

The official minutes of the University of South Carolina Board of Trustees are maintained by the Secretary of the Board. Certified copies of minutes may be requested by contacting the Board of Trustees' Office at trustees@sc.edu. Electronic or other copies of original minutes are not official Board of Trustees' documents.

University of South Carolina
BOARD OF TRUSTEES

Fiscal Policy Committee

March 20, 2009

The Fiscal Policy Committee of the University of South Carolina Board of Trustees met on Friday, March 20, 2009, at 10:00 a.m. in the 1600 Hampton Street Board Room.

Members present were: Mr. Eugene P. Warr, Jr., Chairman; Mr. Chuck Allen; Mr. J. Egerton Burroughs; Mr. Michael J. Mungo; Mrs. Amy E. Stone; Mr. John C. von Lehe, Jr.; Mr. Miles Loadholt, Board Chairman; and Mr. Samuel R. Foster II, Board Vice Chairman. Ms. Darla D. Moore and Mr. Mack I. Whittle, Jr. were absent.

Other members of the Board present were: Mr. Arthur S. Bahnmuller; Mr. James Bradley; and Mr. William W. Jones, Jr.

Others present were: President Harris Pastides; Secretary Thomas L. Stepp; Vice President and Chief Financial Officer Richard W. Kelly; Executive Vice President for Academic Affairs and Provost [Interim] William T. Moore; Vice President for Human Resources Jane M. Jameson; Vice President for Student Affairs and Vice Provost for Academic Support Dennis A. Pruitt; Vice President for Information Technology and Chief Information Officer William F. Hogue; Vice Provost and Executive Dean for System Affairs and Extended University Chris P. Plyler; University Treasurer Susan D. Hanna; Interim Vice President for Advancement Michelle D. Dodenhoff; Associate Vice Provost for Academic Resources, Edward L. Walton; Director of the Department of Internal Audit Alton McCoy; USC Upstate Chancellor John C. Stockwell; Dean of the South Carolina College of Pharmacy Joseph DiPiro; Assistant to the President and Athletics Director John D. Gregory; Dean of the College of Nursing Peggy O. Hewlett; Campus Dean of the South Carolina College of Pharmacy Randall C. Rowen; Vice Provost for Health Sciences Russ Pate; Vice Provost for Faculty Development Christine W. Curtis; Special Assistant to the President J. Cantey Heath; Vice Chancellor for Business Affairs, USC Upstate, Robert Connelly; Associate Dean of the South Carolina Honors College Ed Munn Sanchez; Interim Associate Dean of Academic Affairs, College of Nursing, Mary Foster Cox; Director of USC Postal Services Barry Meyers; Director of University Press Curtis L. Clark; Business Manager, University Press, Dianne Smith; Business Manager of the South Carolina Honors College Patsy Tanner; Associate Director of Governmental Affairs and Legislative Liaison Casey Martin; Director of Public Information, USC Lancaster, Shana Funderburk; Director of Media Relations, Division of University Advancement, Margaret Lamb; President of the Student Government Association Meredith Ross; Student Andrew Gaeckle; Horry County Councilman James R. Frazier; University Technology Services Production Manager, Justin Johnson; Board staff members Terri Saxon, Vera Stone, and Karen Tweedy.

Chairman Warr called the meeting to order, welcomed everyone, and asked Board members to introduce themselves. Ms. Lamb stated that no members of the media were

present.

Chairman Warr stated that notice of the meeting had been posted and the press notified as required by the Freedom of Information Act; the agenda and supporting materials had been circulated to the Committee; and a quorum was present to conduct business.

I. Audit Tracking Report:

Chairman Warr called on Mr. McCoy who reported that the following audits had been resolved since the last meeting: College of Pharmacy; USC Lancaster; and Transportation Services. There were no active items on the tracking report.

II. Internal Audits:

Chairman Warr called on Mr. McCoy to report on the following four audits.

A. USC Press: The first of two findings dealt with the fact that the publishing software used to manage the order fulfillment process was not integrated with the University's general ledger accounting system and no reconciliation of the two systems was performed.

Once brought to the Department's attention, they stated that they would reconcile the activity posting to the subsidiary system to the University's accounting system on a monthly basis.

The second finding dealt with the issues of non-compliance with the University's purchasing card policies and procedures, related to purchases made with the VISA purchasing card. The Department was in the process of addressing those issues.

Mr. Mungo asked about USC Press's profits versus losses. President Pastides responded that approximately 90-95 percent of university presses across the nation were subsidized by their respective institution, much like academic departments. The University Press profit/loss ratio had improved over the years, under Mr. Clark's guidance, and the publication of books such as *South Carolina Encyclopedia* and *South Carolina A History*. However, there was no doubt that without University "A-fund" support there would not be a USC Press. Mr. Burroughs asked that a comparison of the University press's profit/loss with other universities be prepared. President Pastides said it was an excellent request that he would see was done.

B. USC Upstate: There were eight findings, the first of which dealt with violations of the University's purchasing card policies and procedures related to the use of the VISA cards.

The next five findings were within the Athletics Department, the first of which resulted from a coach's purchase of airline tickets for family members on the University issued purchasing card. Recognizing the serious nature of this finding, USC Upstate consulted with the Human Resources and the General Counsel Offices. The result was immediate corrective personnel actions.

The second finding in the Athletics Department dealt with outstanding travel advances totaling \$63,240.39. Advances were not being reconciled to receipts for

travel expenses and cleared through the Controller's Office in a timely fashion.

USC Upstate agreed to Internal Audit's recommendation to develop and implement procedures for periodic review, timely reconciliation and clearing of outstanding advances.

The Athletics Department's third finding involved the lack of written contracts for athletics event ticket sales and concession sales. The Department agreed to formalize the contracts, as recommended by the audit.

The fourth finding in the Athletics Department dealt with coaches' contracts. The Department agreed to implement the audit recommendation to review employment contracts and renew out-of-date contracts. As part of the review for the 2009-2010 academic year, sports camp contract provisions would be expanded upon to include current NCAA requirements, facility rentals and fees, insurance, etc.

The final Athletics Department finding dealt with corporate sponsorships through the Department's relationship with the Carolina Piedmont Foundation. USC Upstate agreed to review the relationship to determine the proper disposition of corporate sponsorship funds.

The seventh finding dealt with two instances in which fee waivers were granted without proper approval.

The eighth USC Upstate audit finding was Parking Services Ticket Collection. As of June 30, 2008, outstanding parking fines totaled \$69,481, of which \$54,394 was attributed to fines from tag numbers that did not match student records. USC Upstate explained in this finding response that the Parking Management System utilized by the University Police did not have the capacity to adequately cross reference parking permits and parking finds. However, it was their intent to either upgrade or replace the existing system in FY 2009-2010.

C. Postal Services: Mr. McCoy reported that there were no findings, that USC Postal Services was a very hard working, efficient organization and did an excellent job.

D. Honors College: This was the first audit of the College, and there were two findings. The first finding dealt with several instances where proper procedures were not followed in relation to the VISA purchasing card.

The Honors College was working to resolve the second finding, which involved Dual Employment.

III. Other Matters:

Chairman Warr recognized President Pastides, who he stated wanted to brief the Board on the State Budget cuts.

President Pastides reported that since the March 2009 Board Retreat he had been notified of an addition two percent cut in State Appropriations; which amounted to \$2.8 million dollars from the Columbia Campus, including the School of Medicine, and \$3.5 million dollars system wide. Therefore, the total cut in state funding thus far

this fiscal year was approximately 25 percent, not including the 2.8 percent cut heading in to the current fiscal year.

The President said he anticipated that the recent cut could be centrally handled, as a result of decisions made earlier in the year relative to the units and the University's operations. However, the other four-year and the two-year campuses would have to make the cuts, which would range from \$16,700 at USC Union, to \$226,275 at USC Upstate.

IV. Adjournment:

Since there were no other matters to come before the Committee, Chairman Warr declared the meeting adjourned at 10:30 a.m.

Respectfully submitted,

Thomas L. Stepp
Secretary