

Chicago State University  
Board of Trustees  
Finance and Audit Committee Meeting Minutes  
Academic Library – Auditorium, Room 415  
September 21, 2012  
9:50 a.m. – 11:00 a.m.

Board Members Present

Trustee Gary L. Rozier, Chairman  
Trustee Michael Curtin  
Trustee James T. Joyce  
Trustee Anthony L. Young  
Trustee Stephanie Sanchez, Student Representative

Board Members Not Present

Trustee Zaldwaynaka “Z” Scott  
Trustee Lisa Morrison Butler

Others Present

Dr. Wayne Watson, President of Chicago State University  
Mr. Patrick Cage, Esq., General Counsel for Labor and Legal Affairs  
Mr. Glenn Meeks, Vice President of Administration and Finance  
Mr. Kenneth Clow, Chief Internal Auditor  
Ms. Carla Davis, Esq., Compliance Officer  
Dr. Angela Hopgood, Office of Grants and Research Administration  
Mr. Edward “Ted” Lannon, Director of Finance/Controller  
Mr. Dan Schumacher, Intercollegiate Athletic Director  
Dr. Miriam Mobley-Smith, Dean, College of Pharmacy  
Ms. Farah C. Muscadin, Director of Intergovernmental Affairs, Office of Board of Trustees and Governmental Affairs  
Ms. Bonnie Phillips, Assistant to the Director

1. Call to Order

Chairman Rozier called the meeting to order.

2. Roll Call

A quorum was verified and roll call was taken.

3. Verification of Meeting Notice

The meeting notice was posted as mandated by the Illinois Open Meetings Act.

4. Action Items

a. **Approval of Previous Meeting Minutes**

**Trustee Young moved to approve the previous meeting minutes. Trustee Joyce seconded the motion.  
The motion passed as follows:**

**Ayes: 5  
Nays: 0**

5. Information Items

a. Administration and Financial Affairs Update

Mr. Edward Lannon presented an analysis of the financial statements. Mr. Lannon gave an overview of the balance sheet noting that the cash position is \$23.6 million and this is due to the improvement in collections from the state. He noted that the cash position for the University is good. Mr. Lannon reported that Grants and Contracts are down about \$4.7 million primarily due to the Ghana Grant; however, the grant has been renewed for another year.

*Chairman Rozier asked for the amount of the Ghana Grant.*

Vice President Meeks stated that it is \$5 million.

Vice President Meeks noted that these are preliminary financial statements and that the financial statements are in the process of being finalized. Vice President Meeks presented the cash position and stated that the cash in all banks is \$27.7 million as of September 20, 2012. Vice President Meeks noted the recently passed legislation that requires the state to pay out all outstanding dollars for FY2012, stating that the state owes CSU approximately \$9.7 million for FY2012. Vice President Meeks stated that the University is in a good cash position, but we must consider the pension issue.

*Trustee Young asked if the detailed analysis that Vice President Meeks presented was a part of the Board report.*

Vice President Meeks stated that because the information changes it is not a part of the Board report; however he would be more than happy to share this information and can send the information in an electronic format if required.

*Chairman Rozier asked Vice President Meeks to explain the difference between the FY2013 Preliminary Budget and the FY2013 Budget.*

Vice President Meeks stated that the difference is in the funding categories and gave a detailed report. Vice President Meeks gave a comparison of the FY2012 and the FY2013 Budgets. Vice President Meeks noted that in the General Funds there is a 7 percent decrease (approximately \$2.7 million) in the amount of support from the state and noted that this included a \$350,000 cut to the Pharmacy program. The other two Pharmacy programs in the state did not receive a reduction.

*Chairman Rozier asked how that compares to other state universities. Trustee Joyce asked Vice President Meeks to please explain the funding issue with Pharmacy.*

Vice President Meeks stated that other universities received approximately a 6 percent reduction and CSU received the highest reduction at 6.24 percent. Vice President Meeks also noted the funds (\$500,000) allotted specifically for the Student Financial Outreach Center, represents dollars that are taken away from operations.

Dean Mobley-Smith stated that CSU was not included in the Pharmacy License Fund, which appropriates dollars to state universities and gave a detail explanation of the issue. Vice President Meeks stated that there is a \$350,000 decrease for the Pharmacy program and noted that the other two state Pharmacy programs did not receive a reduction.

*Trustee Curtin asked if the Pharmacy decrease was made without any explanation to the University.*

Dean Mobley-Smith stated that one statement was made that this was a way to help reduce the budget and that the ultimate goal is to eliminate the fund.

President Watson and Ms. Muscadin stated that CSU is working with the legislators to retrieve these dollars for both the Student Financial Outreach Center and the Pharmacy Program.

## **1. Action Items**

**a. FY2013 Budget Approval**

Vice President Meeks presented the FY2013 Budget Approval Resolution.

**Trustee Young moved to approve the FY2013 Budget Approval Resolution. Trustee Joyce seconded the motion. The motion passed as follows:**

**Ayes: 5**

**Nays: 0**

**b. Audit Update**

Mr. Kenneth Clow gave an overview of the Internal Audit Board Report noting that one preliminary audit report in regards to the Banner 8 upgrade has been issued. Mr. Clow reported that there are two projects from FY2012 that are to be completed; Property Control (expected completion early November) and the Statutory Mandate Audit (draft report by early next week). Mr. Clow noted that 12 audits were completed for FY2012 and, of those, 10 were compliance related. Mr. Clow stated that the FY2013 Plan has been executed and five audits have started. The Internal Audit Software should go into production next week and the compliance piece will be in Phase 2.

**1. Action Item**

**a. Financial & Internal Audit Services**

Mr. Clow presented the Financial & Internal Audit Service Resolution. The companies that were accepted from the RFP were KPMG LLP, Adams Harris, Inc., Prado & Renteria CPA's, and Washington, Pittman & McKeever, LLC. Mr. Clow noted that this resolution is for work to be done in the future on a project by project basis. Vice President Meeks noted that CSU is being proactive with this resolution.

**Trustee Joyce moved to approve the Financial & Internal Audit Services Resolution. Trustee Curtin seconded the motion. The motion passed as follows:**

**Ayes: 5**

**Nays: 0**

- c. Ms. Carla Davis presented an overview of the Compliance Board Report. Ms. Davis noted that the quarterly has been completed. Ms. Davis has met with each Department head to make sure that they understand their mandates and reviewed their corrective action plans. The FY2012 audit will be completed by the first week in November. Ms. Davis gave an overview of the process in place to comply with the Mandated Reporter, as it relates to the Abused and Neglected Child Reporting Act (ANCRA).

*Chairman Rozier requested a visual outline and reporting structure of compliance for the December meeting.*

- d. Mr. Dan Schumacher gave an update on the Athletics Department. Mr. Schumacher thanked Ms. Clay-Pedersen and Ms. Constance Wright for the groundwork they laid within the Athletics Department. The Athletic Department will be an academically-focused department. Mr. Schumacher stated that academic standards will be changed and a 75 percent graduation rate will be our goal; he noted that the national average is 55 percent. He noted that the website is being redesigned with many different facets and we have our first corporate partnership. Mr. Schumacher noted that CSU will have a four-game television contract with Lakeshore television network. The Athletics Department will be a best-practice Compliance Department. Mr. Schumacher gave a report on various changes that will be happening in the Athletic Department.

*Trustee Curtin asked can a local high school use the facilities.*

Mr. Schumacher noted that this can be done; however, it cannot be affiliated with the Athletics Department per NCAA rule. The request would have to go through the University's Meeting and Events Department.

*Chairman Rozier asked if the student athletes are aware of the expectation of them as leaders on and off the field.*

Mr. Schumacher stated that he has met and discussed with the athletes on September 4<sup>th</sup> and this is an ongoing conversation. He is meeting with Ms. Angela Henderson and this will be a part of the conversation.

*Trustee asked for records (statistics) at the December meeting.*

e. Office of Grants and Research Administration

Ms. Angela Hopgood gave an overview of the Office of Grants and Research. Ms. Hopgood noted from July 1 to September 30, 2012, \$30 million was received and of that amount \$26 million was the result of financial aid grants.

1. **Action Items**

a. **Student Support Service**

Ms. Angela Hopgood presented the Student Support Service Resolution.

**Trustee Joyce moved to approve the Student Support Service Resolution. Trustee Anderson seconded the motion. The motion passed as follows:**

**Ayes: 5**

**Nays: 0**

b. **Project SUCCESS**

Ms. Angela Hopgood presented the Project SUCCESS Resolution.

**Trustee Joyce moved to approve the Project SUCCESS Resolution. Trustee Anderson seconded the motion. The motion passed as follows:**

**Ayes: 5**

**Nays: 0**

c. **Student Support Service**

Ms. Angela Hopgood presented the Student Support Service Resolution.

**Trustee Joyce moved to approve the Student Support Service Resolution. Trustee Anderson seconded the motion. The motion passed as follows:**

**Ayes: 5**

**Nays: 0**

d. **Midwest Center of Excellence**

Ms. Angela Hopgood presented the Midwest Center of Excellence Resolution.

**Trustee Joyce moved to approve the Midwest Center of Excellence Resolution. Trustee Anderson seconded the motion. The motion passed as follows:**

**Ayes: 5**

**Nays: 0**

*Trustee Young asked how the effectiveness of the use of the grant is monitored and can you determine if grant or university dollars are being spent. Can you provide a report on the monies being spent?*

Ms. Hopgood stated that the Directors of the grant send progress reports to the agencies. The Office of Grants and Research's function is to monitor the dollar amounts and compliance. She also stated that if the expectation of the grant is not met that the Office of Grants and Research would be made aware.

6. Other Matters

a. Public and Employee Comments

7. Adjournment

**Trustee Joyce moved to adjourn the meeting. Trustee Young seconded the motion. The motion passed as follows:**

**Ayes: 5**

**Nays: 0**

The meeting adjourned at 11:00 a.m.