



Budget Committee
September 12, 2013
11:00 a.m. – 1:00 p.m.

Conference Call

Attending: Bruce Neumann, Melinda Piket-May, Geoff Barsch, Mark Stanker, Todd Saliman, Patricia Heyn, Chris Koziol, Rich Lindrooth, Laura Borgelt, Isabella Muturi Sauve, Gary Colbert, Gary Deboer

Approval of Minutes

Minutes of the August 15, 2013 meeting were approved as presented.

Notice of Motion

Responding to the motion brought by the Budget Committee to the Faculty Council requesting an enhanced audit of the Health Trust Board, Mark Stanker reported that the Board was working on a written response to address the 4 points raised by the motion. He went on to briefly discuss the responses to each of the points raised, noting the following:

- Only an external auditor can determine the extent of the internal controls of an organization. The Health Trust Board is confident that the auditors are doing the level of work necessary to issue an opinion on the financial statements.
- Since the inception of the Trust, the financial resources have been sufficient to cover all the obligations of the Trust and there has never been a point of shortage of liquidity to cover the obligations of the Trust.
- The estimated maximum loss of investment earnings is about \$1,700 over a 6 month period. This amount is based on the cash flow patterns of money received. The maximum amount available to invest during the same period was \$4.25 million.
- There are various mechanisms already in place, including external auditors, actuaries, and liability insurance companies that conduct annual assessments of the overall fiscal health of the Trust. There is continued discussion and review of these policies to minimize delays in the cash flow.

Members noted that the request for an enhanced audit stemmed from the broader issue of whether sufficient safeguards exist to protect the fiscal health of the Health Trust and whether monthly financial statements are a good safeguard. Responding to this comment, Mark Stanker noted that there was no compelling reason for the University to move from the standard quarterly financial statements; however accounts and transactions are reviewed on a daily basis. The committee went on to agree that monthly statements are indeed volatile and may raise issues that are soon resolved.

Committee members went on to discuss strategies to maintain the fiscal health of the Trust, including reassurances that financial statements are being reviewed and monitored. Mark Stanker proceeded to discuss current monitoring strategies and proposed that he and Chair Neumann meet in person to review the cash flow patterns of the Trust.

Regent Audit Committee Report, Gary Colbert

Gary Colbert reported on the Regent Audit Committee meeting, noting that he was impressed by the committee's comprehensive approach and review of quarterly financial reports, although the reports themselves were not very detailed.



Geoff Barsch indicated that he would be able to share the reports discussed at the Regent Audit Committee meeting with members of the Budget committee at the next meeting.

Strategic Budget Planning Process

VP Saliman reported that his office was moving forward with the multi-year budget planning approach and that the budget would be available for the committee's review in January 2014 after approval by the Board of Regents.

In addition, the committee asked how reserve funds are incorporated into the budgeting process from one year to the next and whether it is possible to have a system-wide policy on the use of the reserves that will indicate when enough unrestricted reserves have accumulated. VP Saliman noted that he will provide an updated 10 year revenue outlook for discussion during the January meeting. He will also discuss the possibility of a policy on reserve revenues at that time.

Proposal on Faculty and Exempt Professionals Compensation Pool, Fernando Riosmena

Fernando reported that the sub-committee was still developing a draft proposal. Discussion on the proposal will proceed at the next meeting of the committee.

Study of Faculty/Staff/Administrative Costs

Todd reported that the State is currently discussing the allocation of more funds to higher education institutions, including a new financial aid funding formula.

Committee members asked how administrative costs are changing relative to each other and whether there was sufficient data to develop a 5 year trend on the costs for students. Geoff Barsch noted that data available follows the national format and proposed that he and Chair Neumann meet to review data that was presented to the Board of Regents.

Adjournment

There being no other business, the meeting was adjourned. The next meeting will be held on October 17, 2013, in the Denver conference room of 1800 Grant St, Denver.