

**MINUTES
MIDWESTERN STATE UNIVERSITY
BOARD OF REGENTS**

**Finance and Audit Committee
August 3, 2006**

The Board of Regents, Midwestern State University, met in regular session in the Board Room, Hardin Administration Building, Wichita Falls, Texas, at 3:12 p.m., Thursday, August 3, 2006. Finance and Audit Committee members in attendance were Mr. Munir Lalani, Chairperson; Mr. John Bridgman; and Mr. David Stephens. Other regents attending the meeting were Mr. Mac Cannedy, Jr., Ms. Pamela Gough, Ms. Pat Haywood, Mr. Ben Wible, and Student Regent Will Morefield.

Administrative staff members present included Dr. Jesse W. Rogers, President; Dr. Friederike Wiedemann, Provost; Mr. Juan Sandoval, Vice President for Administration and Finance; Dr. Howard Farrell, Vice President for University Advancement and Student Affairs; Dr. Bob Clark, Associate Provost; and Mr. Keith Lamb, Associate Vice President for Student Affairs. Other university personnel attending the meeting included Ms. Gail Ferguson, Controller; Mr. David Spencer, Internal Auditor; Dr. David Tucker, Chairperson of the MSU Faculty Senate; Mr. Allen Goldapp, Director of Physical Plant; Ms. Valarie Maxwell, Director of Budget and Management; Ms. Dianne Weakley, Director of Personnel; Ms. Julie Gaynor, Public Information and Marketing Assistant; Ms. Cindy Ashlock, Assistant to the President; and Ms. Debbie Barrow, Executive Assistant to the President. Mr. Jason York, Student Government Vice President and SGA Observer, and Ms. Binta Thomas, Student Government Secretary, also attended the meeting. Representing the news media was Ms. Ann Work, reporter for the Wichita Falls *Times Record News*.

Chairperson Lalani called the meeting to order at 3:12 p.m.

Reading and Approval of Minutes

06-143. The minutes of the Finance and Audit Committee meeting May 11, 2006 were approved as presented.

Review and Acceptance of Financial Reports

06-144. The administration recommended the April, May, and June 2006 Financial Reports for acceptance. Mr. Bridgman moved the Board accept these reports as presented. Mr. Stephens seconded the motion. Mr. Sandoval noted that revenues and expenses were on target. He added that utility savings in the current year were significant. The motion was approved.

Financial Disclosure Statements

06-145. Mr. Lalani noted that each year the Board of Regents reviews copies of Financial Disclosure Statements of the President, the Vice President for Administration and Finance, and the Controller. Copies of these statements were previously distributed to the Board for review. Mr. Bridgman moved the Board accept the 2005 Financial Disclosure Statements of these individuals. Mr. Stephens seconded the motion and it was approved.

Internal Auditor Plan

06-146. Mr. Lalani reported that the Texas Internal Auditing Act requires each agency's internal auditor to develop an annual audit plan using risk assessment techniques. The MSU Internal Auditor's proposed plan for the 2006-2007 fiscal year was presented in the agenda document. Dr. Rogers commented that he was very pleased with Mr. Spencer's work and recommended approval of the audit plan. Dr. Rogers added that Mr. Spencer attends Administrative Council and other meetings so that he can stay informed of university activities and initiatives. Mr. Spencer stated that the plan was largely the result of the input he received from management, risk assessment techniques, and requirements of grants and contracts.

Mr. Stephens asked Mr. Spencer if he was spending more or less time with NCAA compliance issues. Mr. Spencer responded that he had worked on one project related to NCAA issues every year he had been at MSU. Dr. Rogers added that it is likely the requirements for NCAA compliance will continue to increase.

Mr. Lalani asked Mr. Spencer if he was getting all of the cooperation he needed from the university administration. Mr. Spencer responded that the administration, faculty and staff are very cooperative and helpful.

Mr. Stephens moved approval of the plan as presented. Mr. Bridgman seconded the motion and it was approved.

Investment Policy

06-147. Mr. Lalani stated that the Texas Public Funds Investment Act requires that the Board of Regents review and approve the institution's investment policy each year. A copy of the current policy was shown in the agenda document. The administration recommended that the Board of Regents adopt continuance of the current policy #4.182. Mr. Bridgman moved approval of this item as presented. Mr. Stephens seconded the motion.

Mr. Cannedy asked Mr. Sandoval how much leeway the university has in the development of an investment policy. Mr. Sandoval responded that the types of instruments the university in are actually detailed through the Texas Public Funds Investment Act. As a state agency the university is expected to be conservative, to engage in those instruments that offer little risk, and to protect the public trust. Mr. Lalani stated his understanding that the Act does not indicate the specific instruments a state agency can invest in, but rather indicates the agency must remain conservative. He added his understanding that the Act does not specify an amount of allocation. Mr. Sandoval responded that this was correct. Mr. Stephens asked what the university was doing at this time with long bonds. Ms. Ferguson responded that the university tended to stay under three years.

There being no further discussion, the motion was approved.

University Accounts

06-148. The administration recommended the following individuals be authorized to sign on university bank accounts, with two signatures required on all checks drawn from university accounts:

Dr. Jesse Rogers, President
Mr. Juan Sandoval, Vice President for Administration and Finance
Ms. Gail Ferguson, Controller
Ms. Valarie Maxwell, Director of Budget and Management
Ms. JoElla Hinkle, Assistant Controller

The administration further recommended continued authorization for the President, Vice President for Administration and Finance, and Controller or their designees to purchase and sell investment instruments in accordance with the Texas Public Funds Investment Act and the Board of Regents' Investment Policy and perform all other normal banking transactions. Investment transactions may be authorized by verbal orders but must also be approved in writing by the President or the Vice President for Administration and Finance.

The administration finally recommended the Board continue to authorize the President, Vice President for Administration and Finance, and Provost to sign appropriate personnel retirement documents.

Mr. Lalani asked if this approval was required every year. Mr. Sandoval responded that it was. Mr. Stephens moved approval of these recommendations as presented. Mr. Bridgman seconded the motion and it was approved.

Approval of Brokers/Dealers, Investment Vehicles and Asset Holding Accounts

06-149. In accordance with statute, the administration submitted a list of brokers/dealers and investment vehicles for Board approval for fiscal year 2007. Mr. Lalani noted that the listed brokers/dealers had filed certifications acknowledging the university's investment policy. Mr. Sandoval added that the previous broker/dealer list included Coastal Securities in Austin. The broker for this firm moved and Piper Jaffray from Houston was selected as a replacement.

Mr. Bridgman moved approval of the lists as presented in the agenda document. Mr. Stephens seconded the motion and it was approved.

Salary/Title/Position Changes in 2005-2006 Budget Approved per Board Authorization

06-150. Salary, title, and position changes approved by the President were presented in the agenda document and recommended for ratification. Mr. Bridgman moved the Board ratify these items. Mr. Stephens seconded the motion.

Dr. Rogers reviewed several of the items as follows:

- A. He reported that the overlap funding for football coaches was the result of the university replacing three assistant coaches that left MSU in the spring. He noted that it was necessary to bring the new replacement coaches in while the university was still paying out the contract fulfilled by the three original coaches. This caused an overlap situation and the need for additional funding.
- B. A former business faculty member was transferred into the position of Assistant Director of International Student Services. This individual has a master's degree in business computer information systems. His education and experience warranted a higher salary in this position.
- C. The university is currently searching for a new Director of Purchasing. A stipend is being paid to the Interim Purchasing Director a new director is hired.
- D. Work is underway for the implementation of Banner, a new operating system on campus. Dr. Rogers noted that this is a tremendous undertaking for the university. The director of the project will receive a \$10,000 annual stipend during the duration of the project.
- E. Dr. Rogers noted that in the recent search for a new Director of the Physical Plant it was critical that an individual be hired with appropriate credentials and experience in similar positions at other major universities or state agencies. The salary was adjusted to attract a qualified individual to fill this important position. .

There being no further discussion, the motion to ratify the list was approved.

FY 2005-2006 Items \$50,000 & Under Approved by President

06-151. The administration recommended the ratification of the following budget changes.

From Account:

To Account:

<u>Number</u>	<u>Title</u>	<u>Number</u>	<u>Title</u>	<u>Purpose</u>	<u>Amount</u>
2-24220	Unallocated Local Tuition	2-21120	West College of Education	Associate Membership Fee for Region II Education Service Center (Fort Worth)	\$ 3,500.00
2-24220	Unallocated Local Tuition	2-22021	Writing Proficiency Examination	Salary for Part- Time Temporary Assistant	8,000.00
2-24220	Unallocated Local Tuition	2-27143	Dependent Educational Assistance Program	Additional funding required due to increased participation	27,700.00
3-30000	Unallocated Student Service Fees	3-30121	Disabled Student Services	Establish new Disability Support Services Office	29,000.00
	Total				\$ 68,200.00

The following information was provided concerning these budget changes.

- A. Dr. Rogers noted that the first amount of money would allow the university to deliver courses through distance connection to the Region II Education Service Center in Fort Worth. A number of teachers in that area are able to participate in the MSU graduate program through this partnership.
- B. Dr. Wiedemann reported that the time requirement for students to complete the writing proficiency exam was modified which caused a bottleneck of students needed to take the exam. A temporary assistant was hired to assist with the administration of the program. Dr. Rogers added that this exam is one of the key assessment instruments the university utilizes.
- C. The university's dependent educational assistance program has been very successful and additional funds were needed to fund the program
- D. Beginning with the 2006-2007 budget Disability Support Services will be separated from the Counseling Center. This allocation of funding was necessary to furnish and set up the new office.

Mr. Stephens moved the Board ratify these budget changes as presented. Mr. Bridgman seconded the motion and it was approved.

ACCESS MSU Program Addition

06-152. Mr. Lalani reported that the ACCESS MSU program has been available to high school students since the summer 2005. The program provides a waiver of local board authorized tuition for up to two courses during each fall and spring semester for the first 150 high school students who are accepted unconditionally to MSU. The program is also offered for the summer sessions. This tuition waiver is currently only available for courses taken on the MSU campus and is not allowed for distance or internet classes. He added that MSU previously established an educational program site in Graham, Texas, and Graham High School students enroll in MSU courses at that site. The administration recommended that the ACCESS MSU program be extended to include high school students taking MSU courses in Graham.

Ms. Gough asked how many students participate in the program in Graham. Dr. Rogers responded that a speech course was previously offered and 10-12 students were enrolled. Science courses will likely be offered in the future and with this program and additional offerings it is hoped that the numbers will increase.

Mr. Bridgman moved approval of the recommendation as presented. Mr. Stephens seconded the motion and it was approved.

Housing Repair and Renovation

06-153. The administration recommended the transfer of the balance of the Land Proceeds Fund to be used for the renovation and furnishing of university houses located at 2504, 2510, 2512, and 2514 Hampstead Lane. Mr. Lalani noted that the balance in the fund as of July 12, 2006 was \$49,130. He added that the administration intended to use the renovated and furnished homes for student housing beginning with the spring 2007 semester.

Ms. Haywood asked how many students could be housed in the homes. Mr. Lamb stated that the houses would more than likely be used for married or graduate student housing. He indicated that at one time the university offered married student housing in Bridwell Courts. However, with the increased demand for on-campus housing the university has been unable to accommodate married students. The Housing Office has a list of married students who want to live on campus. He added that it is possible one of the houses could be used as another living-learning environment similar to what has been done with the Honors House and the Biology House. Ms. Haywood asked if students in the homes would pay what other students pay for one-campus housing. Mr. Lamb responded that in a living-learning environment they would. In family or married student housing the administration and Board would have to set an appropriate amount for rent per month. Mr. Lalani noted that the houses needed to be renovated and furnished or they would deteriorate.

Mr. Bridgman moved approval of this recommendation. Mr. Stephens seconded the motion and it was approved.

Operating Budget for Fiscal Year 2007

06-154. Mr. Lalani reported that the FY 2007 operating budget was approved by the Board in May 2006. The administration recommended approval of the following revisions to the budget.

Title Changes:

Department	From	To
BAAS Program	Assistant Professor	Assoc Dir/Assistant Professor
Mass Communications	Assistant Professor	Instructor
Education & Reading	Associate Professor	Assistant Professor
Regents' Professor	Professor/Chair	Professor
Testing Services	Computer Based Testing Center Operator	Computer Based Test Specialist
Print Shop & Supply	Duplicating Equipment Operator	Desktop Designer
Athletic Administration	Athletic Trainer	Head Athletic Trainer

Monetary changes:

Staff salary changes due to retirements, resignations, new hires, extra duty assignments, longevity, promotions, benefit replacement pay, and fringe benefit adjustments.	\$ 1,390.00
Faculty salary changes due to retirements, resignations, new hires, benefit replacement pay and fringe benefit adjustments.	4,382.00
Research Development Fund as required by the General Appropriations Act.	9,470.00
Net Changes	\$ 15,242.00

With these changes, the revised operating budget for fiscal year 2007 will be \$ 60,392,695.

Dr. Rogers indicated that he was pleased that the amount of change was minimal. Mr. Stephens moved approval of these budget revisions as presented. Mr. Bridgman seconded the motion and it was approved.

Adjournment

The Finance and Audit Committee discussion concluded at 3:47 p.m.

Reviewed for submission:

Munir Lalani, Chairperson
Midwestern State University
Board of Regents Finance & Audit Committee