

MINUTES OF THE MEETING OF THE FINANCE COMMITTEE OF THE  
UNIVERSITY OF LOUISVILLE BOARD OF TRUSTEES

In Open Session

Members of the Finance Committee of the University of Louisville Board of Trustees met on Wednesday, January 14, 2009, in the Jefferson Room of Grawemeyer Hall, Belknap Campus, with members present and absent as follows:

Present: Ms. Rebecca Jackson, Chair  
Dr. Bill Selvidge, Vice Chair  
Mr. Ron Butt  
Mr. Frank Minnifield  
Ms. Debbie Scoppechio  
Mr. Rudy Spencer  
Mr. Bill Stone

Other Trustees

Present: Ms. Marie Abrams  
Mr. Brent Fryrear  
Dr. Salem George  
Ms. Margaret Handmaker  
Dr. Robert Curtis Hughes  
Prof. Melissa Laning  
Ms. Jessica Loving  
Ms. Brucie Moore  
Mr. Steve Poe  
Ms. Sandy Metts Snowden

Via Conference

Call: Mr. Owsley B. Frazier

From the

University: Dr. James R. Ramsey, President  
Dr. Shirley Willihnganz, Executive Vice President and Provost  
Dr. Larry Cook, Executive Vice President for Health Affairs  
Dr. Manuel Martinez, Executive Vice President for Research  
Mr. Keith Inman, Vice President for University Advancement  
Mr. Mike Curtin, Vice President for Finance  
Mr. Larry Owsley, Vice President for Business Affairs  
Ms. Priscilla Hancock, Vice President for Information Technology  
Ms. Angela Koshewa, University Counsel  
Dr. Mordean Taylor-Archer, Vice Provost  
Ms. Terri Rutledge, Associate Vice President for Business Affairs  
Mr. David Barker, Director of Audit Services

Ms. Susan Ingram, Director of Budgets  
Mr. John Drees, Associate VP for Communications & Marketing  
Mr. Jason Tomlinson, Associate VP for Finance  
Ms. Kim Maffet, Interim Vice President for Human Resources  
Ms. Anne Rademaker, Manager, General Accounting and Reporting  
Ms. Carolyn Cochran, Assistant to the Provost  
Mrs. Kathleen M. Smith, Assistant Secretary  
Mrs. Debbie Dougherty, Board Liaison

I. Call to Order

Having determined a quorum present, Chair Jackson called the meeting to order at 1:00 p.m. Mr. Frazier, who was on teleconference, wished the board members well in progressing through the agenda and apologized for not being able to attend in person.

Approval of Minutes, October 2, 2008

Mr. Butt made a motion, which Mr. Minnifield seconded, to approve the minutes of October 2, 2008. The motion passed.

II. Information Item: Interim Financial Statements through 9/30/08

Vice President Curtin reviewed the interim financial statements for period ending September 30, 2008. Mr. Curtin noted the University remained in a strong financial position, with assets of \$1,166 million and net assets of \$757 million. He said overall revenues were on budget, with 39% of budgeted revenue recognized as of September 30, 2008. Mr. Curtin noted this was slightly more than the expected 25% due to the cyclic nature of tuition revenue. Approximately 52% of tuition revenue and fee budgeted revenue has been recognized. This is due to the fact that Fall and Spring tuition comprise approximately 93% of total tuition, and as of September 30, 2008, half of this (the Fall semester) has been realized. The majority of the revenue budgeted for clinical and hospital revenue is the \$11 million of expected revenue from the surplus cash of University Medical Center, Inc. This revenue was not recognized until received, or on June 30, when a receivable is established based on information from the University Medical Center, Inc.

Mr. Curtin reviewed expenses, noting overall expenses match closely with budget as there was 74% of the budget remaining for the remainder of the year. Due to the timing of the tuition charges, approximately 52% of the budget for scholarships has been used. The service centers have offset their expenses with approximately \$8 million in charges to other departments. The majority of the debt payments were due in November and May of each year. As of September 30, 2008, only one interest payment related to the General Receipts Series A Bond had been made. Chair Jackson thanked Vice President Curtin for the report and noted no action was required.

III. Action Item: Approval of Resolution to Permit the VP for Business Affairs to Act as Agent in Matters Relating to Federal Disaster Assistance with the Storm Damage of September 2008

Vice President Owsley reported the University suffered damages as a result of the windstorm of September 14, 2008. This resolution will allow the University to file for federal assistance funding for any damages not recovered from the insurance company. Mr. Butt made a motion, which Ms. Scoppechio seconded, to approve the

**President's recommendation that the Board of Trustees approve the adoption of the resolution hereto as Exhibit A in order to permit the Vice President for Business Affairs to act as agent to provide to the State and to the Federal Emergency Management agency (FEMA) for all matters relating to such Federal disaster assistance the assurances and agreements outlined on the attached document.**

The motion passed.

IV. Information Item: Update on the Follow Up to Cotton & Allen Recommendation

Mr. Barker reported the College of Education and Human Development audit was completed in November. He met with Dean Hasleton and staff of the college in December to review the report in detail and was waiting for Dr. Hasleton's reply. President Ramsey created a task force which included Mr. Barker, Dr. Bhatnagar, Executive Vice President for Research Martinez, Vice Presidents Curtin, Owsley, and Hancock, and Trustee Brent Fryrear to address the recommendations identified by the Cotton & Allen report. The process was going well. Some of the recommendations already had been reviewed with plans developed to address them. The task force concluded the following:

- Policies and procedures of the University appear to be consistent with best practices of other universities
- Application of policies and procedures could be fine-tuned
- Future growth could present issues with University's current infrastructure; the recommendations they made centered around these.

Mr. Barker explained the task force didn't want to be reactionary, but comprehensive in its framework. Cotton & Allen created the following recommendations in six major categories, and the Task Force will proceed as follows with its work plan:

1. Principal investigators

Enhanced oversight, particularly where the dean is the Principal Investigator, will be provided and recommended additional grant training to chairs and Principal Investigators. The Task Force also wants to improve financial reporting for the Principal Investigators so they know at any given point the financial status of a

grant.

2. Conflicts of interest

There is a need to create a system to ensure all Conflict of Interest forms are submitted, and there needed to be a robust monitoring system to ensure accuracy with reasonable follow up. The Task Force determined enhanced communication to stress this importance was needed.

3. Restructuring Opportunities

The “front office” and “back office” concept for grants management, noting that Vice President Curtin’s office supplied the “front office” work, while EVP Martinez’s office provided the “back office” function, needs integration. Although this split was not uncommon, Cotton & Allen recommended merging those two functions under one responsible area.

4. Enhance Reporting

Mr. Barker assessed the need to develop a reporting mechanism to provide more concise and timely information and the need to look at Peoplesoft to capture more meaningful data.

5. Unit Business Managers

The Task Force is in the process of developing and recommending training for staff who administer grants and a database for faculty where they may go for questions about grants.

6. Procurement Card

The University has a system of controls, process for each department/unit where someone other than the cardholder reviews the statement and determines validity of those expenses. He noted this was a good system of internal controls and the Task Force wants to make sure all departments are following the system. The Task Force suggested with the volume of procurements card used at the University, the process has begun to review and possibly eliminate some that are either not utilized or are underutilized.

Mr. Barker stated the Task Force will recommend a timeline for implementation along with resources to accomplish goals. In order to implement all recommendations, it will be important for management to identify the resources needed and to determine how to allocate them. Of the three critical success factors, the most important will be determining responsibility for implementation. Mr. Barker anticipated the Task Force will complete its work in February and submit its report to the President Ramsey. Chair Jackson thanked Mr. Barker for the progress report.

V. Other Business

There was no other business.

VI. Adjournment

Mr. Butt made a motion, which Mr. Spencer seconded, to adjourn the meeting at 1:55p.m. The motion passed.

**BOARD ACTION:**

Passed\_\_\_\_\_

Did not pass\_\_\_\_\_

Other\_\_\_\_\_

Date\_\_\_\_\_

Asst. Secretary *Katalin M. Smith*