Administrative Affairs Council Minutes
March 8, 2011 – 9:00 p.m.
Conference Call

Participants
Dave Clark and Tamara Barber – BSC
Alvin Binstock and Mark Lowe – DSU
Corry Kenner and Joann Kitchens – LRSC
Brian Foisy and Jonelle Watson – MiSU
Jim Borkowski – DCB
Mike Renk and Keith Johnson – NDSCS
Gary Wawers, Ramona Adams, Karin Hegstad and Karla Mongeon-Stewart – NDSU
Alice Brekke and Peggy Lucke (at NDUS office) – UND
Trudy Collins – VCSU
Justin Madisson – WSC
Laura Glatt, Bill Eggert, Cathy McDonald, Robin Putnam, Pat Seaworth and Deanna Dailey – NDUS Office

Legislative Update
Ms. Glatt referred to the list of bills, including their current status, which was distributed along with the meeting materials. The SBHE’s position is also identified for those bills on which they are taking a position. There were no questions from the group regarding these bills or the legislative hearings taking place later in the week.

SBHE Policy 340.2
Ms. Glatt referred to her e-mail dated February 24, 2011, and the revised version of SBHE Policy 340.2. Allowing the campuses to submit “draft” audit reports and figures to the system office by September 15, pending approval by their foundation board, resulted in a major improvement in the timely submission of materials. There were no questions or comments from the group regarding the proposed revisions and as such, the policy will be presented to the Cabinet and ultimately to the SBHE at their April 2011 meeting for 2nd reading and final approval.

Mr. Seaworth said the system office was prepared to bring SBHE Policy 340.2 forward at the March 2011 board meeting; however, he then received several requests from foundation attorneys for additional amendments relating to the foundation/institution relationship and open records requirements. Mr. Seaworth said the issues they raised are, for the most part, minor and he feels they can be resolved without causing any further delay.

SBHE Policy 805.1
Ms. Glatt said there needs to be additional clarification regarding teacher and other kinds of professional development activities and how these are reported for enrollment purposes. Also, more clarification is needed regarding non-degree enrollments. She said that once clarification is
provided by the Academic Affairs staff, a decision will be made regarding the appropriate manner in which to record associated revenues.

In the meantime, she asked the group to comply with the current draft policy language, which states that “effective not later than July 1, 2011, all tuition revenues and expenditures of those revenues generated from degree and non-degree credit classes or activities (except non-degree teacher professional development), including credit classes or activities offered in distance and continuing education, work force training and other programs, must be accounted for and budgeted as institutional collections in the general ledger appropriated funds.”

Local Fund Audit Status
Ms. Glatt provided a status update of the local fund audit. She explained that the SAO has identified three broad revenue categories: state general fund/tuition from degree credit, grants and contracts, and local funds. It is her understanding that their audit will focus on the last category, although additional analysis is being done to determine the areas of review within the local funds category. Ms. Glatt said the SAO will be preparing an audit plan through March, with field work not likely to start at UND or NDSU until April. She added that there is still no word of whether they intend to audit just UND and NDSU or if more campuses will be added; however, the intent is to first complete UND and NDSU and issue a report, followed by other audit work thereafter, as appropriate.

Risk Assessment
LarsonAllen has largely completed their field work at BSC WSC, MaSU, VCSU, UND, and NDSU, with field work beginning at MiSU. BSC has received the draft report from LarsonAllen, and subsequently returned the report, along with their feedback and suggested revisions. After any changes are made, a revised draft copy will be sent to both BSC and to the NDUS Office.

Other
Ms. McDonald referred to the message she sent on March 4 regarding the “Annual Budget Survey Follow-up.” Based on the responses, she proposed that the annual budgets for FY2012 and all budgets thereafter should include a budget for all funds other than the Capital Improvements/Projects Funds, Loan Funds, Endowment Funds and Agency Funds. Ms. McDonald expressed the importance of having consistent reporting from all campuses.

In response to a question from Mr. Lowe, each campus will need to create a budget for every individual fund that has any revenue or spending activity. In those cases where the funding and/or expenditures are unpredictable, Ms. McDonald suggested they create that budget based on the best information they have.

Mr. Foisy suggested that due to the increased workload at some campuses, a phase-in implementation process should be allowed to permit time for campuses to work with department managers. Mr. Foisy indicated that MiSU is reallocating some funds to hire a full-time budget analyst to assist department managers with this process. Ms. McDonald agreed that it made sense to begin implementation in FY12, with complete transition by FY13.
Accounting Manual Update
Ms. Putnam announced that in response to an audit recommendation, the system office is embarking on a project to update the accounting manual with the goal of having it completed by June 30, with the exception of closing procedures documents and information. Ms. Putnam has created a signup sheet and asked each of the controllers to sign up for the various sections. In response to a question from Ms. Glatt, Ms. Putnam said each section will take a different amount of time, making it difficult to determine how much time this will involve.

Ms. Glatt added that the BAFC clearly expects this task and timeline to be met. Therefore, she asked for the VP’s to ensure that the controllers on their campus are participating in the project and meeting the necessary timelines. As the controllers are the ones utilizing the manual and completing the processes, it makes sense for them to prepare the manual.

Meeting adjourned at 10:15 a.m.

Future Meetings
April 5, 2011
May 3, 2011
June 14, 2011
July 25-26, 2011
August 30, 2011
October 11, 2011
November 22, 2011