

Business Affairs and Audit Committee

February 2022

RADFORD UNIVERSITY

Board of Visitors

RADFORD UNIVERSITY

Board of Visitors

BUSINESS AFFAIRS AND AUDIT COMMITTEE MEETING

1:00 P.M.**

FEBRUARY 10, 2022

MARY ANN JENNINGS HOVIS MEMORIAL BOARD ROOM

THIRD FLOOR, MARTIN HALL, RADFORD, VA

DRAFT **AGENDA**

- **CALL TO ORDER** Dr. Debra K. McMahon, *Chair*
- **APPROVAL OF AGENDA** Dr. Debra K. McMahon, *Chair*
- **APPROVAL OF MINUTES** Dr. Debra K. McMahon, *Chair*
 - December 2, 2021
- **REPORTS**
 - Report from the Auditor of Public Accounts Mr. Zachary Borgerding, *Audit Director, Reporting and Standards, and Radford University Project Manager*
 - University Auditor's Report Ms. Margaret McManus, *University Auditor*
 - Capital Projects Update Mr. Chad A. Reed, *Vice President for Finance and Administration and Chief Financial Officer*
 - Information Technology Update Mr. Ed Oakes, *Associate Vice President for Information Technology and Chief Information Officer*
- **RECOMMENDATIONS AND ACTION ITEMS**
 - Recommendation for Approval of Resolution Certifying Compliance with the Radford University University Debt Management Policy Ms. Stephanie Jennelle, *Associate Vice President for Finance and University Controller*
 - Recommendation for Approval of Resolution of Third Quarter 2021-2022 University Operating Budget Adjustment Mr. Chad A. Reed, *Vice President for Finance and Administration and Chief Financial Officer*
- **OTHER BUSINESS** Dr. Debra K. McMahon, *Chair*
- **ADJOURNMENT** Dr. Debra K. McMahon, *Chair*

****All start times for committees are approximate only. Meetings may begin either before or after the listed approximate start time as committee are ready to proceed**

COMMITTEE MEMBERS

Dr. Debra K. McMahon, Chair

Mr. Mark S. Lawrence, Vice Chair

Dr. Susan Whealler Johnston

Mr. Marquett Smith

Ms. Nancy Angland Rice

February 2022 Meeting Materials

RADFORD UNIVERSITY

Board of Visitors

Radford University
Business Affairs and Audit Committee Entrance Conference Agenda
February 10, 2022

1. Introductions

Audit Staff:

- Zachary Borgerding, Project Manager
- Meghan Finney, Auditor In-Charge

2. NCAA Agreed Upon Procedures: Our agreed-upon procedures are complete. The date for the report is January 15, 2022. The NCAA report, which includes a schedule of financial activity related to intercollegiate athletics, is in final review and is expected to be distributed in February.

3. Student Financial Aid Cluster: Our audit of the major federal program of the Student Financial Assistance Programs Cluster in support of the Statewide Single Audit is nearly complete. Potential audit findings include Prompt Return of Unclaimed Aid to the Department of Education and the continuation of our previous finding on Enrollment Reporting.

4. Audit Objectives, Audit Plan and Audit Roles:

a. Audit timing

- Audit Period – July 1, 2020 through June 30, 2021
- Audit Deadline – April 28, 2022

b. Audit objectives – Our audit objectives are to provide an opinion to the University’s financial statements that will be included with the financial statements that are distributed by the University. We will also issue a report on internal controls and compliance that will include any findings or recommendations that we may issue as a result of the audit. We will follow up on any recommendations included in the prior year report to determine whether the University has taken adequate corrective action.

c. Overview of the relationship between APA, management, and the Board – APA and Radford University management work closely together in that APA is available to assist University staff during the report preparation process and we review the results of the financial statement preparation during the audit. APA follows up on all findings and recommendations to determine that management addresses findings promptly. At the completion of the audit, APA reports the results of our audits to the Board or the Audit Committee. We also work closely with internal audit throughout the year.

d. Responsibilities of management relative to internal control and financial statements – ARMICS outlines the University’s responsibility for internal control and the University annually certifies its responsibilities for internal control and accurate financial statements. Our responsibility is to ensure that internal controls are adequate as designed and then to review whether they are operating as intended.

5. Audit Approach

- a. Our Office is continuously improving our audit approach by identifying, evaluating, and testing controls that are built into the University's administrative and financial system. We continue to identify, test, and evaluate manual processes and controls, as well.
- b. The final audit report may include recommendations to improve processes and the use of administrative systems. These may be separately identified as "efficiency recommendations."

6. Discussion of Risk with Board Members

The APA encourages the Board of Visitors to provide input regarding the risks they perceive to the University in completing its mission. While Board members can direct their comments to the Audit Committee Chair or the Internal Audit Director to be forwarded to the APA Project Manager, we also plan to meet directly with the Audit Committee Chair. We will discuss the following issues:

- Any areas of fraud risk
- Any areas of institutional risk
- Any matters that the Board believes should be considered in planning

7. Required Communication with Board

Required Communications with the Board

Management will acknowledge that they understand and agree to the following terms of the engagement and Management's responsibilities during the audit process.

Responsibilities during the audit process:

1. The Auditor's (APA) Responsibilities

Overall Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and standards for financial audits contained in the *Government Auditing Standards*. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Audit Procedures-General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable, rather than absolute assurance, about whether the financial statements are free of material misstatement whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*.

Audit Procedures-Internal Control and Compliance

Our audit will include obtaining an understanding of internal controls, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, we will communicate in writing to management and those charged with governance any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Also, as part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants

Those charged with governance

We are responsible for communicating significant matters related to the financial statement audit that are, in the auditor's professional judgment, relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. GAAS do not require the auditor to design procedures for the purpose of identifying other matters to communicate with those charged with governance.

2. Management's Responsibilities –

Our audit will be conducted on the basis that Management **acknowledge and understand that they have the following responsibilities:**

- Preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America
- Design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
- Identify and ensure compliance with applicable laws, regulations, contracts, and grant agreements
- Informing the APA about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements
- Informing the APA (and others as required by the Code of Virginia § 30-138) of knowledge of any allegations of fraud or suspected fraud affecting the University received in communications from employees, former employees, regulators, or others
- As received, forward copies of each federal audit performed on agency or institution programs or activities to the Auditor of Public Accounts as required by Chapter 836 § 4-8.02 a. of the 2017 Virginia Acts of Assembly. To forward these reports to the Auditor of Public Accounts, use APAFederal@apa.virginia.gov. If the federal report is only available in hardcopy or contains FOIA exempt information, DO NOT email the report, use this same email account to notify the Auditor of Public Accounts of the federal report and provide the contact information of the individual with the report.
- Informing the APA of any potential documents that are FOIA exempt
- Ensuring that management is reliable and financial information is reliable and properly recorded
- Making all financial records and related information available to the APA
- Providing the APA with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence
- Responding to audit findings and recommendations, as well as providing your planned corrective actions and the timing and format for providing that information
- Providing the APA at the end of the audit with a written letter confirming certain representations made during the audit
- Adjusting the financial statements to correct material misstatements and providing the APA with a representation that the effects of any uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole
- Preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any

document that contains and indicates that we have reported on the supplementary information. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

- As it relates to the University's group audit, management is responsible for the following:
 - Informing the Radford University Foundation's (Foundation) management of any matter that the group engagement team becomes aware that may be significant to the financial statements of the Foundation, but of which Foundation management may be unaware.
 - Implementing procedures to determine if there are subsequent events for the Foundation through the APA's audit report date.
 - Implementing procedures to identify and disclose the Foundation's related parties and related party transactions.
 - Implementing policies and procedures related to the consolidation of group financial information.

3. Audit Committee

- Communicate with APA about audit scope
- Communicate with management and internal audit regarding progress
- Receive reports and findings from management and external audit

Other Elements of the audit process:

Overall planned scope of the audit

- **Approach to internal control** – We review internal controls to identify those areas where we can replace substantive testing with transactional testing. We look for management to have written formal policies and procedures and check for the implementation of those procedures.
- **Concept of materiality** – We do not review all transactions or accounts in detail. We use materiality to focus our work on those financial statement line items and those transactions that are material or significant to the University.

Identification of potential fraud risks

- **Approach to fraud** – Most of our audit is focused on our opinion on the financial statements and materiality. Our primary interest related to fraud would be in how it may affect the financial statements and those controls that the financial statements rely upon. The audit is not designed to detect error or fraud that is immaterial to the financial statements. However, we review policies and procedures for fraud risk and may direct our testwork towards addressing fraud risk.
- **Responsibility for identifying fraud risks and fraud** – Auditing standards require us to assess fraud risk, interview management and staff about their knowledge of fraud and fraud risk, and review exceptions for indications of possible fraudulent transactions. Auditors should be looking for red

flag fraud indicators. Even though government entities are not always profit oriented, the auditors remain vigilant about financial statement fraud.

- **Report fraudulent transactions as required by Code of Virginia § 30-138** Agencies are responsible for reporting circumstances that suggest a reasonable possibility that a fraudulent transaction has occurred involving funds or property under their control, where an officer or employee of the state or local government may be involved. Items should be reported to the Auditor of Public Accounts, the State Inspector General, and the Superintendent of State Police.

Audit Reporting

We will issue a written report upon completion of our audit of the University's financial statements. We will make reference to the Component Auditor's audit of Radford University Foundation in our report on the University's financial statements. Our report will be addressed to the board of directors of the University. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph(s). If our opinions on the financial statements are other than unqualified (unmodified), we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Audit Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RADFORD UNIVERSITY

Office of Audit and Advisory Services

FOLLOW-UP AUDIT STATUS REPORT BUSINESS AFFAIRS AND AUDIT COMMITTEE FEBRUARY 2022

Audit: IT – Contingency Planning Program – Backup and Recovery			
Business Issue	Planned Action	Completion Date	Status
1.2 For every IT system that is identified as sensitive relative to availability, the Standard requires implementation of backup and recovery plans. Improvements are needed in the University's current strategy. Specifically, Information Technology Services (ITS) has implemented an alternative approach using mitigating controls instead of actually testing that backups are functioning as intended. Actual (functional) testing of backups is an IT security industry best practice.	1.2 ITS will implement testing of backups.	July 1, 2021 Revised to September 1, 2021 Revised to January 20, 2022	Complete

Audit: Revenue Collection Point – Intercollegiate Athletics			
Business Issue	Planned Action	Completion Date	Status
4. An improvement is needed in the coding of deposits from University Tickets. Currently, Athletics ticket revenue received from University Tickets is recorded in the accounting system (Banner) net of fees. Accurate financial reporting requires that revenue be recorded at gross, with fees recorded separately as expenses.	4. Athletics will implement procedures to record ticket revenue received from University Tickets at gross, with fees recorded separately as expenses.	January 1, 2022	Complete

RADFORD UNIVERSITY

Office of Audit and Advisory Services

FOLLOW-UP AUDIT STATUS REPORT BUSINESS AFFAIRS AND AUDIT COMMITTEE FEBRUARY 2022

Audit: Financial Aid Enrollment Reporting					
Business Issue		Planned Action		Completion Date	Status
2.1	<p>Improvements are needed in the processes for specific data elements to help ensure accurate reporting. Specifically, in our sample of 40 students, we noted the following:</p> <p>For five students (13%), the effective date reported at the NSLDS Campus Level was correct, but the effective date reported at the Program Level was incorrect. This appeared to be due to a process run for students that transitioned directly to Radford University from the Jefferson College of Health Sciences as part of the merger. The process appeared to be incorrectly modifying those effective dates for students with status changes after the merger.</p>	2.1	<p>The Registrar's Office has worked with Information Technology Services to find the error in the script used in this process. The script has been adjusted, and it will be implemented for the next data submission to the National Student Clearinghouse.</p>	December 10, 2021	Follow-up review is in process
2.2	<p>Improvements are needed in the processes for specific data elements to help ensure accurate reporting. Specifically, in our sample of 40 students, we noted the following:</p> <p>For two students (5%), although the students' status appeared to be correct in Banner, the status in NSLDS was incorrect. Management noted that the information being reported in the University's file to the National Student Clearinghouse (which transmits the data to NSLDS) agreed with the NLSDS status. However, it was unclear why the incorrect status was in the University's file.</p>	2.2	<p>The Registrar's Office has worked with Information Technology Services and determined that a table in Banner had an incorrect code for ¾ time students. The table has been updated and the time status for students has been updated accordingly. This updated information will be reflected in the next data file submission to the National Student Clearinghouse.</p>	December 10, 2021	Follow-up review is in process

Capital Projects Update



Artis Center Construction Update



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Update on Governor's Capital Budget

This budget includes one of the largest one-time infusions of funding for capital and uses 100% general fund support for new construction, renovation and infrastructure upgrade capital projects. Supplemental funding provided to address potential cost overruns due to supply chain issues and prevailing wage.

Radford University Allocation:

- \$15,425,000 general fund to Improve Campus Utilities Infrastructure
- \$11,200,000 general fund and \$4,800,000 non-general fund to install Combined Heating and Power Cogeneration Facility
- Planning for McConnell Library project
- CAIC supplemental funding request

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Improve Campus Infrastructure Project



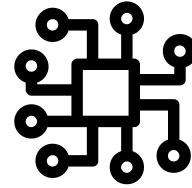
Stormwater
\$1.0M



Electricity
\$3.9M



Steam
\$2.3M



Information
Technology
\$.5M



Chilled Water
\$.8M



ADA
Improvements
\$.7M



Security/
Access Control
\$1.0M



Fire Alarm
\$1.4M

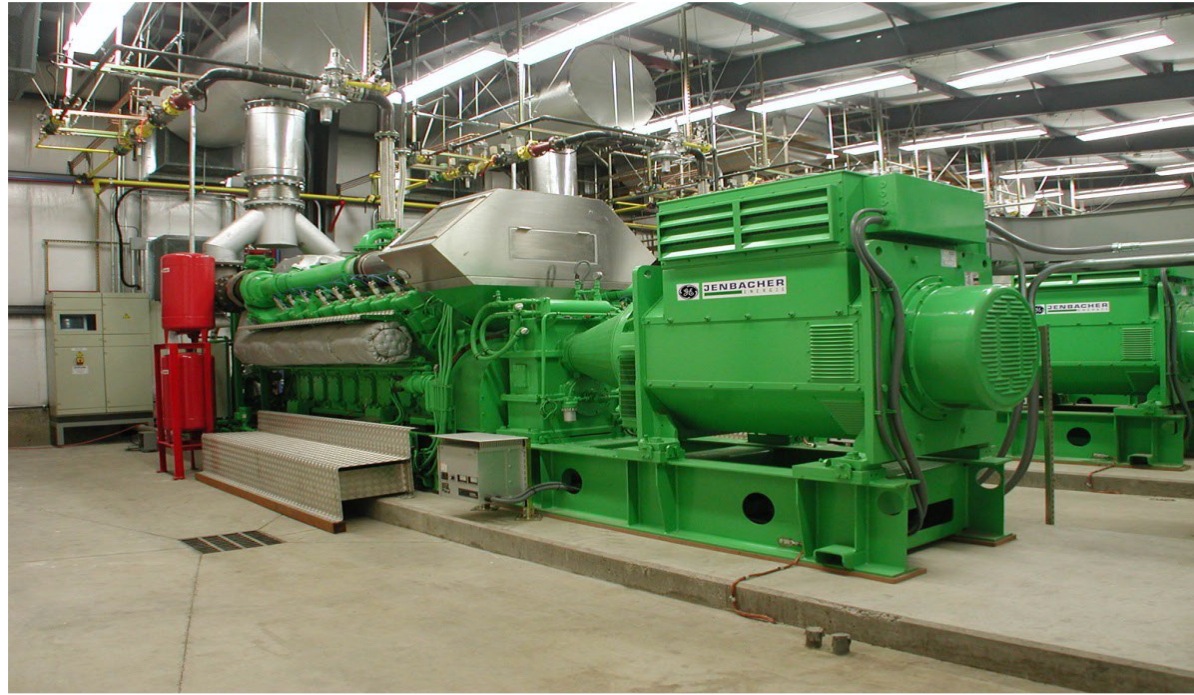


Water
\$.5M



Sanitary
\$.7M

Construct Combined Heat and Power Co-Generation Facility



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Renovation of McConnell Library



1930s



Present Day

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Radford University Carilion Academic Building



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**RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs and Audit Committee
February 10, 2022**

**Information Item
Capital Projects Update**

Item: Facilities Planning and Construction update on capital projects.

1. Artis Center for Adaptive Innovation and Creativity

Project Budget ----- \$101,651,000

Architect/Engineer Firm----- Hord Coplan and Macht

Construction Manager----- Skanska

The Artis Center for Adaptive Innovation and Creativity (Center) will address an array of significant existing programmatic and building deficiencies across a number of academic colleges. The approximately 178,000-square-foot multi-story building will include state-of-the-art instruction, laboratory, maker, studio, computer, and collaborative spaces that integrate the arts and health sciences, along with office and other academic support functions. Specialty spaces will include an instructional auditorium and support spaces, health science clinical lab spaces, painting and drawing studio spaces, and music and dance studio spaces. The project will be located in a prominent area of campus directly adjacent to East Main Street, and will respond aesthetically to the existing buildings along this important campus corridor.

The project scope will generally provide for demolition of the existing Porterfield East and West Halls and McGuffey Hall and construction of the new building and building systems and components including HVAC, plumbing, electrical, fire alarm and detection, fire suppression, lightning protection, and elevators. The project will replace existing facilities and building systems that are 50 years old and are inadequate for today's learning environment and technologies. Significant utility impacts will be accommodated, along with erosion/sediment control and stormwater management requirements. The University is also aggressively pursuing sustainable design features leading to certification through the US Green Building Council's LEED program.

The impacts of required swing spaces were investigated during the design phases of the project, and a final plan for the enabling projects was completed. Approximately 20 spaces across campus were modified to allow temporary occupancy during the construction period. The necessary College of Visual and Performing Arts moves were complete in August 2021 prior to the start of the fall semester.

The Capital Budget Request for the project was submitted in June 2019, and was included in the approved 2021-22 biennial budget bond package. Full project funding was not obtained until April 2021 due to delays caused by COVID-19 and the extended Special Session. Due to extenuating circumstances related to the effects of COVID-19, such as supply chain disruptions and limited workforce availability in southwest Virginia, the project is currently projecting a shortfall in funding. Through efforts by The Department of Planning and Budget and University Administration, additional funding for this project has been identified in the Governor's Budget to supplement current project appropriations.

The project has received an approved building permit for the early demolition and site development package, which got underway in May 2021. The full building construction package is anticipated being submitted in February with building permit issuance in March 2022. This schedule will facilitate project completion and move-in for classes in fall 2024.

2. Renovation of Tyler and Norwood Halls

The Master Plan identifies Norwood Hall and Tyler Hall as the next on-campus residence halls to be renovated. The renovation scope will provide for the replacement of plumbing piping, fixtures, HVAC systems, fire alarm systems, electrical upgrades, accessibility improvements, and asbestos abatement, similar to the renovation scopes recently completed for the Moffett Quad residence halls in 2016. The renovations will also include significant improvements to the first floor building entries, student support areas (i.e. lounges, kitchen, study spaces), along with activating the porch areas for student gathering space. These renovations will give vibrant new life to these buildings built in the 1930's.

Selection of an architect and engineering (AE) design firm is complete, with Hanbury (HEWV) currently under contract for pre-planning services to determine final project renovation scope. Final design will be complete in early 2023. This timeline will allow bidding in the spring of 2023, with construction getting underway in May of 2023 and project completion in August 2024. The total project budget, originally anticipated at \$17.0 million, is currently being analyzed for potential escalators. A CO-2 for design services was submitted in January 2022, following approval the AE contract will be awarded. Following AE contract execution the AE will proceed to begin developing preliminary design documents.

3. River Campus

The Master Plan identified development of the River Campus on University and City of Radford (City) properties adjacent to the New River. Stakeholder meetings have taken place, including academic and student affairs, and an initial visioning document has been compiled. The visioning document will serve to identify initial projects for execution, and planning and prioritization of further River Campus development projects.

The overall River Campus development includes zones for higher density public activities such as an amphitheater, event space, food and beverage areas, and associated support spaces; for quieter academic and passive recreation spaces; and for highly active recreation and student engagement areas.

An initial project was completed this summer that included the greenway extension on university property adjacent to parking Lot Z and the New River. This project will also ultimately include outdoor seating, event areas, and spaces designed to accommodate informal gatherings. The design for a second phase in coordination with the City to link the University greenway to the City greenway is complete. The University and the City will be negotiating a Memorandum of Understanding for shared construction activities, usage, and maintenance.

Further development projects include more significant public projects such as an amphitheater and food services, along with more recreation-based projects such as access to the river for people and boats, climbing walls and bouldering, and zip lines and ropes courses. An architect-engineer firm, hired by the University, has performed a feasibility study for the preferred location for an amphitheater that is currently being evaluated for next steps.

The City has developed construction documents to rehabilitate the University Drive bridge across the Norfolk Southern tracks adjacent to East Main Street. As part of this project, the University has agreed to fund the replacement of the fencing and the addition of street lighting along the bridge. This project will serve as a significant improvement to the entry to the northern section of campus, and help highlight future River Campus development projects. Project design is complete and the City has awarded a construction contract to Fairfield Echols with construction anticipated to begin March of 2022. A preconstruction meeting with the contractor is scheduled in February 2022.

The development of the River Campus will need to be carefully executed with the cooperation of the City, and will also need to be coordinated with all regulatory and permit requirements.

4. Renovate McConnell Library

The footprint that forms the McConnell Library consists of an original 14,000 square foot building built in 1931, a 47,500 square foot addition built in 1965, and a 46,444 square foot addition built in 1995. Both the 1965 addition and the 1995 addition, which represent approximately 90 percent of the library's square footage and operations, remain in their original configuration with building systems and equipment which have far exceeded their expected useful life. The original 1931 section of the building has been renovated for aesthetic improvements and space upfits, but still relies on end-of-life utility systems and components. Total renovation cost is expected to be \$49.5 million.

The renovation will replace all of the aged and inefficient building systems and equipment with modern efficient solutions. Additionally, the renovation will also incorporate repurposing and space changes to provide amenities found in and expected within modern libraries. With the increasing move to electronic resources and purging of print collections, the University plans to repurpose print storage space for alternative configurations. The purging and relocation of existing collections will also create the necessary space for the Radford University Innovation Lab (RU iLab). Reflective of current library trends, this space will include learning commons, breakout rooms, interdisciplinary presentation spaces and classrooms, and multiple maker-spaces. This move will rebrand the library as a hub for innovation and productivity. In particular, the RU iLab will create the infrastructure for students to engage in collaborative, interdisciplinary thinking to confront present-day needs and pressing future problems. The renovated space will also include student support areas for group study; provide technology-emphasized rooms for both instruction and information retrieval; incorporate student service functions such as tutoring and writing instruction; and incorporate the RU iLab.

The Governor's 2022-24 Biennial Budget includes planning funding for this project.

5. Combined Heat and Power Co-Generation Facility

This project would convert an existing building into a combined heat and power (CHP) facility for the overall campus. The conversion of the facility to CHP would consist of one or two 4.4 megawatt natural gas (NG) fired reciprocating engines. The engines would generate electricity for campus utilization while the waste heat generated from the equipment would supplement the university steam plant generation. The overall project costs for construction are approximately \$16.0 million for the twin unit option. The project is estimated to save the University \$2.0 million in annual operating cost.

The Governor's 2022-24 Biennial Budget includes \$11.2 million in general funds and \$4.8 million in non-general funds for this project.

6. The Highlander (Hotel and Conference Center)

The University identified the property location at the corner of Tyler Avenue and Lawrence/Calhoun Streets for a hotel and conference center. Radford University Foundation is collaborating with Jones Lang LaSalle, a commercial real estate firm, for this development opportunity. The hotel is planned to have approximately 125 rooms; street level restaurant, coffee shop, and business center; rooftop lounge and exercise center; conference center with meeting spaces; and adjacent parking.

The Foundation and the University jointly prepared and submitted an application for rezoning to the Radford Planning Commission, with Variance Application approved in October 2020. The City of Radford also approved the vacating of an alley through the site to allow use of the complete site area. Final funding and financing were executed in early April 2021, with ground-breaking in May 2021. S.B. Ballard Construction Company, Virginia Beach, was selected as the contractor to complete the development, and has completed demolition of the existing structures and is well underway on sitework and utilities. With a construction schedule of approximately 18 months, the hotel is anticipated to open in late 2022. As a reminder, this is a project of the Radford University Foundation and is included for reference purposes.

Action: None. Informational only.

Information Technology Services Update



Information Technology Services (ITS)

Mission

Deliver a strategic advantage by fostering creative and innovative use of technology to achieve the University's objectives. Promote effective stewardship of information assets and provide a secure, highly reliable technology infrastructure along with high-quality, customer oriented services and support, so as to meet the everchanging needs of the University community.



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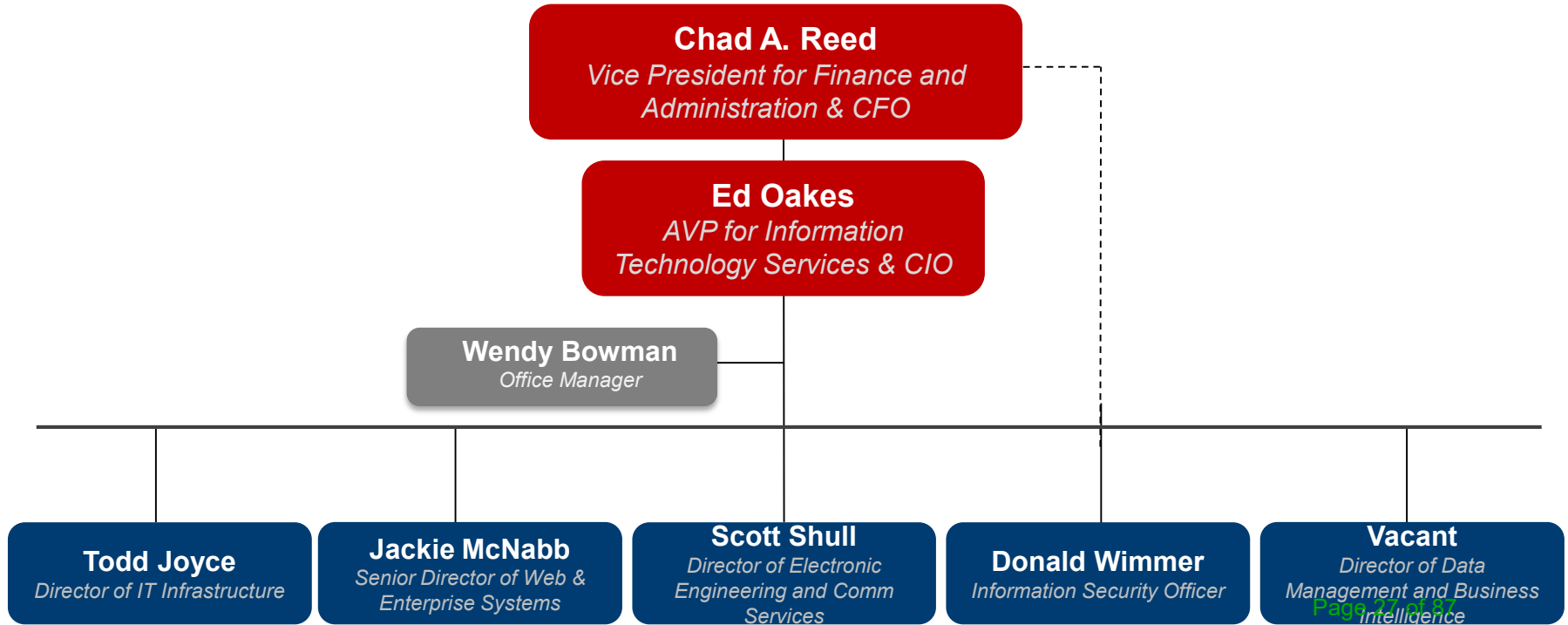
ITS Strategic Plan

Highlights

- Evaluate and adjust organizational structure and processes as needed to optimize the alignment of IT resources and University needs.
- Evaluate and use virtualization technologies and hosted/cloud services when secure, cost effective options are available.
- Promote IT security awareness and training to minimize security threats and incidents. Implement and adhere to security policies and standards and security best practices.

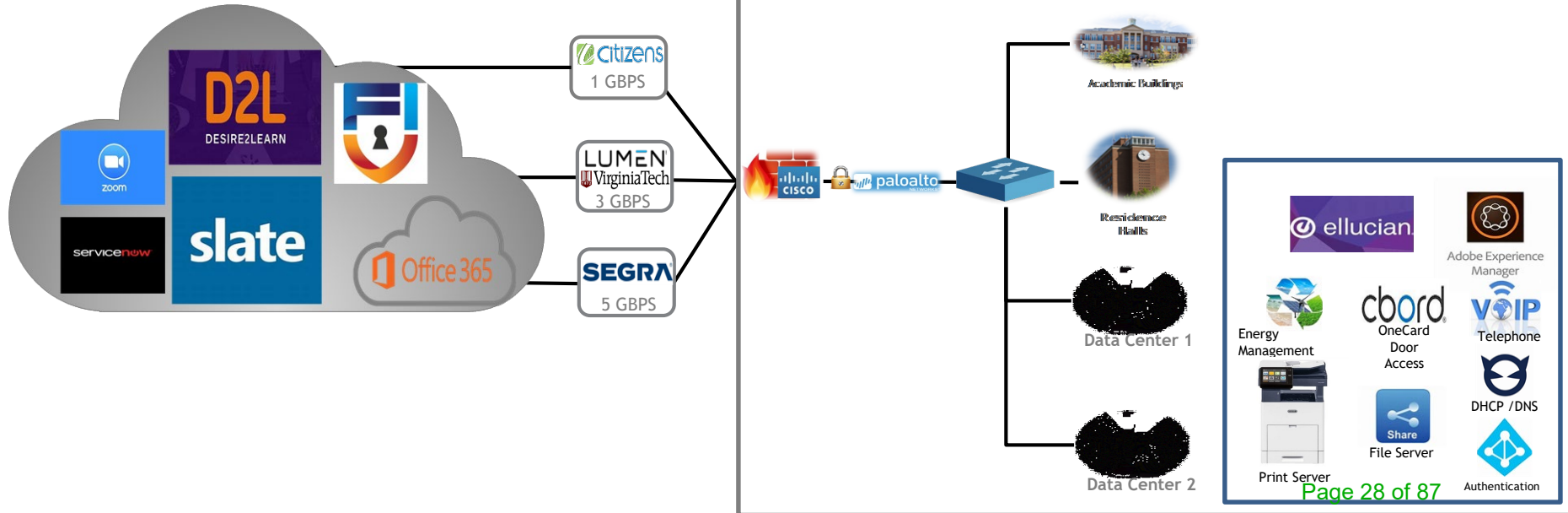


ITS Leadership

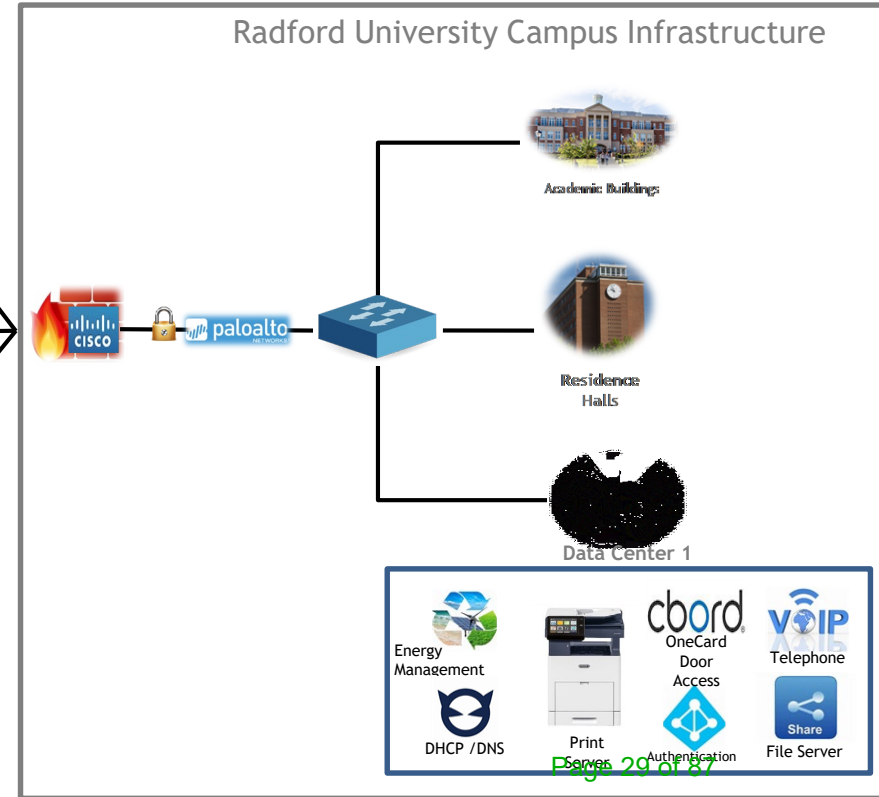


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Current State



Future State



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Project: Web Presence Cloud Migration

AEM Overview

- Platform for www.Radford.edu
- Eleven On-Premise Servers
- Enterprise-Level Benefits

AEM Cloud Service Benefits

- Faster Access to Latest Features
- Enhanced Functionality
- Enhanced Resiliency & Security

Project Timeline:



Project Kickoff
February 2021

Project
Readiness
Apr 2021

Onboarding
May-Jul 2021

Acceptance
Testing
Aug-Oct 2021

Go Live Prep
Nov-Dec 2021

Go Live
Jan 2022

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Project: Banner ERP System Cloud Migration

Ellucian ERP Overview

- Leading Higher Ed ERP System
- Primary System
- Forty On-Premise Servers

Cloud Benefits

- Faster Access to Latest Features
- Amazon Web Services Infrastructure
- Improved Security Posture
- Reduced Risk

Project Timeline:



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Project: Cybersecurity and Audit

Apache Log4j Vulnerability

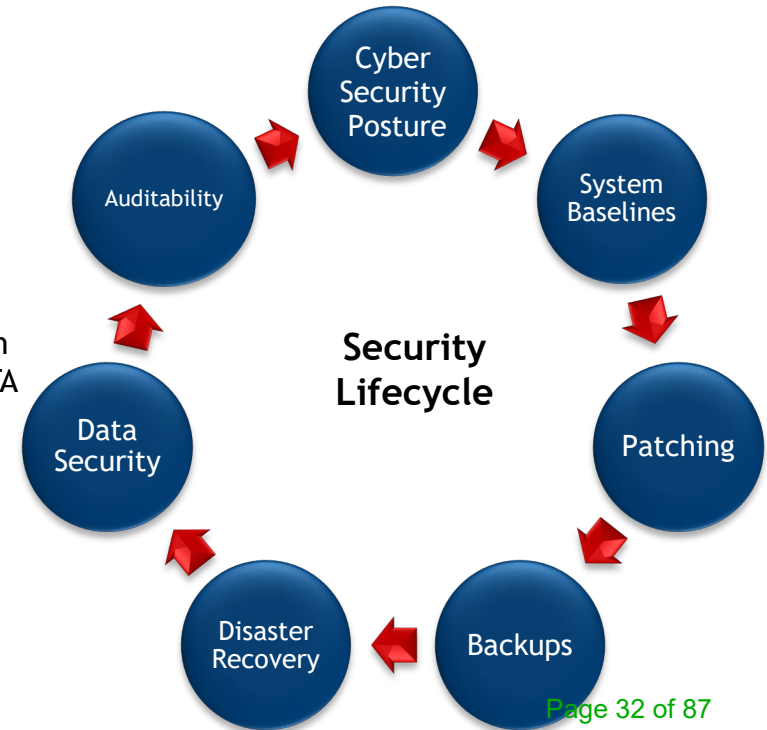
- Zero day vulnerability that impacted nearly all IT organizations
- Radford University went to great lengths to secure and defend our IT systems and sensitive organizational data

2022 Cybersecurity Awareness Training

- Annual cybersecurity awareness training will begin in March
- Course is currently being developed in accordance with VITA standards

APA Audit

- Annual audit is underway
- ITS Staff will work closely with the state auditors to complete the audit



RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
February 10, 2022

Information Item
Information Technology Services Update

Item: Information Technology Services (ITS) update on operations.

Web Presence Cloud Migration

Summary: In the summer of 2021, ITS began a project to migrate the on-premise Adobe Experience Manager (AEM) system to a Cloud Service.

Background: The AEM platform provides a comprehensive management solution for the campus web presence (www.radford.edu). This system provides departments with the ability to manage their own web site while still adhering to a set of consistent university branded templates.

Impact: ITS staff currently maintain eleven servers in the campus data centers as part of this environment. This transition will eliminate the time ITS staff spend on monitoring, patching, upgrading, testing, and securing these servers. Staff will be able to focus more effort on data/content management, access management, functionality and user experience for the Radford University web presence.

Timeline: Configuration, updates and content migration was conducted in Fall 2021 to prepare for the final go live expected for Spring 2022.

Banner ERP Cloud Migration

Summary: In December of 2021, Radford University committed to moving the Ellucian Banner environment from an on-premise university managed system to a managed cloud service hosted by Ellucian. Project kickoff will begin March of 2022.

Background: Radford University has partnered with Ellucian, utilizing Banner as the University's Enterprise Resource Planning (ERP) system since 2009. Banner serves as the system of record for student records, financial aid, finance and human resources. This system is currently maintained via on-premise hardware and software. ITS staff dedicate significant time and resources to maintain the 40+ on-premise servers in support of Banner. Ellucian has offered managed cloud service for several years and has matured this service through the Amazon AWS hosting platform. This maturity is evident due to the number of universities now leveraging this service from Ellucian.

Impact: Operating Banner as a managed cloud system will allow for quicker upgrades and access to the latest features and functionality. With this transition, ITS staff will be able to focus on data management, data integrity, and user experience enhancements that add value, rather than simply keeping the system operational. Moving to a managed cloud environment will remove our dependency on a small number of Banner IT experts and thus reduce our risk during staff turnover. The Ellucian managed cloud environment also reduces the level of risk associated with this system by relying on Ellucian's breadth of expertise for system baselines, backups, disaster recovery and security. Once completed, ITS staff will be able to focus more effort on modernizing other campus systems and enhancing integrations between systems.

Timeline: Radford University will kick off the implementation of Banner as a managed cloud system in March of 2022. A 12-month timeline is anticipated for configuration, testing, data migration and validation prior to a final cutover targeted as Spring of 2023.

IT Security Operational Update

Summary: Cybersecurity and constant security threats continue to serve as one of the key areas of focus for the ITS. In December of 2021, a zero day vulnerability in Apache Log4J was released impacting almost all organizations. The ITS team went to great lengths to review and update systems based on this threat to secure and defend IT systems and sensitive organizational data.

The ITS Cybersecurity team is currently preparing for the annual Cybersecurity Awareness Training program which will launch in March 2022. This online training provides faculty and staff with updated information on the latest cybersecurity threats.

Action:

None. Informational only.

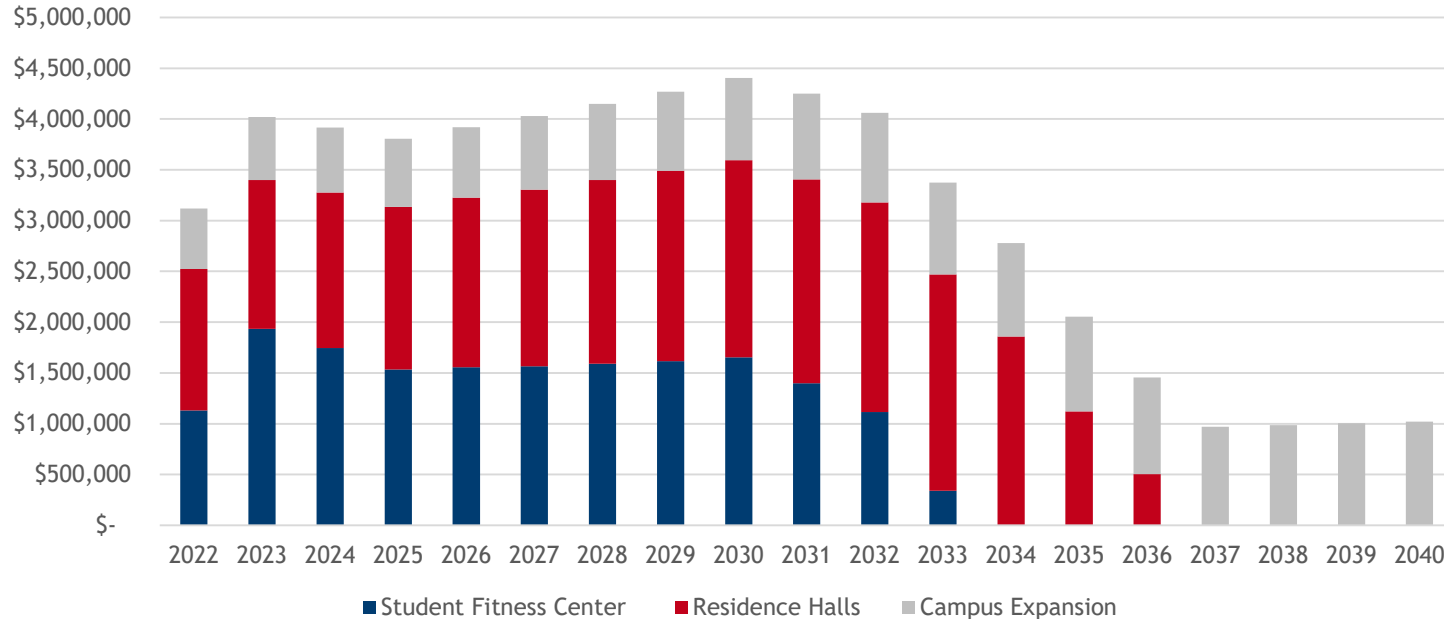
Debt Management Compliance



Debt Management Policy

- Outlines the University's philosophy on debt and ensures that existing and proposed debt issues are strategically managed consistent with financial resources in order to maintain a strong financial profile.
- The University utilizes a long-term strategic plan to establish institutional priorities and objectives, and incorporates the issuance of debt into its strategic plan to fund critical capital initiatives.
- Analyzing debt affordability is used to assist the University in determining the level of debt to be used as a financial resource for its capital program.

Debt Composition

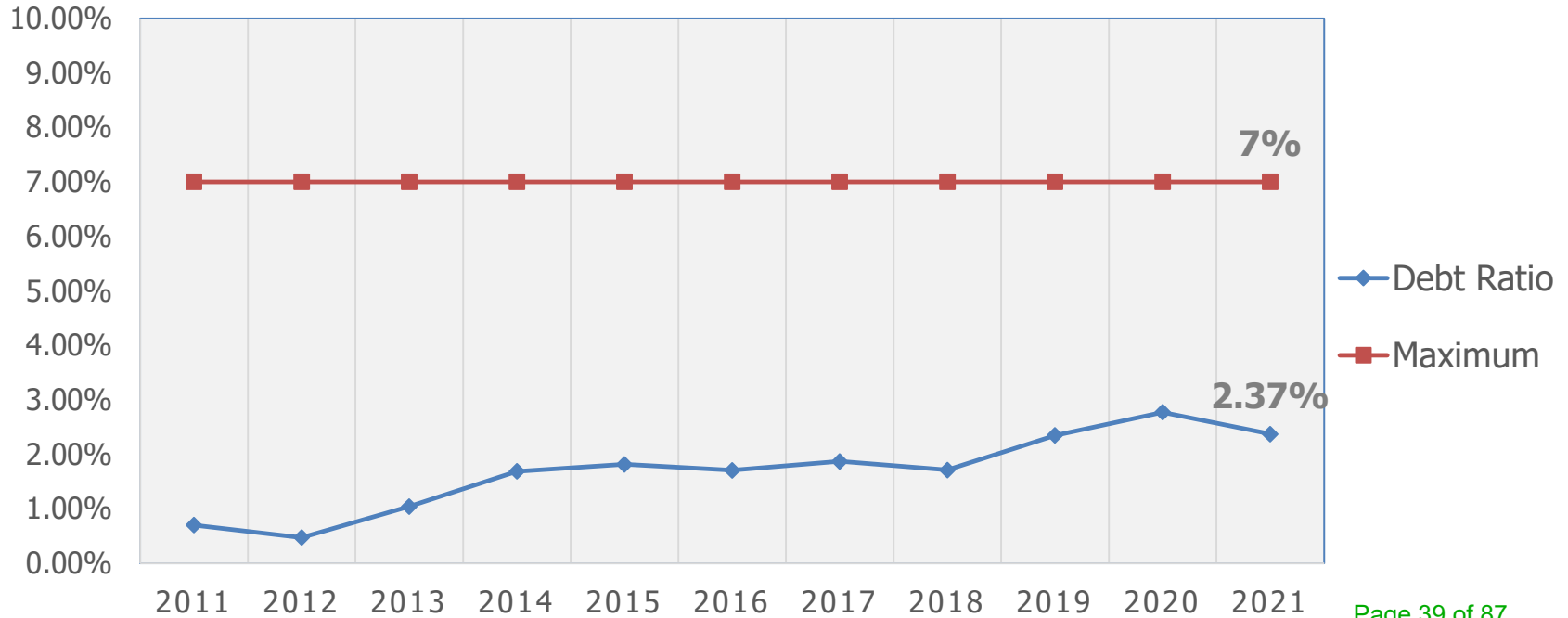


Debt Burden Ratio

- Ratio measures the University's debt service burden as a percentage of total operating expenses and identifies the maximum amount of debt that the University may have outstanding at any given time.
- The University debt burden ratio should not exceed seven (7) percent with the exception of instances where the debt obligations of revenue-producing capital projects are secured by income associated with the project. The target for this ratio is intended to maintain the University's long-term flexibility to finance existing requirements and new initiatives.

<i>Annual Debt Service:</i>	<i>\$</i>	<i>6,681,819</i>	<i>2.37%</i>
<i>Total Operating Expenses:</i>	<i>\$</i>	<i>281,668,081</i>	

Debt Burden Ratio Trend



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**Radford University Board of Visitors
Business Affairs & Audit Committee
February 10, 2022**

**Action Item
Compliance with Debt Management Policy**

Item:

Adoption of a Resolution certifying that Radford University is in compliance with its Debt Management Policy. In addition, this certification is required annually by the Secretary of Finance for the Commonwealth of Virginia as part of Institutional Performance reporting.

Background:

The 2005 Session of the General Assembly adopted, and the Governor signed, legislation that provides Radford University and all other public colleges and universities in the Commonwealth the opportunity to attain certain authority and autonomy to manage its academic and administrative affairs more efficiently and effectively through implementation of the Restructured Higher Education Financial and Administrative Operations Act. At its meeting on June 30, 2005, the Radford University Board of Visitors approved a Resolution of Commitment allowing the University to exercise restructured financial and operational authority as identified in the Restructuring Act.

The 2015 Virginia Acts of Assembly, Chapter 665 includes a requirement in the General Provisions related to Higher Education Restructuring. §4-9.01 requires, in part, that: *“Consistent with §23-9.6:1.01 [recodified as §23.1-206], Code of Virginia, the following education-related and financial and administrative management measures shall be the basis on which the State Council of Higher Education shall annually assess and certify institutional performance. Such certification shall be completed and forwarded in writing to the Governor and the General Assembly no later than October 1 of each even-numbered year. Institutional performance on measures set forth in paragraph D of this section shall be evaluated year-to-date by the Secretaries of Finance, Administration, and Technology as appropriate, and communicated to the State Council of Higher Education before October 1 of each even-numbered year. Financial benefits provided to each institution in accordance with § 2.2-5005 will be evaluated in light of that institution’s performance.”*

The Secretary of Finance collects information to fulfill the reporting requirements as they relate to paragraph D-Financial and Administrative Standards, specifically §4-9.01 d.2. which states: *“Institution complies with a debt management policy approved by its governing board that defines the maximum percent of institutional resources that can be used to pay debt service in a fiscal year, and the maximum amount of debt that can be prudently issued within a specified period.”* To assess this measure, the Secretary of Finance is seeking a statement from the Board of Visitors certifying Radford University’s compliance with said policy and the effective date of that policy.

Schedule A below provides the required ratio calculation and demonstrates the University is in compliance with its Debt Management Policy. Currently, as disclosed in the 2021 unaudited annual financial statements, the University's debt obligations including affiliated foundation total \$120,170,779 which is mainly attributable to the Student Recreation and Wellness Center, Renovations of four Residence Hall projects, and the affiliated foundation property acquisition.

<p style="text-align: center;">Schedule A</p> <p style="text-align: center;">RADFORD UNIVERSITY</p> <p style="text-align: center;">DEBT MANAGEMENT POLICY RATIO</p> <p>The calculation reflects June 30, 2021 unaudited Financial Statements for Total Operating Expenses (as defined in the University's Debt Management Policy); however, Annual Debt Service reflects expected payments as of June 30, 2022.</p>				
Board Approved Ratios	Range	Formula	Unaudited Financial Statements as of 6/30/2021	
<u>Debt Burden Ratio</u> Max Annual Debt Service as % of Operating Expenses	< 7%	$\frac{\text{Annual Debt Service}^*}{\text{Total Operating Expenses}^*}$	\$6,681,819	2.37%
			\$281,668,081	

* Ratio includes Radford University Foundation

The Debt Management Policy also identifies that an annual report shall be prepared for review by the Board of Visitors. The notes to the annual financial statements provide the required elements to comply with the Debt Management Policy. Below are the Financial Statement Notes related to outstanding obligations that were prepared for the year ending June 30, 2021 (unaudited):

NOTE 6: Long-Term Debt

Notes Payable—Pooled Bonds

The University issued 9(d) bonds by participating in the Public Higher Education Financing Program (Pooled Bond Program) created by the Virginia General Assembly in 1996. Through the Pooled Bond Program, the Virginia College Building Authority (VCBA) issues 9(d) bonds and uses the proceeds to purchase debt obligations (notes) of the University and various other institutions of higher education. The University's general revenue secures these notes.

The composition of notes payable at June 30, 2021, is summarized as follows:

<u>Notes Payable - Pooled Bonds:</u>	<u>Interest Rates at Issuance</u>	<u>Maturity</u>
Student Fitness Center		
Series 2016A, \$2.285 million par amount - partial refunding of Series 2009B	3.00% - 5.00%	2029
Series 2011A, \$4.235 million par amount	3.00% - 5.00%	2031
Series 2012B, \$11.155 million par amount	3.00% - 5.00%	2032
Series 2013A, \$4.865 million par amount	2.00% - 5.00%	2033
Series 2021B, \$13.46 million par amount - partial refunding of Series 2011A, 2012B, 2013A	3.00% - 5.00%	2033

Bonds Payable—9c

The University has issued bonds pursuant to section 9(c) of Article X of the Constitution of Virginia. Section 9(c) bonds are general obligation bonds issued by the Commonwealth of Virginia on behalf of the University. They are secured by the net revenues of the completed project and the full faith, credit and taxing power of the Commonwealth of Virginia.

The composition of bonds payable at June 30, 2021, is summarized as follows:

<u>Bonds Payable - 9c:</u>	<u>Interest Rates at Issuance</u>	<u>Maturity</u>
Renovation of Washington Hall (residence hall)		
Series 2013A, \$5.040 million par amount	2.00% - 5.00%	2033
Renovation of Pocahontas, Bolling, Draper (residence halls)		
Series 2014A, \$11.080 million par amount	2.00% - 5.00%	2034
Series 2015A, \$8.820 million par amount	2.00% - 5.00%	2035
Series 2016A, \$7.160 million par amount	3.00% - 5.00%	2036
Acquire Property for Campus Expansion (off-campus apartments)		
Series 2020A, \$16.030 million par amount	1.62% - 4.00%	2040

Capital Lease Obligation

In March 2018, the University entered into a 25-year capital lease with the Radford University Foundation, LLC to meet student housing demand. Due to existing housing commitments, a management agreement was entered between the Radford University Foundation and a third party to manage the properties. Therefore, the University's obligation regarding the capital lease was not effective until fiscal year 2020. The University accounted for the acquisition of the various residential properties as a capital lease in 2020, and recorded the building as a depreciable capital asset, and recorded a corresponding lease liability in long-term debt, both on its Statement of Net Position. During fiscal year 2021, a portion of the properties were purchased by the University which decreased the capital lease and therefore also decreased the depreciable asset and lease liability.

A summary of changes in long-term debt for the year ending June 30, 2021, is presented as follows:

Future principal payments and interest payments on long-term debt are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Governmental activities:						
Notes payable - pooled bonds	\$18,836,614	\$13,467,343	\$14,535,991	\$17,767,966	\$815,000	\$16,952,966
Bonds payable - 9c	28,446,248	17,555,726	1,866,624	44,135,350	1,990,000	42,145,350
Capital Lease	31,912,229	-	16,456,858	16,320,793	925,284	15,395,509
*Total long-term debt	\$79,195,091	\$31,023,069	\$32,859,473	\$78,224,109	\$3,730,284	\$74,493,825

*No amounts considered direct borrowings or direct payments.

Fiscal Year Ending	Governmental Activities			
	Notes Payable Pooled Bonds		Bonds Payable - 9c	
	Principal	Interest	Principal	Interest
June 30, 2022	815,000	310,590	1,990,000	1,378,156
June 30, 2023	1,290,000	255,116	2,085,000	1,284,606
June 30, 2024	1,410,000	215,516	2,170,000	1,186,556
June 30, 2025	1,520,000	195,383	2,270,000	1,092,406
June 30, 2026	1,545,000	181,380	2,365,000	999,556
2027-2031	7,745,000	575,757	13,280,000	3,535,694
2032-2036	2,855,000	58,476	12,270,000	1,230,150
2037	-	-	3,980,000	186,944
Unamortized Premium	587,966	-	3,725,350	-
Total	\$17,767,966	\$1,792,218	\$44,135,350	\$10,894,069

Payments of principal, interest, and executory costs on the capital lease for fiscal years subsequent to June 30, 2021 are as follows:

<u>Fiscal Year</u>	<u>Total Payment</u>
2022	\$ 925,284
2023	925,284
2024	925,284
2025	972,711
2026	1,119,252
2027-2031	5,596,259
2032-2036	5,596,259
2037-2041	5,596,259
2042-2046	2,145,233
Total Minimum Lease Payments	<u>\$ 23,801,825</u>
Less Executory Costs	<u>0</u>
Net Minimum Lease Payments	\$ 23,801,825
Less Interest	<u>7,481,032</u>
Present Value of Lease Payments	\$ 16,320,793

Long-Term Debt Defeasance

During fiscal year 2021, the Commonwealth of Virginia, on behalf of the University, issued pooled bonds Series 2021B for \$13,460,000 with interest rates of 1.62 to 4.0 percent to advance refund \$2,900,000 of Series 2011A, \$7,220,000 of Series 2012B and \$3,340,000 of Series 2013A pooled bonds. The bonds, issued at a premium of \$7,343, are used to provide funds for debt service savings for the Commonwealth. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds.

The advanced refunding resulted in a deferred accounting loss of \$206,722 for the University, which is being amortized to interest expense over the life of the next debt. At June 30, 2021, \$184,171 of the deferred accounting loss is reported on the Statement of Net Position as a deferred outflow of resources. The defeasance will reduce the University's total debt service obligation by \$1,202,463 over the next 13 years. The debt service savings discounted at a rate of 1.144 percent for 2011A, 1.276 percent for 2012B and 1.391 percent for 2013A results in a total economic gain of \$1,178,451.

For financial reporting purposes, these notes payables are considered an in-substance defeasance and have therefore been removed from the long-term debt payable line item of the Statement of Net Position. The assets in escrow have similarly been excluded.

NOTE 19E: Component Unit Financial Information

The following is a summary of the outstanding notes payable at June 30, 2021:

Note payable in monthly installments of \$5,182.12 through May 2025, interest payable at LIBOR plus 1.48 percent (1.57% and 1.65%% at June 30, 2021 and 2020, respectively). Unsecured.	\$222,840
Notes payable in monthly installments calculated on a 22-year amortization with a balloon payment of remaining amount in May 2028, with interest payable at LIBOR plus 0.82% with a floor of 1.57% beginning May 2021 (1.57% and 3.2% and 1.01% at June 30, 2021 and 2020, respectively). Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally, secured by an assignment of leases and rents.	355,899
Notes payable in monthly installments calculated on a 17-year amortization with a balloon payment of remaining amount in June 2028, with interest payable at LIBOR plus 0.82% (1.57% at June 30, 2021). Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally, secured by an assignment of leases and rents.	411,194
Notes payable in monthly Interest only payments through April 2020, then monthly installments calculated on a 23-year amortization with a balloon payment of the remaining amount In April 2025. Interest payable at LIBOR plus 0.82 (0.92% and 0.99% at June 30, 2021 and 2020, respectively). Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally, secured by an assignment of leases and rents.	4,782,901
Notes payable in monthly interest only payments through April 2020, then monthly installments calculated on a 23-year amortization with a balloon payment of remaining amount In April 2025. Interest payable at 4.20%. Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally, secured by an assignment of leases and rents.	9,693,396

Notes payable in monthly installments on a 15-year amortization with a balloon payment of remaining amount in June 2024, with interest payable at 3.72%. Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally, secured by an assignment of leases and rents. Secured by real estate and assignment of leases and rent.

188,284

Notes payable in monthly interest only payments through November 2021 then monthly installments calculated on a 25-year amortization with a balloon payment of remaining amount in May 2026. Interest payable at 2.39%. Secured by real estate, an assignment of rents and a pledge on securities.

4,000,000

Total long-term debt

\$19,654,514

Future principal payments on notes payable for years ending June 30 are as follows:

2022	\$647,290
2023	714,019
2024	884,505
2025	13,218,172
2026 and thereafter	<u>4,190,528</u>
Total long-term debt	<u><u>\$19,654,514</u></u>

Notes payables are subject to certain affirmative and negative covenants. Management believes the Foundation has complied with all covenants as of June 30, 2021.

Action:

Board of Visitors adoption of a Resolution of Compliance with the Radford University Debt Management Policy.

**Radford University Board of Visitors
Resolution
Compliance with Debt Management Policy**

WHEREAS, the 2005 Session of the General Assembly adopted, and the Governor signed, legislation that provides Radford University and all other public colleges and universities in the Commonwealth the opportunity to attain certain authority and autonomy to manage its academic and administrative affairs more efficiently and effectively through implementation of the Restructured Higher Education Financial and Administrative Operations Act, and

WHEREAS, on June 30, 2005, the Radford University Board of Visitors approved a Resolution of Commitment allowing the University to exercise restructured financial and operational authority as identified in the Restructuring Act, and

WHEREAS, the Governor has established financial and management measures on which annual assessment and certification of institutional performance will be evaluated, and

WHEREAS, the financial and management measures require the Radford University Board of Visitors to approve a Debt Management Policy, and

WHEREAS, the Radford University Board of Visitors approved such Debt Management Policy at its March 30, 2007, meeting; revisions to this policy were approved by the Board of Visitors at its August 23, 2007, November 12, 2010, and February 8, 2012 meetings, and

WHEREAS, Schedule A demonstrates that the University meets the requirements outlined in the Debt Management Policy; and

WHEREAS, the Board of Visitors must annually certify Radford University's compliance with the approved Debt Management Policy to the Secretary of Finance for the Commonwealth of Virginia;

NOW, THEREFORE, BE IT RESOLVED, this resolution approved by the Radford University Board of Visitors certifies that the University is in compliance with its Debt Management Policy.

2021-22 University Operating Budget Update



2021-22 Original Budget Summary

	Revenue (\$ in Thousands)			Expense (\$ in Thousands)		
	Base	One-Time	Total	Base	One-Time	Total
University Operating						
Education & General	\$144,137	\$1,331	\$145,468	\$145,468	\$0	\$145,468
Student Financial Assistance	16,080	0	16,080	16,080	0	16,080
Sponsored Programs	8,961	0	8,961	8,961	0	8,961
Auxiliary Enterprise	70,248	(275)	69,973	63,742	355	64,097
Total University	\$239,426	\$1,056	\$240,482	\$234,251	\$355	\$234,606

Current Year Fiscal Factors & Fluctuations

1) General Fund

- Routine mid-year financial aid allocations

2) Business Levels

- Changes in student demand & behavior
- Fall & Spring final enrollment levels

3) Relief Funds

- HEERF II & III
- ARPA

4) Miscellaneous

- Pandemic Recovery Relief
- Revenue Support from Relief Funds

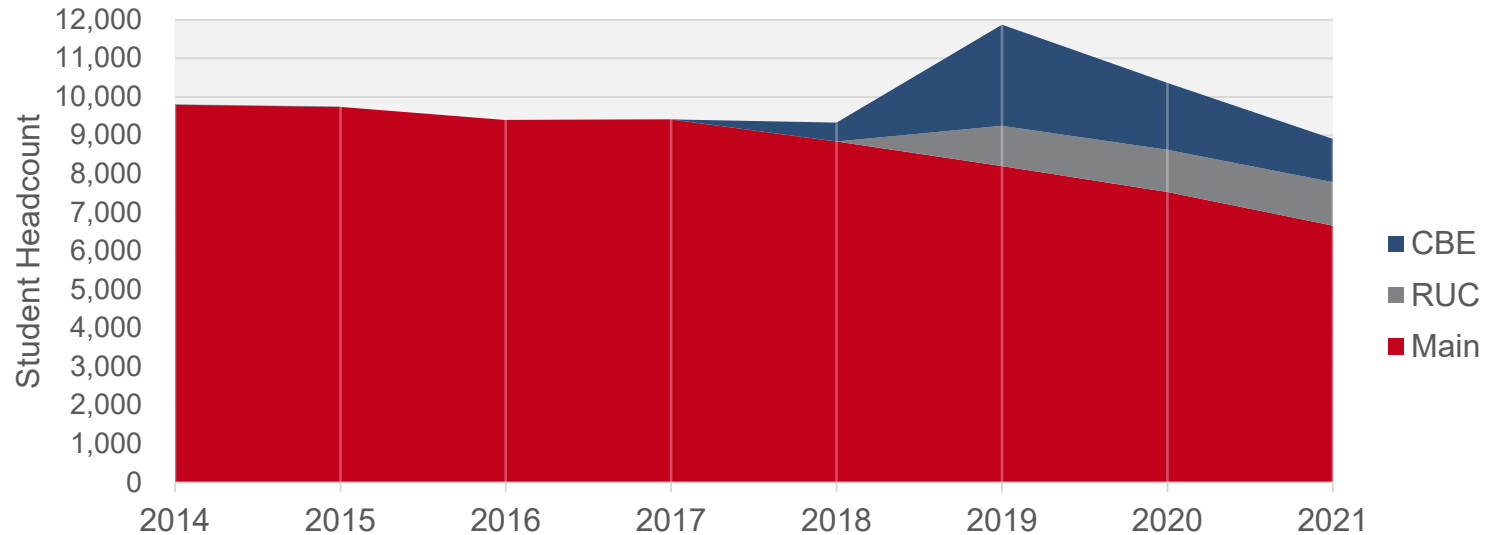
1) General Fund



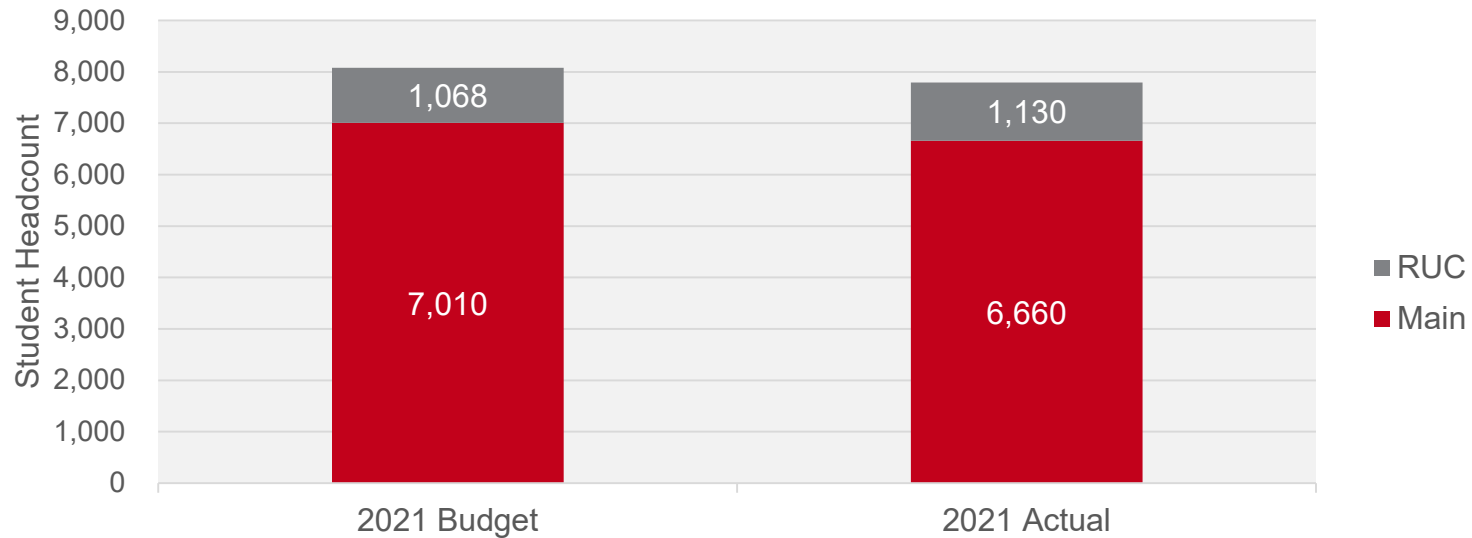
Student Financial Assistance increase

- \$79,200
- Virginia Military Survivors and Dependent Education Program (VMSDP)
- College Transfer Grant (CTG)

2) Business Levels: Fall Enrollment Trend



Fall Enrollment 2021 Budget vs Actual



Business Levels - Financial Impact

- E&G - Revenue decrease projected at \$2.0 million for traditional offerings
 - Radford Main Campus: Forecasted below initial budget due to impacts of the COVID-19 pandemic - (\$4.3 million)
 - Radford University Carilion: Forecasted above initial budget - \$2.3 million
 - Net impact across both campuses is (\$2.0 million)
- Auxiliary - Changes in auxiliary business operations as a result of COVID-19, reduced campus capacity, and a reduction in the number of students served for this fiscal year.
 - Comprehensive Fee Revenue projected decrease of \$3.0 million

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3) Relief Funds 2021-22



	<u>Institutional</u>	<u>Student</u>	<u>Total</u>
Higher Education Emergency Education Relief Fund II (HEERF II)	\$9,509,316	\$4,716,487	\$14,225,803
Higher Education Emergency Education Relief Fund III (HEERF III)	12,111,606	12,179,559	24,291,165
Governor's Emergency Education Relief Fund (GEERF)		1,117,188	1,117,188
American Rescue Plan Act (ARPA)		5,597,690	5,597,690
Gaining Early Awareness Readiness for Undergraduate Programs		60,000	60,000
Coronavirus Relief Funds (CRF)	187,042		187,042
Total	\$21,807,964	\$23,670,924	\$45,478,888

4) Miscellaneous: Policy Changes & Relief Funding

- Policy Changes:
 - Auxiliary indirect charges for the current fiscal year are permitted to be waived. This results in a reduction of \$5.4 million in E&G recoveries from auxiliaries.
- Relief Funding:
 - Support for lost revenue due to COVID-19 enrollment declines. This results in E&G revenue support of \$10.3 million, which results in additional one-time E&G funding of \$2.8 million.

Revenue Budget Changes

Education and General Programs

\$145.5	—	 (\$2.0)	 \$10.3	\$153.8
Original Budget	General Fund	Business Levels	Relief Funds	Adjusted Budget

Page 57 of 87
*Dollars in millions

Revenue Budget Changes

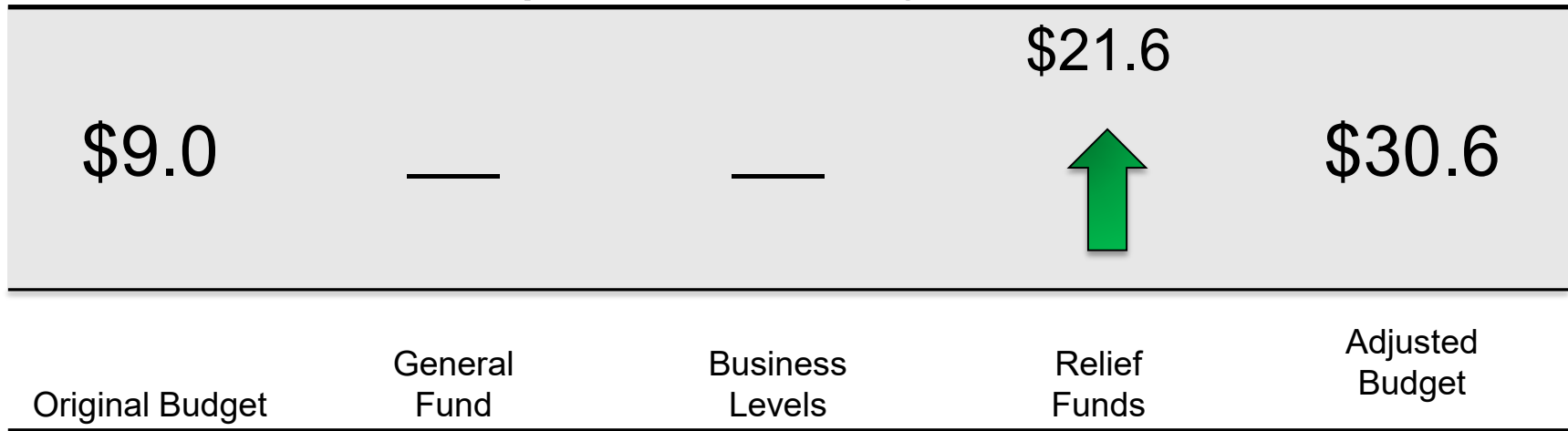
Student Financial Assistance

\$23.7				
\$16.1	—	—		\$39.8
Original Budget	General Fund	Business Levels	Relief Funds	Adjusted Budget

Page 53 of 67
Dollars in millions



Revenue Budget Changes

Sponsored Programs



Page 59 of 67
Dollars in millions

Revenue Budget Changes

Auxiliary Enterprises				
\$70.0	—	 (\$3.3)	 \$11.3	\$78.0
Original Budget	General Fund	Business Levels	Relief Funds	Adjusted Budget

*Page 60 of 87
*Dollars in millions

Total Adjusted Budget Summary

Radford University 2021-22 Recommended Budget Summary

	Revenue (\$ in Thousands)			Expense (\$ in Thousands)		
	Original	Adjustments	Total	Original	Adjustments	Total
University Operating						
Education & General	\$145,468	\$8,318	\$153,786	(\$145,468)	(\$8,318)	(\$153,786)
Student Financial Assistance	16,080	23,750	39,830	(16,080)	(23,750)	(39,830)
Sponsored Programs	8,962	21,621	30,583	(8,962)	(21,621)	(30,583)
Auxiliary Enterprise	69,973	8,073	78,046	(64,097)	3,013	(61,084)
Total University	\$240,482	\$61,762	\$302,245	(\$234,606)	(\$50,676)	(\$285,282)

2022 Operating Activity/Budget Comparison

Radford University
Financial Performance Summary
For the Period Ending December, 2021 (Preliminary)

	Budget (\$ in Thousands)			Actual (\$ in Thousands)		
	Revenue	Expense	Surplus/(Deficit)	Revenue	Expense	Surplus/(Deficit)
University Operating						
Education & General	\$153,786	(\$153,786)	(\$0)	\$76,828	(\$70,698)	\$6,130
Student Financial Assistance	39,830	(39,830)	0	19,203	(11,524)	7,679
Sponsored Programs	30,583	(30,583)	0	12,279	(12,733)	(454)
Auxiliary Enterprise	78,046	(61,084)	16,962	39,588	(32,604)	6,984
Total University	\$302,245	(\$285,282)	\$16,962	\$147,898	(\$127,559)	\$20,339

2022-2024 Biennial Budget General Assembly Session



Governor's 2022-24 Biennial Budget

Impacts of the Governor's introduced budget

- Affordable access funding: University allocation of \$2.7 million - \$1.3 million restores base budget from 2021 one-time COVID funding
- Five percent salary increase for all state employees
- Increase in need-based financial assistance: University allocation of \$1.5 million in 2023 and \$8.3 million in 2024
- Increase in graduate financial aid: University allocation of \$175,000 in 2023 and \$87,300 in 2024

2022-23 University Operating Budget Preliminary Projections

RADFORD
UNIVERSITY

2022-23 Operating Budget Outlook

	<u>Budget Scenario</u>
<u>REVENUE</u>	
General Fund Changes	
2021-22 Affordable Access	\$1,330,500
2022-23 Affordable Access	1,330,500
2022-23 5% Salary Increase	3,045,306
2022-23 Minimum Wage (Est)	240,556
2022-23 Fringe/Central System Changes	58,808
General Fund Requested for 2022-23	1,000,000
Total GF Change	\$7,005,670
Nongeneral Fund Changes	
Tuition Alignment	(\$5,392,207)
Tuition Rate Change	1,483,983
Total NGF Changes	(\$3,908,224)
Total Revenue Changes	\$3,097,446

2022-23 Operating Budget Outlook

	<u>Budget Scenario</u>
<u>EXPENSES</u>	
Non-Discretionary Cost Increases	
Mandatory Costs	
Compensation Adjustments	
2022-23 5% Salary Increase	\$5,654,050
2022-23 Minimum Wage (Est)	414,023
Fringe Adjustments	
2022-23 Fringe Rate Changes	311,070
Central Cost Commitments	
Promotion and Tenure	207,568
Contracts & Compliance	250,000
University Wage Adjustment	1,200,000
Recurring General Fund 2021-22	1,330,500
Sub-Total Central Commitments	\$9,367,211

2022-23 Operating Budget Outlook

	Budget Scenario
Sub-Total Revenue less Expense	(\$6,269,765)
<u>SAVINGS STRATEGIES</u>	
Faculty Early Retirement Program	(\$2,490,020)
Strategic Reductions	(2,786,564)
Total Savings Strategies	(\$5,276,584)
Total Base Budget	(\$993,181)
One-Time Funding	\$993,181
Total Surplus/(Deficit)	\$0

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
February 10, 2022

Action Item

Approval of the Radford University 2021-22 Third Quarter Operating Budget Adjustment

Item:

Board of Visitors approval of the Radford University's 2021-22 third quarter operating budget adjustment and review of the actual activity as of December 31, 2022.

Summary:

Due to the ongoing COVID-19 pandemic, the University has examined the fiscal impact on all available funding sources. Therefore, a third quarter budget adjustment is necessary to align revised revenue forecasts with authorized expenditure levels.

The far-reaching effects of the global pandemic have touched all facets of University operations including the Educational & General (E&G) operation, Sponsored Programs, Student Financial Aid Programs, and Auxiliary Enterprises. Fall 2021 revenue shortfalls associated with reduced service levels have been offset by Federal and State relief programs initiated to support Institutions of Higher Education during this unprecedented time. The impact of these factors is outlined by major program below.

An accompanying outline of adjustments is also provided in the 2021-22 Financial Performance Report (Schedule A) which summarizes the adjusted operating budget and related activity through December 31, 2022 and the Detailed University Operating Budget (Schedule B) which breakdowns the recommended adjustments.

Education and General (E&G):

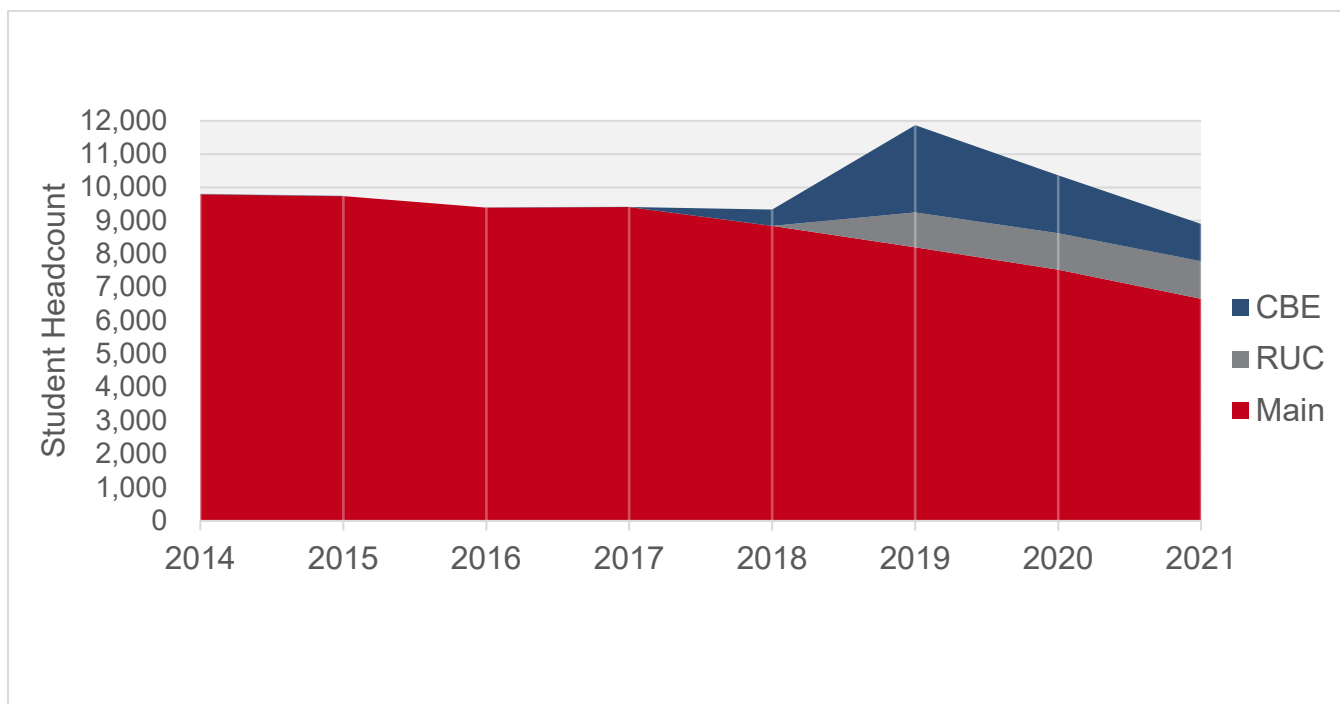
The original 2021-22 revenue budget for E&G was forecasted at \$145.5 million. The revised budget recommendation is \$153.8 million, an increase of \$8.3 million. The revised revenue forecast is reflective of the following adjustments.

General Fund

No general fund changes.

Non-General Fund

The University is estimating a \$2.0 million decline in E&G revenue related to non-general fund business level factors. This estimate is based on actual summer and fall 2021 headcount and preliminary spring 2022 enrollment levels. Based on final census data, fall traditional enrollment on main campus was lower than forecast. Specifically, Fall 2021 enrollment for main campus was budgeted on a projected student headcount of 7,010, while actual headcount enrollment came in at 6,660, a decrease of 350 students or 5.0 percent. The University also experienced a decrease in Summer 2021 enrollment as compared to budget. The Radford University main campus revenue decrease of -\$4.3 million is partially offset by a revenue increase for Radford University Carilion of \$2.3 million.



Relief Funding

Higher Education Emergency Relief Funds (HEERF II and HEERF III) provided higher educational institutions COVID-19 relief funding, of which the University received \$21.6 million for institutional relief and \$16.9 million for student relief. The institutional relief funds will be utilized primarily to replace lost revenue in Educational and General (E&G) of \$10.3 million and \$11.3 million in Auxiliary Enterprises.

Miscellaneous

Higher education institutions will have the option to use available fund balances from other fund sources, including E&G, to support operations, increased costs or revenue reductions for auxiliary enterprise programs for the 2020-2022 biennium. Within these parameters the University will again defer the required indirect contribution from Auxiliaries for 2021-22, resulting in an E&G budget change of \$5.4 million with a respective fund availability for Auxiliary budgets. This is consistent with the flexibility that was granted during the previous two fiscal years.

Refer to the Financial Performance Report (Schedule A) for a summary and the Detailed Operating Budget (Schedule B) for details on the proposed budget adjustments.

Student Financial Assistance (SFA):

The original revenue budget for SFA was \$16.1 million. The revised budget is \$39.8 million, an increase of \$23.7 million. The revised revenue forecast is reflective of the following adjustments.

General Fund

General Fund appropriations for Virginia Military Survivors and Dependent Education Program, the College Transfer Grant program, and carryforward of graduate fellowship allocations increased by \$79,200 over the originally budget amount. These are routine supplemental allocations that vary by year.

Relief Funding

The Coronavirus Aid, Relief, and Economic Security Act or, CARES Act, was passed by Congress and the bill allotted \$2.2 trillion to provide fast and direct economic aid to the American people negatively impacted by the COVID-19 pandemic. Of that money, approximately \$14 billion was given to the Office of Postsecondary Education as the Higher Education Emergency Relief Fund, or HEERF. The University portion of the HEERF II and HEERF III funding for 2021-22 is \$16.9 for student financial aid.

Congress set aside approximately \$3 billion of the \$30.75 billion allotted to the Education Stabilization Fund through the CARES Act for the Governor's Emergency Education Relief Fund (GEERF). The Department has awarded these grants to States (governor's offices) based on a formula stipulated in the legislation. The University received \$1.3 million in GEERF funding in 2020-21, and carried-forward \$0.2 million into 2021-22. The University also received \$0.9 million in GEERF II funding in 2021-22. The funding will be awarded as need based financial assistance.

The American Rescue Plan Act of 2021 (ARPA) State and Local Recovery Funds for Higher Education allotted \$100,000,000 to the State Council of Higher Education for Virginia (SCHEV) for need-based financial aid for in-state undergraduate students from low- and moderate-income households at public institutions of higher education. The University's portion of the 2021-22 funding is \$5.6 million for student financial aid.

GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) is a \$22 million seven-year grant funded by the U.S. Department of Education and administered by the State Council of Higher Education for Virginia (SCHEV). The program is designed to significantly increase the number of low-income students who are prepared to enter and succeed in postsecondary education. The University received \$78,000 in GEAR UP funding in 2020-21, and carried-forward \$60,000 into 2021-22.

Refer to the Financial Performance Report (Schedule A) for a summary and the Detailed Operating Budget (Schedule B) for details on the proposed budget adjustments.

Sponsored Programs:

The University's portion of the Higher Education Emergency Relief Fund (HEERF II and HEERF III) for institutional need is \$21.6 million in 2021-22. The University is recognizing that revenue and expense in sponsored programs.

Auxiliary Enterprises:

The original revenue budget for Auxiliary Enterprises was \$70.0 million in revenue and \$64.1 million in expense. The revised revenue budget is \$78.0 million, an increase of \$8.0 million. The revised expense budget is \$61.1 million, a decrease of \$3.0 million. These adjustments result in a \$17.0 million increase in planned reserve contribution. The revised budgets are reflective of the following adjustments.

Non-General Fund

The University is estimating a decrease in auxiliary comprehensive fee revenue of \$3.0 million related to the decrease in enrollment detailed in the E&G section above.

Relief Funding

As noted in E&G above, Higher Education Emergency Relief Funds (HEERF II and HEERF III) provided higher educational institutions COVID-19 relief funding, of which the University received \$21.6 million for institutional relief and \$16.9 million for student relief. The institutional relief funds will be utilized primarily to replace lost revenue in Educational and General (E&G) of \$10.3 million and \$11.3 million in Auxiliary Enterprises.

Coronavirus Relief Funds (CRF) provided higher education institutions COVID-19 relief funding. The University carried-forward \$187,042 from 2020-21 into 2021-22.

Miscellaneous

Auxiliary Enterprise budget adjustments for decreases in Auxiliary Indirect contributions of \$5.4 million as noted in the E&G section above. The budget is also being adjusted to reflect allocations for strategic investments.

Refer to the Financial Performance Report (Schedule A) for a summary and the Detailed Operating Budget (Schedule B) for details on the proposed budget adjustments.

Preliminary Financial Performance Report:

The Financial Performance Report (FPR) is more commonly presented at the September Board of Visitors meeting reflecting the prior fiscal year's budget and actual financial activity. The FPR is generated from annual budget projections and actual accounting data recorded in Banner Finance. The actual accounting data is recorded using a modified accrual basis of accounting which recognizes revenue when received rather than when earned and expenditures when posted rather than when payment is issued.

As shown on the Financial Performance Report (Schedule A), the Original Budget of \$240.5 million was approved by the Board of Visitors at the September 2021 meeting. The Revised Budget reflects 2021-22 recommended mid-year revenue adjustments totaling \$61.8 million. While there are a number of factors that influenced the recommended mid-year adjustments they are primarily attributed to the following: COVID-19 relief funding and actual 2021-22 enrollment levels.

The revised budget of \$302.2 million is sufficient to sustain University operations for the remainder of 2021-22. Actual expenditure activity through December 31, 2021 totals \$127.6 million and is in line with expectations. The vast majority of the outstanding expense budget balance relates to anticipated third and fourth quarter compensation. At this time all programs are expected to come in within expected activity.

Action:

Radford University Board of Visitors approval of the 2021-22 third quarter operating budget adjustment as presented in Schedule B for the Total University Operating Budget.

RADFORD UNIVERSITY BOARD OF VISITORS

Resolution

February 11, 2022

Approval of the Radford University 2021-22 Operating Budget Adjustment

BE IT RESOLVED, the Radford University Board of Visitor approves the third quarter adjustments to the 2021-22 operating budget as presented in Schedule B for the Total University Operating Budget.

Radford University
Financial Performance Report
For the Period Ending December 31, 2021

Dollars in Thousands

	Annual Budget for 2021-22			July 1, 2021 to December 31, 2021		
	Original (a)	Adjustments (b)	Revised (c)	YTD Actuals (d)		Remaining
Educational and General Programs						
<u>Revenues</u>						
General Fund	\$76,526	\$0	\$76,526	\$27,673	36%	48,853
Tuition and Fees	67,184	8,318	75,502	43,162	57%	32,340
All Other Income	1,757	0	1,758	5,993	341%	(4,236)
Total Revenues	\$145,468	\$8,318	\$153,786	\$76,828	50%	\$76,958
<u>Expenditures</u>						
Instructional & Academic Support	(\$93,771)	\$1,352	(\$92,419)	(\$48,288)	52%	(\$44,131)
Public Service Programs	(750)	0	(750)	(160)	21%	(\$590)
All Other Support Programs	(50,946)	(9,671)	(60,617)	(22,251)	37%	(\$38,367)
Total Expenses	(\$145,468)	(\$8,318)	(\$153,786)	(\$70,698)	46%	(\$83,088)
Reserve Draw (Deposit)	0	0	0	(6,130)		\$6,131
NET	\$0	\$0	\$0	\$0		\$0
Student Financial Assistance						
Revenue	\$16,080	\$23,750	\$39,830	\$19,203	48%	\$20,627
Expenditures	(16,080)	(23,750)	(39,830)	(11,524)	29%	(28,306)
Reserve Draw (Deposit)	0	0	0	(7,679)		7,679
NET	\$0	\$0	\$0	\$0		\$0
Sponsored Programs						
Revenue	\$8,962	\$21,621	\$30,583	\$12,279	40%	\$18,304
Expenditures	(8,962)	(21,621)	(30,583)	(12,733)	42%	(17,850)
Reserve Draw (Deposit)	0	0	0	454		(454)
NET	\$0	\$0	\$0	\$0		\$0
Auxiliary Enterprises						
Revenues	\$69,973	\$8,073	\$78,046	\$39,588	51%	\$38,458
Expenditures	(64,097)	3,013	(61,084)	(32,604)	53%	(28,480)
Reserve Draw (Deposit)	(5,876)	(11,086)	(16,962)	(6,984)		(9,979)
NET	\$0	\$0	\$0	\$0		\$0
Total University						
Revenues	\$240,482	\$61,762	\$302,245	\$147,898	49%	\$154,347
Expenses	(234,606)	(50,676)	(285,282)	(127,559)	45%	(157,723)
Reserve Draw (Deposit)	(5,876)	(11,086)	(16,962)	(20,339)		3,377
NET	\$0	\$0	\$0	\$0		\$0

Notes:

(a) Original Budget - Reflects the projected 2021-22 Operating Budget as of July 1, 2021 which was approved by the Board at the September 2021 meeting. Both recurring and one-time operating budgets are included.

(b) Adjustments - Reflects changes that have been made to the 2021-22 Operating Budget between July 1, 2021 and December 31, 2021. Both recurring and one-time

(c) Revised Budget - Reflects the current 2021-22 Operating Budget as of June 30, 2022. Both recurring and one-time operating budgets are included.

(d) Activity Through December 31, 2021 - Reflects the prorated activity as of December 31, 2021.

Radford University
University Operating Budget
2021-22

Dollars in Thousands

Dollars in Thousands

	Original Total Budget (a)	Technical Adj.	General Fund Other Allocations	Business Level Factors		Proposed Adjustments (b)						Miscellaneous Adjustments			One-Time Adjustments	Adjusted Total Budget (c)
				Student Levels	Sales & Service	COVID-19 Relief					GEAR UP	One-Time Funding	FY22 Aux Indirect	Strategic Investments		
						ARPA	HEERFII	HEERFIII	CRF	GEERF						
Educational and General Programs																
Revenues																
General Fund	\$76,526	\$0	\$0												\$0	\$76,526
Tuition and Fees	67,184	0		(1,990)			4,858	5,450							\$8,318	75,502
All Other Income	1,757	0													\$0	1,758
Revenue	\$145,468	\$0	\$0	(\$1,990)	\$0	\$0	\$4,858	\$5,450	\$0	\$0	\$0	\$0	\$0	\$0	\$8,318	\$153,786
Expenditures																
Instructional & Academic Support	(94,521)	1,352													\$0	(93,169)
All Other Support Programs	(50,946)	(1,353)										(2,856)	(5,462)		(\$8,318)	(60,617)
Expenditures	(\$145,468)	(\$0)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,856)	(\$5,462)	\$0	(\$8,318)	(\$153,786)
Reserve Draw (Deposit)	0	0	(0)	1,990	0	0	(4,858)	(5,450)	0	0	0	2,856	5,462	0	\$0	0
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Student Financial Assistance																
Revenue	\$16,080	\$0	\$79			\$5,598	\$4,716	\$12,180		\$1,117 (d)	\$60				\$23,750	\$39,830
Expenditures	(16,080)	0	(79)			(5,598)	(4,716)	(12,180)		(1,117) (d)	(60)				(\$23,750)	(39,830)
Reserve Draw (Deposit)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0	0
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sponsored Programs																
Revenue	\$8,962	\$0					\$9,509	\$12,112							\$21,621	\$30,583
Expenditures	(8,962)	0					(9,509)	(12,112)							(\$21,621)	(30,583)
Reserve Draw (Deposit)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0	0
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Auxiliary Enterprises																
Revenues	\$69,973	(\$225)		(\$3,015)			\$4,652	\$6,661							\$8,298	\$78,046
Expenditures	(64,097)	(504)							(187)				5,462	(1,758)	\$3,517	(61,084)
Reserve Draw (Deposit)	(5,876)	729	0	3,015	0		(4,652)	(6,661)	187	0	0	0	(5,462)	1,758	(\$11,815)	(16,962)
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total University																
Revenues	\$240,482	(\$225)	\$79	(\$5,005)	\$0	\$5,598	\$23,735	\$36,403	\$0	\$1,117	\$60	\$0	\$0	\$0	\$61,987	\$302,245
Expenses	(234,606)	(504)	(79)	0	0	(5,598)	(14,226)	(24,291)	(187)	(1,117)	(60)	(2,856)	0	(1,758)	(50,172)	(285,282)
Reserve Draw (Deposit)	(5,876)	729	(0)	5,005	0	0	(9,509)	(12,112)	187	0	0	2,856	0	1,758	(11,815)	(16,962)
NET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Notes:

(a) Original Total Budget - Reflects the 2021-22 Operating Budget as of July 1, 2021 which was approved by the Board at the September 2021 meeting. Both recurring and one-time operating budgets are included.

(b) Adjustments - Reflects the recommended adjustments to the Original Total Budget. All recommended adjustments are one-time.

(c) Adjusted Total Budget - Reflects the revised 2021-22 Operating Budget inclusive of all recommended adjustments.

Minutes

RADFORD UNIVERSITY

Board of Visitors



Board of Visitors

BUSINESS AFFAIRS AND AUDIT COMMITTEE MEETING

12:00 P.M.

DECEMBER 2, 2021

**MARY ANN JENNINGS HOVIS MEMORIAL BOARD ROOM
MARTIN HALL, THIRD FLOOR, RADFORD, VA**

**DRAFT
MINUTES**

COMMITTEE MEMBERS PRESENT

Dr. Debra K. McMahon, Chair
Mr. Mark S. Lawrence, Vice Chair
Dr. Susan Whealler Johnston
Ms. Nancy Angland Rice
Mr. Marquett Smith

BOARD MEMBERS PRESENT

Mr. Robert A. Archer, Rector
Dr. Jay A. Brown, Vice Rector
Dr. Thomas Brewster
Ms. Krisha Chachra
Dr. Rachel D. Fowlkes
Ms. Lisa W. Pompa
Mr. David A. Smith
Ms. Georgia Anne Snyder-Falkinham
Ms. Lisa Throckmorton

OTHERS PRESENT

Dr. Carolyn R. Lepre, Interim President
Mr. Mike Biscotte, Director, Facilities Planning and Construction
Ms. Karen Castele, Secretary to the Board of Visitors and Special Assistant to the President
Mr. Jorge Coartney, Assistant Vice President for Facilities Management
Ms. Stephanie Jennelle, Associate Vice President for Finance and University Controller
Dr. Angela Joyner, Interim Chief of Staff
Ms. Deb Love, Senior Assistant Attorney General, Education Section Chief
Dr. Stockton Maxwell, Associate Professor of Geospatial Science
Ms. Margaret McManus, University Auditor
Mr. Josh Nease, Sustainability Manager
Mr. James Perkins, Director of University Services

Mr. Chad A. Reed, Vice President for Finance and Administration and Chief Financial Officer
Dr. Orion Rogers, Interim Provost and Vice President for Academic Affairs
Ms. Tricia S. Smith, Associate Vice President for Student Life
Dr. Susan Trageser, Vice President for Student Affairs

CALL TO ORDER

Dr. Debra K. McMahon, Chair, formally called the meeting to order at 12:00 p.m. in the Mary Ann Jennings Hovis Memorial Board Room. Dr. McMahon welcomed everyone to the December meeting of the Business Affairs and Audit Committee.

APPROVAL OF AGENDA

Dr. McMahon asked for a motion to approve the December 2, 2021 meeting agenda, as published. Ms. Nancy Angland Rice so moved, Mr. Marquett Smith seconded, and the motion carried unanimously.

APPROVAL OF MINUTES

Dr. McMahon asked for a motion to approve the minutes of the September 9, 2021 meeting of the Business Affairs and Audit Committee, as published. Mr. Marquett Smith so moved, Ms. Rice seconded, and the motion carried unanimously.

REPORTS AND RECOMMENDATIONS

University Auditor's Report

University Auditor Margaret McManus presented an oral report on the review of University Discretionary Fund expenditures for the quarter ended September 30, 2021. One hundred percent of the fund's expenditures were reviewed, and all were found in compliance with the Board of Visitors' guidelines. Ms. McManus also presented audit reports on Financial Aid-Enrollment Reporting and CARES Act – Reporting. A Follow-Up Audit Status Report was also presented.

Capital Projects Update

Vice President for Finance and Administration and Chief Financial Officer Chad A. Reed provided an update on capital projects currently in progress. Vice President Reed addressed the status of the Artis Center for Adaptive Innovation and Creativity, including bid overruns resulting in the submission of a budget appeal package to request additional relief.

Succession Planning Update

Vice President Reed provided an update of the University's Succession Plan submitted to the Virginia Department of Human Resource Management. The University's Succession Plan is divided into five key elements: identifying key positions, identifying job requirements, identifying and building competencies, identifying successor(s) and assessing progress.

ACTION ITEMS:

Recommendation for Approval of Radford University's Span of Control Policy

Vice President Reed presented the University's Span of Control Policy. This policy establishes guidelines for establishing and reviewing the spans of control within the University's organizational structure to improve efficiency and effectiveness. Dr. McMahon asked for a motion to recommend the Span of Control Policy, as presented, to the full Board for approval. Dr. Susan Whealler Johnston so moved, Ms.

Rice seconded, and the motion carried unanimously. A copy of the proposed resolution and policy are attached hereto as ***Attachment A*** and is made a part hereof.

Recommendation for Approval of Radford University’s Sustainability and Climate Action Plan

Vice President Reed, as well as the chairs of the Sustainability Task Force subcommittees, including Mr. Jorge Coartney, Dr. Stockton Maxwell, Mr. Josh Nease, Mr. James Perkins, Dr. Orion Rogers and Ms. Tricia S. Smith, presented the Sustainability and Climate Action Plan. This plan provides the history and guidelines to successfully complete “The Path to 2040: The Radford University Sustainability and Climate Action Plan.” Dr. McMahon asked for a motion to recommend the Sustainability and Climate Action Plan, as presented, to the full Board for approval. Mr. Marquett Smith so moved, Dr. Johnston seconded the motion, and the motion carried unanimously. A copy of the proposed resolution and plan are attached hereto as ***Attachment B*** and is made a part hereof.

ADJOURNMENT

With no further business to come before the committee, Dr. McMahon adjourned the meeting at 1:04 pm.

Respectfully submitted,

Pamela Fitchett
Administrative Assistant to the Vice President for Finance and Administration
and Chief Financial Officer

Policy Title: Span of Control Policy	Effective Date:
Policy Number: HR-PO-1405	Date of Last Review: NEW
Oversight Department: Department of Human Resources	Next Review Date:

1. PURPOSE

The *Span of Control Policy* for Radford University (University) establishes guidelines for establishing and reviewing the spans of control within the University's organizational structure to improve efficiency and effectiveness.

2. APPLICABILITY

The *Span of Control Policy* applies to all organizational units, including but not limited to, colleges, schools, divisions, and departments of the University.

3. DEFINITIONS

Direct Reports: Employees whose performance is managed by a particular supervisor.

Division Head: President, Provost, or applicable vice president.

Enterprise Resource Planning (ERP) System: Enterprise resource planning (ERP) refers to a type of software that organizations use to manage day-to-day business activities such as accounting, budgeting, human resources, payroll, and procurement.

Span of Control: The average number of direct reports for which each supervisor is responsible.

Supervisor: The employee who has primary responsibility for making decisions on hiring, assignment and monitoring of work, and performance management of other employees.

4. POLICY

- A. Radford University's overall target span of control is three (3) or more direct reports per supervisor.
- B. The circumstances that necessitate the use of a supervisory position include when specific technical knowledge is required to effectively manage employees, when safety requires more direct management of employees, and if a supervisory position is required to comply with state or federal law.
- C. Establishing a supervisory role for the purpose of retaining or recruiting a new employee is not permitted.

- D. Recognizing that the minimum supervisory span of three (3) may not be achievable or appropriate in all circumstances, exceptions may be approved by the division head in consultation with the Department of Human Resources (Human Resources).

5. PROCEDURES

A. Monitoring and Tracking Spans of Control

1. Span of control will be monitored and maintained by the Human Resources using data within the University's enterprise resource planning (ERP) system.
2. Division heads are required to submit updated organizational charts on an annual basis to the Human Resources. The organizational chart deadline will be designated and communicated by Human Resources.
3. Human Resources will annually calculate the number of direct reports for supervisors and the average and median spans of control for each division, and identify all supervisors with fewer than three direct reports. Human Resources will then create a report on the University's spans of control which is communicated to the President.
4. Exceptions may be made by Human Resources at the recommendation of a division head in cases of business necessity. Examples of business necessity include, but are not limited to, fulfilling statutory requirements, ensuring the safety of employees or students, or working supervisors who supervise only one employee.

B. Changes that Impact Spans and Layers

1. The division head, dean, director, or department head, in consultation with Human Resources, will assess the organizational impact of changes on span of control. Such changes present opportunities to facilitate improved span of control. Organizational changes that may result in an assessment being conducted include but are not limited to:
 - a. Vacancies
 - b. Organizational restructuring
 - c. Department consolidation
 - d. Transfers of supervisors to other departments
 - e. Elimination of supervisory positions
 - f. Creation of new positions
 - g. Retirements
2. Upon turnover or departmental reorganizations that involve decentralized personnel that perform operational functions similar to those performed by central administrative units, efforts should be made to determine whether responsibilities can be reallocated to the relevant central administrative unit.

6. EXCLUSIONS

This policy does not apply to teaching and research faculty, special purpose faculty, or adjunct faculty.

7. APPENDICES

None

8. REFERENCES

[2017 Virginia Acts of Assembly Ch. 836 § 4-9.04 \(a\)3,4,5](#)

9. INTERPRETATION

The authority to interpret this policy rests with the President of the University and is generally delegated to the Vice President for Finance and Administration & Chief Financial Officer.

10. APPROVAL AND REVISIONS

New policy.

For general information concerning University policies, contact the [Office of Policy and Tax Compliance](#) – (540) 831-5794. For questions or guidance on a specific policy, contact the Oversight Department referenced in the policy.

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
December 2, 2021

Action Item
Approval of the Span of Control Policy

Item:

Approval of the Span of Control Policy.

Background:

In 2012, the General Assembly directed the Joint Legislative Audit and Review Commission (JLARC) to study the cost efficiency of the Commonwealth's institutions of higher education and to present options and recommendations for reducing the cost of public higher education in Virginia. In 2014, JLARC issued a report with a focal point of reviewing organizational structures for reducing cost.

As stated in the study, JLARC staff used "spans of control" analysis to identify opportunities to improve the efficiency of support functions at four-year public institutions in Virginia. In some organizations, there are too many supervisors, which may lead to unnecessary layers of management between front-line employees and top executives. These layers can slow decision making and unnecessarily increase costs. These narrow spans of control (i.e. too few employees per supervisor), which sometimes point to structural inefficiency, are not unique to Virginia and have been found at other higher education institutions nationwide.

As a result of the study, Radford University contracted with an outside firm, Censeo, who performed an initial administrative assessment that determined the average span of control for the University to be 3.5 employees. A more detailed assessment was performed by Censeo in 2016 that provided greater detail at the division level of where potential organizational efficiencies could be gained.

Since 2016, monitoring span of control has been a continued focus of the University. When turnover or reorganizations have occurred, the University has remained committed to ensuring operational efficiencies and effectiveness are at the forefront of decision making. Recent examples of such monitoring and decision making include the combining of the University Relations and University Advancement leadership, as well as, the consolidation of the Division of Information Technology into the Division of Finance and Administration.

The Span of Control policy formalizes guidelines for establishing and reviewing the spans of control within the University's organizational structure to improve efficiency and effectiveness. The policy establishes an overall target span of control of three (3) or more direct reports per supervisor, defines the circumstances that necessitate the use of a supervisory position, and establishes a periodic review process.

Action:

Radford University Board of Visitors approval of the Span of Control Policy, as presented.

RADFORD UNIVERSITY BOARD OF VISITORS
RESOLUTION
Approval of the Span of Control Policy
December 3, 2021

BE IT RESOLVED, the Radford University Board of Visitors approves the Radford University Span of Control Policy as presented.

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
December 2, 2021

Action Item
Approval of the Sustainability and Climate Action Plan

Item:

Approval of the Radford University Sustainability and Climate Action Plan

Background:

On November 13, 2020, President Brian O. Hemphill signed the Carbon Commitment, reaffirming Radford University's commitment to pursuing net carbon neutrality. The Carbon Commitment recognizes the increasing pace and detrimental impacts of climate change and the need for colleges and universities to exercise leadership in addressing the problem. At the core of the Carbon Commitment is the effort to reduce greenhouse gas emissions to net zero and to integrate sustainability and climate action into university curriculum and culture. The Carbon Commitment requires that signatory universities develop an implementation plan with a targeted carbon neutrality date.

In support of the reaffirmation, a Sustainability Task Force was created to develop a new Sustainability and Climate Action Plan that will guide the institution in fulfilling its Carbon Commitment pledge, embody the institution's Core Value of Sustainability, and support the University's mission.

The Task Force was designed to enhance cross-campus collaboration and develop strategies for advancing sustainability and achieving net carbon neutrality. The Task Force was comprised of thirteen appointed faculty, staff, and student members from across the University community. This team developed a sustainability and climate action plan that permeates University culture, trains students to be sustainability leaders, and establishes a framework for achieving net carbon neutrality. The Task Force convened at six-week intervals over eleven months to create the new Radford University Sustainability and Climate Action Plan. In addition to routine meetings, the Task Force subcommittees engaged stakeholders and made recommendations that strategically reduce carbon emissions and integrate sustainability and climate action into academics and university culture. Subcommittee focus areas included Academics, Engagement, Planning and Administration, Campus Services, and Operations.

The Sustainability and Climate Action Plan closely aligns with the University's 2018-2023 Strategic Plan: *Embracing the Tradition and Envisioning the Future* and 2020-2030 Master Plan. The fundamentals of sustainability are built into the University's Mission and Core Values, and the Sustainability and Climate Action Plan provides detailed, actionable items for improving sustainability performance and meeting the University's bold sustainability goals.

Action:

Radford University Board of Visitors approval of the Radford University Sustainability and Climate Action Plan, as presented.

Radford University Board of Visitors
RESOLUTION
Approval of the Sustainability and Climate Action Plan
December 3, 2021

BE IT RESOLVED, the Radford University Board of Visitors approves the Radford University Sustainability and Climate Action Plan as presented.

End of Board of Visitors Materials

