

Finance and Facilities Committee
also Sitting as the Audit Committee
Agenda

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|---|-------------|
| 1. Call to Order/Roll/Declaration of a Quorum (8:00am) <i>Chair Vince Jones</i> | |
| 2. Consent Agenda <i>Chair Vince Jones</i> | |
| 2.1 Approve Minutes of the April 7, 2022 Meeting | 1 |
| 3. Reports | |
| 3.1 Fiscal Operations Advisory Council(8:05) (10 min) | |



Meeting of the
 Oregon Tech Board of Trustees
 Finance and Facilities Committee
 CEET248 Board Room, Klamath Falls Campus
 And virtually via Microsoft Teams
 April 7, 2022
 8:00am – 10:00am

Finance and Facilities Committee
 also Sitting as the Audit Committee
DRAFT MINUTES

Trustees Present:

Vince Jones, Committee Chair (remote)
 Jessica Gomez, Board Chair (remote)
 Mike Starr
 Michele Vitali (remote)
 Nagi Naganathan, President

Trustees Not Present:

Paul Stewart

University Faculty and Staff Present in person

Abdy Afjeh, Vice Provost Research & Academic Affairs
 Thomas Cooper, Information Technology Consultant 2
 Erin Foley, Vice President & Dean of Students
 David Groff, General Counsel & Interim Board Secretary
 Pam Grove, Assistant to University General Counsel & Interim Board Secretary
 John Harman, Vice President Finance & Administration
 Tom Keyser, Dean College of Engineering, Technology & Management
 Billy Kimmel, ASOIT Officer, Portland Metro
 Kelsey McCauley, Government Relations
 Travis Miller, Information Technology Consultant 2
 Joanna Mott, Provost & VP of Academic Affairs
 Adria Paschal, Senior Executive Assistant to the President
 Dan Peterson, Dean College of Health, Arts & Sciences
 Bryan Wada, Information Technology Consultant 2
 Jack Zoucha, ASOIT President, Portland Metro

Others Present:

None

to \$195 from \$172 and at the Portland-Metro campus to increase to \$63 from \$43 for students enrolled for the regular academic year. VP Harman explained that the Presidential recommendation to the Board of Trustees is to increase academic year 2022 tuition and fee

- If HECC approval is not forthcoming at the level approved by the Board, the increase shall be the alternate amount approved by the HECC or 5.0%, whichever is larger.

Trustee Jessica Gomez seconded the motion. With all trustees present voting aye, the motion passed unanimously.

4.3 Approve reduction in Scope Student Housing Project

VP Harman reviewed a PowerPoint presentation and discussed the reduced scope and modified bond financing authority for construction of a smaller new student housing facility. He explained that in June of 2021, the Legislature approved \$55 million in bonding authority through Article Xf bonds for Oregon Tech to construct a student housing facility. A recommendation was made to the Board at the July 15, 2021 meeting to approve a resolution on bond issuance for a new student residence hall. The Board authorized acceptance of the \$55 million in bonding authority at that time. Since that time, construction costs have increased on average between 25 and 30 percent, which increased original estimated construction costs by an additional \$15 million. To maintain the original project scope, Oregon Tech would have to fund the escalation out of existing funds or seek additional bonding authority through the legislature. Neither option is feasible because Oregon Tech cannot commit \$15 million from existing funds and additional bond debt would financially impair the project. As a result of material changes

REPORT

Agenda Item No. 3.2

Finance, Facilities and Audit Status: Quarterly Update

Background

The Quarterly Finance, Facilities and Audit Status Report provides information on major responsibility areas under the Finance and Administration Division of Oregon Tech. The Report generally highlights budget performance, revenue and enrollment indicators, facilities, equipment, capital projects and invested funds, as well as internal and external audit coordination. Depending on the timing of the quarterly Board meeting, some data may not yet be available for reporting. The information contained in the Report is used by the Office of the Vice President of Finance and Administration to track progress toward achieving the institution's financial and operational goals.

The report is shared with the Finance, Facilities and Audit Committee on a quarterly basis to provide information essential in supporting the Board's governance and fiduciary responsibilities.

Staff Recommendation

No action required. For information and discussion purposes only.

Attachments

Due to the timing of the June 2022 Board meeting and the related document submission deadline of May 19th, some data is not yet available. Finance, Facilities and Audit Status Reports include the following Attachments:

- A. [March YTD FY 2021-22 Management Report](#)
- B. [Q-3 FY 2021-22 Financial Dashboard](#)
- D. [Q-4 Facilities and Capital Projects Report](#)

KERNUTTSTOKES

Internal Audit Update

June 2, 2022

Control +Click or right click and select "Open Link" on image above to view PowerPoint

Audit Status

Internal Audit

Oregon Tech has contracted Kernutt Stokes LLP (IA) for internal audit services. IA reports directly to the Audit Committee of the Board of Trustees (Board).

The statuses of open and planned projects are as follows:

Internal Audit Projects Update	
In-Process Activities	Status
Capital Projects Management	Reporting phase started in May
Title IX	Reporting phase started in May
Monitor Fraud, Waste, and Abuse Ethics Hotline	Summary below for Board review
Up-coming Activities	Status
Procurement and Contracting	On hold to concentrate on/complete open projects
Fixed Assets and Inventory	On hold to concentrate on/complete open projects
2022/2023 Risk Assessment Update	In progress

The internal audit of Capital Projects Management has entered the reporting phase. Testing is complete, and IA is working with Thom Darrah in the Facilities Department to add management responses and an action plan for any issues identified. We anticipate this report will be final and ready to be presented for Board review by the end of fiscal year 2022.

The Title IX internal audit has entered the reporting phase. Testing work is complete, and IA is working with Dr. Jennifer Wilson, Title IX Coordinator to add management responses and an action plan for any issues identified. We anticipate this report will be final and ready to be presented for Board review by the end of fiscal year 2022.

The Procurement and Contracting audit has been put on hold to focus efforts on completing the above-mentioned open projects. Current staffing constraints at the University make it impractical to continue testing for this audit until other projects have been completed.

The Fixed Assets and Inventory audit is on hold. Staff constraints in the BAO make it impractical to begin this audit until other projects have been completed.

The 2022/2023 Risk Assessment is currently in progress. IA has completed interviews with key personnel throughout Oregon Tech and will use these responses to update the risk assessment, develop an internal audit plan for the 2022/2023 fiscal year, and propose the audits to Oregon Tech management. Management will review the proposed audit plan and help determine which audits are to be conducted during the next fiscal year. This updated risk assessment will be submitted to the Board for review and approval.

Fraud, Waste, and Abuse Ethics Line Update:

Fraud, Waste, and Abuse Ethics Line Report Log (Fiscal Year)					
Complaint Source	2018	2019	2020	2021	2022
Hotline	5	6	8	9	0
Direct to IA	0	0	0	0	0
Oregon State Audits Division	0	0	1	0	0
Total	5	6	9	9	0
Issues Resolved					
Resolved	5	6	9	9	0
Monitoring	0	0	0	0	0
Open	0	0	0	0	0

IA monitors and performs case management for Oregon Tech’s Fraud, Waste, and Abuse Ethics Line, engaging OIT’s General Council and other appropriate offices at Oregon Tech. The report log is shown with dates representing fiscal years.

There have been no new case submissions since the start of fiscal year 2022, and there are currently no outstanding cases under review.

Internal Audit Activity Charter (Attached)

IA is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of Oregon Tech. To meet professional standards, we are required to communicate to you the contents of our charter, which are summarized below.

- Independence and Objectivity: IA will have no direct operational responsibility or authority over the activities audited
- Professionalism: IA will govern itself by adherence to applicable professional standards
- Authority: IA will report administratively to Management and functionally to the Board
- Responsibility: The scope of IA encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of Oregon Tech’s governance, risk management, and internal controls as well as quality of performance in carrying out assigned duties responsible to achieve the organization’s stated goals and objectives.
- Internal Audit Plan: At least annually, IA will submit to the Board an internal audit plan for review and approval
- Reporting and Monitoring: IA will prepare and issue an Internal Audit Report following the conclusion of each internal audit engagement, these results will also be communicated to the Board

Please review rd rrd

At least annually, Internal Audit will submit to the Board an internal audit plan for review and approval. The internal audit plan will be developed based on a prioritization of the audit universe. 1(w)-1.Tw 3.989 A-Ed (2014)

ACTION

Agenda Item No. 4.1

Fiscal Year 2022-23 Oregon Tech All Funds Budget

Background:

Each year, Oregon Tech conducts an extensive and collaborative process in developing the Budget for the next fiscal year. The Funds Budget includes the Education and General, Auxiliary, Service Operations and Designated Operations Funds. The General Fund (GF) is the primary operating budget

classroom instruction, investing in information technology, personal protective equipment (PPE), training and space reconfigurations to promote social distancing, etc. Oregon Tech has worked to carefully prioritize how these funds are spent to best meet the needs of the University, while also following the federal guidance. Although \$4.7M has been expended or committed for specific projects to date, \$3M remains available to help support the FY 2023 budget.

The impact from COVID is expected to continue to dissipate over the summer, but it could be a few years before enrollment has fully recovered. The economic impact on the economy from the pandemic is expected to have lingering effects on higher education as families struggle to recover and resume normal lives.

Process

In developing the FY 2023 Budget, the university adhered to a set of budget development principles previously established by the Board of Trustees to ensure fiscal responsibility and a realistic budget along with operational efficiencies to position the university for continued success in driving its strategic plan and achieving its mission. These principles were jointly developed between the President, Senior Leadership Team and the Fiscal Operations Advisory Council (FOAC) and are as follows:

- 1) Balance revenue, other resources and expenses within the operating budget
- 2) Prioritize recruiting, retaining, and graduating students to ensure sustainability
- 3) Align programs and initiatives with industry and employer demand
- 4) Invest in faculty, staff, and infrastructure to support student and institutional success
- 5) Use an open and transparent budget development process

A budget process timeline was developed and distributed to the Leadership Team, FOAC and the Board. Because of persistent revenue uncertainties around the final tuition and fees increase and funding from the Higher Education Coordinating Commission (HECC) related to a formula review, some deviation from the original budget planning and development calendar was necessary. The process was designed to meet budget objectives supported by the Board and to involve FOAC in the review and advisory process. See Table 1 below.

Table 1



Budget Assumptions

The following assumptions were used in establishing the FY 2022 General Fund budget:

Revenues

1. The Tuition Recommendation Committee (TRC) recommended an 8% increase in base tuition and fees. The President subsequently reduced the recommendation advanced to the Board in April to 7%, based on an a projected \$343K in additional revenue for FY 2022 resulting from a correction in the Student Success and Completion Model (SSCM) communicated by HECC on March 15, 2022. The Board of Trustees approved the recommendation for a 7% base tuition and fees increase at its April 7, 2022 meeting, contingent upon approval by the HECC, as required by statute because the amount of the increase exceeded 5%. Prior to the scheduled appearance by Oregon Tech at the HECC to seek permission to proceed with a 7% increase in base tuition and fees, the HECC agreed to modify selected allied health program weights in the SSCM model. This modification was estimated by HECC to yield an additional \$1.2M in funding through the SSCM for Oregon Tech in FY 2022. This development eliminated the need for Oregon Tech to ~~approve~~ from HECC for a 7% increase in base tuition and fees. At a special meeting of the Board on May 13, 2022, the Board approved a revised base tuition and fees request of 5% for FY 2022 presented by the president. The increase was comprised of a 4.5% increase for base tuition, 0.05 % increase for fees and no increase in differential tuition and is budgeted for FY 2022.
2. Fee remissions are budgeted to remain at approximately 14% of gross tuition, along with an additional \$200K targeted for underrepresented and disadvantaged students which was approved by the Board.
3. State appropriations were budgeted using the revised SSCM calculation provided by the HECC on March 15, 2022 plus the estimated additional \$1.2M allocation confirmed by HECC on May 6, 2022 related to modified weights for selected allied health programs and assumes the PUSF remains funded at \$900M for the 2023 biennium.
- 4.

Attachment

Auxiliary, Designated Operations and Service Fund Budget Overview:

	Auxiliary	Designated	Service
Revenues			
Academic Affairs (HAS only)	\$500,000	-	-
Student Affairs	9,917,073	-	-
F&A	2,163,528	20,530	192,0
OMIC	<u>941,525</u>	=	=

