

**Meeting of the Finance & Administration Committee**

**October 26, 2022**

**Inlow Hall 201, 9 -11:30 a.m.**

**Call to Order-9:01 a.m.**

**Committee Roll Call**

Brad Stephens, Christine Cronin, George Mendoza, Chris Warner, Bill Johnson, Cedric Riel

**Others Present:**

AVP LeeAnn Case, Student trustee Deidra Schreiber, Board Chair Cheryl Martin, Secretary Chris Burford, VPFA/Interim Co-President Lara Moore and Interim Co-President Richard Chavez, and Tonya Evans

**Announcements:** None

**Public Comment:** None

Trustee Johnson spoke to how EOU is the right choice for rural communities, the doorway for those potential students who need a vision.

**Action Items**

Trustee Riel moved to approve the *May 4, 2022 meeting minutes*, Trustee Warner 2<sup>nd</sup> the motion.

**Internal Audit Risk Assessment – 2022-23 (Kernutt Stokes, LLC)** Guest: Claire Pahlmeyer, Senior Associate

AVP Case introduced Ms Pahlmeyer and shared expectations regarding the internal audit process. Ms Pahlmeyer provided results of the 2022-23 risk assessment and audit plan for this upcoming year. She stated that in May, her team did visit campus, completed interviews, and received dozens of survey questionnaire results, distilled those results into the 2020 to 2023 risk assessment and internal audit plan.

Co-President Moore, shared her thoughts and appreciation for the work that Kernutt Stokes has done. Discussed the areas of the audit and the importance of our review of federal programs (Clery, Title IX and NAIA compliance).

Trustee Johnson asked for clarification regarding where the line is drawn for what is reviewed.

Co-President Moore provided clarification and stated that it is very important that we know where we stand with these federal programs prior to a new president taking the helm. Title IX and Clery are significant federal programs with regulations that are massive and change often, and the risk of us being out of compliance with those can be great. Being a small university, where our people wear multiple hats in many departments, we are fortunate to have a partner that can bring an outside set of eyes that can see what's happening at other institutions and might be working better is helpful. She stated that she believes we will be in a better position because of Kernutt Stokes work.

Trustee Warner shared possible frustration when audits are done on programs that are just getting started.

Trustee Johnson asked for clarification on the ranking of the risk priorities. Are there others and does the board see the ranking differently?

Ms Pahlmeyer explained that this is not a chronological list but rather serves as a high-level view of reasonable risk review.

Secretary Burford shared that the committee is being asked to approve the charter and the three identified areas of review.

Trustee Mendoza asked if this ranking is because there were issues found in the initial audit. Co-President Moore shared that these are general high-risk areas.

Trustee Riel shared concern that students were not involved in the risk assessment. Students would be a good resource for the risks that involve student life on campus.

Motion to approve the three audit projects as well as the audit activity charter. Trustee Mendoza made the motion to approve and Trustee Cronin 2<sup>nd</sup> the motion. The motion passed unanimously.

### **FY22 Q4 Management Report**

AVP Case shared the review of FY22-Q4 information and invited all new members to ask for further information if needed. She also told the group that she is happy to provide orientation for anyone who would like more information.

AVP Case explained that revenues were down last year, largely because we did not see an increase in tuition and fees. Expenditures were up 9%. Auxiliary revenues were up 7% as the campus realized increased activities such as camps and clinics, parking and conferences. Funds ended pretty close to their budgeted amounts.

Trustee Mendoza asked about the telecommunication costs. President Moore stated that the charges are for phones across campus and that we are re-evaluating the need for office phones.

Trustee Martin asked about state revenues- do we expect this to be the same? AVP Case shared that we do not have any firm signals at this time, but HECC had put in a larger request for funding.

Chair Stephens commended management on their work and how our funds have been managed. He asked for a motion to recommend the Q4 FY22 Management report for approval at the full board meeting. Trustee Mendoza made the motion, with Trustee Johnson 2<sup>nd</sup> the motion. The motion passed unanimously.

### **FY23 Operating Budget**

AVP Case shared the operating budget timeline and reminded the committee that we are in constant planning mode. She shared the function of budget planning and that the preliminary budget was built on several assumptions. FY23 Budget realities were discussed and AVP explained the breakdown of the projection. Budget expenditure additions were also shared and explained by AVP Case.

Trustee Johnson asked for specifics of the arts scholarships. Will this be a repeat?

Co-President Moore answered that this is not expected to repeat. Trustee Johnson also asked what the timeline might look like in paying out the scholarships. Co-President Moore stated that there is not currently a deadline for usage but that it would be paid out over time.

Trustee Stephens asked for a more specific overview of revenue and expenses for athletics.

Trustee Warner asked if we are confident in our enrollment numbers.

Co-President Moore explained that we don't really have our arms around the new parameters of enrollment and explained that it looks very different than it did prior to the pandemic.

Chair Stephens told the committee that they would have to take a very hard look at our finances.

Co-President Moore stated that the committee would have the opportunity to talk with AVP Chason in regards to enrollment strategies and how our enrollments look going forward.

Chair Stephens asked for a motion to recommend the FY23 Operating budget to the full board for approval. Trustee Mendoza made the motion, with Trustee Cronin 2<sup>nd</sup> the motion. The motion passed unanimously.

### **FY23 Q1 Management Report**

AVP Case shared the FY23 Q1 management report and explained that we will see expenses escalate because of increased campus activities as we emerge from the pandemic.

She also explained the CARES/HEERF funds and how they were allocated. She stated that we have been very fortunate to have received these funds.

The impact of our grant funding was shared and further discussion was conducted. Trustee Mendoza asked for further explanation of the grant funding breakdown and how we spend it. Co-President Moore shared that this is a level of grant funding that we have not seen in the past.

Chair Stephens asked for a motion to recommend the Q1 FY23 Management report for approval at the full board meeting. Trustee Warner made the motion, with Trustee Mendoza 2<sup>nd</sup> the motion. The motion passed unanimously.

### **Discussion Items**

#### **Capital Update**

John Garlitz, Director of Facilities and Planning shared the status of EOU capital and project updates. He also discussed the 10-year capital improvement schedule. John explained that priorities will change as we realize funding and continue to review need status.

Improvements to the following were shared:

- Ackerman Improvements

- G Avenue Safety improvements-ADA

- Fieldhouse completion

- Inlow Hall renovation (Phase 2)

- The Grand Staircase -completion anticipated by December 2023

Co-President Moore explained that completing the fieldhouse during a pandemic has proven to be much harder to do than expected. Planning on a tour for the board at the November 7<sup>th</sup> meeting.

**Meeting adjourned at 11:33 a.m.**