

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

**Wednesday, November 7, 2018; 10:00 a.m.
Board Room, Virginia Hall, Room 310**

CALL TO ORDER

Mr. Michael Flemming, Committee Chair, called the meeting of the Virginia State University (VSU) Board of Visitors (Board) Facilities, Finance and Audit Committee (Committee) to order in the Board Room of Virginia Hall on the campus of Virginia State University at approximately 10:10 a.m.

ROLL CALL

A quorum was present.

Dr. Valerie Brown called in from the remote location: 215 Las Gaviotas Blvd., Chesapeake, VA 23322. Dr. Brown could not attend the meeting due to a medical condition that prevented her physical attendance. (Code §2.2-3708.2 (A) (1a)).

Committee Members Present:

Mr. Michael Flemming
Dr. Valerie Brown (*electronic participation*)
Mr. Paul Koonce (*absent*)
Mr. Jay Stegmaier
Mr. Gregory Whirley
Mr. Charlie Hill
Mr. Wayne Turnage (*absent*)
Mr. Huron Winstead, Rector

Other Board Members Present:

Ms. Pamela Currey (*arrived 2:00 p.m.*)
Dr. Daryl Dance (*arrived 2:00 p.m.*)

Administration Present:

Dr. Makola M. Abdullah, President
Dr. Donald Palm, Provost/Vice President, Academic Affairs
Mr. Hubert Harris, Vice President, Administration
Ms. Sheila Alves, Chief Audit Executive
Mr. Kevin Davenport, Vice President, Finance
Dr. Annie C. Redd, Special Asst. to President/Board Liaison
Dr. G. Dale Wesson, Vice President, Research/Economic Development
Dr. Letizia Gambrell-Boone, Vice President, Student Success & Engagement
Ms. Jane Harris, Asst. Vice President, Capital Outlay/Facilities
Mr. Osubi Craig, Special Asst. to President for Special Projects and Strategic Initiatives

Legal Counsel Present:

Ms. Ramona Taylor, Asst. Attorney General/University Legal Counsel

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Others Present:

Mr. Travis Edmonds, IT Specialist
Mr. Henry Debose, President's Office
Ms. Malika Blume, Internal Audit
Mr. Ben Houck, Division of Finance
Dr. Kimetta Hairston, ACE Fellow

APPROVAL OF AGENDA

The Committee approved the agenda as printed.

APPROVAL OF MINUTES

The Committee approved the minutes from the September 6, 2018 Committee meeting.

REPORTS AND RECOMMENDATION

Division of Administration

Mr. Harris presented the VITA IT Scorecard and mentioned that this scorecard is an integral component of attaining Level II status. Committee members asked follow up questions regarding the quarterly corrective action plan submitted to the State. Committee members also asked about additional requirements set forth by such audits and clarified that any additional requirements such as personal would be funded by the University.

Mr. Harris provided updates on requirements for cloud computing. He stated that there are a number of systems that have pending applications for cloud computing such as medical and blackboard. Committee members asked about pending approvals for cloud computing and the cutoff date of December 1st. The President clarified that the University is being vocal in its follow up with VITA to make sure that approvals are made ensuring that services remain in place for students.

Mr. Harris discussed top level vacancies within the Information Technology Department. Committee members asked why there are so many vacancies within this department. Mr. Harris stated that there are some contract resources in place until permanent hires are made. He also explained that with the move to cloud computing, the University will need to make sure that staff is in place that understands the paradigms of cloud computing. Mr. Harris stated that he will report back in February with a more specific plan for filling vacant IT positions. Committee members suggested using a mix of staff augmentation solutions to meet demands of vacant positions.

Mr. Harris explained that the upgrade to Banner 9 will resolve outstanding issues related to identity management. The goal in general will be for one user ID and password to gain access to all systems.

Division of Finance

Mr. Davenport presented updated projections of budgetary shortfalls on both the E&G and Auxiliary sides. He stated that these budget cuts will not be as deep as originally expected and that he has been working with

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various departments to arrive at a target. He explained that none of these reductions were made in the academic areas. He listed areas where cuts have been made so far such as printing, travel, as well as positions relating to vehicle repair. Mr. Davenport replied to Committee members that the shortfall will not prevent Mr. Harris from hiring the necessary IT personnel. He also clarified that positions currently vacant within the IT department are not due to budgetary shortfall.

Mr. Davenport reviewed the Budget to Actual Report for the quarter ending September 30, 2018. He walked through the report and the supporting schedules for auxiliary enterprises and cooperative extension. Mr. Davenport explained each line item in the budget to actual report and outlined each item's progress with respect to how revenue and expenses are tracking at this point in the cycle. Mr. Davenport confirmed that expenditures are on track as projected. Committee members asked for clarification about research volume given that Pell grant funds flow through the sponsored programs designation. Committee members also emphasized that the University should be exploring opportunities to increase Multipurpose Center revenue. Committee members stated that a goal for the administration and Board should be to further understand and consider possible opportunities related to the University's land grant mission and then be able to relate these opportunities to the direction of the University's operations.

Mr. Davenport reviewed the Actual to Actual Report and the supporting schedules for the quarter ending September 30, 2018. He explained the progress of various line items on the actual to actual chart and responded to Committee members for clarification on the detail behind various line item changes. Mr. Davenport answered a number of questions from the Committee members.

Mr. Davenport provided a report showing the definitions in regard to the University's functional categories. He stated that this information came from various resources on the reporting of expenses in each functional category. Committee members added that they thought these definitions would be useful going forward as additional background in providing further understanding when reading the line items on the budget reports.

Mr. Davenport presented an Overview of Financial Aid and Scholarship Sources. The overview includes all sources of financial aid and was broken up by funding source (i.e. federal, state, institution and private). Mr. Davenport provided a high level categorization of the major financial aid funding sources of the University and replied to Committee members questions for additional information on the various sources. Committee members asked to receive a report showing the current utilization of endowed funds as a percentage of the Board defined distribution rate.

Mr. Davenport reviewed the Schedule of Capital Projects as of September 30, 2018. He reviewed each active capital project funded by university funds and state bond funds. He also covered capital projects that do not fit the state's definition of capital projects. Mrs. Jane Harris, Associate Vice President for Capital Outlay/Facilities presented an update regarding plans to demolish and replace Daniel Gym and Harris Hall. Committee members asked several questions regarding possibilities for certain planned elements of these projects to also be revenue generating.

Mr. Davenport highlighted opportunities for increased SWAM participation with respect to construction. Committee members suggested that we maintain a list of alumni who are SWAM vendors. Mr. Davenport also presented a detailed schedule of auxiliary, revenues, expenditures and reserves. Committee members

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stated that this schedule provided the detail that they were seeking at the current time but would put forth further questions in the future.

Mr. Davenport distributed a corrective action status update regarding the purchase card audit. Mr. Davenport noted that mandatory training sessions for all cardholders and reviewers was completed last week. He also noted that work on each of the recommendations have already started and that about half of the recommendations will be complete by the end of November. Committee members inquired whether anyone was terminated in the implementation of this corrective action. Mr. Davenport said no one was terminated following this review.

Internal Audit

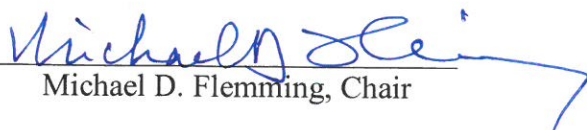
Ms. Alves provided an update on hotline cases as well as an update on the audit plan and corrective action plan. Ms. Alves discussed information with respect to a concern over hazing issues. She outlined that a policy should be created to address all related scenarios and ensure that the University response to such concerns meets all requirements, including that the proper people are performing all related investigations. Committee members stated that they want this policy to be comprehensive to protect all parties including the University.

CLOSED SESSION

In accordance with § 2.2-3711(A)(1) of the *Code of Virginia*, Dr. Redd (on behalf of the chair) read the motion to go into closed session at 1:41 p.m. for discussion of performance of departments of the University where such discussion will necessarily involve the performance of individual employees. Additionally, this information directly pertains to the preliminary investigative notes, correspondence, and information furnished to the University's Internal Audit department, which is protected under Virginia code § 2.2-3705.3.7 of the Code of Virginia. The motion provided that President Makola M. Abdullah; Sheila Alves, Chief Audit Executive; Malika Bloom, Internal Audit Staff; Dr. Annie C. Redd, Board Liaison; and Ms. Ramona Taylor, University Legal Counsel, attend the closed meeting because their presence in the closed meeting is deemed necessary, and/or their presence will aid the Board in its deliberations.

The Board reconvened in open session at 2:31 p.m. in accordance with § 2.2-3712(D) of the *Code of Virginia*. Dr. Redd conducted the poll in which all board members certified that the Board only discussed business matters lawfully exempted from open meeting requirements and which were identified in the motion authorizing the closed session, were heard, discussed, or considered in closed session. All board members present certified compliance with the Virginia Freedom of Information Act.

There being no further business, the chair adjourned the meeting at 2:32 p.m.


Michael D. Flemming, Chair

2-14-19
Date