

RADFORD UNIVERSITY  
BOARD OF VISITORS  
BUSINESS AFFAIRS COMMITTEE  
SEPTEMBER 16, 2010

APPROVED

MINUTES

Committee members present:

Mr. Stephen A. Musselwhite, Business Affairs Committee Chair  
The Honorable J. Brandon Bell  
Mr. Darius A. Johnson

Board members present:

Mr. Thomas A. Fraim, Jr., Rector  
Ms. Nancy A. Artis, Vice Rector  
Ms. Nancy H. Agee  
Mr. Stephan Q. Cassaday  
Mr. Milton C. Johns  
Mr. Walter F. Rugaber  
Dr. Cora S. Salzberg  
Mr. Ronald R. Wesley  
Ms. Linda K. Whitley-Taylor  
Dr. Kay K. Jordan (non-voting advisory faculty representative)  
Ms. Randi-Lyn Randall (non-voting advisory student representative)

Others present:

President Penelope W. Kyle  
Mr. Richard A. Alvarez, Vice President for Finance and Administration and Chief Financial Officer  
Mr. Danny M. Kemp, Vice President for Information Technology and Chief Information Officer  
Dr. Mark R. Shanley, Vice President for Student Affairs  
Dr. William R. Kennan, Vice Provost for Academic Programs/Engagement  
Mr. Jeffrey S. Douglas, Chief Communications Officer and Executive Director of University Relations  
Ms. Margaret D. McManus, University Auditor  
Dr. Steven W. Nape, Vice President for Enrollment Planning and Management  
Ms. Lisa H. Ridpath, Assistant Vice President for Budget and Planning  
Mr. Frank S. Ferguson, Director for Governmental Relations and Regulatory Affairs  
Mr. William H. Shorter, University Controller  
Faculty, staff, students and media

CALL TO ORDER

Mr. Stephen A. Musselwhite, Business Affairs Committee Chair, called the meeting to order at 10:30 a.m. in the Martin Hall Board Room.

On a motion by Mr. Darius A. Johnson and seconded by Mr. J. Brandon Bell, the minutes of the May 6, 2010, meeting were approved.

DISCUSSION:

Mr. Musselwhite introduced Ms. McManus, University Auditor. Ms. McManus presented an oral report on the University Discretionary Fund review for the quarter ending June 30, 2010. One hundred percent of expenditures were reviewed and all were found in compliance with the board of Visitors' guidelines.

Ms. McManus also presented the FY2010 Activity Report and the Fy2011 Audit Plan for the Office of Audit and Advisory Services. Also presented were the FY2010 Financial and Staffing Summary and the FY2011 Financial and Staffing Plan. Additional information presented and distributed included a Follow-Up Audit Status Report and reports on the RU Express System Review, Small Purchase Charge Card Review, and Rental Car Review.

In response to a question from committee member Mr. Johnson regarding the University's exposure for small purchase charge cards, Ms. McManus stated that the University's default transaction limit for each card holder is \$5,000, but that some individuals have a higher limit for special procurement needs. She explained that the number of card holders also changes from month to month. At Mr. Johnson's request, Ms. McManus will provide him with the dollar figure of the University's current exposure for this program.

Ms. Nancy E. Artis asked about the business issue in the Rental Care Review that noted discrepancies between reservations and bills. Ms. McManus stated that the discrepancies identified in the review were a mixture; some were errors by the University while others were errors by the vendor.

In response to questions from Mr. Stephan Q. Cassaday and Mr. Johnson, Ms. McManus stated that internal audit standards require a quality assurance review of internal audit functions every five years; the latest one for RU was completed in 2008 by an external reviewer. It was also noted that the Auditor of Public Accounts (APA) recently completed a state-side review of internal audit functions. It was discussed that the APA performs a financial statement audit and presents its report to the Business Affairs Committee each year. As an overview for new Board of Visitors members, President Kyle explained that the University Auditor has a direct reporting line to the Business Affairs Committee, but on a day-to-day basis, the position reports to the President.

Mr. Richard S. Alvarez, Vice President for Finance and Administration and Chief Financial Officer, presented an update of current capital projects. At the suggestions of several committee members, and in light of the numerous projects underway, the committee will receive more frequent updates of the University's capital projects.

Mr. Alvarez reported that the College of Business and Economics project has entered the construction phase; the Student Fitness and Wellness Center has begun site plan development; the Madison and Jefferson Residence Halls renovation projects are in the interior demolition phase (resulting in 300 beds being off line); and the Science Building project preplanning study is complete, with the next step being the selection of the Architect/Engineering team to work with the University to develop the project design. A summary report of these projects was included as part of the committee notebook and is attached hereto as Attachment A.

Mr. Alvarez and Ms. Lisa H. Ridpath, Assistant Vice President for Budget and Planning, presented a

preliminary financial review by major program for the year-ending June 30, 2010. It was reported that revenue and expenditures were at expected levels for fiscal year 2010. A copy of the report was included as part of the committee notebook and is attached hereto as Attachment B.

Mr. Cassaday asked about the difference between actual revenues and expenditures and requested a summary analysis. Ms. Ridpath explained the majority of the difference was due to the expected contribution to the auxiliary reserve for operating, renewal and replacement, and future capital projects. She also explained the difference in the Education and General (E and G) program was due to required reversions to the state as identified in the footnotes. A summary of revenues and expenditures will be prepared and handed out at the afternoon strategic budgeting session and is attached hereto as Attachment C.

ACTION ITEM:

Mr. Alvarez presented the proposed fiscal year 2010-2011 operating budget (Attachments D and E) and discussed the impact of one-time federal stimulus (ARRA) funding. Projected operating revenue is expected to be \$166.3 million with projected expenditures anticipated at \$157.2 million. The difference represents funds used to support auxiliary reserve requirements for operations, renewal and replacement, and capital projects.

When reviewing the FY2010-11 proposed budget, Ms. Nancy H. Agee commented that perhaps the Radford University Foundation should have a goal to match the University's non-general fund contribution for need-based Student Financial Assistance.

In discussions regarding E and G general fund support, Mr. Bell requested the historical dollar trend in addition to the percentage trend presented. This information was available and presented to the committee. Mr. Bell requested the trend of general fund support per Full Time Equivalent (FTE) student. A report of this information will be forwarded to the committee.

Mr. Musselwhite called for the recommendation of a Resolution (Attachment F) approving the 2010-2011 operating budget to the full board. On a motion by Mr. Bell and seconded by Mr. Johnson, the recommendation was approved.

The meeting adjourned at 11:35 a.m.

Barbara M. Conner, Recorder