
**Finance and Facilities Committee
also Sitting as the Audit Committee
MINUTES**

Trustees Present:

Vince Jones, Chair Grace Rusth Paul Stewart
Nagi Naganathan, President Steve Sliwa, Board Vice Chair

University Staff and Faculty Present:

Diana Angeli, Executive Assistant to the President
Aja Bettencourt-McCarthy, Instruction Librarian
Thom Darrah, Facilities Director
Brian Fox, VP of Finance and Administration
Dave Groff, Legal Counsel
Jim Jones, CIO/AVP of ITS
Stephanie Pope, Budget and Resource Planning Director
Richard Bailey, FOAC Chair/Professor Management

Others Present:

Trever Campbell, Kernutt Stokes (via skype)
Haley Lyons, Kernutt Stokes (via skype)

1. Call to Order/Roll/Declaration of a Quorum

Chair Jones called the meeting to order at 8:04am. The Secretary called roll and a quorum was declared.

Chair Jones explained that as he assumes the role of Committee Chair he will continue to serve as the Facilities liaison with the VPFA and Facilities Director and **Vice Chair Sliwa** will retain the role of Audit and Finance liaison.

2. Consent Agenda**2.1 Approve Minutes of the May 17, 2018 Meeting**

Vice Chair Sliwa moved to approve the minutes of the May 17, 2018 meeting. **Trustee Rusth** seconded the motion. With all trustees present voting aye, the motion passed unanimously.

3. Reports

3.1 Fiscal Operations Advisory Council

FOAC Chair Richard Bailey reviewed the charge of the council and gave an overview of the last council meeting. The council reviewed the FY 2018 soft-close budget. He noted increases in state support and tuition revenue and unfilled positions resulted in a positive net balance. The council recommended for the 2019-20 budget development allocations focused on recruiting and retaining students, investments in quality infrastructure, building external connections and partnerships, positioning faculty and staff for success including compensation models that are competitive, and investments in long-term strategy of university including technology in classrooms. The council also discussed establishing a technology replacement program and developing a contingency plan to address declining state support. He gave an overview of the upcoming council meeting: review of capital projects, OMIC, FY '19 budget, and tuition enrollment forecast, and discussion on a recommendation for tuition increase.

3.2 Finance, Facilities and Audit Status Update: Fiscal Year 2018 and Quarterly Report

VPFA Fox stated the report includes the soft-close budget that includes unaudited year-end 2018 figures. He stated the auditors will present year-end figures at the January 2019 meeting. He reviewed the dashboards and reports in the agenda packet. He explained that the internal audit fraud, waste, and abuse hotlines are now forwarded to our general counsel rather than human resources.

3.3 Capital Projects Update

Director Darrah showed a PowerPoint presentation highlighting the status of ongoing capital projects, upcoming projects, and completed projects. Discussion regarding funding.

Trustee Stewart joined the meeting at 8:53am. Vice Chair Sliwa exited the meeting at 9am and rejoined at 9:22am.

4. Action Items

4.1 Approve the Fiscal Year 2019 Risk Assessment and Internal Audit Action Plan

VPFA Fox introduced Haley Lyons and Trever Campbell from Kernutt Stokes. **Ms. Lyons** explained the internal audit charter; gave a status update on the fraud, waste and abuse ethics hotline; and identified the four internal audits: expense/reimbursement, A/P, integrated student health center, and faculty workload management. **Mr. Campbell** explained university management is working on a response to the workload audit and expects a full response in January. He outlined the findings of the audit stating the university needs to refine policies, consistently apply policies, and capture additional data. **Vice Chair Sliwa** identified four benefits from measuring faculty workload: ensuring positive contribution to academic quality, responsiveness to the market/students with course offerings and scheduling, fairness for faculty, and economic efficiency.

Mr. Campbell explained the annual risk assessment involved interviewing twelve members of university management, identified new potential risks, and created an updated risk assessment to be used as a three-year plan. He explained the two main audits proposed for completion this year are OMIC and a fiscal review of athletics. They will also look back on progress made on prior audits. **Vice Chair Sliwa** suggested the auditors look at more

than two areas each year by reducing the hours spent on each and to plan out three years of four audits per year with updates and adjustments made annually.

Vice Chair Sliwa moved to approve the fiscal year 2019 Risk Assessment and Internal Audit Action Plan. Trustee Stewart seconded the motion. A roll call vote was made and the motion passed unanimously.

4.2 Acceptance of the Internal Audit Report: Faculty Workload Management

Trustee Stewart moved to accept the internal audit report for the faculty workload management and to forward it to Academic Quality and Student Success committee for review and discussion at the January 2019 meeting. Trustee Rusth seconded the motion. A roll call vote was made and the motion passed unanimously.

4.3 Acceptance of the Internal Audit Report: Integrated Student Health Center

Trustee Stewart moved to accept the internal audit report for the Integrated Student Health Center. Trustee Sliwa seconded the motion. A roll call vote was made and the motion passed unanimously.

4.4 Recommendation to the Full Board to Approve a Resolution on Bond Issuance for Recreation Center (XI-F(1) Bond)

VPFA Fox stated in 2017 we asked for approval of \$5M in XI-F bonds. He explained the bond process where the university uses the state's credit rating, the state issues the bond, and the university repays the bond. This bond is proposed to support the fitness facilities. The Board previously approved spending funds against the proceeds and now the university is required to provide an issuance resolution stating the university can repay the bonds. **Vice Chair Sliwa** recommended the life of the asset be longer than the payback period.

Trustee Stewart moved to recommend to the full board approval of Resolution 18-1, a resolution that sufficient revenue exists to support fully self-financing and self-liquidating article XI-F(1) bonds, totaling five million dollars in net proceeds through article XI-F(1) bonds to be issued by the state of Oregon for the benefit of Oregon Tech for the renovation of fitness facilities. Trustee Rusth seconded the motion. A roll call vote was made and the motion passed unanimously.

5. Discussion Items

5.1 Long-term Budget Forces

VPFA Fox gave a PowerPoint presentation and identified the main forces and risk factors to the university including a heavy reliance on state funds and tuition and enrollment, and a high percentage of the budget comprised of labor and PERS and PEBB costs. He

explained trends and predictions of enrollment, state funding, and employment. He noted the need for significant replenishment in equipment and capital assets.

6. Other Business/New Business – none

7. Adjournment

Meeting adjourned at 10:34am

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'S. Fox', is written over a faint circular stamp.

Sandra Fox
Board Secretary