



Enclosure 2
April 5, 2017

**Minutes of the Finance and Facilities Committee of the
Council on Postsecondary Education Meeting
Wednesday, March 1, 2017 5:30 p.m.
The Office of the Postsecondary Commissioner
560 Jefferson Boulevard
Warwick, RI 02886**

The Finance/Facilities Committee of the Council on Postsecondary Education met on Wednesday, March 1, 2017, at the Office of the Postsecondary Commissioner at 560 Jefferson Boulevard, Warwick, RI. At 5:30 p.m., Chair Heather Crosby welcomed everyone. She then took roll call.

Present: Michael Bernstein, Heather Crosby, and Dennis Duffy, and Dr. Jeffery Williams.

Absent:

Non Committee members in attendance: Timothy DelGiudice, Bill Foulkes

1. ACCEPTANCE OF THE AGENDA

Chair Crosby entertained a motion to accept the agenda. On a motion duly made by Mr. Duffy and seconded by Dr. Williams, it was

VOTED: **THAT** The Finance/Facilities Committee of the Council on Postsecondary Education accept the agenda for the meeting of March 1, 2017 as presented.

VOTE: Four members voted in the affirmative and no members voted in the negative as follows:

YEAS: Michael Bernstein, Heather Crosby, Dennis Duffy, and Jeffery Williams.

NAYS: 0

ABSTAIN: 0

2. APPROVAL OF THE MINUTES

Minutes of the Facilities Committee of the Council on Postsecondary Education's October 19, 2016 Meeting.

On a motion duly made by Mr. Duffy and seconded by Mr. Bernstein, it was

VOTED: **THAT** *The Finance/Facilities Committee of the
Council on Postsecondary Education accept the
minutes of the Finance/Facilities Committee
meeting of October 19, 2016 with the edits as
noted.*

VOTE: Four members voted in the affirmative and 0
members voted in the negative as follows:

YEAS: Michael Bernstein, Heather Crosby, Dennis
Duffy, and Jeffery Williams.

NAYS: 0

ABSTAIN: 0

3. CHAIR'S REPORT

Chair Crosby thanked Committee members for their attendance on a busy day and continued her comments with an overview of the Committee's, the Council's, and the Board's activity. She noted the need to marry the strategies and goals of the Committee with the other two. Chair Crosby wants the Committee to consider the type of metrics that should be measuring the system's progress with the various goals:

- To fill more seats in the classrooms
- To graduate more Rhode Island students
- To reduce student debt

She also reminded the Committee that the role of stewards of the assets is a very important one and that return on investment as well as assuring that revenues are maximized in order to sustain the institutions is a vital mission. Chair Crosby echoed

the remarks made at a recent Council meeting: Rhode Island does not have an access problem. It has a completion problem.

Chair Crosby reported that CBRE has met with University representatives and then with her and Dr. LaPanne to discuss an upcoming report related to the best use of the Upper College Road parcel. She indicated that CBRE will perform a more holistic analysis of the project, keeping in mind the increase in students on campus and the need for more housing. Both the Council and the Committee will be kept up to date on the project.

4. DISCUSSION/ACTION ITEMS.

4a) Plan for upcoming meeting calendar of the Committee.

Dr. LaPanne reviewed the calendar of the upcoming Committee meeting and emphasized the importance of the campus visits. Because the Council is the steward of approximately 49% of all state property, it is very good for members to see for themselves what the condition of each campus is and to watch the progression of the various projects and initiatives. This is especially important as the budget requests will benefit from the input of the Committee members who have a better sense for each campus and its needs.

Chair Crosby was hoping to have all of the tours scheduled when students were on campus in order for everyone participating to get a better sense of the operations. However, only the University's tour on April 5th will allow for that. The RIC and CCRI tours are both occurring after the conclusion of the spring semester. Dr. LaPanne suggested that next year's tours will be scheduled earlier in the spring semester.

4b.) Update on Cyber Liability Coverage

Dr. LaPanne reported that the cyber liability coverage was bound effective March 1, 2017 for the three institutions and the Office of the Postsecondary Commissioner. While the State's Risk Manager had attempted to coordinate this effort for the entire state, there were only a very few agencies that had been interested in this coverage. Among those few were the public institutions of higher education. At that time, the work group narrowed down to the system and Sean Donaghey, CPCU, of the Rhode Island Association of Insurance Agents began the process of soliciting bids for this coverage.

After reviewing all of the potentially acceptable bids, the work group determined that the coverage offered by AIG was the best offer and Mr. Donaghey has coordinated all of the activities that have led to binding coverage as of March 1.

The features of this coverage include an aggregate limit of \$5,000,000 which includes defense costs. The policy defines confidential information as both paper and data with unlimited prior acts. A significant feature to the policy is that the insurer will provide the services related to a covered security failure/privacy event including:

- forensic investigation
- public relations
- crisis management
- legal services
- notification services
- credit monitoring
- other services as approved by the insurer.

The cost of the policy for the entire system is \$195k for this current year and also includes network interruption coverage. In addition, coverage will protect all data breaches from the opening of each institution and includes both paper and electronic breaches.

4c.) Review of the University's Department of Justice Audit report and management's response and actions to date.

Dr. LaPanne indicated that audits are regularly and routinely being conducted on each college campus. While the year-end audit is only one such procedure, there are others that are conducted by the State Office of Internal Audits, governmental agencies that have granted funds for research to the institutions, ongoing reviews from federal DOE, IRS audits, and audits by other granting agencies. This audit by the Department of Justice is one of those grant-related reviews.

Sharon Bell, CPA, CFE, CGMA and Controller of URI was present to explain the audit process, the resulting audit report, and management's responses to the findings as well as the timeframe for the conclusion of the process.

The University of Rhode Island was awarded three cooperative agreements by the Office of Justice Programs (OJP) under the National Institute of Justice (NIJ) that totaled approximately \$1.2m between 2009 and 2012. These funds are aimed at research and development in the area of digital evidence and forensics with the increasing need to train officers to collect this type of evidence and remain current with the rapidly evolving technologies.

The audit of these three cooperative agreements resulted in findings of questioned costs in regard to certain personnel, travel, and computer supplies related costs.

Ms. Bell also reported that the audit team from DOJ had never been involved in an audit at an institution of higher education prior to this one. In fact, they were very

unaware of the processes and controls related to such an institution and she cited the use of purchase cards as a case in point. In this example, the audit team cited the University for the inappropriate use of a purchase card when one employee booked a registration fee for himself and a colleague attending the same meeting. By university policy, this was acceptable as both employees held cards that were billable to the award. However, the DOJ auditors determined that each employee should have registered using his own card. These costs were determined to be inappropriate.

Ms. Bell and her staff noted that they needed to direct the auditors to both DOJ and URI processes in order to explain some of the issues that they were noting in their draft reports. Many of those issues were cleared and not cited in the final report – yet many remained. In fact, most of the salary discrepancies had to do with the title names of the personnel differing from the submitted budget which may be remedied through a requested revision of the original budget for the awards themselves. This effort is currently underway.

The Committee members thanked Ms. Bell for her presentation and Chair Crosby invited her to return once the report has been finalized.

Because this was an update for the Committee, no action was required.

4d.) Review of the University's Housing and Residential Life Audit report and management's responses and actions to date.

The second report of audit results was presented by Dr. Kathy Collins, Vice President of Student Affairs at URI. Dr. Collins reported that the audit reports came to her during the first weeks of her hire date at the University but that they presented an excellent introduction for her to the processes that the University Housing and Residential Life team was following.

The Rhode Island State Office of Internal Audits completed two internal audit engagements at the University of Rhode Island for the operations of Undergraduate Housing and Residential Life as well as the Graduate Housing and Residential Life for the fiscal year 2016. These audit reports were dated January 5, 2017 from Dorothy Pascale, CPA, Chief.

The purpose of both audits was to determine if the separate processes were “performed efficiently and effectively in accordance with established policies and procedures, statutes and adequate controls.”

Dr. Collins indicated that there were several themes in the audit findings:

- **The Need to Improve System Controls**
 - Improve fire, health and safety inspections and corrective actions
 - Appropriately assign and review residence hall access privileges

- **The Need to Establish and Adhere to Standard Operating Policies and Procedures**
 - Centralize billing processes and integrate graduate housing operations with undergraduate housing operations
- **The Need to Ensure Budgeting and Purchasing Policies and Procedures are Followed**
 - Ensure housing rates are approved in the budget allocation process
 - Strengthen adherence to policies and procedures

While it is important to note that there were no irregularities found, the audit reports highlight a number of operating processes that are contrary to policy. It is also worth noting that an action plan was immediately implemented that created enhanced services for URI students.

Dr. Collins also reported the steps that have been taken to date in response to both the Office of Internal Audit's report and to best practices for university-based housing and residential life:

- URI students who were residents of Roger Williams Complex in 2015 – 2016 received a housing credit on Friday, January 6, 2017
- A review of housing assignments was completed by a national expert in February, 2017. Report coming in March, 2017.
- Formal policies and procedures are being created and adopted. This will be completed no later than June 30, 2017.
- URI will be hosting the Association of College and University Housing – International's Professional Standards Institute. While on campus this group of university housing professionals will conduct an external review of the department at URI.

After discussion with the Committee members about these findings and the University's responses, Dr. Collins indicated that the Office of Internal Audit was assigned to this project as a result of hotline calls related to staffing concerns in Housing and Residential Life. She also reported that all of the University's residence halls are fully occupied with a number of freshmen in triples in order to respond to the demand for on-campus housing.

Because this was an update for the Committee, no action was required.

4e.) Discussion and consideration of dashboard projects with update on retreat data.

Dr. Purcell provided context for the comparison of data longitudinally and across peers. His recommendation is that the use of datasets that are defined and available across institutions provides the most reliable and consistent data for comparative purposes. Among those datasets would be the Common Data Set (which is completed by 4-year institutions), IPEDs reporting, Grapevine, and other similar data sources that provide responders with clear definition for each category of data requested.

With the data that was presented at the Council Retreat in September 2016, the Committee members indicated their desire to review and discuss the options that are available for regular reporting. Chair Crosby asked the Committee members to consider what it is that the Council wishes to measure in order to develop a dataset that will be responsive to initiatives and goals.

There were a number of suggestions made for inclusion in this dataset including such information as admission profiles (SAT/ACT data), frequency and cost of remediation, dual enrollment, completion rates, student debt-load, available cash and institutional debt, etc. Chair Crosby also requested that the Committee consider other measures of efficiency as well including the potential to outsource certain departments.

Chair Crosby indicated that the dashboard will continue to be worked on by Office staff and will return for a continuation of discussion at the next meeting.

5. ADJOURNMENT

On a motion duly made by Dr. Williams and seconded by Mr. Duffy, it was:

VOTED: **THAT** *The Finance/Facilities Committee of the Council on Postsecondary Education adjourn its meeting.*

VOTE: 4 members voted in the affirmative and 0 members voted in the negative as follows:

YEAS: Michael Bernstein, Heather Crosby, Dennis Duffy, and Jeffery Williams.

NAYS: 0

The meeting adjourned at 6:43 p.m.