

**VIRGINIA STATE UNIVERSITY BOARD OF VISITORS
FACILITIES, FINANCE AND AUDIT COMMITTEE
MEETING MINUTES
Thursday, November 7, 2019**

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, 310 Virginia Hall, on the campus of Virginia State University at 9:00 a.m.

ROLL CALL

A quorum was present.

Committee Members Present:

Mr. Michael Flemming
Dr. Valerie Brown
Mr. Raul Herrera (*absent*)
Mr. Paul Koonce (*absent*)
Mr. Jay Stegmaier
Mr. Gregory Whirley
Mr. Charlie Hill
Mr. Wayne Turnage (*absent*)
Mr. Huron Winstead, Rector (*ex-officio*) (*absent*)

Administration Present:

Makola M. Abdullah, Ph.D., President
Donald Palm, Ph.D. Provost/Vice President, Academic Affairs
Sheila Alves, Chief Audit Executive
Kevin Davenport, Vice President, Finance
Reshunda L. Mahone, Vice President, Institutional Advancement
G. Dale Wesson, Ph.D., Vice President, Research & Economic Development
Annie C. Redd, Ed.D, Special Asst. to President/Board Liaison

Legal Counsel Present:

Ramona Taylor, Asst. Attorney General/University Legal Counsel
Deb Love, Senior Asst. Attorney General/Section Chief, Office of the State Attorney General

Others Present:

Victor Landry, Spectra-VSU Multipurpose Center
Mike Fryling, Spectra-VSU Multipurpose Center
Yvonne Moncovich, Spectra-VSU Multipurpose Center
Mike Powell, Ph.D., Technology Services
Adrian Petway, Budget Office
Tanya Simmons, Office of Human Resources
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Others Present (continued):

Dale Mason, Risk Management

Travis Edmonds, Technology Services

Malika Blume, Internal Audit

Benjamin Houck, Finance

APPROVAL OF AGENDA

The committee approved the meeting agenda.

APPROVAL OF MINUTES

The Committee approved minutes from the September 5, 2019 committee meeting.

PRESIDENT'S REMARKS

President Abdullah thanked the Board members for attending the meeting today. He stated that Governor Northam would be on campus at 10 am to announce the Tech Talent Investment Program Memorandum of Understanding with 11 institutions of higher learning in Virginia. In addition to VSU, presidents and representatives from Radford University, William & Mary University, Norfolk State University, Christopher Newport University, Old Dominion University, and Virginia Commonwealth University would be in attendance.

REPORTS AND RECOMMENDATIONS

Division of Administration

Dr. Mike Powell, Chief Information Officer, presented a review of VSU technology services. He discussed vacant positions and stated that the chief information security officer position is typically the hardest one to fill. He stated that, in past experience, he has had success contracting for this position if unable to fill it. He also discussed classroom technology as well as the advantages of all VSU employees having a University provided laptop.

Dr. Powell went on to present recommendations, including a formal program of succession planning, evaluating options for outsourcing, identifying and prioritizing staffing needs, working with the user community to identify an optimal approach for filling gaps, encouraging staff outreach across higher education, reviewing operations to ensure funds are being spent wisely, reviewing the project request and approval process, providing proper support services to staff, implementing a proven help desk system, training for classroom technology, and deploying a robust, flexible, and secure network infrastructure. Visitors asked a follow up question regarding creating flexibility in staff ability. Dr. Powell replied by discussing cross training, off boarding, and teaching simple programming so that staff can make code adjustments.

Visitors asked follow up questions about the matter of some employees not having government-issued laptops. Dr. Powell confirmed that no sensitive information was handled on non-government issued devices. Visitors asked for Dr. Powell's thoughts about technology innovation, and why higher education has fallen behind some other sectors in terms of technology. Dr. Powell replied by citing issues of workflow and opportunities for innovation brought about through data science.

Internal Audit

Ms. Alves presented an update on hotlines and special investigations, including a breakdown of substantiated and unsubstantiated cases. With respect to unsubstantiated cases, she stated that the University needs to provide more training as to what constitutes fraud or waste. Visitors asked why the number of cases increased in 2019. Visitors also expressed a desire for all members of the Board to be equally informed about substantiated cases so that they can properly fulfill their fiduciary duties.

Ms. Alves stated that there are some items that would need to be cleared in order to attain Level II status that are not clearing as fast as she would like. Ms. Alves presented additional information such as updates on the hiring status of an IT auditor, controls and process improvements, and due dates for corrective action plans. Trustees asked about the outstanding audit item relating to gift reconciliation and if there has been any negative feedback from donors regarding their experience with respect to this process. She stated that she did get some feedback from donors about control weaknesses in the area of reconciling contributions, stating that in some instances the University receives a donation, but the donation hasn't been traced all the way through and can remain in gift suspense for longer than a month in some cases.

Division of Finance

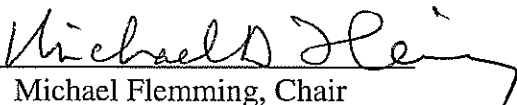
Mr. Davenport presented a draft resolution to utilize up to \$500,000 in unfunded scholarships for a maximum award to 100 in-state recipients and 200 out-of-state recipients. Mr. Davenport indicated that unfunded scholarships is a state process for funding financial aid through the use of tuition revenue. He indicated that the University has used the state's unfunded scholarship process for a number of years and that \$500,000 for unfunded scholarships is already included and approved in the FY 2019-20 budget. Mr. Davenport reviewed the level of unfunded scholarships over the past three years and walked the Visitors through the actual legislation and relevant code sections. Visitors asked follow-up questions regarding the process of budgeting for unfunded as well as any potential impact on reserves. Mr. Davenport responded to these questions and explained how tuition discounts can result in a net positive revenue for the University. Mr. Davenport also reviewed the resolution in detail and the committee agreed to recommend the resolution to the Board for approval.

Mr. Davenport introduced Victor Landry and Mike Fryling of Spectra Venue Management, the firm currently under contract for the management of the VSU Multipurpose Center (MPC). Mr. Landry reviewed a comparison of MPC's actual June 30, 2019 financial statements to the proforma statements included in the Spectra contract. Mr. Landry reviewed fluctuations and discussed progress over the last year in opening the venue up to the major events promotion companies. He reviewed the types of external events hosted at the facility as well as the type of events he expects to target going forward. He also elaborated on the collaboration with VSU Athletics such as targeting games with historically low attendance for special promotions. Mr. Landry stated that Spectra is also looking for ways to collaborate with Institutional Advancement in order to raise additional revenue from sales of preferred seating or naming rights. Visitors asked follow up questions on the utilization of the venue and its capacity to take on more events. Mr. Landry replied to these questions with utilization data and also elaborated on the various types of events hosted at the facility. After Mr. Landry and Mr. Fryling concluded their presentation, Visitors discussed with Mr. Davenport the time remaining on the Spectra contract and agreed that if University leadership decides it wants to solicit new bids for this contract, a decision will need to be made by the February meeting.

Mr. Davenport reviewed the Budget to Actual and Actual to Actual financial statements for the quarter ending September 30, 2019. He indicated the University met all its key revenue drivers in the budget such as enrollment, number of full-time students and number of students in the residence halls. He also reviewed the additional general funds and student financial assistance received from the State during the previous short session. Mr. Davenport replied to several questions from Visitors concerning specific line item fluctuations. Visitors expressed that they would like to review the draft June 30th financial statements as well as ratios and the CFI calculation for the February meeting. Visitors also expressed that they would like to see greater detail of auxiliary cash balances including activities relating to reserves. Visitors also requested an update on the progress of several real estate acquisition opportunities to be provided at the next meeting. Visitors concluded by reiterating that the University needs to ensure all priorities are well communicated to the Governor's office and to the Visitors well in advance of this year's Session.

ADJOURNMENT

There being no further business, the Chair adjourned the meeting at 11:24 a.m.


Michael Flemming, Chair

1-30-2020

Date