FAU
BOARD OF TRUSTEES
Florida Atlantic University

Item: AF: A-M

AUDIT AND FINANCE COMMITTEE

Wednesday, October 22, 2008

SUBJECT: ROLL CALL AND APPROVAL OF MINUTES FOR THE JUNE 11, 2008 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 June 11, 2008 Audit and Finance Committee meeting.

COMMITTEE MEMBERS

Ms. Nancy Blosser, Chair	____
Dr. William Bryant, Vice Chair	____
Mr. Anthony Barbar	____
Mr. Abraham Cohen	____
Mr. David Feder	____
Dr. Rajendra Gupta	____
Mr. Bob Stilley	____
Mr. Thomas Workman, Jr.	____
Dr. Tim Lenz (ex-officio)	____

BOT MEMBERS

Mr. Scott Adams	____
Mr. Armand Grossman	____
Mrs. Lalita Janke	____
Mrs. Sherry Plymale	____
Dr. Eric Shaw	____

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DRAFT MINUTES
AUDIT AND FINANCE COMMITTEE
Wednesday, June 11, 2008

AF: A-M. Roll Call and Approval of Minutes for the May 7, 2008 BOT Audit and Finance Committee Meeting.

Ms. Nancy Blosser, Chair of the Audit and Finance Committee, convened this meeting at 12:25 p.m. Roll call commenced with the following Committee members participating:

Dr. William Bryant, Mr. David Feder, Mr. Abe Cohen, Mr. Thomas Workman and Dr. Tim Lenz.

The following Board of Trustees members also participated:

Mr. Armand Grossman, Mrs. Lalita Janke and Dr. Eric Shaw.

The following University officials participated:

Mr. Frank T. Brogan, President; Dr. Kenneth A. Jessell, Vice President for Financial Affairs; Mr. Glenn Thomas, Executive Director, PK-12 Schools and Programs; Ms. Paula Behul, Director, Equal Opportunity Programs; Dr. Charles Brown, Vice President for Student Affairs; Ms. Cathie Wallace, Director, Student Health Services; Mr. Morley Barnett, Inspector General, and Mr. David Kian, General Counsel.

Chair Blosser called for comment and/or correction to the minutes of the May 7, 2008 BOT Audit and Finance Committee meeting and with none forthcoming, a motion was made and seconded to approve the minutes without change. The motion passed unanimously.

AF: A-1. Request to Approve Fee Modifications for the Karen A. Slattery Education Research Center for Child Development.

Chair Blosser noted the review of this item during the May 7, 2008 meeting and recommended that if members had no questions remaining the item be put to a vote following a brief announcement by Mr. Thomas. Members confirmed that no questions remained and that there was no need to repeat the presentation.

Mr. Thomas advised the Committee that the National Association for the Education of Young Children, the accrediting entity for the Karen A. Slattery Education Research Center for Child Development, just completed its review. Of the 14 accrediting criteria to be met, seven passed with 100 percent achieved and the other seven with 100+ achieved; an extremely good result.

Chair Blosser verified for the Committee that no revisions had been made to this item since the May review. With no questions forthcoming, a motion to approve the fee modifications for the Karen A. Slattery Education Research Center for Child Development to the Board of Trustees was made and seconded. The motion passed unanimously.

AF: A-2. Request for Approval of the Florida Atlantic University's 2007-2008 Florida Equity Reports: Enrollment, Gender Equity in Athletics, and Employment.

Ms. Behul took the floor to advise the Committee that the purpose of this report is to document the University's efforts in ensuring that equitable opportunities exist for women and minority populations within the University. This report is also provided to the Board of Governors. Review of the data from fiscal year 2006-2007 began on required topics including academic programs together with enrollment figures and degrees awarded, programs provided by Student Services, and gender equity in athletics. Additional review covered data on employment representation in categories including tenured, tenure-track and non-tenure earning faculty, executive/professional employees and new hires in each of the preceding categories.

Ms. Behul then reviewed achievements made and improvements needed by the University. Noteworthy were the rankings FAU received on Hispanic and Black Student graduation data and appointments and programs instituted by the Colleges of Biomedical Science, Engineering and Science. Areas needing improvement included developing measureable outcomes for equity and access within the University and continued distribution and duplication of best practices initiatives within the University. Also noted were the current university-wide budget reductions inhibiting initiation of a Budgetary Incentive Plan.

Concluding this presentation, Ms. Behul reviewed protected class representation in the tenure process by gender and minority status and the composition of promotion and tenure committees.

With no discussion issues put forth, a motion was made and seconded to recommend approval of the **F**lorida Atlantic University's 2007-2008 Florida Equity Reports: Enrollment, Gender Equity in Athletics, and Employment to the Board of Trustees. The motion passed unanimously.

At this time Chair Blosser introduced Dr. Timothy Lenz, President-Elect of the University Faculty Senate and Chair of the UFS Academic Planning and Budget Committee. With this appointment Dr. Lenz assumes his place as an ex-officio member of the BOT Audit and Finance Committee.

AF: A-3. Request for Approval to Increase Student Health Fees for Academic Year 2008-2009.

Dr. Brown addressed this item by reminding members of the request for increases last fiscal year when the Committee approved an increase of $1.33 per credit hour, which was the first part of a multi-year funding request. Additionally, the Committee mandated the creation of a Student Health Services Task Force to review and document current health services to provide justifications and recommendations to ensure efficiencies in program operations. This mandate has been accomplished and the results are being presented today to help explain and justify this request to approve an increase of $1.17 per credit hour.

Ms. Wallace took the floor to review the findings of a consulting team from the American College Health Association which was completed after a site visit in Fall 2007. Included within the presentation were reviews of current programs, staffing, financing, and space and technology needs with recommendations to improve these services. Various options appropriate to fulfilling implementation needs were provided,

including encouragement to seek accreditation. This report outlined an additional need for health and counseling services on all campuses.

Additional review followed providing more detailed information on current services, programs, funding allotments, increases in fees for services, data on student utilization of programs services, and initiatives taken to date to implement some of the consultant's recommendations.

Concluding her presentation, Ms. Wallace advised that the requested increase of $1.17 per credit hour would bring the student health fee to $7.50 per credit hour and would generate approximately $649, 102 for fiscal year 2008-2009. This increase has been approved by the Student Health Services Task Force and would assure that current levels of service remain and provide some expansion of services.

Discussion followed on topics including:

- FAU/Nova Southeastern University Student Health Services contract which covers the office visit charge of FAU students utilizing their services.
- The need to have a strategic plan in place to decide and guide future campus-wide endeavors.
- The impact to services and resulting additional funding needs with increased outreach/marketing.
- The current SUS discussions on future mandatory health fees system-wide.
- A request to receive a per campus breakdown of student utilization of services formatted as medical versus dental.

Chair Blosser noted the presentation made last year and the directives by this Committee to review and justify services provided and fees received. The directives have been fulfilled to the extent possible at this time and acknowledgment of additional work needed and the development of a strategic plan has been provided. Both the Student Health Services Task Force and the consultants concur on the need for additional funding to maintain and expand services to meet the needs of the student population. Additionally Chair Blosser advised the Committee that after the presentation last year she toured the Boca Raton site to gain more functional knowledge and was positively impacted. While many recommendations for improvements were made, the consultants' were also impressed especially in comparison to current funding levels. Chair Blosser, with several trustees concurring, opined this fee increase as reasonable and justified.

With no additional discussion put forth, a motion was made and seconded to recommend approval of the student health fees increase for academic year 2008-2009 to the Board of Trustees. The motion passed unanimously.

AF: A-4. Request to Approve to Initiate Regulation Promulgation for Legislative and Board of Trustees Established Increases in Student Tuition and Fees for Academic Year 2008-2009.

Chair Blosser noted this item as fully reviewed during the May 7, 2008 meeting and that voting would have normally commenced except for an error found just prior to the presentation. Dr. Jessell advised that the agenda item is correct with no changes to the recommended six percent increase for undergraduate out-of-state and graduate in-state tuition. The inaccuracy had been contained within the body of the publicly noticed regulation which erroneously included an increase in graduate out-of-state tuition. He reminded members that since Florida graduate out-of-state tuition is among the highest in the nation no increase to that category had been recommended.

General Counsel Kian advised that the Committee can vote to recommend approval of these increases to the Board of Trustees. The Board itself will be unable to vote on the issue until the corrected regulation has been appropriately publicly noticed.

Chair Blosser then called for a motion to recommend approval to initiate regulation promulgation for legislative and Board of Trustees established increases in student tuition and fees for academic year 2008-2009. A motion was made and seconded. The motion passed unanimously.

AF: A-5 Request Approval of Florida Atlantic University's 2008-2009 Operating Budget.

Dr. Jessell began his presentation advising Members of the inclusion of a review of the Capital Outlay Budget. The Capital Outlay Budget will need to be formally voted upon as a separate item for audit purposes. He then noted the brevity intended in this presentation of the Operating Budget in view of the many meetings held reviewing mandated budget reductions and legislative appropriations for 2008-2009. This budget fully reflects those budget reductions and appropriations.

Operating Budget. Beginning the presentation, Dr. Jessell noted the proposed 2008-2009 FAU Operating Budget of $521,818,482 represents a 1.7 percent decrease to the prior year with proposed budgets and percentage changes as follows:

Expenditure Budget	Proposed Funding	Percentage Change From 07-08	Percentage of 08-09 Budget
Educational & General	$ 249,374,143	(4.3%)	47.8%
Student Financial Aid	$ 112,411,000	(8.6%)	21.5%
Contracts & Grants	$ 64,980,353	2.6%	12.5%
Auxiliary Enterprises	$ 74,095,703	16.9%	14.2%
Athletics Local	$ 13,015,661	1.8%	2.5%
Student Government	$ 7,291,622	3.2%	1.4%
Concessions	$ 650,000	(6.5%)	0.1%
TOTAL	$ 521,818,482	(1.7%)	100%

Educational and General. This budget is funded by General Revenue (sales tax and corporate income tax collections, license fees, etc.), the Education Enhancement Trust Fund (collections from the sale of Florida lottery tickets), and the Student Fee Trust Fund (primarily matriculation fees and tuition paid by students). Review of the construction of this budget started with the 2007-2008 approved budget and the various legislatively mandated reductions and appropriations to total the final 2008-2009 budget which reflects a decrease of 4.3 percent over prior year. In addition to the reductions, other adjustments were briefly discussed including tuition increases, the cost to continue life, health and risk management insurance premiums, lottery funding and the UM/FAU Medical Partnership Program.

Student Financial Aid. This budget represents funding by the University including student financial aid fees, federal and state financial aid awards, etc. Dr. Jessell reminded members that this budget is primarily a flow-through account with financial aid monies received and distributed to students. He noted the 8.6 percent reduction to the budget and clarified that this does not mean there has been a reduction in aid monies available to students, only a reduction in budget authority, and should need arise that authority can be amended.

Grants and Contracts. This budget consists of funding from federal and state agencies, foundations and private sources to enable the university to conduct research projects or provide specific services. There is a slight increase of 2.6 percent reflecting the nation-wide trend in lower federal award funding availability. Additionally, the budget now reflects the formal acquisition of HBOI effective July 1, 2008.

Auxiliary Enterprises. This budget is comprised of business operations such as food services, traffic and parking and house that are required to be self-supporting through user fees, payments and charges. The budget shows an increase of 16.9 percent which also relates to the acquisition of HBOI auxiliary operations (ships, machine shops, etc).

Athletics Local. This budget is supported by funding from student athletic fees, ticket sales to athletic events, game guarantees, corporate sponsorships, the NCAA distributions, etc. The budget remains as presented during the March 2008 Workshop held on the SeaTech campus and reflects a 1.8 percent increase over prior year.

Student Government. This budget is funded by the activity and service fee paid by students and other club and program income and reflects a 3.2 percent increase over prior year. Expenditures have been budgeted higher than revenues to pay operating expenses associated with the Recreation and Wellness Center and the Alumni Center. This budget has cash reserves more than capable of handling these expenditures.

Concessions. This budget consists of funds from concession operations and the vending machine revenues and reflects a 6.5 percent reduction in expenditures.

Capital Outlay Budget (Also Agenda Item AF: A-6). Dr. Jessell advised members that this budget consists of Public Education Capital Outlay (PECO) and Capital Improvement Trust Fund (CITF) project funding. Additionally he reminded members that the BOT had previously approved the PECO budget last year in June 2007 and the CITF budget in February 2008. Both the BOG and the 2008 Legislature have provided these projects as part of the Fixed Capital Outlay Budget. A summary review of the projects was presented.

Florida Atlantic University Foundation, Inc. Dr. Jessell reminded the Committee that the FAU Foundation, Inc. is not a component of the FAU Operating Budget, but that this additional information is provided to ensure member knowledge of Foundation expenditures utilized to the benefit of the University.

One question followed regarding the source the FAU Foundation's funding. Dr. Jessell advised that the majority of funding is from endowments, such as for eminent scholars.

A motion was made to approve the 2008-2009 Operating Budget. Chair Blosser called for confirmation that this motion included the recommendation to approve both the Florida Atlantic University 2008-2009 Operating Budget and the Florida Atlantic University 2008-2009 Capital Outlay Budget to the Board of Trustees. Positive confirmation was provided. The motion was seconded. The motion passed unanimously.

AF: I-1a. Review of Audits: Report No. FAU 07/08-4, Lifelong Learning Society for the Fall 2007 Term.

Mr. Barnett advised the Committee that this audit is the first for the Lifelong Learning Society and noted that it is essentially three audits in one as it encompasses the operations of three campuses. He noted that in general LLS operations are incompliance with applicable laws and rules. Nonetheless, 13 recommendations were made to improve internal controls relating to transaction accountability, segregation of duties and asset

security. None of the recommendations is cause for major concern and management has agreed to implement all recommendations.

Upon completing the review of audits, and with acknowledgment of the President's approval, Chair Blosser provided approval to Mr. Barnett to distribute the 2008-2009 FAU Audit Plan.

Chair Blosser then reminded members of the BOT conference call scheduled for June 25 and of the need for a future BOT meeting (date to be determined) to address approval of the request to increase student tuition and fees.

The meeting was adjourned at 3:11 p.m.