to staying on campus next year and are on the right track to meeting the 93-95% occupancy rate. Ms. Russell noted that at the last meeting it was established that a quarterly housing report would be presented to the board and that the first full report will be presented at the June 5, 2014 meeting.

Dr. Brown expanded upon the processes currently in place to increase students in housing and upcoming events that will bring additional housing contracts such as the marketing plan, upcoming orientation, turning 40 double rooms into single rooms with higher rates and setting up an exception committee to review all radius exception requests.

Commentary followed regarding lowering rates on older buildings since there is less demand for those than the newer buildings. Trustee Barbar addressed members informing them that there was a very high number of waivers given to students who requested housing exceptions. Dr. Brown then confirmed that 675 waivers were given out, which was 300 more than the previous year.

Dr. Brown also mentioned that the former Housing Director had been removed from the position mostly due to the decision that person made to remove the LLC and the impact that decision had on housing registration. They are currently searching for a new Director of Housing and have two promising candidates visiting the campus the following week. Discussion ensued regarding low freshman enrollment for the upcoming year and that the board should be informed of such enrollment issues. Dr. Brown stated that new student orientation has not occurred yet, which brings approximately 3,000 students in over the summer and that is usually the time in which students register for housing. Additionally, a mail campaign and social media campaigns have been set up for all accepted students.

Upon question, Dr. Brown stated that he is aware of the new building being built near campus, which will have many amenities, and a plan is in place to keep students on campus. The retention rate and graduation rate for students living on-campus is much higher than those

living off-campus and this information will be provided at the upcoming new student orientation.

No further questions or comments were presented.

AF: I-3. Review of the Florida Statewide A-133 Audit, July 2, 2012 through June 30, 2013.

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 did not have any audit findings.

The full audit can be accessed through the following link:

http://www.fau.edu/controller/general_accounting/pdfs/2014-173_2c_Fiscal_Year_Ended_June%2030_2c_2013.pdf

No questions or comments were presented.

AF: I-4. Update on 2014-15 Legislative Appropriations/Budget Construction Process.

Ms. Russell discussed the most recent 2014-15 Legislative appropriation process and preliminary information regarding the impact on the FAU operating and fixed capital outlay budgets. She also provided an update on the status of the Senate and House Bills.

Commentary followed regarding amendments to the Public Private Partnership (P3) Legislation and how the University will engage in this partnership in the coming year. Last year a P3 Bill was passed for all other state agencies with the exception of universities, therefore, the BOG has proposed a Bill to mirror that one for universities. Mr. Kian added that the addendums to this Bill have been added late and as little as two weeks ago.

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 2:41 p.m.**