The meeting of the Finance and Audit Workgroup & Executive Committee was called to order by Chair Rhea Law at 10:30am. The following members were present: Rhea Law, John Ramil, Lee Arnold, Dick Beard, Sherrill Tomasino, Tapas Das, Jacqueline Reck, Brian Keenan.

**Action Items:**

   Action: Approve a new Article 23 (Salary) and Article 24 (Benefits) and a Memorandum of Understanding in the 2004-2007 Collective Bargaining Agreement  
   Dwayne Smith

Dwayne Smith presented USF/UFF Reopener articles. He provided a supplementary handout on the fiscal highlights of the USF/UFF Collective Bargaining agreement reopener contract, 2006-07. He noted this is a tentative agreement – there may be an adjustment to the salary pool portion of the salary agreement.

Trustee Ramil made a motion to approve a new Article 23 (Salary) and Article 24 (Benefits) and a Memorandum of Understanding in the 2004-2007 Collective Bargaining Agreement. Trustee Beard seconded the motion. The motion passed.

II. 2007-08 Fixed Capital Outlay Budget  
    Action: Approval & Delegation of Authority  
    Carl Carlucci

Dr. Carlucci presented the 2007-08 Fixed Capital Outlay Budget. He indicated that this is an internal budget; it is our request to spend the funds that will be available – PECO and matching grants from the legislature.

Trustee Beard asked what is the $120M for Student Health Center, Campus Recreation and Counseling Center. Dr. Carlucci responded that it is a proposed project by Student Affairs and the program has not yet come before the workgroup.

Trustee Arnold made a motion to approve the preliminary 2007-08 Fixed Capital Outlay budget and authorize the President to make necessary adjustments. Trustee Beard seconded the motion. The motion passed.

III. 2008-09 Legislative Budget Request  
     Action: Approval & Delegation of Authority  
     Provost Khator

Provost Khator presented the 2008-09 Legislative Budget Requests and explained the process used. Requests cannot be more than 8% of 2007-08 recurring state funding (general revenue
and lottery) – this is $28M for USF. The number of LBRs for 2008-09 is 24. Campus boards approve regional campus LBRs.

Trustee Beard made a motion for approval of USF Legislative Budget Requests, 2008-09 and delegation of authority to the President. Trustee Tomasino seconded the motion. The motion passed.

Trustee Arnold noted that Marine Science is part of the Tampa request but the investment is on the St. Pete campus.

IV. Five Year Capital Improvement Plan (2008-09/2012-13), includes Facilities Challenge Grant Projects

Action: Approval & Delegation of Authority

Dr. Carlucci presented the Five Year Capital Improvement Plan (2008-09/2012-13). He indicated the Finance & Audit Workgroup would discuss the financial plan and the ACE Workgroup would discuss the program plan. The seven projects above the double line are the 3-year list approved by the BOG – $49M for 2008-09. Five-year list (PECO) = $116M for 2008-09. Challenge grants = $65M for 2008-09. Other = $176M for 2008-09. Grand total = $357M.

Dr. Carlucci noted that parking garages are not on the "Other" list as the BOG said if projects are on our master plan and we have approved funding, they do not have to be on this list. Provost Khator asked if we had this in writing. Dr. Carlucci responded yes.

Dr. Carlucci also noted that single source revenue projects we can approve; multiple source revenue projects BOG has to approve.

Trustee Beard noted the large number ($92M) for Honors College in 2010-11. Dr. Carlucci indicated we are being aggressive – we may be asked to split this over two years.

Provost Khator commented that we had discussions with the BOG – we need to go vertical due to our space/land issues.

Dr. Das noted the importance of the STEM (Engineering) renovation/expansion. Dr. Carlucci noted the Public Safety Building on the list.

Trustee Arnold made a motion to approve the USF System Five Year Capital Improvement Plan (2008-09/2012-13) and to authorize the President to make necessary adjustments to the plan. Trustee Ramil seconded the motion. The motion passed.

V. 2008-09 Fixed Capital Outlay Projects that Require legislative approval

Action: Approval & Delegation of Authority

Dr. Carlucci presented the 2008-09 Fixed Capital Outlay Projects that require legislative approval. Legislature has to approve Athletics projects. Health projects are a combination of funding and we do have a PO for request.

Trustee Arnold made a motion to approve the 2008-2009 Fixed Capital Outlay Projects that Require Legislative Approval and to authorize the President to make necessary adjustments to the 2008-2009 Fixed Capital Outlay Projects that Require Legislative Approval. Trustee Tomasino seconded the motion. The motion passed.
VI. 2007-08 Preliminary Continuation Operating Budget
   Action: Approval & Authorization of Changes

Bertha Alexander presented the 2007-08 Preliminary Continuation Operating Budget. The BOT must approve our operating budget. Must be submitted by June 30 to have budget on July 1. Detailed operating budget is due to BOG in August. This is a preliminary budget. There will be changes as decisions by the Legislature are not final yet.

In this budget, we are asking for authority to collect $1.3B in revenue plus $29M in revenue transfer authority. Total funds available (including beginning fund balances) = $1.78B.

Requesting authority for $1.4B in expenditures, majority in salary and benefits. This includes $60M in carry forward due to funding received late in the year for initiatives.

Trustee Arnold noted that 2007-08 expenditures are greater than 2007-08 revenues and asked if we will spend some of the fund balance forward. Ms. Alexander responded yes, we will be spending from carry forward. Dr. Carlucci explained that carry forward shows up as unearned revenue (revenue from prior year) and presents a profit/loss issue.

Ms. Alexander will bring back to the Workgroup a reconciliation of preliminary to detailed operating budget.

Trustee Arnold asked what is “other funds.” Ms. Alexander responded “other funds” is the indirect cost revenue from grants.

Trustee Ramil asked are lines 28 and 29 (carry forward) part of line 1 (beginning fund balance). Ms. Alexander responded yes, prior year’s revenue.

Dr. Carlucci noted that we will make capitalized equipment expenditures from carry forward to address the p/l issue. Nick Trivunovich further noted that this helps us on the balance sheet so we do not show a deficit.

Dr. Reck noted transfers out exceed transfers in and asked are the transfers out going to DSOs. She further commented that transfers should net, but they don’t here. Mr. Trivunovich responded that this is not necessarily the case due to the Finance Corp. Funds are transferred to the Finance Corp and the Finance Corp uses these funds to pay debt service.

Trustee Tomasino made a motion to approve the 2007-08 Preliminary Operating Budget and to authorize the President to make necessary adjustments to the fiscal year 2007-08 Operating Budget. Trustee Arnold seconded the motion. The motion passed.

Trustee Ramil distributed a document from the SUS, Best Practices for Audit Committees and Internal Auditors. He called particular attention to the 10 items listed beginning on page 3 and noted this is what we should be doing. He further stated we will do the things reflected in best practices. He also reported UAC has hired four new auditors to expand operations – heading in right direction to getting things done right.

**Information Item:**

VII. University Audit Report

Debra Gula gave the University Audit Report. She provided an update on current projects.
- Cash Collections - 16 of 33 cash collection site reviews have been completed; 8 will be completed next year, leaving 9; those 9 are low risk; the high risk areas were done first.
- Ethics Point Reports - 4 reports this year; no fraud.
• Completed semi-annual follow up process with external auditors; have yet to report on internal audits – this is coming, processes will be automated.

Ms. Gula also reported that Jeff Muir is the new Chief Compliance Officer appointed by the President. His role is compliance, risk assessment and risk management, and Ethics Point.

IIA - International Internal Audit standards peer review every five years is coming up. Self-assessment also. Site visit by three peers. Formal report will be issued. Planning has begun. Will take about 8-10 months for entire process.

Trustee Arnold asked does Sarbanes-Oxley apply to us as a non-profit. Ms. Gula responded we are not required to implement any part of Sarbanes-Oxley. She noted we will be reviewing Sarbanes-Oxley and picking what applies to us. We will be looking at/to NACUBO and other universities. We will be working on this in Finance Council.

Dr. Das commented that increased audit and compliance issues present issues/problems for researchers to get things through – more things are required. Colleges and the University need more support for this.

Dr. Carlucci stated we will need to revisit the indirect cost distribution to address the additional workload/support issues. Will make a recommendation to distribute less to PI, chair and allocate centrally for this.

Executive Committee Items:

VIII. Regional Campus Board Appointments
    Action: Approval

Chair Law requested to reappoint Clifford Walters to the USF Sarasota-Manatee campus board.

Trustee Tomasino made a motion for approval. Trustee Arnold seconded the motion. The motion passed.

Other

Chair Law asked if there was any other business.

Having no further business, Chair Law adjourned the meeting at 11:50am.