AGENDA

Call to Order

Roll Call

Action Items
  Approval of February 15, 2002, meeting minutes
  Policy Covering Approval of Chancellor's Transactions
  New Student Housing and Renovation Project (OIT)
  University Center Renovation (PSU)
  Revision to Approved COP Project: Administrative Systems Upgrade (OSU)
  Intercollegiate Athletic Department Deficit Reduction Plan (OSU)

Report Items
  Fiscal Status of Budgeted Operating Funds Summary Report through December 31, 2001

Adjournment
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## 2. Report Items

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Policy Covering Approval of Chancellor's Transactions

Executive Summary
(Action Item)

Summary
Current policies do not require independent review of the time reporting, travel expense reimbursements, vacation payoffs, and procurement card purchases made relative to the Chancellor. This places the Chancellor in the awkward position of approving payments/transactions that directly benefit the Chancellor. The policy detailed below would strengthen internal controls by providing an independent review and approval of these transactions by the Vice Chancellor for Finance and Administration. Should there be unresolved exceptions arising from this review and approval process, the policy requires the Vice Chancellor to report such exceptions directly to the Board President.

Policy

POLICY STATEMENT

This policy sets accountability and control standards for the review and approval of the following transactions made by and/or on behalf of the Chancellor of the Oregon University System (OUS):

• time reporting,
• travel expense reimbursements,
• vacation payoffs, and
• procurement card purchases.

REASON FOR POLICY

OUS seeks to ensure that the transactions set forth above are:

• reviewed for completeness and accuracy,
• reviewed for compliance with all applicable OUS policies,
• approved, as set forth in this policy, and
• documented.

AUTHORITY

ORS 351.070 – Board general powers as to higher education and institutions; personnel system; public improvement contracts; fees; student records.


RESPONSIBILITY FOR POLICY

The Oregon State Board of Higher Education (Board) is responsible for this policy and delegates the review and approval responsibilities set forth in this policy to the Vice Chancellor for Finance and Administration. While the Vice Chancellor for Finance and Administration reports to the Chancellor, the Vice Chancellor for Finance and Administration has full authority to report any unresolved exceptions arising from this policy directly to the President of the Board of Higher Education, as necessary.
WHO SHOULD KNOW THIS POLICY?

The Board, Chancellor, Vice Chancellor for Finance and Administration, and all other Chancellor's Office personnel with fiscal responsibilities.

DEFINITIONS

None.

RESPONSIBILITIES

Vice Chancellor for Finance and Administration

The Board delegates to the Vice Chancellor for Finance and Administration responsibility for the review and approval of the following transactions made by and/or on behalf of the Chancellor. Documentation must provide evidence for an audit trail and must be maintained pursuant to current record retention standards of the Secretary of State, Archives Division. The Board directs the Vice Chancellor for Finance and Administration to report any unresolved exceptions arising from this policy directly to the President of the Board.

Transactions subject to this policy include:

- **Time reporting**: Review and approve the Chancellor's report of sick leave, vacation, holiday or other leave hours used. Review for completeness and accuracy and to ensure compliance with all OUS Chancellor’s Office time reporting policies.

- **Travel expense reimbursements**: Review and approve the Chancellor's travel claims (in-state, out-of-state, and foreign). Review for completeness and accuracy and to ensure compliance with all OUS travel policies.

- **Vacation payoffs**: Review and approve any vacation payoffs for the Chancellor. Review for completeness and accuracy and to ensure compliance with OUS vacation payoff policies.

- **Procurement card purchases**: Review any purchases by the Chancellor to ensure that they are appropriate expenditures that further the business of the state and the mission of OUS and that the use of the card complies with all OUS procurement card policies.

Chancellor's Office Personnel with Fiscal Responsibilities

Chancellor's Office personnel processing transactions related to the Chancellor have a duty to examine and verify that the transactions comply with this policy.

Internal and External Audit

All financial transactions related to the Chancellor are subject to periodic audit by the OUS Internal Audit Division and the Secretary of State Audits Division.
WHO TO CONTACT

Direct questions about this policy to the following office:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>General questions</td>
<td>Vice Chancellor for Finance and Administration</td>
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<td>Financial policy questions</td>
<td>Controller</td>
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<tr>
<td>Internal and external audit questions</td>
<td>Director of Internal Audit</td>
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Staff Recommendation
Staff recommends that the Board approve the above policy creating a review and approval procedure covering the time reporting, travel expense reimbursements, vacation payoffs, and procurement card purchases of the Chancellor.
New Student Housing and Renovation Project (OIT)

Executive Summary
(Action Item)

Summary
Oregon Institute of Technology (OIT) requests Board Authorization to seek approval from the State Emergency Board for an Article XI-F(1) Bond Expenditure Limitation to construct a new on-campus student housing facility and to renovate the current residence hall. The University's goal is to construct new apartment and suite style units and renovate the current facility by the fall of 2003.

Staff Report to the Board
As enrollment grows, the number of students in OIT's only residence hall has increased each year since 1995 and reached an all-time high of 460 this past fall, which represents just 18% of the students at the Klamath Falls campus. Each year students inquire about family housing on campus and express their desire for other options beyond what the traditional residence hall can offer.

This project will accommodate the students needs and satisfy OIT's long-term vision for student housing and includes apartment units (2-3 bedroom units with a full kitchen) for approximately 124 students, and approximately 101 beds in a suite arrangement (e.g., four bedrooms with a modified kitchenette). The total project would include both the new construction project and the renovation of the current facility. In order to maintain occupancy in the current facility, first-year students would be required to live there for one year.

Staff Recommendation to the Board
Staff requests that the Board approve the OIT's request for this new student housing and renovation project and authorize the Vice Chancellor for Finance and Administration to seek authorization from the State Emergency Board for a new project expenditure limitation of $10.4 million for issuance of Article XI-F(1) bonds to finance the project.
University Center Renovation (PSU)

Executive Summary
(Action Item)

Summary
Portland State University (PSU) is seeking Board approval authorizing the Vice Chancellor for Finance and Administration to obtain authorization from the Legislative Emergency Board to revise the scope of work and expenditure limitation for the Smith Memorial Student Center (SMSC) and Student Health Center Project. This project was previously approved in the 2001 Legislative session for $9.5 million. The original project concept involved two related activities: 1) seismic upgrade/renovation of the Smith Center (with an estimated cost of $5.5 million); and 2) an addition to the SMSC for a rooftop (5th floor) penthouse to house the combined Student Health and Counseling Center (with an estimated cost of $4.0 million). However, subsequent studies showed that final combined costs would actually total $12.1 million. As this amount was determined to be too costly, Mahlum Architects were engaged to determine a more cost effective alternative. Their study has revealed that the University could gain significant efficiencies (both in terms of the estimated project cost and time, and in terms of limiting disruptions to the users of the Smith Center) by renovating available space in the University Center Building for the combined Student Health and Counseling Center in lieu of adding an additional floor to the SMSC. The revised project will result in a net cost savings of $3.1 million (from the $12.1 million estimate) and will shorten the project schedule by approximately 15 months.

Staff Report to the Board

Background
PSU’s Student Health Center (SHC) is currently located in the basement of Neuberger Hall. The existing space is antiquated, difficult to find, and too small to serve PSU’s growing demand for student health care, which currently exceeds 28,000 patient visits per year. The Counseling and Psychological Services (CAPS) program is also experiencing a steady rise in patient volume due to PSU’s enrollment growth. The CAPS program is currently located on the 3rd floor of Smith Memorial Student Center Library East and will need additional space in the near future to meet increasing student demand for services.

The revised project will combine the Student Health Center and Counseling and Psychological Services program on the 2nd and 3rd floors of the University Center building. Most of the space for both programs would be located on the second floor, allowing crucial street-level access at the corner of Sixth Avenue and Hall Street.

Although the location is not in the same building as other student services, the University Center building does provide a central location for students with good emergency vehicle access. The renovation of existing vacant space includes 15,600 gross square feet (GSF) on the 2nd floor and an additional 2,800 GSF on the 3rd floor with some potential for future expansion.

Staff Recommendation
Staff recommends that the Board approve PSU’s request to seek Legislative Emergency Board authorization to revise the project limitation from $9.5 million to $9 million of Article XI-F(1) Bond expenditure limitation, and change the scope of the project to allow for the renovation of space in the University Center building for the Student Health and Counseling Center in lieu of constructing an additional floor onto the Smith Memorial Student Center.
Revision to Approved COP Project: Administrative Systems Upgrade (OSU)

Executive Summary
(Action Item)

Purpose
Oregon State University (OSU) seeks Board approval to revise the use of Certificates of Participation (COP) funds from the upgrade of the SCT Banner Administrative Systems software, approved by the Board and the legislature in the 2001-2003 biennial budget, to an upgrade of the Administrative Systems hardware used to run the SCT Banner production systems, the data warehouse and testing system, and for the acquisition of a job-scheduling product to automate submission of Banner production jobs. The estimated cost of the revised project is $1,000,000, which matches the existing $1,000,000 expenditure limitation adopted by the 2001-03 legislature for the original project scope.

The Department of Administrative Services has indicated that this revised project needs the approval of the Board before it may be financed with COPs. Currently, this project is scheduled as part of a May 2002 COP financing sale pending approval of the Board.

Background
In 1999, SCT announced a project to make the Banner Information Systems database independent. SCT called this project the Relational Leveraging System (RLS). A byproduct of this effort would be for the Banner clients to make a major financial investment to upgrade the Banner software they were using. As a result, OSU proposed a $1,000,000 project to be funded by COPs to transition their current Banner systems to SCT’s new RLS. Included would be additional servers and backfilling up to a dozen key positions for eight to 24 months. In late 2001 SCT formally announced the cancellation of that project.

In the meantime, OSU upgraded their administrative systems to newer versions of the Oracle database during the Fall of 2000 and again in the Fall of 2001. These upgrades were due to Oracle discontinuing product maintenance on older releases and the SCT Banner software using features of the newer releases. In short, these upgrades overwhelmed the capability of the Compaq hardware system in a variety of ways, including temporary loss of redundancy and substantial performance degradation. OSU has responded by making upgrades to their Compaq hardware systems to counter the effects of the Oracle upgrades. The latest response came in December 2001 at a cost of just over $100,000. As a result, OSU has been able to bring service levels back to levels approximating the pre-Oracle upgrades.

A separate issue has risen over the same time period. The disk system, upon which all of the Banner production systems (Student, Finance, Human Resources, and Financial Aid), data warehouse, and testing data is stored, is so limited that OSU has begun to experience increased disk failure rates that put the Banner production data at risk.

While OSU had hoped to extend the life of the current hardware configuration for one more year, OSU now believes it is not viable to use the current hardware configuration for production processing for the Fall of 2002. With this in mind, OSU has extensively explored an upgrade strategy with Compaq that could be in place and fully operational by September 2002. This solution will provide two large processing servers; one to host Banner Oracle and production processing, and the other to host the data warehouse and a testing/development environment. They are sized such that, if the production server failed, processing could be moved to the warehouse server, albeit with reduced capacity. The upgraded disk system is sized to provide about two times the present capacity. Both servers and the disk system have room for expansion, and the disk system could be used with operating systems from other vendors, should OSU decide to move in that direction at some future date.
A third piece of this proposed upgrade is the acquisition of an automated job-scheduling product that will provide a more robust and risk-free job submission mechanism.

The hardware upgrades are estimated to cost $900,000, and the acquisition of the job-scheduling product about $100,000, for a total cost of $1,000,000.

Staff Recommendation
Staff recommends that the Board approve OSU’s request to revise the scope of the proposed upgrade of the Administrative Systems at OSU, to be financed by Certificates of Participation (COP) in the amount of $1,000,000, using existing COP expenditure limitation. If approved by the Board, this project is scheduled as part of a May 2002 COP financing sale.
Executive Summary

(Action Item)

Introduction
The purpose of this report is to provide a revised plan for reducing and eliminating the deficit in the Intercollegiate Athletics Department (Athletics) at Oregon State University (OSU). The information presented in the deficit reduction schedule shown below was provided by OSU and reviewed by the Chancellor’s Office.

Background
This condition dates back to Fiscal Year 1992 when OSU reported a financial deficit in Athletics. At its May 1992 meeting, the Board instituted policies to have certain actions taken to reduce and eliminate that deficit; additionally, no increased deficits were to be incurred. Plans were put in place with the expectation that the deficit would be cleared systematically. In FY 1993 and FY 1994 OSU made initial reductions in its deficit. Then in FY 1995 the deficit began to increase. That trend of increasing deficits continued into FY 1998 when it stood at $8.3 million. In April 1998, President Risser presented the University’s plan to the Board to reduce its athletics deficit; it showed that the deficit would be reduced to $6.0 million by June 30, 1999, and completely eliminated by June 30, 2005. That plan was revised in May 1999 and April 2000; the 2000 plan was to run through June 2003 when the deficit was committed not to exceed $3.8 million. A plan to reduce the deficit to zero was not in place, however.

Revised Deficit Reduction Plan
Athletics’ deficit was $5.3 million at June 30, 2001. OSU has submitted the deficit reduction plan detailed below that has been agreed to between the Administration and the management of Athletics—with a minimum annual deficit reduction of $.5 million. The revised plan commits to a more aggressive deficit reduction schedule than the previously approved plan. All figures are presented in millions.

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* The increase in the deficit in 2002 is comprised of $.3 million related to the redistribution of compensated absence liability moved from the General Fund to Athletics (management action taken to more accurately reflect the liabilities of the fund groups within the General Fund) and $1.0 million remaining to be paid on the purchase of the Jumbotron electronic sign and replay screen. Some $2.0 million of General Fund money was used for the Jumbotron purchase; a balance of $1.0 million remains to be repaid. Both items must be funded in Fiscal Year 2003.

OSU will continue to charge athletics interest on the deficit; such charges will be included in athletics’ operating expenses. Any deficit payment less than $.5 million will result in the shortfall being removed from athletics budget (E&G funds) the following year. OSU will encourage athletics to pay the debt off more rapidly and will review the need for E&G funds during FY 2006.
Staff Recommendation
Staff recommends acceptance and adoption of the OSU plan with the following conditions and caveats:

1. Continued oversight by the Chancellor and the Vice Chancellor for Finance and Administration, including interim reviews as deemed appropriate, who must seek Board approval of any deviation from the approved plan.

2. Annual review by the Board to verify deficit measurement and comparison to OSU's committed target at each fiscal year end.
This page contained a hard-copy letter from OSU.
This page contained a hard-copy letter from OSU.
Introduction
The purpose of this report is to communicate the fiscal status of the budgeted operating funds of OUS after the first six months of Fiscal Year 2002. The budgeted operating funds include the education and general operations at each institution and the statewide public service activities of Oregon State University (OSU). The operating activity through December of FY 2002 for these funds at each institution and the university System as a whole, are summarized below. The results were compared to the results from FY 2001 for the same time period in order to provide a reasonable measurement of the fiscal condition through December.

Summary Results
In general, the fiscal condition of the budgeted operating funds of OUS at December 31, 2001, remains stable. As in the previous year, revenues outpaced expenditures and cash and fund balances have grown, which is expected given that the results through December include significant amounts of tuition revenue recorded that relate to winter term. In addition, OUS institutions have known for several months that their state support this biennium would likely decrease significantly and have taken steps to reduce expenditures. However, as noted in the following paragraphs, the effect of several fiscal conditions/decisions have not yet impacted operations and are therefore not yet reflected in the financial results.

Significant decisions impacting the OUS operating budget have not yet impacted fiscal operations. Early in FY 2002, the Governor implemented a 2% budget reduction which began impacting the revenue stream in November 2001. The remainder of the 2% reduction this fiscal year will be taken in the last half of FY 2002. In addition, the results through December do not incorporate any further budget reduction actions by the Legislature and/or the Governor that will impact fiscal results in the second half of the fiscal year.

Employee benefit cost increases took effect in December 2001 and will drive costs up for the second half of the fiscal year. In addition, selected salary increases went into effect in January 2002, increasing costs for the second half of the fiscal year.

While the fiscal condition was stable at December 31, the final results of any budget reduction actions, as well as the increased costs in the second half of the fiscal year noted above, will likely cause a reversal in the revenue/expenditure trends for the second half of the fiscal year and reduce cash and fund balances. Institution managements anticipate the balances will remain positive at year end.

Results by Campus and OUS Total

Eastern Oregon University (EOU)
Through December 2001, EOU has recorded revenues of $12.3 million (compared to $12.2 million through December 2000); expenditures incurred to date total $8.4 million (compared to $8.2 million for the prior year). Thus, operations remain stable and cash and fund balances remain positive.

Institutional management has advised no areas of concern to be noted in budgeted operations.
Oregon Institute of Technology (OIT)
Revenues recorded by OIT through December 2001 total $15.8 million (compared to $14.4 million through December 2000); expenditures incurred in the respective periods amount to $10.7 million and $9.2 million. Accordingly, operations remain stable and cash and fund balances remain positive.

Institutional management has advised no areas of concern to be noted in budgeted operations.

Oregon State University (OSU)
The fiscal condition of OSU's budgeted operations, excluding statewide public service activities, was presented to the Joint Budget and Finance/System Strategic Planning Committee in its February 2002 meeting. Concerns regarding budgeted operations were covered in that special report.

Also, a second special report addressing the financial condition of the athletics departments of OSU, PSU, and UO was presented to the Budget and Finance Committee in its February 2002 meeting. Concerns regarding OSU athletics fiscal condition were covered in that special report.

Statewide Public Service units show revenues of $30.4 million for the six months ended December 31, 2001 (compared to $29.4 million for the six months ended December 31, 2000); expenditures incurred for the same periods total $36.4 million and $34.5 million. Accordingly, net results in the current year were some $0.9 million less than prior year; however, cash and fund balances remain positive.

Portland State University (PSU)
Through December 2001, PSU has recorded revenues of $92.6 million (compared to $82.2 million through December 2000); expenditures incurred to date total $63.0 million (compared to $55.5 million for the prior year). The gain from operations through December FY 2002 has improved by $2.9 million over the prior year ($29.6 versus $26.7 million) and cash and fund balances have increased.

Institutional management has advised no areas of concern to be noted in budgeted operations.

Southern Oregon University (SOU)
Revenues recorded by SOU through December 2001 total $23.5 million (compared to $23.4 million through December 2000); expenditures incurred in the respective periods amount to $16.9 million and $16.5 million. Accordingly, net results in the current year were some $0.3 million less than prior year; however, cash and fund balances remain positive.

Institutional management has advised no areas of concern to be noted in budgeted operations.

University of Oregon (UO)
UO budgeted operations shows revenues of $125.6 million for the six months ended December 30, 2001 (compared to $120.4 million for the six months ended December 30, 2000); expenditures incurred for the same periods total $85.5 million and $85.4 million. The gain from operations through December FY 2002 has improved by $5.1 million over the prior year ($40.1 million versus $35.0 million) and cash and fund balances have increased.

Institutional management has advised no areas of concern to be noted in budgeted operations.

Western Oregon University (WOU)
Through December 2001, WOU has recorded revenues of $21.3 million (compared to $20.6 million through December 2000); expenditures incurred to date total $14.6 million (compared to $13.3 million for the prior year). Thus, operations remain stable and cash and fund balances remain positive.
Institutional management has advised no areas of concern to be noted in budgeted operations.

Chancellor's Office (CO)
Through December 2001, CO has recorded revenues of $17.6 million (compared to $18.5 million through December 2000); expenditures incurred to date total $11.6 million (compared to $12.1 million for the prior year). Thus, operations remain stable and cash and fund balances remain positive.

Total Oregon University System (OUS)
Through December 2001, OUS has recorded revenues of $460.0 million (compared to $434.6 million through December 2000); expenditures incurred to date total $334.8 million (compared to $321.3 million for the prior year). Thus, operations remain stable and cash and fund balances remain positive.

Coordination with Fiscal Accountability Framework
It should be noted that one significant product of the fiscal accountability framework project is a more comprehensive managerial reporting structure. Current plans target implementation of this reporting structure in FY 2003.
New Student Housing and Renovation Project (OIT)

Further Detail
(Action Item)

Summary
Oregon Institute of Technology (OIT) requests Board Authorization to seek approval from the State Emergency Board for an Article XI-F(1) Bond Expenditure Limitation to construct a new on-campus student housing facility and to renovate the current residence hall. The University's goal is to construct new apartment and suite style units and renovate the current facility by the fall of 2003.

Staff Report to the Board
OIT is a unique institution of higher education, from the academic programs and the type of students enrolled to the campus culture. Many of these unique offerings are the very features that attract students to OIT. The number of students enrolled at OIT continues to increase each year, with an all-time high of 2,499 students reached this past fall.

As enrollment grows, the number of students in OIT's only residence hall has increased each year since 1995 and reached an all-time high of 460 this past fall, which represents just 18% of the students at the Klamath Falls campus. This existing residence hall was completed in 1968 and offers the traditional double occupancy rooms and community bathrooms and shower rooms.

Each year students inquire about family housing on campus and express their desire for other options beyond what the traditional residence hall can offer. This project will accommodate the student's needs and satisfy OIT's long-term vision for student housing which includes:

(1) Building new facilities to accommodate the diverse type of students (i.e., traditionally-aged and the older student;
(2) Students with spouses and/or children); offering amenities similar to those found off campus at an affordable price;
(3) Providing opportunities within the residential communities that augment the academic experience for students; and
(4) Reaching a critical mass of students living on campus (25-30%) in order to increase the sense of community on campus.

A larger number of students living on campus will make the campus a livelier place in the evenings and weekends, which will enrich the experience of the residential as well as the off-campus students.

OIT desires to be deliberate in developing a "sense of community" for students. According to the Cooperative Institutional Research Program, administered to new OIT students in the Fall of 1997, 1999, and 2001, students come to OIT having been much less involved in extra-curricular activities in high school, less interested in social or extra-curricular activities, and having had less leadership opportunities (compared to 285,000 of their counterparts nationwide). This comes as no surprise because of the kinds of students OIT attracts (i.e., very focused academically, interested in technology). OIT desires to improve student success, as measured by retention and graduation rates, by providing more opportunities for students to socialize and get involved. Providing expanded and diverse residential options is critical to address this institutional objective.

In pursuing the feasibility of new student housing at OIT, College Housing Northwest (CHNW) was hired in 2000 to perform a market survey, student phone survey, and to gather information from student focus
groups. All three areas of the study found that a new student housing project (1) is feasible to do, (2) would bring students living off campus back to campus housing, and (3) would result in costs that students consider acceptable.

The proposed project includes apartment units (2-3 bedroom units with a full kitchen) for approximately 124 students, and approximately 101 beds in a suite arrangement (e.g., four bedrooms with a modified kitchenette). It is important for OIT to design both the apartment and suite arrangements since different needs are met under each design. This new student housing project will cost $8.4 million, with an average of $360 per month per bed space, which is within the range that the students identified as acceptable in the CHNW study.

Of course, this vision cannot come at the expense of the current residence hall, which must undergo renovation and policy review as any new student housing options are developed. An additional bonding authority of $2 million is requested for renovating the current residence hall. In order to maintain sound fiscal operation of the residence hall, significant improvements should be done so that students see the residence hall as an attractive living option at the same time the new facility is completed. This is necessary if the current facility is to remain at a sufficient occupancy level to manage the current operating expenses (including the additional debt load). It is recommended that the current facility be renovated to house traditional first-year students, who would be required to live on campus during their first year at OIT. Such a project would include bathroom and shower room renovation, system upgrades (electrical and plumbing), and code requirements. Rooms would not be reconfigured to have private bathrooms since this is cost prohibitive. Student occupancy would remain at approximately the same level as the facility currently houses.

Proposed Solution
Survey information and feedback at OIT and nationwide are indicating a preference for housing types that vary from the traditional double room, "dormitory" style facility, which is currently the only option at OIT. A new student housing facility will be designed to include two and three bedroom apartments (that could accommodate students with children) and units in a suite arrangement that will allow greater privacy for individual students, while providing them with a convenient, community-living environment. It is most economical to renovate the current facility at the same time the new facility is constructed. Therefore, the total project would include both the new construction project and the renovation of the current facility. In order to maintain occupancy in the current facility, first-year students would be required to live there for one year.

Facility Information
The preferred site is north of the current residence hall and will require relocating several tennis courts (which are currently in need of major improvement). This site is relatively flat and takes advantage of the wonderful view of the lake, plus it is located near the College Union, which will serve as a hub of activity for the residential students and increase the sense of community on campus.

The proposed structures would be a maximum four-story, wood frame construction. The facility will include the following:

- Community space - office, community center, recreation, and group study areas
- On-site laundry facilities
- Outdoor recreation area and green space
- Basic apartment furnishings - one bed w/mattress, one dresser, one desk with chair per student; one dining table with four chairs, one love seat, one occasional chair, one coffee table, and two side tables
- Kitchenettes to include; stove, refrigerator, microwave, and garbage disposal
• Full kitchens to include kitchenette features plus an oven and dishwasher
• Data, telephone, and TV cable connections in each bedroom
• Accommodations for live-in staff

Schedule
If approved by the Board in the spring of 2002, the project would be targeted for completion and opening fall term 2003. Currently, an architect is being selected to begin work on the preliminary schematic designs.

Financial Considerations
The total project estimate is $10.4 million, which includes $8.4 for new student housing construction and $2 million for current facility renovations. If approved, this project will be funded with Article XI-F(1) bonds that were sold in fall 2001, at an interest rate of 5.0% with an annual debt service of $677,000. Based on the attached return on investment analysis, the project provides a positive cash flow in year nine, with a 15% internal rate of return. When completed, the room rates will be increased by 1.9% over the 2000-2001 rate to cover the cash flow shortfalls in years one through eight. The project provides sufficient income to retire the 30-year debt, and the annual operations and maintenance expenses, with a minor cash flow subsidy in the first eight years.

Staff Recommendation to the Board
Staff requests that the Board approve the OIT’s request for this new student housing and renovation project and authorize the Vice Chancellor for Finance and Administration to seek authorization from the State Emergency Board for a new project expenditure limitation of $10.4 million for issuance of Article XI-F(1) bonds to finance the project.
University Center Renovation (PSU)

Further Detail
(Action Item)

Summary
Portland State University (PSU) is seeking Board approval authorizing the Vice Chancellor for Finance and Administration to obtain authorization from the Legislative Emergency Board to revise the scope of work and expenditure limitation for the Smith Memorial Student Center and Student Health Center Project. This project was previously approved in the 2001 Legislative session for $9.5 million. The original project concept involved two related activities: 1) seismic upgrade/renovation of the Smith Center (with an estimated cost of $5.5 million); and 2) an addition to the SMSC for a rooftop (5th floor) penthouse to house the combined Student Health and Counseling Center (with an estimated cost of $4.0 million). However, subsequent studies showed that final combined costs would actually total $12.1 million. As this amount was determined to be too costly, Mahlum Architects were engaged to determine a more cost effective alternative. Their study has revealed that the University could gain significant efficiencies (both in terms of the estimated project cost and time, and in terms of limiting disruptions to the users of the Smith Center) by renovating available space in the University Center Building for the combined Student Health and Counseling Center in lieu of adding an additional floor to the SMSC. The revised project will result in a net cost savings of $3.1 million (from the $12.1 million estimate) and will shorten the project schedule by approximately 15 months.

Staff Report to the Board

Background
PSU's Student Health Center (SHC) is currently located in the basement of Neuberger Hall. The existing space is antiquated, difficult to find, and too small to serve PSU's growing demand for student health care, which currently exceeds 28,000 patient visits per year. The Counseling and Psychological Services (CAPS) program is also experiencing a steady rise in patient volume due to PSU's enrollment growth. The CAPS program is currently located on the 3rd floor of Smith Memorial Student Center Library East and will need additional space in the near future to meet increasing student demand for services.

The new combined center would focus on the health of both mind and body, reflecting the University's philosophy on health services as well as national trends. The new center will also achieve greater efficiencies in operations by combining the reception, medical records, outreach, and pharmacy functions.

Proposed Solution
As mentioned earlier, the original $9.5 million Smith Center project was initiated to: 1) seismically renovate the Smith Center; and 2) combine the SHC and CAPS programs in one location to provide students at PSU with comprehensive and coordinated health care services. The seismic renovations are proceeding as scheduled, however, University officials are now requesting that the Student Health and Counseling Center project venue be moved to the University Center Building instead of the Smith Center rooftop.

The original solution to meet the increasing needs of SHC and CAPS was to construct an additional floor on the west side of the SMSC Building. The renovation would have resulted in 17,500 square feet of new space in a building that already houses other student services and functions. However, the preliminary design work identified several concerns that prompted a study to look at alternate solutions. These concerns included:

- The need to keep the SMSC operational during new construction and seismic upgrades.
• Conflicting elevation heights between the SMSC and the attached Library East Building at the 4th floor roof level.
• The need to enlarge the existing elevator shafts to accommodate transporting patient gurneys between the new center on the fifth floor and the ground floor building entrances.
• The inability to extend 4 of the 6 existing stair towers to the new 5th floor. Several stair towers would have to be capped at either the 3rd or 4th level, creating additional confusion with regard to access.
• Extensive and expensive electrical and mechanical upgrades to serve the new fifth floor. The work required to accomplish these upgrades would have disrupted services to users throughout the Student Center.

The architectural analysis revealed significant time and money savings could be achieved by utilizing existing vacant space in the University Center building located at 527 SW Hall Street. This space was previously occupied by the PSU Bookstore prior to their move to the new Urban Center building. The analysis noted this new alternative would also allow PSU to revise the seismic reinforcement work in SMSC to minimize disruptions and achieve significant time savings without incurring additional costs.

Facility Information
The revised project will combine the Student Health Center and Counseling and Psychological Services program on the 2nd and 3rd floors of the University Center building. Most of the space for both programs would be located on the second floor, allowing crucial street-level access at the corner of Sixth Avenue and Hall Street.

Although the location is not in the same building as other student services, the University Center building does provide a central location for students with good emergency vehicle access. The renovation of existing vacant space includes 15,600 gross square feet (GSF) on the 2nd floor and an additional 2,800 GSF on the 3rd floor with some potential for future expansion.

Schedule
If the revised scope of work is approved in the Spring/Summer of 2002, design work for this project can proceed uninterrupted. This would allow the overall renovation to be completed and ready for student occupancy by Spring of 2003. The installation of seismic dampers in the SMSC will be performed concurrently with the work to be completed by the start of Fall term 2002.

Financial Considerations
These projects will be funded with Article XI-F(1) bonds. The overall limitation requested will be reduced from $9.5 million to $9.0 million with the annual debt service to be paid from student building fees. The budget for the Student Health and Counseling Center portion of the project will be $3.5 million; the budget for the renovation and seismic upgrade of Smith Center will be $5.5 million. The two projects, including the change of venue for the Student Health and Counseling Center, have been approved by PSU student government and other student advisory committees.

Legal Considerations
The following items must be resolved prior to beginning the renovation work:

• Approval by the State Board of Higher Education.
• Approval of a revised Article XI-F(1) Bond limitation by the State Legislative Emergency Board.

Staff Recommendation
Staff recommends that the Board approve Portland State University's request to seek Legislative Emergency Board authorization to revise the project limitation from $9.5 million to $9 million of Article
XI-F(1) Bond expenditure limitation, and change the scope of the project to allow for the renovation of space in the University Center building for the Student Health and Counseling Center in lieu of constructing an additional floor onto the Smith Memorial Student Center.
Minutes

Meeting Participants: Tom Imeson, chair; Geri Richmond; Bill Williams, and Tim Young.

OUS University Presidents: Phillip Creighton, EOU; Martha Anne Dow, OIT; Dan Bernstine, PSU; Elisabeth Zinser, SOU; and John Moseley (for Dave Frohmayer), UO.

Chancellor’s Office staff: Joe Cox, Chancellor; Tom Anderes, Vice Chancellor for Finance and Administration; Michael Green, Controller; and Denise Yunker, Human Resources Manager.

Meeting attendees also included other institutional representatives, other members of the Chancellor's Office staff, and interested observers.

The meeting was called to order at 7:35 a.m.

MINUTES FROM December 21, 2001
A motion was made by Director Richmond and seconded by Director Young to accept the minutes from the December 21, 2001, and the motion was approved.

ACTION ITEMS

Land Purchase (OIT)
Vice Chancellor Anderes advised that the Oregon Institute of Technology (OIT) is seeking Board approval to authorize the Vice Chancellor for Finance and Administration to complete the transfer of 17.4 acres of unimproved land, located adjacent to the campus. This land is to be purchased from the O'Connor family for a maximum of $215,000 plus closing costs. The University expects to use equal amounts of General Fund and Article XI-G bonds to cover the purchase price and closing costs. This expenditure will utilize existing Systemwide spending limitation, without requiring additional Legislative approval.

Chair Imeson called for a motion. Director Richmond made the motion to approve the purchase of this property and Director Williams seconded. The motion was carried.

Classroom Building Purchase (PSU)
Anderes advised that Portland State University (PSU) is seeking Board approval to authorize the Vice Chancellor for Finance and Administration to complete the proposed purchase of an office building, (aka 5th Avenue Business Center) located at 2130-2136 SW Fifth Avenue and 521 SW Jackson Avenue in Portland, Oregon, from the Walter R. and Velma A. Peterson Trust, for a maximum of $3.5 million plus closing costs and a modest allowance for deferred maintenance and upgrades to the building. Board approval and Legislative authorization are being sought to purchase the facility using Article XI-F(1) bonds. The University expects to expend $3.5 million to cover the purchase price and closing costs, with an allowance for deferred maintenance, renovation/upgrades and move-related expenses.

PSU's enrollment continues to grow to historic high levels, with classroom space, offices, and parking in short supply. The 5th Avenue Business Center Building represents an opportunity to purchase a pre-existing facility, with associated parking within the University District of downtown Portland, at a very
affordable price. The purchase of the property would provide PSU with an additional 36,000 square feet of classroom and office space with parking for 27 vehicles and a surface lot with space for 16 vehicles located on Jackson Street. The building is currently leased to multiple commercial and not-for-profit entities. PSU will continue to lease the facility to the existing tenants until their leases expire, at which time the facility will be converted to PSU classroom, office, and parking use.

Discussion
Chair Imeson asked about the existing leases; Vice President Pernsteiner, PSU, advised the current leases will expire 2003 through 2008 and, upon expiration of each lease, PSU will assume the use of that space.

Chair Imeson called for a motion. Director Young made the motion to approve the purchase of this facility and Director Williams seconded. The motion was carried.

Optional Retirement Plan Amendments
Anderes called upon Denise Yunker to explain the changes to the Optional Retirement Plan. Changes in the Internal Revenue Code related to retirement plans require amendments to the Optional Retirement Plan (ORP). The investment consulting firm of William M. Mercer, Incorporated, has been hired to update the Plan document to comply with six tax laws known as GUST, the Economic Growth and Tax Reconciliation Relief Act of 2001 (EGTRRA), and liberalized Minimum Required Distribution rules promulgated by the IRS in 2001. Board approval is requested to submit the restated Plan for an IRS determination letter of qualified plan status and to adopt the restated plan upon final approval of the amendments by the IRS.

Since the Optional Retirement Plan received its initial favorable IRS determination letter in November 1996, several tax laws affecting retirement plans have been passed. GUST amendments must be submitted to the IRS by February 28, 2002, to ensure compliance with the combined Uruguay Round Agreements Act (GATT), USERRA, SBJPA, RRA 97, RRA 98, and The Community Tax Relief Act of 2000. EGTRRA, passed in 2001, permits participants to defer additional retirement savings and increases portability of retirement benefits by recognizing an expanded menu of "qualified" plans eligible to receive rollover contributions. EGTRRA amendments will become effective April 1, 2002.

In 2001, a unified table for determination of benefits for participants and beneficiaries was adopted by the IRS, which permits more choices in the form of benefits elected by individuals who must begin receiving Plan benefits after achieving age 70½ or retirement. The effective date for the new Minimum Required Distributions rule is January 1, 2002. Yunker advised the Plan will be restated and submitted to the IRS no later than February 28, 2002.

Discussion
Chair Imeson called for a motion. Director Richmond made the motion to approve the plan amendments and Director Young seconded. The motion was carried.

DISCUSSION ITEMS
OUS Fiscal Accountability Framework
Anderes introduced Mike Green, Controller, and Tim Walsh, Manager, Arthur Andersen Consulting, who provided the following report. Green advised that the Board of Higher Education, in its April 20, 2001, meeting, authorized the Chancellor’s Office to undertake a project to design a Fiscal Accountability Framework consistent with fulfilling the fiduciary responsibility of the Board, Chancellor’s Office, and institutions, while recognizing the increased responsibilities of the individual institutions. For purposes of
this project, a Fiscal Accountability Framework was defined as the management structure, controls, and guidance that assist the Oregon University System (OUS) Board, Chancellor’s Office, and institutions in setting fiscal-related goals and monitoring the performance of those goals.

In this context, the System’s external auditors expressed increasing concern about the diminution of internal controls. In an October 2000 letter to the Board of Higher Education related to their audit of the System’s Fiscal Year 2000 Financial Statements, the auditors recommended the strengthening of accountability within the System through a focused effort to update fiscal policies and to establish a system for management review of financial information. The undertaking of the Fiscal Accountability Framework project was a necessary and appropriate response to these concerns.

Walsh advised significant changes have taken place over the past several years affecting fiscal accountability within OUS. These include:

- The Higher Education Efficiency Act (Senate Bill 271), which transferred selected fiscal authority from the State Department of Administrative Services (DAS) to the System.
- The implementation of new systems, which enabled increased responsibility by end users.
- The establishment of a new budgeting model, which allocates funds to individual institutions based largely on student enrollment.
- A rapidly changing competitive environment, which requires faster response from institutions.

Walsh advised that these findings are not unique to OUS and that a broad restructuring is not necessary at this time.

The project findings and recommendations were ratified by the Steering Committee of the Fiscal Accountability Framework project at their meeting on January 16, 2002.

Walsh advised that the report represents recommendations by the Steering Committee associated with a Fiscal Accountability Framework for OUS. This includes the following key deliverables of this project:

- Documentation of the Constitutional Articles, Oregon Administrative Rules (OARs), Oregon Revised Statutes (ORSs), and Internal Management Directives (IMDs) that delineate the governance and administration of OUS.
- Documentation of the roles and responsibilities of the institutions and the Chancellor’s Office with respect to each of the functional areas examined.
- Creation of a new managerial reporting structure that will provide the Board, the Chancellor, and institution presidents the financial information necessary to fulfill their fiduciary responsibilities.
- Codification of ORSs, OARs, IMDs, and Board policies that govern each of the functional areas examined.
- Identification of key issues and recommendations for change to strengthen the fiscal accountability within OUS.
- Formalization of a policy to address future formulation, issuance, and revision of System fiscal policies.
These deliverables represent the collective efforts of more than 100 OUS personnel on behalf of the Fiscal Accountability Framework project for the period of August 2001 through January 2002.

The following recommendations, once implemented, will shift authority and/or responsibility to various administrative processes to OUS institutions:

- The Vice Chancellor for Finance and Administration should transfer authority and responsibility for the Facility and Administration rate proposal process to the presidents of Oregon State University (OSU), Portland State University (PSU), and the University of Oregon (UO). Additionally, a schedule should be established with dates on which Eastern Oregon University (EOU), Oregon Institute of Technology (OIT), Southern Oregon University (SOU), and Western Oregon University (WOU) will have the opportunity to assume such authority and responsibility in the future. An election by an institution to assume this authority and the related responsibilities will represent a permanent commitment to fulfill the responsibilities or to have them fulfilled at the institution’s expense. OSU, PSU, and UO are currently prepared to make that commitment.

- The Controller’s Division of the Chancellor’s Office should establish a pilot program at one OUS institution for decentralization of the Treasury Management function. This pilot program should involve the institution performing all processes related to Treasury Management, including the reconciliation of bank accounts. The Controller should closely monitor the progress of this endeavor, and use the experience gained to evaluate the prospects for further decentralization of this functional area in the future.

- The Vice Chancellor for Finance and Administration should formally assign responsibility for the maintenance of positive fund balances to the institutional Vice Presidents for Finance and Administration, with the understanding that further delegation may take place at the institutional level.

- IMD 6.140 should be modified to allow institutions to classify all non-designated donations up to $100,000 as either unrestricted or quasi-endowment. Additionally, exceptions by the Board enabling institutional classification over that limit should be allowed up to $500,000.

- The Department of Legal Services within the Chancellor’s Office should draft an OAR or an IMD articulating the role of the Chancellor’s Office and each institution relative to Student Financial Aid. This OAR/IMD should formally delegate the authority and responsibility to participate in and administer financial aid programs to each institution president.

- The Controller’s Division of the Chancellor’s Office should replace the approval process detailed in the Financial Administration Standard Operating Manual (FASOM) relative to Designated Operating Funds (DOF) with a reporting process in which the institutional Vice Presidents for Finance and Administration will report any DOF balance in excess of the greater of $25,000 or 20% of annual revenue to the fund to the Controller at the end of each biennia.

In addition to the above recommendations related to authority and responsibility, four FAF work groups considered whether OUS should pursue the establishment of a multiple taxpayer identification number (TIN) structure. This determination may impact the delegation of responsibilities within several OUS functional areas. The work groups were tasked to consider this issue based strictly on the impact a multiple TIN structure would have on the processes in their respective functional areas.

Based on the recommendations and analyses prepared by the Payroll, Research and Sponsored Programs, Taxation, and Treasury Management Work Groups relative to this issue, the Controller’s
Division of the Chancellor’s Office should continue to actively investigate the feasibility of establishing multiple TINs within OUS. Green advised that the Controller’s Office and legal counsel have reviewed best practices in other Systems and, after considerable project effort relative to this issue, have noted no prohibitions against a multiple TIN structure for OUS.

Other recommendations relative to OUS fiscal processes are designed to accomplish one or more of the following:

- Increase the autonomy of OUS,
- Reduce restraints on OUS fiscal operations that cause operational or organizational inefficiency,
- Instigate further internal consideration of proposed programs (i.e., a cohesive risk management program for OUS),
- Promote understanding of the distribution of roles and responsibilities within OUS, and
- Promote communication and knowledge sharing across OUS.

Discussion

Walsh concluded his briefing by stating OUS appears to be understaffed in two critical accountability areas (Internal Audit and Legal functions); he recommended OUS address these areas immediately. Director Williams asked, with regard to the criteria for centralization or decentralization, what is the balance between efficiency and control? Walsh answered that effectiveness is more important than the efficiency of the centralized model. Chancellor’s Office oversight is still needed even with the decentralization to the institutions.

Director Imeson asked, regarding the Board’s role in fiscal accountability, if there are observations or recommendations to ensure the Board is raising appropriate issues and questions pertaining to accountability. Green advised the Board needs to be provided with the budgeted expenditures/revenues before the beginning of the fiscal year. These budgets would then be presented to the campuses, who would then be accountable for ensuring these budgets are maintained. Periodic reports would be submitted for Board review.

Director Richmond, pertaining to the concern raised about resources and decentralization, stated the System is adjusting its governing structure to support decentralization. Has there been a good review of the Chancellor’s Office to determine if there are functions that can be eliminated as the campuses assume the responsibilities? For example, as enrollment becomes more a role of the campuses, is there a duplication on the part of the Chancellor’s Office that could be eliminated? Chancellor Cox advised that, as a result of a thorough review, the largest single position cut has been at the Chancellor’s Office. Positions that have been held vacant in Information Technology Services and Controller’s Division will be eliminated. However, for those functions where it would take increased manpower to duplicate the function at the campus level, it would not be efficient to have the campuses assume what can be done centrally.

Director Imeson asked if a recommendation has been made to create an audit committee within the Board structure to closely monitor the IAD function. Walsh stated that other Systems have established Board audit committees and that it is a matter of preference by the Board. Anderes stated that a proposal will be brought forward in the future to consider an additional audit committee of the Board.

Director Imeson stated his appreciation to the Controller, campus staff, and the consultant for the important work accomplished. He concluded by emphasizing that as OUS moves more responsibility to the campuses, the Board must retain its fiduciary responsibility to the System.
**Fiscal Status of Intercollegiate Athletics—Fiscal Year 2001**

Chancellor Cox stated that, from a historical perspective, athletic deficits date from the 1980s and 1990s, when athletics had to be totally independent of the state General Fund. Former Board President Aschkenasy instituted a new policy wherein the campuses were to pay off the debt over an established period of time. The University of Oregon (UO) and Portland State University (PSU) have both paid off their debt, and Oregon State University (OSU) is continuing in their efforts to pay off their debt.

The purpose of this report is to provide a review and update of the fiscal status of the Intercollegiate Athletics Departments at the three universities as of June 30, 2001. Anderes introduced Controller Mike Green, and OSU representatives Vice President Mark McCambridge and Mitch Barnhart (Director of Intercollegiate Athletics).

Barnhard advised that four years ago the OSU athletics debt was $10 million in operating funds and $2.5 million in capital funding. When he was hired, he was charged with reducing the debt by $500,000 per annum. Revenue has increased due to the investment made in the football program; however, the additional investments made in increased payroll, scholarships, and increased guarantees to drive more revenue have also increased expenses. These investments have also yielded increased ticket sales. Donor giving has also increased, and the University successfully raised money for an indoor practice center and 50% of the needed funding to build an annex to Gill Coliseum.

Director Richmond asked Barnhard and Anderes what would be an acceptable pay-down rate for OSU. Barnhard replied that $500,000 per year is a satisfactory rate. Anderes stated that, as of March 30, 2001, OSU provided three targets; however, these targets were not met, nor were they met in the previous year. Anderes advised that a new plan is needed to pay down this debt. McCambridge stated that two plans have been discussed: the first initial plan established a $6 million reduction target and $500,000 per year. Subsequent to that plan, former Vice President Specter and the Board established the second reduction proposal that the Chancellor’s Office has been following. He agreed that a new plan is needed and stated that the University will be working with the Chancellor’s Office to develop that plan.

Director Williams asked whether the $500,000 per year pay-down is above the interest pay-off. Green explained the interest is paid through operating funds. Williams stated that he saw a disconnect between what Barnhard was hired to do and what has been expected by the Chancellor’s Office through the plan approved by the Board. Barnhard stated he was hired to retire the debt, balance the budget during his tenure, improve competitiveness of the program, and to do it the “right way.” He stressed that he has fulfilled those expectations.

Green stated there has never been a dispute on the June 30, 1998, amount of $8.3 million; however, when Barnhard was hired mid-year 1998, the deficit was higher. The initial target pay-off of $6 million was met; however, subsequent targets may have discrepancies that need to be reviewed. He emphasized what cannot be said is that the June 30, 2001, target has been met—this violates fundamental financial reporting principles that state prior year targets must be measured at prior year-end rather than at current mid-year.

In conclusion, after discussion the Board reiterated its request for collaboration between OSU and the Chancellor’s Office in establishing a single plan to hold people accountable, understanding how the target fits in the overall budgeting scheme, and providing a concise, consolidated presentation to the Board in April 2002. Provost Moseley, UO, asked for clarification in the appropriate application of E&G funding to athletic operating expenses and deficits. Chancellor Cox stated that information will be included in the definitions section of the April report to the Board.
Anderes introduced Donald Riggs, Deloitte & Touche (D&T). Riggs stated that the Secretary of State Audit Division (SOSAD) is responsible for auditing OUS’ financial reports and contracted with D&T to perform the annual year-end audit. Riggs advised that D&T conducted the audit of the 2001 financial statements of the System in accordance with generally accepted auditing standards of the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Their opinion is the financial statements were fairly presented in all material respects. Behind the combined financial statements of the System, there are individual financial statements for the campuses that are reviewed in relation to the System.

An A-133-related audit, which audits those institutions receiving federal funds, was also conducted and it found that all statements were in order. A required audit of internal controls relating to the major programs identified by the Secretary of State is conducted at the state of Oregon level; however, SOSAD requested D&T to conduct an audit of the research and development programs at OUS. No material instances of noncompliance were found; however, the one immaterial instance of noncompliance found is related to two grant financial reports that were not filed in a timely manner.

In addition to the financial statement and A-133 audits, internal controls were reviewed to determine the nature, timing, and extent of OUS audit procedures. Two comment letters were issued related to internal controls: 1) security-related issues on computer systems management, and 2) general comments relating to the audit and other computer-related issues.

During the audit of financial statements, D&T was apprised of the Servicemaster transaction review on the OSU campus. OUS Internal Audit Division (IAD) conducted the review of this transaction for propriety; D&T reviewed IAD’s documentation and determined it warranted inclusion in the comment letter.

Riggs noted the document outlining D&T’s responsibility under GASB; significant accounting policies for OUS were reviewed and the judgments made were included in the report.

Riggs concluded his report by stating no difficulties were encountered while performing the audit.

Discussion
Director Williams asked if it is typical to find such basic procedural violations in an accounts receivable/reconciliation audit. Riggs advised that this type of violation is found more often in a not-for-profit or public agency than a for-profit company. In response to a question from Director Williams, Riggs answered that, in conjunction with the audit, fixed assets and accounts receivables are reviewed but not audited.

Riggs stated that as the System has moved toward decentralization, D&T has been concerned with the decentralization of financial reporting and accounting. He assured the Board that there has been improvement in this area and that, with the inception of the fiscal accountability framework, minor infractions will be corrected.

Director Williams questioned, with the expertise, knowledge, and theoretical basis for technology available at the campuses, why were firewalls not in place to protect the System’s technology and why was there a lack of adherence to basic accounting principles at the department-level on campuses. How can the Board be assured that firewalls are in place and accounting rules are followed? Anderes replied that campuses are understaffed in the areas of information technology, budgeting, and accounting, and that campuses do presently utilize student help when at all possible; however, he would meet with the Administrative Council to discuss the possibility of implementing and/or expanding such a program.
MEETING ADJOURNMENT
The meeting adjourned at 9:07 a.m.