



**RADFORD UNIVERSITY
BOARD OF VISITORS
BUSINESS AFFAIRS & AUDIT COMMITTEE MEETING
ONE JAMES CENTER
901 E. CARY STREET, 2ND FLOOR CONFERENCE ROOM 2-G
RICHMOND, VIRGINIA
1:00 P.M.
FEBRUARY 2, 2015**

APPROVED

MINUTES

COMMITTEE MEMBERS PRESENT

Mr. Matthew B. Crisp, Chair
Dr. Andrew B. Fogarty, Vice Chair
Mr. Anthony R. Bedell
Ms. Callie M. Dalton
Ms. Georgia Anne Snyder-Falkinham
Mr. Michael A. Wray, Rector
Dr. Kevin R. Dye, Vice Rector

BOARD MEMBERS PRESENT

Ms. Mary W. Campbell
Dr. Susan Whealler Johnston
Ms. Ruby W. Rogers
Dr. Javaid Siddiqi
Mr. Christopher Wade
Dr. Jerry M. Kopf, non-voting faculty advisory representative
Mr. Colby Bender, non-voting student advisory representative

OTHERS PRESENT

President Penelope W. Kyle
Mr. Richard Alvarez, Vice President for Finance & Administration and Chief Financial Officer
Mr. Joe Carpenter, Vice President for University Relations and Chief Communications Officer
Mr. Danny M. Kemp, Vice President for Information Technology and Chief Information Officer
Dr. Sam Minner, Provost and Vice President for Academic Affairs
Ms. Melissa Wohlstein, Vice President for University Advancement
Ms. Margaret McManus, University Auditor
Ms. Lisa H. Ridpath, Associate Vice President for Finance & Administration
Mr. Chad Reed, Director of the Office of Budget and Financial Planning

Mr. Ronald C. Forehand, Senior Assistant Attorney General, Commonwealth of Virginia
Mr. Mike Melis, Assistant Attorney General, Commonwealth of Virginia

Mr. Mike Reinholtz, Acquisitions & Contract Management Specialty Team Director and Radford Audit Project Manager, Auditor of Public Accounts

Dr. James Burke, Performance Management Group
Ms. Linda Pierce, Performance Management Group

Ms. Michele N. Schumacher, Secretary to the Board of Visitors

CALL TO ORDER

Mr. Matthew B. Crisp, Chair, called the meeting to order at 12:40 p.m. in Conference Room 2-G, One James Center, 901 E. Cary Street, 2nd Floor, Richmond, Virginia and noted that pursuant to the draft Agenda as published “All start times for committees are approximate only. Committees meet sequentially in the order appearing. Meetings may begin either before or after the listed approximate start time as committee members are ready to proceed.”

APPROVAL OF AGENDA

Mr. Crisp asked for a motion to approve the February 2, 2015, meeting agenda with one change since the Auditor of Public Accounts has not yet arrived we will hear his report on his arrival. Dr. Andrew B. Fogarty made the motion and Mr. Anthony R. Bedell seconded the motion and the motion carried unanimously.

APPROVAL OF MINUTES

Mr. Crisp asked for a motion to approve the minutes of the November 20, 2014, meeting of the Business Affairs & Audit Committee, as published. Mr. Bedell made the motion and Dr. Fogarty seconded the motion, and the motion carried unanimously.

REPORT FROM THE UNIVERSITY AUDITOR

Ms. Margaret McManus, University Auditor, presented an oral report on the University’s Discretionary Fund review for the quarter ended December 31, 2014. She noted that one hundred percent of expenditures were reviewed and all were found in compliance with the Board of Visitors’ guidelines. Ms. McManus also presented a follow-up audit status report which is attached hereto as *Attachment A* and is made a part hereof.

Mr. Crisp thanked Ms. McManus for her report.

REPORT FROM THE AUDITOR OF PUBLIC ACCOUNTS

Mr. Mike Reinholtz, Commonwealth of Virginia Acquisitions & Contract Management Specialty Team Director and Audit Project Manager for Radford University, with the Auditor of Public Accounts presented information regarding the upcoming audit of the university’s fiscal year 2014 financial statements. He discussed the responsibilities of the auditors and management as well as the planned scope and timeline of the audit.

Mr. Crisp thanked Mr. Reinholtz for his report.

REPORT ON THE GOVERNOR'S AMENDED 2014-2016 BIENNIAL EXECUTIVE

BUDGET

Ms. Lisa H. Ridpath, Associate Vice President for Finance and Administration, presented an overview of the incremental funding proposed for Radford University's operating and capital budgets. She reported that the proposed Executive Budget does not include any additional reduction to the University's general fund appropriation beyond the amount originally identified. However, the final outcome of the proposed 2014-2016 Executive Budget amendments will not be known until the completion of the 2015 General Assembly session. Updates will be provided throughout the session as additional information becomes available.

REPORT ON THE 2015 GENERAL ASSEMBLY LEGISLATIVE UPDATE

Ms. Ridpath also provided an overview of legislation proposed during the 2015 General Assembly Session, as well as a summary of the introduced bills potentially impacting higher education. These bills are currently being reviewed and considered by the House and Senate. As decisions are made regarding key legislation, updates will be provided throughout the session.

Mr. Crisp thanked Ms. Ridpath for her reports.

REPORT ON CAPITAL PROJECTS

Mr. Richard Alvarez, Vice President for Finance & Administration and Chief Financial Officer referred the Committee to the Capital Project Update found in their Committee materials, and stated that he would not review the report unless there were any questions.

There being no questions, Mr. Crisp thanked Mr. Alvarez for his report.

REPORT ON 2015-2016 BUDGET OUTLOOK

Mr. Alvarez also presented an overview of tuition and fees to initiate committee discussion of the University's financial position as estimates are prepared for fiscal year 2015-2016 and noted the importance of beginning these discussions prior to the May 2015 Board meeting. He reviewed key assumptions regarding revenue, expenses, and reallocations that will be used to prepare the 2015-16 budget. A discussion then ensued concerning the budgeting process as well as strategic planning. A copy of Mr. Alvarez's report is attached hereto as **Attachment B** and is made a part hereof.

Mr. Crisp thanked Mr. Alvarez for this overview.

ACTION ITEMS

Resolution certifying compliance with the Debt Management Policy

Ms. Ridpath explained that as part of Institutional Performance Standards reporting, the Secretary of Finance for the Commonwealth of Virginia requires an annual certification from the Board of

Visitors that the University is in compliance with its Debt Management Policy. She provided an overview of the ratios, which demonstrated compliance with the policy. Mr. Crisp asked for a motion to recommend to the Board of Visitors approval of a Resolution certifying that Radford University is in compliance with its Debt Management Policy. On a motion by Mr. Bedell and seconded by Dr. Fogarty, the recommendation was unanimously approved. A copy of the report together with the proposed Resolution is attached hereto as *Attachment C* and is made a part hereof.

Approval of a Resolution to Approve a 2014-15 Operating Budget Second Quarter Adjustment

Ms. Ridpath explained that because of the Commonwealth's significant general fund shortfall for the 2014-16 biennium, it was necessary for executive branch agencies to revise the original biennial revenue projections and implement savings strategies. As a result, \$45,000,000 of general fund appropriation was to be reverted from the E&G programs of public institutions of higher education in both years of the biennium, 2014-15 and 2015-16. Radford University's share of the reduction is \$1,113,249 in each year of the biennium; therefore, a second quarter budget adjustment is needed to align the University's general fund revenue forecast with authorized expenditure levels. The University Operating Budget was included in the Board materials and reflected the required second quarter adjustment to realign the operating budget with current projections. Mr. Crisp asked for a motion to recommend that the Board of Visitors approve a Resolution to adjust the operating budget in the second quarter as presented in the Board materials for Total Operating Budget. Ms. Georgia Anne Snyder-Falkinham so moved and Dr. Fogarty seconded and the motion was unanimously adopted. A copy of the Resolution is attached hereto as *Attachment D* and is made a part hereof.

ADJOURNMENT

With no further business to come before the Committee, Mr. Crisp, Chair, adjourned the meeting at 2:10 p.m.

Respectfully submitted,

Michele N. Schumacher
Secretary to the Board of Visitors