USF Board of Trustees
Finance & Audit Workgroup

April 6, 2006
9:00 – 11:00am
Tampa Campus - Marshall Center 296

Present:  Dick Beard
Rhea Law
Lee Arnold (via phone)
Judy Genshaft, Corporate Secretary (ex officio)
Carl Carlucci, Executive Vice President and CFO (ex officio)
Tapas Das

Chairman Beard called the meeting to order at 9:10am.

Information Items:

I.  State Budget/Budget Request Process


Chairman Beard stated 58 medical students still are not fully funded. This is part of the new medical schools issue – wants to be sure this is included.

Ms. Alexander noted the LBR is due June 23. One of the key changes to the 2007-2008 LBR guidelines is the inclusion of target dollar amounts that each university will be provided. Issues developed and approved by the University Boards of Trustees must be no more than 8% of their 2006-2007 recurring state funding (general revenue and lottery).

Trustee Arnold asked about Lakeland (not listed separately in Item BC-4). Dr. Carlucci noted the Lakeland target is included with the Tampa amount ($18M). The Lakeland amount would be $857K. Lakeland should be identified separately.

The following goals and objectives of the SUS Strategic Plan will be addressed in the request:
  1. Access to and production of degrees
  2. Meeting statewide professional and workforce needs
  3. Building world-class academic programs and research capacity
  4. Meeting community needs and fulfilling unique institutional missions

Chairman Beard asked why are we increasing enrollment if we are only getting funding for 25%. Dr. Carlucci responded that we have been asking this question – it is up to the BOG.

II.  Financial Planning

Dr. Carlucci gave an overview of financial planning. Finance and Budget Councils have been established to make policy and implementation at UBOT direction. This year, implemented quarterly reports. Next year, all funds budgeting and budget reporting system.
Trustee Arnold stated the Finance & Audit Workgroup needs to provide status of each item in the state audit report.

III. Finance Council – Status Report

Eric Walden gave a status report on the Finance Council. The following sub reports were provided:

- Treasurer’s Financing Projects (Fell Stubbs) – bond projects (Health, Marshall Center, St. Pete), interest rate swaps, reduced variable rate level.
- Search for Director of University Audit & Compliance (Kevin Toso) – need to make final offer to selected candidate.
- Correcting Audit Findings (Eric Walden) – Four audits: 1) 2004 Operational Audit – 9 findings; 2) St. Pete financials – no findings; 3) university financial audit – no findings; and 4) research awards – 4 findings.
- Code of Conduct for Financial Functions (Joann Strobbe) – now ready to go to Cabinet for approval, then to Finance & Audit Workgroup if approved.
- Investment Workgroup (Fell Stubbs) – draft an umbrella policy for the University and DSOs. Chairman Beard wants to see investment in USF real estate.
- Banking ITN (Fell Stubbs) – down to 3 for each lot (4 lots); scheduled negotiation sessions. Trustee Arnold asked that the record reflect that none of the selected banks are any he is associated with.

IV. Budget Council – Status Report

- University Budget Process

Ms. Alexander gave a status report on the Budget Council to include an overview of the University Budget Process.

Budget Council activities include:

- Establishment of new budget accounts for expenditures and revenues – to allow the university to track budget and expenditures at a level that has not been done in the past. This will allow the university to provide a more detailed level of analysis and reporting.
- Modified line item budgeting.
- Variance analysis – the Council has reviewed the quarterly budget/actual reports and addressed any material variances.

Chairman Beard asked how will we be sure budgets submitted are accurate. Ms. Alexander and Dr. Carlucci responded we will begin tracking activity levels – couldn’t do this before in SAMAS.

V. Cash Collections – Update

Nick Trivunovich gave an update on cash collections. Current cash collection sites total 191 – 57 sites are to be closed (completed); 99 sites are to be consolidated or converted to “Credit Card Only” (in process); and 35 sites will be remain and go through a certification process. First training session for required certification will be April 12 and go through May 9.

VI. Quarterly Reports

- USF Quarterly Financial Reports – All Sources

Nick Trivunovich presented the USF Quarterly Financial Reports (All Sources) to include the balance sheet, statement of cash flows, and income statement. Cash and cash equivalents reported on the balance sheet is a low number – never see a large amount of cash here as we are fully invested. On the statement of cash flows, the ending cash and investments is a positive variance (actual exceeds projected) as we had more cash than initially projected. On the income statement, state auditors have changed how we report some items. Bright Futures are reported
as revenues (other, non-operating) – double count, will inflate our revenues, no effect on bottom line.

b. USF DSO Quarterly Financial Reports
Eric Walden presented the DSO quarterly financial reports. DSOs have provided explanations of their variances.

- Patel Charter School has a large revenue variance in Q2 (actual greater than budgeted) – this is due to the timing of grant received and will flatten out by year end.
- Sun Dome has a negative revenue variance (actual less than budgeted) – this is due to lower number of events than expected. Currently includes golf course loss – golf course has now been outsourced to management company (03/14/06). Sun Dome will revise their projections for Q3.
- Alumni Association’s actual Q2 expenditures exceed budget due to expenses associated with bowl game.
- Medical Services Support Corporation has hired a new controller – position had been vacant.
- Research Foundation has negative revenue variances for sales & licensing (timing issues) and other/property income (timing issues with sponsorship of incubator). Chairman Beard asked does revenue cover debt service. Dr. Carlucci and Allison Madden responded yes.

c. USF Quarterly Budget Reports – Budget to Actual
Bertha Alexander presented the quarterly budget reports (budget to actual) for Q2.

VII. University Audit Report

Debra Gula gave the University Audit Report. UAC added 2 internal auditors to the staff – will be back to full staff soon. Working on audit plan.

Chairman Beard adjourned the meeting at 11:07am.