

**VIRGINIA STATE UNIVERSITY BOARD OF VISITORS
COMMITTEE ON FACILITIES, FINANCE & AUDIT
12:30 P.M. THURSDAY, APRIL 21, 2022
Gateway Dining & Event Center
(on the campus of Virginia State University)
(No Public Comment Period Scheduled)**

DRAFT AGENDA

CALL TO ORDER Mr. William Murray, Vice Chair

ROLL CALL

INVOCATION (*Pastor Graham*)

APPROVAL OF AGENDA

APPROVAL OF PREVIOUS MEETING MINUTES (if any)

- Minutes from the February 3, 2022 meeting

PRESIDENT'S REMARKS Dr. Makola M. Abdullah

CLOSED SESSION (if any)

REPORTS AND RECOMMENDATIONS

- Division of Finance Mr. Kevin Davenport
Senior Vice President, Finance &
Administration/CFO
 - Approval Items:
 - Proposed Operating Budget for 2022-2023
 - Unfunded Scholarships for 2022-2023
 - Use of Grant Donation Funds
 - Information Items
 - Statement of Sources and Uses for Quarter Ending March 31, 2022
 - Comparative Cash Reserves for Quarter Ending March 31, 2022
 - Composite Financial Index (CFI) –
 - CFI Financial Trend Data FY 2016-FY 2021
 - Statement of Net Position FY 2016-FY 2021
 - Statement of Revenues, Expenses and Changes in Net Position FY 2016-FY 2021
 - Capital Project Update for Quarter Ending March 31, 2022
 - Approved Tuition, Fees, Room and Board Rates for 2022-2023
 - Discussion of Bi-Annual Management Reports
 - Investment Advisory Request for Proposal (RFP)

- Technology Services Updates Mr. Maurion Edwards
Chief Information Officer

- Internal Audit Ms. Tasha Owens
Interim Chief Audit Executive
 - Approval Items:
 - Resolution: Approval of Internal Audit Charter
 - Resolution: Approval of 2022-2023 Internal Audit Plan

 - Information Items
 - Corrective Action Plan Status
 - Case Workload Status
 - Audit Plan Status
 - Audit Charter Revisions
 - Audit Activities Update
 - Commonwealth of Virginia Update
 - Consulting Services Update

- Office of Compliance Ms. Shawri King-Casey
Senior Advisor to the President for Institutional
Ethics, Equity & Compliance
 - Information Items
 - Learning from our Compliance Past to Secure our Compliance Future
 - Maximizing our Audit, Risk, and Compliance Program
 - Compliance Update Highlights
 - Correction Action Plan Detail Update
 - Board of Visitors Creation of Ad Hoc Audit Committee
 - Audit Manual and Appendices
 - Upcoming Compliance Efforts
 - University Internal Audit and Compliance Committee
 - Committee Composition and Purpose
 - Director of Equal Employment Opportunity/Title IX Compliance
 - Fiscal Year 2021 Auditor of Public Accounts (APA) Audit Status
 - New Hire: Director of Diversity, Inclusion & Belonging

- Update from the Audit Sub-Committee Rector Valerie K. Brown

OTHER BUSINESS

ADJOURNMENT

***All start times for committees are approximate. Meetings may begin after the posted approximate start time as committee members are ready to proceed. The Board reserves the right to change its schedule as needed.*

**VIRGINIA STATE UNIVERSITY BOARD OF VISITORS
FACILITIES, FINANCE AND AUDIT COMMITTEE
MEETING MINUTES
April 21, 2022**

CALL TO ORDER

Mr. William Murray, Vice Chair, called the Facilities, Finance, and Audit Committee meeting to order at approximately 12:30 p.m. in the Gateway Dining and Event Center.

ROLL CALL

A quorum was present.

Committee Members Present:

Mr. William Murray, Vice Chair
Mr. Michael Flemming
Mr. Raul Herrera
Mr. Charlie Hill (*electronic participation*)
Mr. Jon Moore
Mr. Wayne Turnage
Dr. Valerie Brown, Rector (*ex-officio*)

Others Board Members Present:

Mr. Glenn Sessoms
Ms. Pamela Currey
Dr. Christine Darden

Administration Present:

Makola M. Abdullah, Ph.D., President
Dr. Donald Palm, Senior Vice President/Provost
Kevin Davenport, Vice President, Finance/Administration/CFO
Shawri King-Casey, Senior Advisor, Institutional EEC
Dr. Tia Minnis, Vice Provost, Academic Success, Planning & Inst. Eff.
Regina Barnett-Tyler, Assoc. Vice President, Student Success & Engagement
Dr. Gwendolyn Dandridge, AVP/Director, Communications
Adrian Petway, AVP, Budget Office
Maurion Edwards, CIO/Technology Services
David Bragg, Chief of VSU Police Dept.
Alexis Brooks-Walter, Asst. Vice Provost, Enrollment
Dr. Annie C. Redd, Special Asst. to President/Board Liaison

Legal Counsel Present:

Mike Melis, Assistant State Attorney General

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Others Present:

Yourdonus James, Director, Conference Services

Benjamin Houck, Finance

Pastor Graham, Director of Campus Ministries

Tasha Owens, Internal Audit

Malika Blume, President's Office

Travis Edmonds, Technology Services

Derrick Jennings, Technology Services

The following Board member(s) participated by electronic means using Cisco WebEx.

- Dr. Charlie Hill, located in Hampton, VA, because of personal reasons.

INVOCATION

Vice Chair invited Pastor Graham to offer the invocation.

APPROVAL OF AGENDA

Vice Chair asked for a motion to approve the meeting agenda. The Committee approved the agenda by roll call vote.

PREVIOUS MEETING MINUTES

Vice Chair asked for a motion to approve previous meeting minutes. The Committee approved the previous meeting minutes by roll call vote.

PRESIDENT'S REMARKS

Dr. Abdullah provided opening remarks, specifically noting investment in campus improvements on the auxiliary side which are forthcoming in the presentations. He thank the committee members for being at the meeting.

REPORTS AND RECOMMENDATIONS

Division of Finance & Administration

Mr. Davenport presented the cash and reserve balances, noting the full investment of the McKenzie Scott gift, highlighting VCAN balances, and providing additional context about federal funds and auxiliary balances.

Mr. Davenport presented the University's unfunded scholarship request, noting that this request is netted against tuition and fees rather than supported by any particular budget source. He explained the variance between unfunded amounts spent versus approved amounts in the past, noting flexibility in these funds and that needs may fall below maximum approved amounts. A motion was made to recommend this item to the full Board.

Mr. Davenport presented a resolution for the use of grant donation funds, thanking Mr. Huffman and his staff for performing additional due diligence on these funds which were discovered as a result of an APA audit finding. He explained the proposal to use these funds for scholarships to support the department that originally received funds (or next closest department). Mr. Davenport also specifically thanked the APA for their work, which led to the discovery of these funds. A motion was made to recommend this item to the full Board.

Mr. Davenport presented the operating budget as his final approval item. He noted that this budget does not include state funding amounts, stating that the general assembly is still in session. He presented a chart of enrollment trends compared to budget, noting that the amount of students budgeted on campus was increased but that the budget is still very conservative. He highlighted the extension received on the CARES funds, the six million dollars in additional technology costs, rate increases to major contracts, employee salary increases, utility rate increases, new athletic programs, the \$13.7 use of auxiliary funds for property acquisitions around the Multi-Purpose center, updates to athletic fields, and the newly added \$500k budget for contingency. A motion was made to recommend operating budget as presented to the full Board.

Mr. Davenport presented the Composite Financial Index (CFI), noting that it is a way to measure the university's financial health. He elaborated that our goal is not just to have high CFI, but that this is a tool to let us know when it is time to start investing in ourselves. He presented the four component ratios of the CFI noting the long-term and short-term goals of each of the ratios.

Mr. Davenport presented an update on the Student Union project, noting the extension of the HEERF money and the additional ability granted to use those funds towards construction costs on campus. He noted that there are still costs remaining to be paid but that we expect \$5 million to be made available for use towards capital projects. He discussed debt that is rolling off and that how we would be able to do this project without having to raise student tuition or fees. He also discussed who he met with so far and noted preliminary discussions and support and support of the concept. He stated that the BOV would need to approve this project for which bond issuance would be in February. He noted that the project is expected to be \$35 million and that all options such as new construction or renovation are still on the table.

A Visitor asked about CFI and what Mr. Davenport expects the chart to do going forward, given the recent increases. Mr. Davenport stated that it is possible for the number to increase, due to the heavy role that expenditure on capital projects plays in the value of the index. Dr. Abdullah added that

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construction plays a heavy role in the value of the index, but when we invest back in our institution we expect the composite CFI index to fall back to a value of two.

Mr. Davenport provided an update on the Fall Line Trail.

Mr. Davenport provided updates on where the processes stand for the Academic Commons Building, the Admissions Building, and the M.T. Carter Annex. He noted increased money from the State for infrastructure projects.

Mr. Davenport updated the Committee on the conclusion of the Investments RFP. He discussed the rationale for the final selection of Spider Management and Consequent Capital Management, noting the fully diverse investment staff at Consequent Capital Management and excellent performance net of fees for Spider Management. Mr. Davenport stated that Spider has earned \$27 million for the university since inception of their partnership. He summarized the RFP Selection Committee's conclusions that Spider Management had the best positioning for the possibility of superior returns going forward due to the extensive access to private equity and direct placements. He noted the deep resources of the University of Richmond with respect to endowment management and highlighted the attendance of Spider's CIO for its presentation to VSU.

Division of Technology Services

The Interim Chair called Mr. Edwards to present his report for Technology Services. He highlighted key aspects of technology that will be critical for the university to advance to Level 2, noting the importance of engaging with VITA. He discussed the emphasis his department placed on ensuring that the technology plan is connected to the university's Six Year Plan, namely answering the question of what it will take for the university to reach its digital transformation.

Mr. Edwards provided updates on work related to data integrity across campus systems, updates and implementations, the Banner One-Stop, and the Canvas implementation. He elaborated on the opportunities and benefits he sees with metrics. He noted the positive direction with respect to staffing his department, including the hire of two former VSU IT staff.

Mr. Edwards discussed how "service now process management" will decrease turnaround times for responding to requests. He also noted creation of checklists for the onboarding of new employees.

Mr. Edwards gave an update on the management of IT spending going forward, noting the effort that has been made for departments to understand their true costs of ownership with respect to IT. He emphasized the benefits of working proactively with departments and vendors.

A Visitor congratulated Mr. Edwards on implementing this program and working in an integrated manner. The Visitor asked a follow up question if there is a way for the university to work alongside each other to consolidate purchases to realize better rates.

Mr. Phillips, Executive Director of Procurement, replied noting that VASCUPP contracts allow universities to take part in the same contracts and leverage savings.

Dr. Abdullah thanked Mr. Edwards and noted the level of collaboration across areas. He also noted the work Mr. Phillips has done in further the collaboration between Technology Services and Procurement.

Division of Internal Audit

The Interim Chair called Ms. Owens to deliver the Internal Audit report. Ms. Owens presented an update on the status of the Corrective Action Plan, highlighting Internal Audit's weekly meetings with the Division of Compliance. She noted that 15 items have been reviewed and closed since the last Board meeting, thanking the business managers for making sure they are actively working on resolving CAP items. She stated that one new OSIG complaint has been opened.

Ms. Owens provided an update on the 2022 audit plan status and how it will carry forward to the 2022-2023 audit plan, noting planned financial, IT systems controls, and enrollment audits.

Dr. Abdullah thanked Ms. Owens for her great work. He added how important it is for the BOV to review the Audit Charter. The Chair agreed to postpone approval of the Audit Charter until the Audit Committee has the chance to review and discuss.

Ms. Owens highlighted her objective to make sure that the Audit Charter reflects the best practices outlined by the Institute of Internal Auditors (IIA). She outlined some of the major changes from the previous version of the charter, including the ongoing responsibility of the Chief Audit Executive and the ability of Internal Audit to rely on other auditors.

Ms. Owens provided an update on the process of procuring internal audit software, including trying several software demos and speaking with internal auditors at other state agencies about the software they are utilizing. She stated that she hopes to have a vendor selected by the end of the fiscal year.

Ms. Owens noted that May is internal audit awareness month and a good time to raise awareness about the Internal Audit area. She emphasized the goal of jointly participating with management to review risk related to the university's Strategic Plan.

Ms. Owens concluded her report by informing the Committee that she was appointed by her peers to serve on the Board of Governors for the IIA and also summarized various professional training sessions that she or the staff of the Internal Audit department has attended.

Division of Compliance

The Interim Chair called Ms. King-Casey to deliver an update from the Office of Compliance. Ms. King-Casey started her report by clarifying the timeline of when the University's corrective actions would be reflected on an APA audit report. She noted that the most recent APA audit report (FY20) does not reflect the University's recent corrective progress because those changes will not be addressed until future APA audit reports. She further emphasized the need for patience and focus as the University makes deliberate steps toward resolving outstanding audit points and addressing the University's systemic issues.

Ms. King-Casey highlighted the elimination of 15 items from the Corrective Action Plan detail since the last Committee meeting. She emphasized the commitment to working with Internal Audit external auditors regarding their recommendations and the implementation of comprehensive solutions. She noted the intent to create a University Internal Audit and Compliance Committee comprised of University business unit leaders and other stakeholders who will discuss current process improvements and strategize future ways to fortify the University's compliance well-being.

Ms. King-Casey discussed the ongoing recruitment of the Director of EEO/Title IX Compliance, stating that she hopes the process is complete by May.

Ms. King-Casey welcomed George Strudgeon from the Auditor of Public Accounts, who will be overseeing the FY21 annual audit of VSU. She noted some of George's portfolio which includes statewide single audit, Department of Motor Vehicles audits, Department of Education audits, serving on the Steering Committee for Association of Government Accountants Partnership for Intergovernmental Management and Accountability, and serving as a team member, team leader, and concurring reviewer in the *National State Auditors Association* (NSAA) External Quality Control Review Program. The Interim Chair offered additional welcome.

Mr. Reinholtz, the University's former APA auditor, noted that it was a pleasure working with Virginia State University. Moreover, he noted that the FY20 report has been issued and that Mr. Strudgeon is working on the FY21 report.

Update on Audit and Compliance Subcommittee

The Interim Chair yielded to the Rector for an action report. The Rector noted that she is ecstatic about the progress being made in the audit area. She thanked Committee members again for creating the Audit Subcommittee. She commended Ms. Shawri King-Casey for the work she did for the Audit Subcommittee, which included compiling the "Audit Manual." She highlighted the conversations the Subcommittee has had and noted the intent to make sure that the Audit Charter agrees with the Audit

Manual. The Rector further stated that she is looking forward to the Chief Audit Executive hiring process and noted that a Board member will serve on the hiring committee.

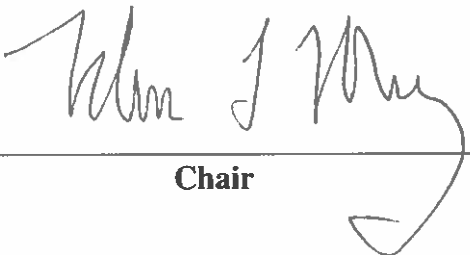
The Rector presented a motion that this committee recommends to the full Board for an Audit and Compliance Committee to be created as a separate committee from the Facilities, Finance, and Audit Committee. Mr. Moore was nominated to serve as the chair of this proposed Audit and Compliance Committee. The motion was made and properly seconded. The motion carried.

President Abdullah requested that a vote be officially made to select the chair of the Facilities and Finance Committee, a position formally held by the late Mr. Jay Stegmaier. Prior to the motion to select the new chair, the Rector thanked the Committee for the scholarship that they set up in Mr. Stegmaier's honor. The Rector made a motion for Mr. Murray to be the chair of the Facilities and Finance Committee. The motion was made and properly seconded. The motion carried.


Adjournment

There being no further business, Mr. Murray adjourned the meeting at approximately 2:20 p.m.

APPROVED:



Chair



Date