

**GOVERNORS STATE UNIVERSITY
BOARD OF TRUSTEES**

**BUDGET AND FINANCE COMMITTEE
Minutes of the October 11, 2013 Meeting**

Patrick Ormsby, Chair

CALL TO ORDER AND ROLL CALL

The Budget and Finance Committee of the Board of Trustees met on Friday, October 11, 2013 in the William D. McGee Hall of Honors at Governors State University. The meeting was called to order by Committee Chair Patrick Ormsby at 9:09 a.m. Committee members Jack Beaupre, Lorraine Tyson, and Kayla Randolph-Clark were present. Also in attendance were Trustees Bruce Friefeld, Brian D. Mitchell and Anibal Taboas. Trustee Eileen Durkin was absent.

Others present: Elaine P. Maimon, President; Deborah E. Bordelon, Provost and Vice President for Academic Affairs; Alexis Kennedy, General Counsel; Karen Kissel, Vice President for Administration and Finance; Courtney Kohn Sanders, Vice President for Enrollment Management and Marketing; Will Davis, Interim Vice President for Development; Rashidah J. Muhammad, President, Faculty Senate; Laura Owens, President, Civil Service Senate; Elizabeth Ruiz, President, GSU University Professionals of Illinois; Angela Latham, Associate Provost; Sandra Mayfield, Associate Provost; Karen D'Arcy, Interim Dean, College of Education; Beth Cada, Dean, College of Health and Human Services; Ellen Foster Curtis, Dean, College of Business and Public Administration; Aurelio Valente, Dean of Students; Jeff Slovak, Deputy Vice President for Administration and Finance; Tracy Sullivan, Assistant Vice President for Procurement; Professor Walter Henne, Faculty Senate Representative to the Board of Trustees; and David Dixon, Internal Auditor.

Maimon provided an update on a discussion that took place at the August Board Retreat with regard to the anticipated downgrade in the University's credit rating by Moody's. On August 9, 2013 Moody's did downgrade 11 of 12 state public universities (Northern Illinois University was downgraded in March 2013; the University of Illinois-Urbana Champaign was not downgraded). She explained that this action is exclusively due to the financial situation in the State of Illinois and has nothing to do with campus management. She added that the Administration is doing their best as good citizens and problem solvers to work through the pension issue as well. There were no questions.

INFORMATION ITEMS

1. **Report on Purchases \$50,000-\$99,999 – May 1, 2013 through September 15, 2013.**
The report is in the Board book. There were no questions.
2. **Report on Mandatory and Discretionary Tuition Waivers.** Bordelon, as Chair of the Waiver Committee, reported. Ormsby questioned why there are more undergraduate waivers in the current academic year. Bordelon reported that last year the University covered full tuition, while this year the amount of the waiver was reduced in order to provide waivers to more recipients, as a recruitment maneuver to target key programs. However the dollar amount is very similar. Ormsby asked if the program was within budget, to which Bordelon responded it was.
3. **Report on FY12 Financial and Compliance Audits.** Kissel reported. She introduced Melinda Gieseke, a very seasoned CPA and new member of the University's financial team. Kissel pointed out that the Financial and Compliance Audits for the year ended June 30, 2012, (7/1/11 – 6/30/12) were conducted by the independent auditing firm of E.C. Ortiz & Co. on behalf of the State of Illinois Auditor General. These audits are their third set of audits for GSU. Because of the auditing requirements directed by the Auditor General, the auditors are present on GSU's campus about eight months of the year, five days a week, to complete their review. This review begins in April and the audits are finalized the following March. Kissel emphasized that because this audit is from fiscal year 2012, many of the findings/issues identified in these reports have been resolved.

The primary purpose of the Financial Audit is to express opinion on the University's FY2012 financial statements. Based on their audit, the auditors "expressed an unqualified opinion on the University's basic financial statements," and in their overall opinion the University's financial statements "present fairly, in all material respects, the financial position of Governors State University." The purpose of the Compliance Audit is to make sure GSU complied, in all material respects, with 1) Governmental Accounting Standards Compliance; 2) Federal Compliance (financial aid and federal grants); and 3) State Compliance.

For Fiscal Year 2012 there were 12 audit findings, six repeats from the previous year and six new. The first was for Governmental Accounting Standards: GSU received a finding for four miscalculations made when compiling the financial statements. In order to eliminate this finding in the future, GSU hired two additional seasoned CPAs in the Business Office/Accounting Department. Six findings involved Federal Compliance issues related to financial aid and federal grants (i.e. late reports, missing reports, and lack of adequate documentation). Kissel pointed out that a report submitted even one day late is considered a material finding, which was the case for GSU. These six findings are

primarily a function of the fact that GSU is still in the process of strengthening policies and procedures in these areas. In order to improve compliance with the federal rules and statutes in the future, new experienced staff have been hired in the Financial Aid Office, the grants accounting department, and the Office of Sponsored Programs and Research to provide proper expertise and leadership in these areas. Of the five findings in the State Compliance category, GSU has implemented, where possible, the necessary people, processes, and technology to reduce these exceptions. The first finding relates to the late filing of required state reports. For fiscal year 2013, the reports were due on September 30th and GSU filed them before the deadline so this finding will not be repeated. There were two findings related to contracting procedures and property and equipment. The auditor made recommendations to rectify these, and steps have been implemented to eliminate future findings. The remaining two findings were for insufficient timesheets on the part of faculty, and for vacant seats on the Board of Trustees.

Ormsby asked for an explanation of the timesheet finding. Kissel responded that State Statute requires staff and faculty to fill out timesheets in 15 minute increments. However, given the nature of faculty work this is not reasonable. She added that every State Public University receives this finding on a yearly basis. Ormsby then asked what process needs to be followed in order to get the statute changed. Maimon replied it would require legislation. She pointed out the final finding with regard to vacant Board seats is out of the hands of the Administration, but that everyone is pleased that GSU now has a full Board.

Tyson asked for an explanation on the process of hiring the auditors. Kissel responded that the Auditor General issues an RFP and assigns a firm to each university for a period of six years. Currently GSU is in the fourth year with E.C. Ortiz & Co. Taboas asked if there was any money left unbilled. Kissel responded there were some issues with grants, to which Taboas asked if it was a significant amount of money. Kissel responded it was not. Ormsby commented that with regard to the FY12 audit findings, it appears the Administration has taken actions to rectify these issues. Material findings are a serious comment by the auditors, but it appears they have been addressed with improvements in personnel and processes. Kissel agreed.

- 4. Report on FY15 Capital Appropriations Request to IBHE.** Maimon reported that although everyone is very pleased with the E/F wing renovations, GSU can't wait another 10 years to receive the next capital request. Therefore GSU's primary request is for a multipurpose building, followed by a standalone library building. Four smaller requests are also noted in the report. Tyson asked Maimon to elaborate on the vision for the library. Maimon explained that GSU's current library is not adequate for the world class University it is becoming. She asked Bordelon to elaborate. Bordelon explained

that there are needs for more access to technology and meeting areas. The goal is to provide as many resources as possible to the students, however the current space is limited and there is no room for expansion. Tyson questioned that with the growing trend in online text, is more space actually needed? Bordelon responded that it is definitely needed in order to increase those resources, and to provide more interaction space and study areas. Maimon added that the E/F wing renovation was the last significant capital funding GSU received, and it took over 10 years for the funds to be released. In addition, GSU has received only 10% of what the other State Public Universities have.

ACTION ITEMS

1. ***Resolution 14—04: Award of Contract for Patient Simulation Manikins.*** Ormsby requested a motion to include Resolution 14-04 on the Consent Agenda. Tyson made a motion. Mitchell seconded. There were no questions. The motion was approved by unanimous voice vote.
2. ***Resolution 14—05: Approval to Expand Recreational and Competitive Athletics Programs.*** Ormsby requested a motion to include Resolution 14-05 on the Consent Agenda. Randolph-Clark made a motion. Tyson seconded. Maimon summarized the extensive discussion on the subject undertaken at the Board Retreat, saying GSU is focused on recreation and lifelong health related activities, including competitive sports. Tyson asked her to mention the programs proposed. Maimon called on Dr. Aurelio Valente, Dean of Students, to reply. Valente explained that the National Association of Intercollegiate Athletics (NAIA) requires a university to have six active teams by year four in order to remain in the Association. GSU has outlined an initial plan for Men's and Women's Basketball, Men's Soccer, Men's and Women's Golf, Men's and Women's Cross Country, and Women's Volleyball to coincide with student interest, compatibility with mission, and compliance. The motion was approved by unanimous voice vote.
3. ***Resolution 14—06: Authorization of Differential Tuition Rates for International Students from Partner Colleges and Universities.*** Ormsby requested a motion to include Resolution 14-06 on the Consent Agenda. Tyson made a motion. Mitchell seconded. Maimon stated the proposal was discussed in depth at the Board Retreat. The rationale behind the proposal stems from GSU's growing number of partner institutions in China, Taiwan, Turkey, Ethiopia, Canada and Chile. These partner institutions undertake the marketing and recruiting responsibilities. The agreements call for a minimum number of students per semester in order to qualify for the reduced tuition rate. In addition, admission will only be granted in programs that have openings; United States citizens have first priority for admission. Tyson asked if there was any rationale behind which countries GSU has chosen to work with. Maimon responded a plan was developed by the

Global Affairs Committee in response to international student interest in studying abroad. She noted there is a very high interest in becoming fluent in English among the students at those institutions. In addition GSU had some previous relationships in South China which have been built upon. A relationship was forged with Sakarya University, in Turkey, by Provost Bordelon and Division Chair of Education, Colleen Sexton when Sexton had some Turkish students in class. Maimon reported that 12 professors from Sakarya University spent much of the summer at GSU for an immersive English and United States culture experience. Beaupre asked how these agreements are implemented. Maimon explained that a Memorandum of Understanding (MOU) is developed by the two universities, and signed by the Presidents or other representative senior administrators. Beaupre requested some samples, which Maimon agreed to supply. Tyson commended the Administration and the Global Affairs Committee in their efforts to expand global relationships. The motion was approved by unanimous voice vote.

4. ***Resolution 14—07: Approval of FY14 Operating Budget.*** Ormsby requested a motion to include Resolution 14-07 on the Consent Agenda. Tyson made a motion. Randolph-Clark seconded. Maimon recalled that the Preliminary FY14 Operating Budget was presented to the Board at the May 17, 2013 meeting. The budget presented today is the final budget with no material changes. There were no questions. The motion was approved by unanimous voice vote.

5. ***Resolution 14—08: Approval of FY15 Operating Appropriations Request to the Illinois Board of Higher Education (IBHE).*** Ormsby requested a motion to include Resolution 14-08 on the Consent Agenda. Beaupre made a motion. Tyson seconded. Maimon explained the University is required to present a budget to the IBHE each year at this time consisting of anticipated increases in the next fiscal year. The IBHE then makes recommendations to the Governor for incorporation into the State Budget. Ormsby noted the 4.2% increase. The motion was approved by unanimous voice vote.

There were no requests for Public Comment. Ormsby requested a motion to adjourn. Tyson made a motion. Mitchell seconded. The motion was approved by unanimous voice vote, and the Budget and Finance Committee of the Board of Trustees adjourned at 9:49 a.m.

Respectfully submitted,

Joan Johns Maloney