

Audit, Facilities and Finance Committee Meeting
February 20, 2008
Academic Library - Auditorium
7:45 a.m.

Board Members Present

Trustee James Reynolds, Chairman
Trustee Juwaun Sutton, Student Trustee
Trustee Rev. Leon Finney, Jr., Ph.D.
Trustee Betsy Hill

Others Present

President Elnora D. Daniel
Dr. Kenneth Koroma, Assistant Vice President for Sponsored Programs
Dr. Dean Justmann, Senior Executive Director for Budget
Mr. John Meehan, Internal Auditor
Mr. Robert Parker, Interim Vice President for Finance and Administration
Mr. Arthur Steirs, Director of Facilities
Attorney Nancy Hall-Walker, Vice President for Labor and Legal Affairs
Dr. Erma Brooks Williams, Board Administrator

Roll Call/Verification of Meeting Notice

Chairman Reynolds called the meeting to order. Dr. Erma Brooks Williams verified that the meeting notice had been posted as mandated by the Illinois Open Meetings Act.

Chairman Remarks

Chairman Reynolds stated that he was pleased with what had transpired relative to the audit findings. As finances are addressed, there will be a significant level of oversight and scrutiny. He indicated that he had a conversation with the Interim Vice President for Administration and Finance Mr. Richard Parker. There is a certain degree of confidence and comfort in knowing that someone is at the helm of the financial issues during the transition. Chairman Reynolds reiterated that it is critical for the trustees to exercise their responsibility and to obtain information needed to make responsible decisions. Trustee Reynolds thanked everyone for attending the meeting.

Approval of Meeting Minutes

Trustee Sutton moved to approve the previous minutes. Trustee Reynolds seconded. The motion passed.

Financial Affairs

Action Item

Mr. Robert Parker informed the Trustees that the tuition and fees and tuition for the College of Pharmacy need to be approved, as well as a nine percent increase for new students, a 4 ½ percent increase for returning students, and the \$100 technology fee.

Trustees queried Mr. Parker extensively for an analysis of the impact on revenue and student enrollment. Concerns were expressed relative to asking the Board to approve tuition and fees without adequate information. The College of Pharmacy requested that out-of-state student tuition be reduced from two times the amount (\$35,000) to 1.5 times the amount (\$17,000). However, Trustee Reynolds agreed that the proposal would be approved subject to the following conditions:

1. Research what other state universities are doing relative to tuition and fees and the impact on enrollment and students overall.
2. A plan is provided as to how the \$100 technology fee would be expended.
3. With respect to Pharmacy, where does this place the University compared to peer institutions.

Trustee Sutton moved to recommend to the full board an increase in tuition for FY 2009, subjected to the aforementioned conditions. Trustee Reynolds seconded the motion. The motion passed:

Ayes: 2

Nays: 0

Budget Report

Dr. Justmann informed the Trustees that IBHE is offering a series of options relative to the budget process as follows: remove all lump sum appropriations from the budget; submit a flat budget; and provide a 1 percent salary increase. The remaining increase in salaries would come from the University Income Fund. He noted that the driving force is to support revenue through an increase in tuition and fees where the University would be in a position to provide salary increases as agreed through the collective bargaining process. Dr. Justmann provided a power point presentation overview of the budget. He noted that \$27 million of the budget is for salaries; \$300,000 for under funded utilities and the library; and \$575,000 for under funded mandates related to veterans. No permanent budgets were provided for the Convocation Center and the Library. He provided a budget history for the past five years of the one-time lump sum appropriations. He noted that there has been a decline in state support for the University from 79 percent in FY 02 to 65 percent in 2008. To address this decline in revenue, the budget strategies must be to increase revenue from enrollment, reallocations, athletics and naming rights.

Audit Update

Mr. Richard Parker, the interim Vice President for Finance, was introduced. He noted that he was working on the 2007 audit findings. Property control is still an issue. There are some insignificant findings that are being addressed. There also are some accounting errors that do not affect cash. Property issues will be repeat findings. There are still travel issues. The audit report should be available in May or June of 2008. President Daniel also informed the Trustees that USAID might conduct an audit of the Ghana initiative. The University has received a letter from the federal agency.

Internal Audit Update

Mr. John Meehan informed the trustees that the Legislative Audit Commission concluded the audit and passed the 2006 findings. Universities 2007 Audit Reports are not yet on the web. They should be posted by May 2008. Mr. Meehan was queried as to his role, responsibilities and authority and why the Internal Auditor did not discover some of these findings. He responded that his role is to advise the University's CEO and relevant unit of concerns detected during his review process.

Grants Update

Dr. Koroma informed the trustees that the total grants were \$23.7 million.

Facilities Update

Mr. Art Stiers provided a written update on activities related to facilities. He informed the trustees that the \$11.6 million pharmacy construction project is being held up by the state Procurement Board because of the failure of the University's Purchasing Department to advertise the notice of award. Because of this action, occupancy wouldn't occur until September 2008. President Daniel noted that this is problematic given the College of Pharmacy visit will occur late spring.

Public and Employee Comments

College of Health Sciences Dean Joseph Balogun expressed concerns relative to the level of increase in enrollment that the University expects and whether the University is in a position to increase enrollment when there is a shortfall of revenue. Trustees reiterated that additional ways of raising revenue are being currently examined, e.g. athletics, enrollment, fundraising, naming rights, and budget reallocations. Graduate Dean Justin Adjakeze also expressed similar concerns.

Adjournment

The meeting adjourned at 10:30 a.m.