

Business Affairs and Audit Committee

December 2022

RADFORD UNIVERSITY

Board of Visitors

RADFORD UNIVERSITY

Board of Visitors

BUSINESS AFFAIRS AND AUDIT COMMITTEE

1:00 P.M.**

DECEMBER 1, 2022

MARY ANN JENNINGS HOVIS MEMORIAL BOARD ROOM
THIRD FLOOR, MARTIN HALL, RADFORD, VA

DRAFT **AGENDA**

- **CALL TO ORDER** Mr. Marquett Smith, *Chair*
- **APPROVAL OF AGENDA** Mr. Marquett Smith, *Chair*
- **APPROVAL OF MINUTES** Mr. Marquett Smith, *Chair*
 - September 8, 2022
- **REPORTS**
 - University Auditor's Report Ms. Margaret McManus,
University Auditor
 - Goals Update Ms. Stephanie Jennelle, *Interim Vice
President for Finance and Administration
and Chief Financial Officer*
 - Faculty Handbook Updates Ms. Stephanie Jennelle, *Interim Vice
President for Finance and Administration
and Chief Financial Officer*
 - Capital and Information Technology
Projects Update Ms. Stephanie Jennelle, *Interim Vice
President for Finance and Administration
and Chief Financial Officer*
- **OTHER BUSINESS** Mr. Marquett Smith, *Chair*
- **ADJOURNMENT** Mr. Marquett Smith, *Chair*

****All start times for committees are approximate only. Meetings may begin either before or after the listed approximate start time as committee are ready to proceed**

COMMITTEE MEMBERS

Mr. Marquett Smith, *Chair*
Mr. Robert A. Archer, *Vice Chair*
Ms. Jennifer Wishon Gilbert
Mr. Mark S. Lawrence
Ms. Lisa Throckmorton

December 2022 Meeting Materials

RADFORD UNIVERSITY

Board of Visitors

Radford University
Business Affairs and Audit Committee Entrance Conference Agenda
December 1, 2022

1. Audit Objectives, Audit Plan and Audit Roles:

- a. **Auditor of Public Accounts (APA) audit team and resources** – Project Manager, In-charge Auditor, and Staff. Any specialists if required on the audit.

Audit Team – General:

Zach Borgerding	Meghan Finney	Gary Gammon	Erin Rodriguez	Daniel Burris	Jacob Fleetwood
					
<ul style="list-style-type: none"> • Director • 14 years experience • 4 years experience with Radford • CPA, CISA and CGFM • Specialty Team: Reporting and Standards 	<ul style="list-style-type: none"> • In-Charge • 10 years experience • 8 years experience with Radford • Specialty Team: Higher Education • Runs day to day operations of the audit 	<ul style="list-style-type: none"> • Supervisor • 5 years experience • 1 year experience with Radford • CFE, MBA • Specialty Team: Strategic Risk and Project Management • Assigned to payroll 	<ul style="list-style-type: none"> • Senior • 4 years experience • 1st year assigned to Radford • MBA • Specialty Team: Data Analysis • Assigned to acquisitions and contracts 	<ul style="list-style-type: none"> • Auditor • 2.5 years experience • 2 years experience with Radford • Specialty Team: Data Analysis • Assigned to revenue, trial balance, and data retrieval 	<ul style="list-style-type: none"> • Associate • 1.5 years experience • 1 year experience with Radford • Specialty Team: Acquisitions and Contracts Management • Assigned to capital assets, leases, and cash

Audit Team Continued – Higher Degree of Specialization:

April Cassada	Kristina Kemp	Jeff Rodgers	Brian Deveney	Austen Wade	Grayson Smith
					
<ul style="list-style-type: none"> • Director • 19 years experience • BS in Accounting, CPA, CISA, and CITP • Manages and reviews data retrieval work 	<ul style="list-style-type: none"> • Manager • 9 years experience • 5+ years experience with Radford • BS in Information Systems, CISA • Manages and reviews systems security work 	<ul style="list-style-type: none"> • Auditor • 2 years experience • 1st year assigned to Radford • BS in Information Systems • Assigned to audit systems security 	<ul style="list-style-type: none"> • Manager • 9 years experience • 1 year experience with Radford • CPA, CISA, and Masters of Accountancy • Manages and reviews HEI debt work 	<ul style="list-style-type: none"> • Auditor • 3.5 years experience • 1 year experience with Radford • Specialty Expertise: Finance • Assigned to audit debt 	<ul style="list-style-type: none"> • Supervisor • 8 years experience • VCCO and CFE • Specialty Expertise: Capital Assets and Leases • Consulting with audit team on <u>implementation</u> of GASB 87 - Leases

- b. **Audit timing** – Our Audit will cover the audit period July 1, 2021 through June 30, 2022. Our Office’s workplan includes completing the universities that are material to the Commonwealth’s Annual Comprehensive Financial Report (ACFR) in the fall of each year (UVA, VCU, VT). Once we complete the ACFR audit, we begin to schedule audits of the remaining universities. Our Office’s goal is to complete the audit of the University’s financial statements in advance of its onsite visit from the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) in March 2023 and to report on the result of our audit at the March Business Affairs and Audit Committee meeting.
- c. **Audit objectives** – Our audit objectives are to determine if the financial statements present fairly the financial position, changes in financial position, and cash flows for the period in conformity with accounting principles generally accepted in the United States of America. We will also determine if disclosures in the financial statements are adequate and fairly stated, whether management has appropriately reviewed the financial statements, whether adequate internal controls exist over material account balances and transactions, and whether the agency is in compliance with applicable laws, regulations, and provisions of contracts or grant agreements. These objectives will enable us to provide an opinion to the university’s financial statements that will be included with the financial statements that are distributed by the university. We will also issue a report on internal controls and compliance that will include any findings or recommendations that we may issue as a result of the audit. We will follow up on any recommendations included in the prior year report to determine whether the institution has addressed any previously communicated deficiencies, as applicable.
- d. **Statewide single audit support** – Federal funding received by institutions in the Commonwealth of Virginia is subject to the Single Audit Act. Code of Federal Regulations, Title 2, Section 200 described the requirements for compliance and the associated audit requirements. The Student Financial Aid cluster will be considered a major program during the fiscal year 2024 audit. To the extent that the institution expends any HEERF funding received by the end of the fiscal year, these expenses will be subject to audit. Any recommendations or noncompliance meeting reporting thresholds will be included in the institution’s audit report and the statewide Single Audit report. Follow-up testing will be performed to ensure previously communicated deficiencies related to Student Financial Aid, reported as on-going, have been resolved during aid year 2023.
- e. **Overview of the relationship between APA, internal audit, and foundation auditors** – The APA is the Commonwealth of Virginia’s independent external auditor responsible for annual financial statement audits of public agencies and institutions, and various other required audits. The APA reports to the Virginia General Assembly. Internal Audit is responsible for the institution’s audit workplan as approved by the institution’s Board of Visitors. Foundation auditors are responsible for the financial statement audits of the Radford University Foundation (Foundation). We make reference to the work of Foundation auditors in our financial statement opinion and, therefore, do not take responsibility for the work of these auditors. The Foundation is presented as a discretely presented component unit in the University’s financial statements.

2. Discussion of Risk with Board Members

The APA encourages the Board of Visitors to provide input regarding the risks they perceive to the University in completing its mission. While Board members can direct their comments to the Audit Committee Chair or the Internal Audit Director to be forwarded to the APA Project Manager, we also plan to meet directly with the Audit Committee Chair. We will discuss the following issues:

- Any areas of fraud risk
- Any areas of institutional risk
- Any matters that the Board believes should be considered in planning

3. Terms of the Engagement ([See Attached Summary](#))

Terms of the Engagement

Responsibilities during the audit process:

Auditor's (APA) Responsibilities

Overall Audit Objectives

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and standards for financial audit contained in the *Government Auditing Standards*. The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with U.S generally accepted accounting principles. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental Auditing Standards* will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

Accounting Principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB) require that certain information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We will apply certain limited procedures to the required supplementary information (RSI) in accordance with GAAS, which will consist of inquiries of management about the methods of preparing the RSI and comparing the RSI for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the following RSI based on these limited procedures:

- Management Discussion and Analysis (MD&A)
- Schedules of University's Share of Net Pension Liability
- Schedule of University's Share of OPEB Liability (Asset)
- Schedules of University Contributions
- Notes to Required Supplementary Information

Audit Procedures - General

As part of an audit conducted in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of

transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable, rather than absolute assurance, about whether the financial statements are free of material misstatement whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the University or to acts by management or employees acting on behalf of the University.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they require auditors to provide reasonable assurance of detecting waste or abuse. An audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial activity.

We will also conclude, based on the audit evidence obtained whether there are conditions or events considered in the aggregate, which raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

Audit Procedures - Internal Control and Compliance

We will obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we will express no such opinion. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, we will communicate in writing to management and those charged with governance any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Also, as part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion.

Audit Procedures – Group Audits

Our audit will include obtaining an understanding of the consolidated group, sufficient to assess the risks of material misstatement of financial information derived from significant components to design the nature, timing, and extent of further audit procedures, including the basis for the decision to make reference in our audit opinion to audits of significant components performed by other auditors.

Audit Procedures – Risk of Material Misstatement and Significant Risks

Our audit will identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control. Significant risks represent events or transactions where inherent risk of material misstatement is elevated due to the likelihood and magnitude of potential misstatement. Based on our existing understanding of the University and its environment, and preliminary planning procedures performed as of the date of this memo, we have identified the following significant risks requiring special audit attention:

- Management Override of Control – management is in a unique position to perpetrate fraud because of management’s ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is, nevertheless present at all entities.
- Improper Revenue Recognition – we audit under the presumption that risks of fraud exist in revenue recognition in accordance with GAAS and *Government Auditing Standards*.
- Leases – the implementation of GASB Statement 87 is material, complex, and will require significant preparation and ongoing effort by the University

Audit planning and risk assessment is an iterative process throughout the audit. Therefore, we will communicate any additional significant risks identified throughout fieldwork that may warrant the attention of management and those charged with governance if and when those circumstances arise.

Communication with Those Charged with Governance

We are responsible for communicating significant matters related to the financial statement audit that are, in the auditor's professional judgment, relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. GAAS and *Government Auditing Standards* do not require the auditor to design procedures for the purpose of identifying other matters to communicate with those charged with governance.

Management’s Responsibilities

Our audit will be conducted on the basis that Management **acknowledge and understand that they have the following responsibilities:**

- Selection and application of accounting principles and preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America
- Design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

- Identify and ensure compliance with applicable laws, regulations, contracts, and grant agreements
- Informing the APA about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements
- Informing the APA (and others as required by the Code of Virginia § 30-138) of knowledge of any allegations of fraud or suspected fraud affecting the University received in communications from employees, former employees, regulators, or others
- As received, forward copies of each federal audit performed on agency or institution programs or activities to the Auditor of Public Accounts as required by Chapter 1, §4-8.02a., of the 2021 Virginia Acts of Assembly. To forward these reports to the Auditor of Public Accounts, use APAFederal@apa.virginia.gov. If the federal report is only available in hardcopy or contains FOIA exempt information, DO NOT email the report, use this same email account to notify the Auditor of Public Accounts of the federal report and provide the contact information of the individual with the report.
- Informing the APA of any potential documents that are Freedom of Information Act (FOIA) exempt
- Ensuring that financial information is reliable and properly recorded
- Making all financial records and related information available to the APA
- Providing the APA with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence
- Responding to audit findings and recommendations, as well as providing your planned corrective actions and the timing and format for providing that information
- Providing the APA at the end of the audit with a written letter confirming certain representations made during the audit
- Adjusting the financial statements to correct material misstatements and providing the APA with a representation that the effects of any uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole
- Preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.
- For Group audits, management is responsible for the following:

- Informing the component's management of any matter that the group engagement team becomes aware that may be significant to the financial statements of the component, but of which component management may be unaware.
- Implementing procedures to determine if there are subsequent events for components through the APA's audit report date.
- Implementing procedures to identify and disclose the component's related parties and related party transactions.
- Implementing policies and procedures related to the consolidation of group financial information.

Business Affairs and Audit Committee

- Communicate with APA about audit scope
- Communicate with management and internal audit regarding progress
- Receive reports and findings from management and external audit

Other Elements of the Audit Process

Overall planned scope of the audit

- **Approach to internal control** – We review internal controls to identify those areas where we can replace substantive testing with transactional testing. We look for management to have written formal policies and procedures and check for the implementation of those procedures.
- **Concept of materiality** – We do not review all transactions or accounts in detail. We use materiality to focus our work on those financial statement line items and those transactions that are material or significant to the University.

Identification of potential fraud risks

- **Approach to fraud** – Most of our audit is focused on our opinion on the financial statements and materiality. Our primary interest related to fraud would be in how it may affect the financial statements and those controls that the financial statements rely upon. The audit is not designed to detect error or fraud that is immaterial to the financial statements. However, we review policies and procedures for fraud risk and may direct our testwork towards addressing fraud risk.
- **Responsibility for identifying fraud risks and fraud** – Auditing standards require us to assess fraud risk, interview management and staff about their knowledge of fraud and fraud risk, and review exceptions for indications of possible fraudulent transactions. Auditors should be looking for red flag fraud indicators. Even though government entities

are not always profit oriented, the auditors remain vigilant about financial statement fraud.

- **Report fraudulent transactions as required by Code of Virginia § 30-138** - Agencies are responsible for reporting circumstances that suggest a reasonable possibility that a fraudulent transaction has occurred involving funds or property under their control, where an officer or employee of the state or local government may be involved. Items should be reported to the Auditor of Public Accounts, the State Inspector General, and the Superintendent of State Police.

Audit Reporting

We will issue a written report upon completion of our audit of the University's financial statements. We will make reference to the Component Auditor's audit of the Radford University Foundation in our report on the University's financial statements. Our report will be addressed to the board of directors of the University. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RADFORD UNIVERSITY

Office of Audit and Advisory Services

REVISED

Fiscal Year 2023 Audit Plan

AUDITS & INVESTIGATIONS

Projects from Prior Year In Progress
Dining Services Contract Audit
Information Technology Audit - IT Asset Management

Quality Assurance Review
Minors on Campus
Revenue Collection Point Audit - McGlothlin Center for Global
Education and Engagement
Information Technology Audits - Network and Security Infrastructure

State Hotline Investigations

Other Investigations

ANNUAL/ROUTINE AUDIT PROJECTS

Cash Counts
Inventory
Payroll Reviews
Fixed Asset Verifications
University Discretionary Fund Reviews
Follow-up on Internal Audit Report Issues
Follow-up on Auditor of Public Accounts (APA) Issues

OTHER PROJECTS

Indirect Audit Activities
Auditor of Public Accounts Audit Coordination
Advisory Services Projects

RADFORD UNIVERSITY

Office of Audit and Advisory Services

FOLLOW-UP AUDIT STATUS REPORT BUSINESS AFFAIRS AND AUDIT COMMITTEE DECEMBER 2022

Audit: Financial Aid - Enrollment Reporting			
Business Issue	Planned Action	Completion Date	Status
<p>1.1 Improvements are needed in the unofficial withdrawals process to help ensure accuracy and efficiency. Specifically,</p> <p>Our testing of the enrollment reporting of unofficial withdrawals identified one error in our sample of eight (13%) which resulted in an inaccurate date being reported to the National Student Loan Data System (NSLDS). This appeared to be due to a keying error on the spreadsheet where the Office of Financial Aid listed the unofficial withdrawals.</p> <p>Note: This issue was also included in the APA's Radford University Report on Audit for FY 2021 as part of the Improve Compliance over Enrollment Reporting finding.</p>	<p>1.1 The Office of Financial Aid will work with the Registrar's Office to implement a quality control process.</p> <p>To help ensure accuracy, the Office of Financial Aid will review unofficial withdrawal data at two different points in the process. This process will be used for Fall 2021.</p> <p><i>The sample of Fall 2021 unofficial withdrawals tested by the Office of Audit & Advisory Services (OAAS) did not have keying errors such as the one found in the Fall 2020 testing. However, the testing discovered that an inaccurate withdrawal date was used for students for whom the semester midpoint date was the withdrawal date. OAAS will test Spring 2022 unofficial withdrawals during Summer 2022.</i></p> <p><i>Due to NSLDS outages, resulting from the launch of the NSLDS Professional Access website in Summer 2022, OAAS was unable to verify the accuracy and timeliness of Spring 2022 unofficial withdrawals. OAAS will test Fall 2022 unofficial withdrawals in Spring 2023.</i></p>	<p>April 30, 2022 Revised to September 30, 2022 Revised to April 30, 2023</p>	<p>In Process</p>

RADFORD UNIVERSITY

Office of Audit and Advisory Services

FOLLOW-UP AUDIT STATUS REPORT BUSINESS AFFAIRS AND AUDIT COMMITTEE DECEMBER 2022

Audit: Financial Aid - Enrollment Reporting			
Business Issue	Planned Action	Completion Date	Status
<p>2.3 Improvements are needed in the processes for specific data elements to help ensure accurate reporting. Specifically, in our sample of 40 students, we noted the following:</p> <p>For one student (3%), although the student's status was reported correctly in NSLDS, the status was listed incorrectly in Banner. This appeared to be due to the student being dually enrolled in the University and a community college. However, Banner had not been updated to reflect the dual enrollment.</p> <p>Note: This issue was also included in the APA's Radford University Report on Audit for FY 2021 as part of the Improve Compliance over Enrollment Reporting finding.</p>	<p>2.3 The Office of Financial Aid has developed a process to monitor all students who are requesting dual enrollment verification for financial aid purposes. The process also includes providing the appropriate information to the Registrar's Office each semester to help ensure that Banner is updated accordingly. This new process will be used for Spring 2022.</p> <p><i>There were no dual enrollment students that received federal aid for Spring 2022. Therefore, this action was deferred in order to test Fall 2022 dual enrollment students.</i></p>	<p>March 31, 2022 Revised to September 30, 2022</p>	<p>Complete</p>

RADFORD UNIVERSITY

Office of Audit and Advisory Services

FOLLOW-UP AUDIT STATUS REPORT BUSINESS AFFAIRS AND AUDIT COMMITTEE DECEMBER 2022

Audit: IT – Incident Response & Recovery			
Business Issue	Planned Action	Completion Date	Status
<p>1.2</p> <p>Improvements are needed in the University's Major Incident Response Procedure document.</p> <p>The document is dated 2019 and contains outdated Computer Security Incident Response Team (CSIRT) information.</p> <p>With a current and more comprehensive Major Incident Response Procedure and supporting process, the University is more likely to be able to respond to critical incidents that could disrupt information technology operations.</p>	<p>1.2</p> <p>ITS will update the list of CSIRT members in the University's Major Incident Response Procedure.</p>	<p>October 1, 2022</p>	<p>Complete</p>
<p>2.2</p> <p>Additional documentation is needed for the University's Disaster Recovery Strategy (DRS). Based on a review of the document against the components recommended by the Disaster Recovery Institute International, improvements should be made so that the DRS and any supporting documentation is readily available to direct external information technology professionals to assist in a recovery effort, if needed. Specifically, the following critical information is missing or not readily available:</p> <ul style="list-style-type: none"> • Technology vendor account and contact information. 	<p>2.2</p> <p>ITS will add an appendix to the DRS for vendor-hosted systems with the pertinent contact information.</p>	<p>October 1, 2022</p>	<p>Complete</p>

RADFORD UNIVERSITY

Office of Audit and Advisory Services

FOLLOW-UP AUDIT STATUS REPORT BUSINESS AFFAIRS AND AUDIT COMMITTEE DECEMBER 2022

Audit: IT – Incident Response & Recovery (Continued)			
Business Issue	Planned Action	Completion Date	Status
2.3 Additional documentation is needed for the University's Disaster Recovery Strategy (DRS). Based on a review of the document against the components recommended by the Disaster Recovery Institute International, improvements should be made so that the DRS and any supporting documentation is readily available to direct external information technology professionals to assist in a recovery effort, if needed. Specifically, the following critical information is missing or not readily available: <ul style="list-style-type: none">• Full contact information, including personal mobile numbers, for Information Technology Services staff.	2.3 ITS will add an ITS staff recall roster appendix to the DRS.	October 1, 2022	Complete

RADFORD UNIVERSITY

Office of Audit and Advisory Services

FOLLOW-UP AUDIT STATUS REPORT BUSINESS AFFAIRS AND AUDIT COMMITTEE DECEMBER 2022

Audit: APA Audit 06/30/2021 (Continued)			
Business Issue	Planned Action	Completion Date	Status
<p>2.1.1 The University did not remove access to information systems in a timely manner in certain instances once employees no longer required the access. Untimely removal of access to information systems unnecessarily exposes the University to risks of improper activity from former and existing employees. Furthermore, untimely removal of access increases risk to the confidentiality and integrity of the University's information systems data.</p> <p><u>Users with Critical Access</u></p> <p>In October 2020, the system owner of the University's accounting and financial reporting system authorized access for ten users from Information Technology Services (ITS) to a form which allows them to make changes to employees' direct deposit information as part of a project to migrate from the Commonwealth's payroll system to the University's new payroll system. The University completed migration and implementation of the payroll system in July 2021; however, the University did not remove access for the ten ITS users until March 2022.</p> <p>The University should re-evaluate its procedures for monitoring temporary access to information systems to ensure timely removal of access when employees no longer need access.</p> <p>Note: The full text of this issue is available at the Radford University Report on Audit for FY 2021.</p>	<p>2.1.1 ITS promptly initiated a thorough review of processes to add and remove temporary access to systems. This review will result in updated internal procedures to ensure temporary access is granted, leveraging the principle of least privilege, and that access is removed in a timely manner. This review is expected to be completed by September 2022.</p>	<p>September 30, 2022</p>	<p>Complete</p>

RADFORD UNIVERSITY

Office of Audit and Advisory Services

FOLLOW-UP AUDIT STATUS REPORT BUSINESS AFFAIRS AND AUDIT COMMITTEE DECEMBER 2022

Audit: APA Audit 06/30/2021 (Continued)

Business Issue	Planned Action	Completion Date	Status
<p>2.2 The University did not remove access to information systems in a timely manner in certain instances once employees no longer required the access. Untimely removal of access to information systems unnecessarily exposes the University to risks of improper activity from former and existing employees. Furthermore, untimely removal of access increases risk to the confidentiality and integrity of the University's information systems data.</p> <p><u>Terminated Employees</u></p> <p>The University did not promptly remove systems access for two out of a sample of 25 separated employees (8%). The two identified employees retained access between 31 and 44 days after separation from the University. Despite the efforts of Human Resources to enhance how it educates departments on separation procedures in May 2021, the departments did not properly generate a timely Electronic Personnel Action Form (EPAF) in two instances. The University's Employee Separation Procedures require departments to submit an EPAF before an employee's final day to initiate required separation procedures, including removal of access to critical information systems. The University should continue its efforts to educate and hold departments accountable to following its employee separation policies.</p> <p>Note: The full text of this issue is available at the Radford University Report on Audit for FY 2021.</p>	<p>2.2 The Department of Human Resources (HR) will continue to focus on providing adequate training and reminders for supervisors that reinforce the need for timely completion of the Separation Electronic Personnel Action Forms (EPAFs). HR will also monitor Separation EPAF submissions and will require that supervisors provide documentation when late Separation EPAFs are received and elevate to senior management when trends are identified. All necessary corrective action improvements will be finalized and validated by October 2022.</p>	<p>October 31, 2022</p>	<p>Complete</p>

RADFORD UNIVERSITY

Office of Audit and Advisory Services

FOLLOW-UP AUDIT STATUS REPORT BUSINESS AFFAIRS AND AUDIT COMMITTEE DECEMBER 2022

Audit: APA Audit 06/30/2021 (Continued)			
Business Issue	Planned Action	Completion Date	Status
<p>3.0 The University is not performing timely information technology (IT) security audits on its sensitive IT systems in accordance with the University Standard and the International Organization for Standardization and the International Electrotechnical Commission Standard, ISO/IEC 27002 (ISO Standard). The University does not conduct a regular comprehensive IT security audit for each of its sensitive systems to assess whether IT security controls implemented to mitigate risks are adequate and effective.</p> <p>The University should review and revise the University Standard to require an IT security audit over each sensitive system within a certain interval of time. The University should subsequently revise the audit plan to include an audit of each sensitive system within the timeframe specified in the University Standard and then complete the planned audits. Compliance with the University Standard and the ISO Standard will help to ensure the confidentiality, integrity, and availability of sensitive and mission-critical data.</p> <p>Note: The full text of this issue is available at the Radford University Report on Audit for FY 2021.</p>	<p>3.0 ITS is dedicated to maintaining a strong information security program and recognizes that regular IT audits are an integral component of that program. Accordingly, after multiple attempts to fill the IT auditor position were unsuccessful, in Fall 2021, the University began the process of contracting out for IT audit services and two audits have already been outsourced. One audit has been finalized and the other audit will be finalized by June 30, 2022. Additionally, ITS in conjunction with Office of Audit and Advisory Services will review sensitive systems and evaluate the methodology for obtaining audit coverage and update the University's IT Security Standard 5003s-01 as needed by August 31, 2022.</p>	<p>August 31, 2022</p>	<p>Complete</p>

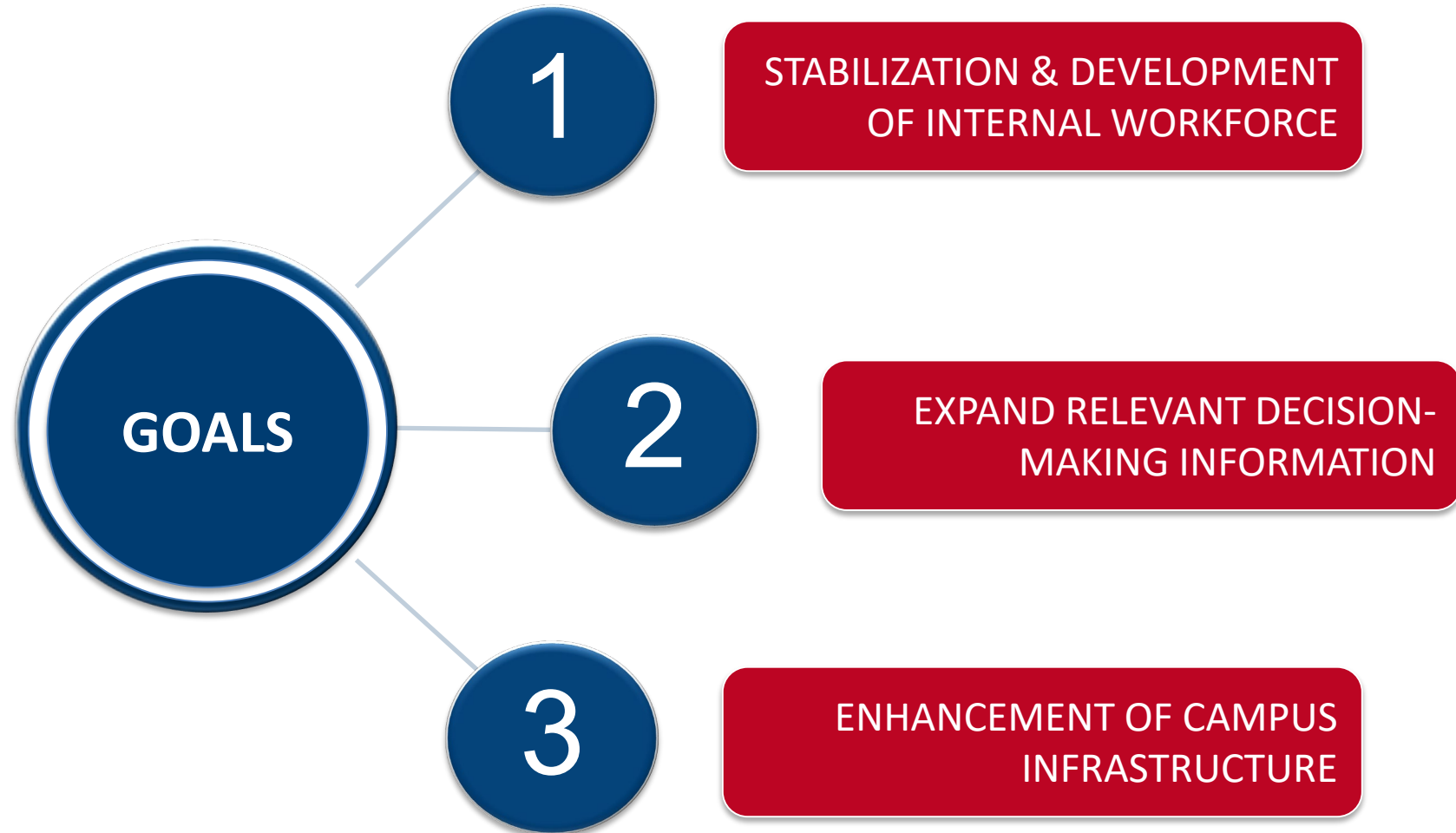
Business Affairs and Audit Committee

RADFORD
UNIVERSITY

Goals Update

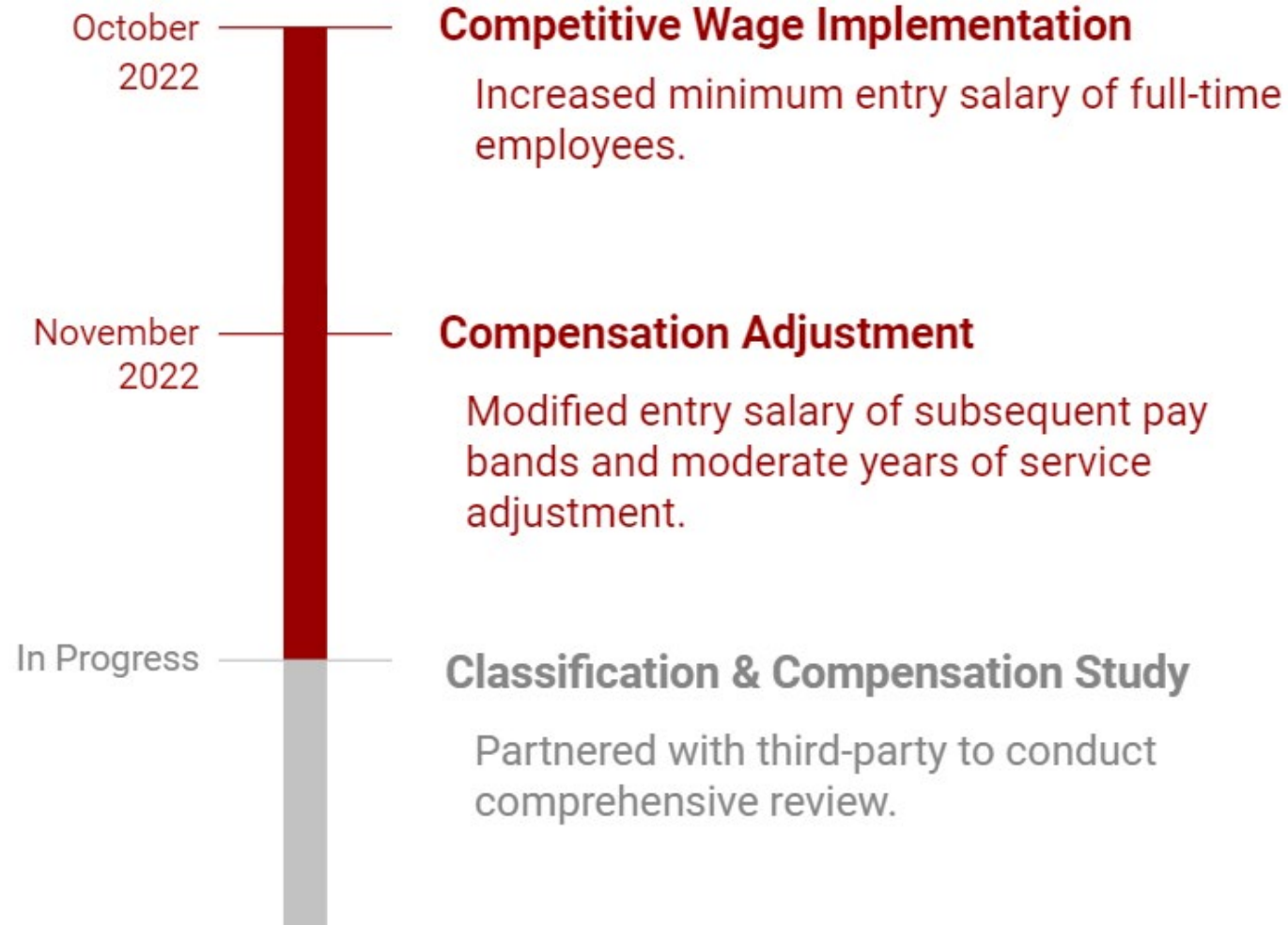
RADFORD
UNIVERSITY

Finance and Administration Goals - FY 2022-2023

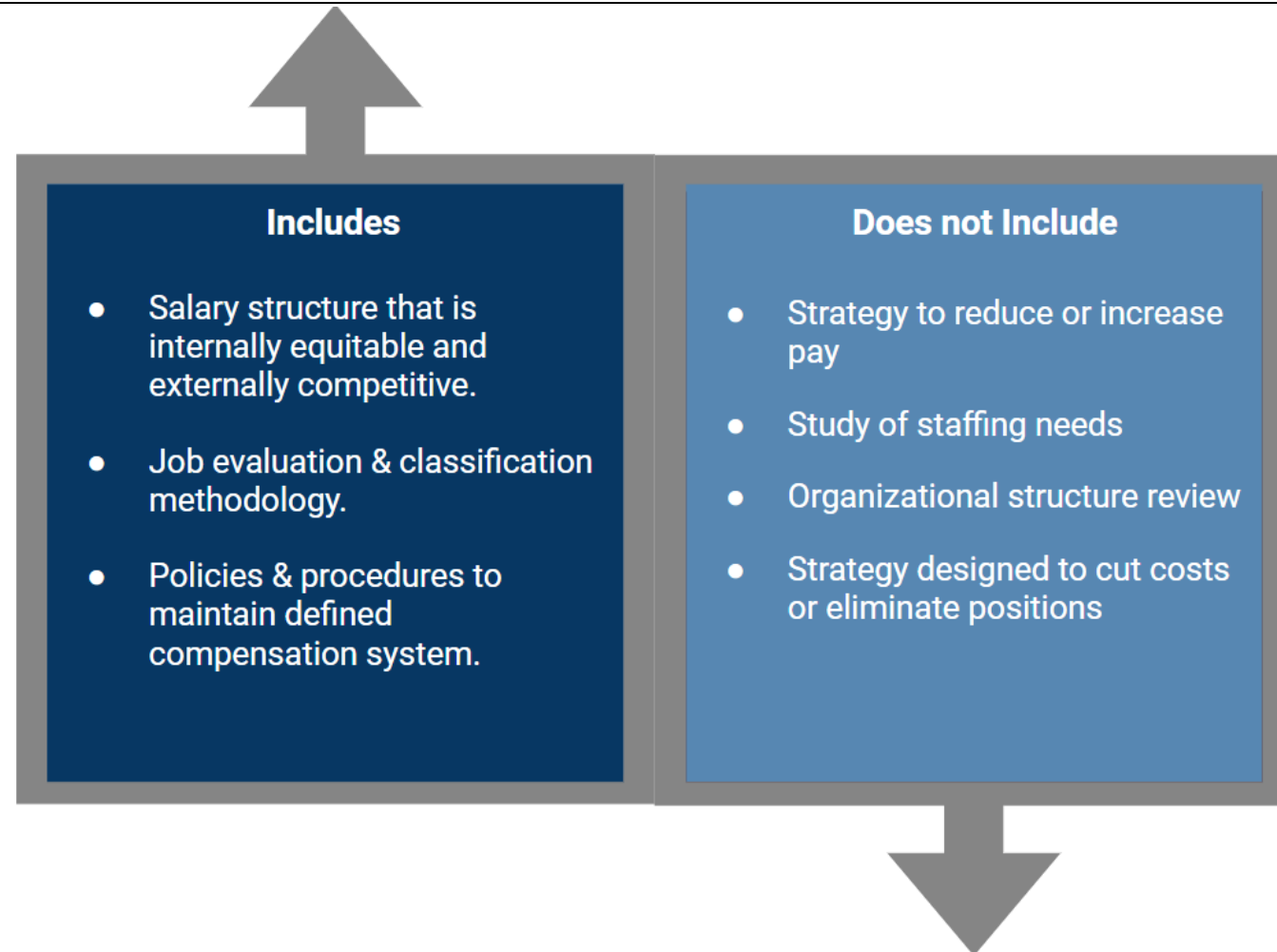


Stabilization and Development of Workforce

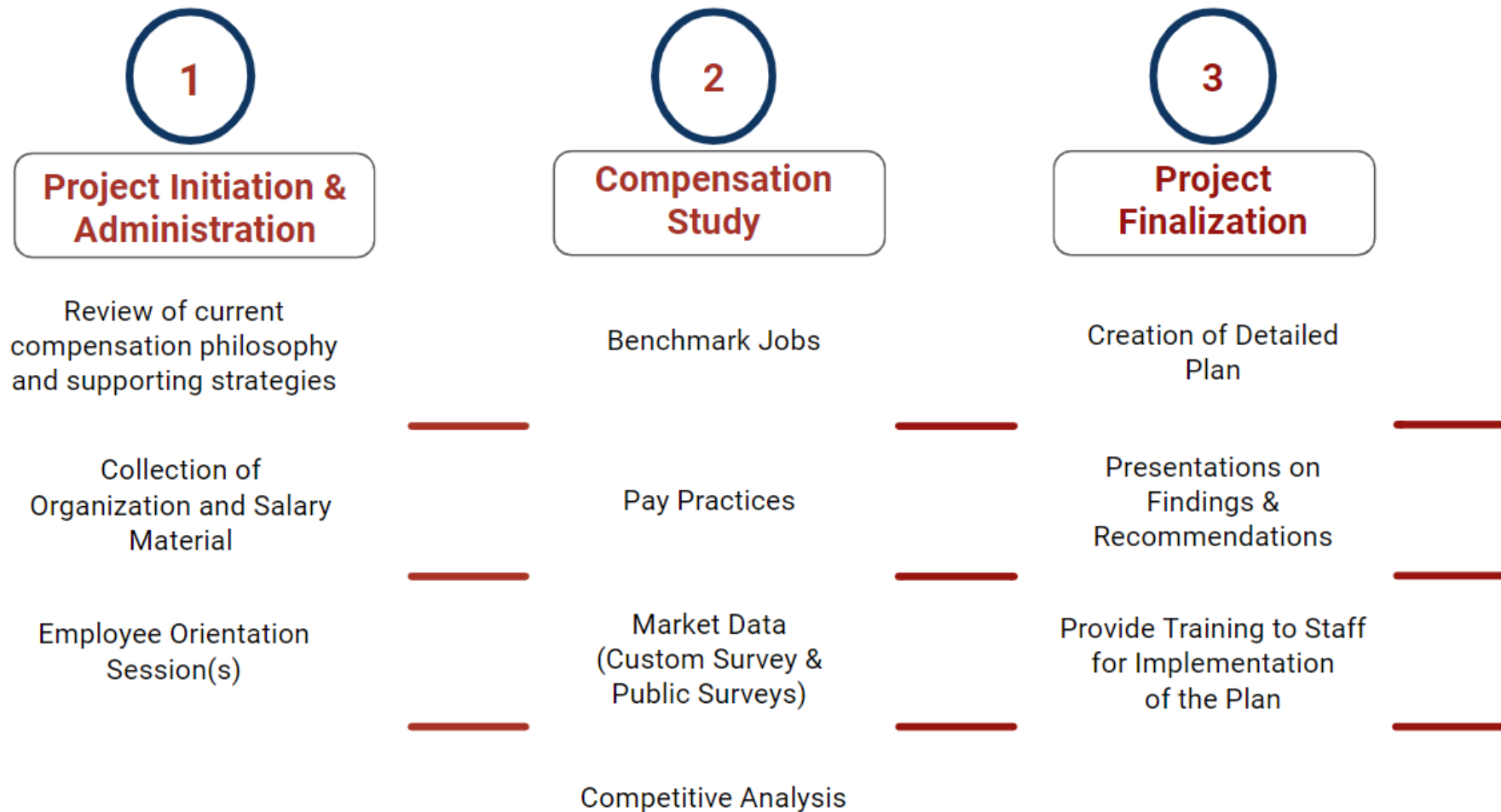
Stabilization and Development of Internal Workforce



Classification and Compensation Study - Partnered with Gallagher



Classification and Compensation Study



Succession Plan - Key Elements

1. Identifying key positions

2. Identifying job requirements

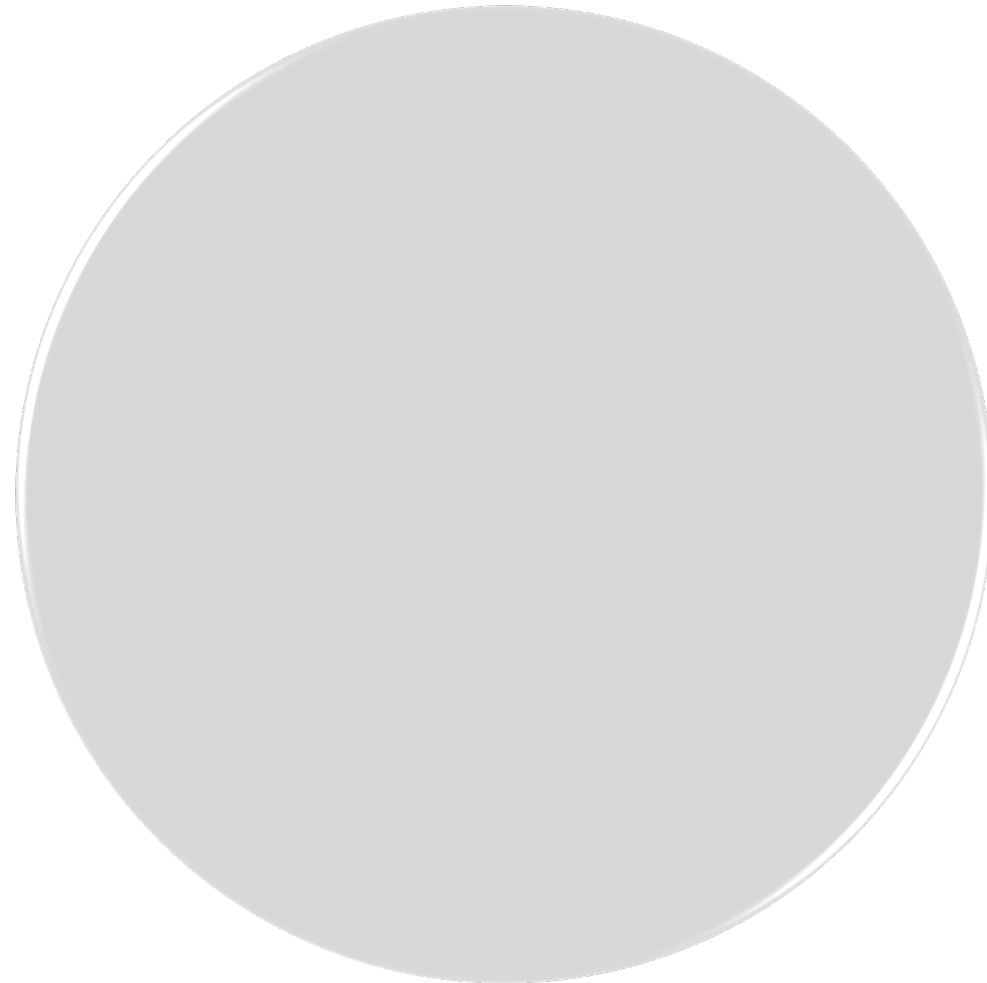
3. Identifying and building competencies

4. Identifying successor(s)

5. Assessing progress

Expand Relevant Decision Making Information

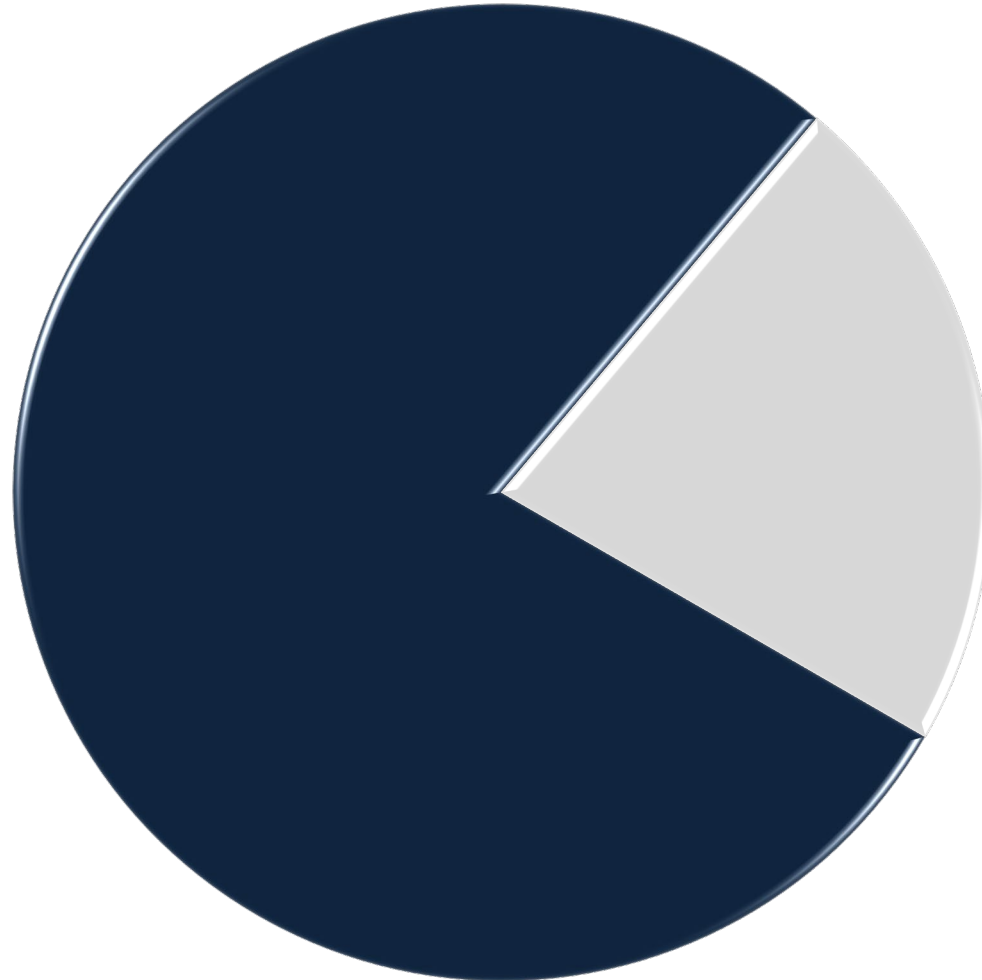
Expand Relevant Decision Making Information - Auxiliary Reserves



Reserve Balance

Auxiliary Reserve Analysis

Capital Projects
2022-2028
76%



Reserve Balance

Six-Year Capital Outlay: Current Projects

Submitted:

<i>Capital Project Description</i>	<i>Funding</i>	<i>University Nongeneral Fund</i>	<i>University Debt</i>	<i>Other</i>	<i>Total Funding Requested</i>
Current Active Projects					
Renovate Norwood Hall and Tyler Hall Residences	Auxiliary	\$5,000,000	\$12,000,000	\$0	\$17,000,000
Property Acquisition	Auxiliary	\$28,500,000	\$17,500,000	\$0	\$46,000,000

Revised:

<i>Capital Project Description</i>	<i>Funding</i>	<i>University Nongeneral Fund</i>	<i>University Debt</i>	<i>Other</i>	<i>Total Funding Requested</i>
Current Active Projects					
Renovate Norwood Hall and Tyler Hall Residences	Auxiliary	\$18,000,000	\$12,000,000	\$0	\$30,000,000
Property Acquisition	Auxiliary	\$2,816,000	\$0	\$0	\$2,816,000
Construct Combined Heat and Power Co-Generation Facility	Auxiliary	\$4,800,000	\$0	\$0	\$16,000,000

Six-Year Capital Outlay Plan 2023-2024

Submitted:

<i>Capital Project Description</i>	<i>Funding</i>	<i>University Nongeneral Fund</i>	<i>University Debt</i>	<i>Other</i>	<i>Total Funding Requested</i>
2023-2024 Biennium					
Expand Create Riverway Experience	Auxiliary	\$5,000,000	\$0	\$5,000,000	\$10,000,000

Tentative:

<i>Capital Project Description</i>	<i>Funding</i>	<i>University Nongeneral Fund</i>	<i>University Debt</i>	<i>Other</i>	<i>Total Funding Requested</i>
2023-2024 Biennium					
Expand/Create Riverway Experience	Auxiliary	\$5,000,000	\$0	\$0	\$5,000,000

Six-Year Capital Outlay Plan 2025-2026

Submitted:

<i>Capital Project Description</i>	<i>Funding</i>	<i>University Nongeneral Fund</i>	<i>University Debt</i>	<i>Other</i>	<i>Total Funding Requested</i>
2025-2026 Biennium					
Radford University Carilion Auxiliary Building	Auxiliary	\$0	\$78,325,000	\$0	\$78,325,000
Athletics Umbrella Fund (Renovate Dedmon Center)	Auxiliary	\$0	\$20,000,000	\$0	\$20,000,000
Renovate Muse Hall Residences	Auxiliary	\$0	\$96,000,000	\$0	\$96,000,000

Tentative:

<i>Capital Project Description</i>	<i>Funding</i>	<i>University Nongeneral Fund</i>	<i>University Debt</i>	<i>Other</i>	<i>Total Funding Requested</i>
2025-2026 Biennium					
Athletics Umbrella Fund (Renovate Dedmon Center)	Auxiliary	\$12,000,000	\$8,000,000	\$0	\$20,000,000
Muse Hall Residence	Auxiliary	\$10,000,000	or \$102,000,000	\$0	-
Dalton Hall Renovation	Auxiliary	\$35,160,000	\$0	\$0	\$35,160,000
Radford University Carilion Auxiliary Building	Auxiliary	\$0	\$78,325,000	\$0	\$78,325,000

Six-Year Capital Outlay Plan 2027-2028

Submitted:

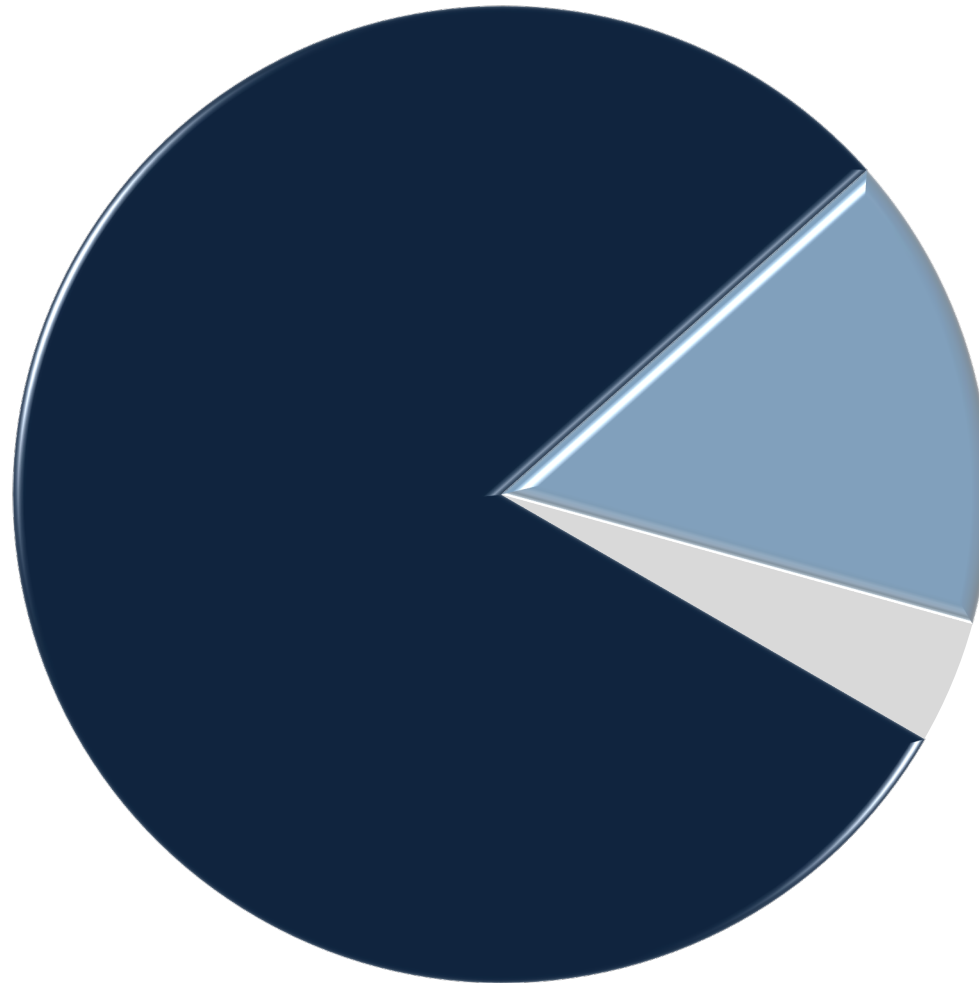
<i>Capital Project Description</i>	<i>Funding</i>	<i>University Nongeneral Fund</i>	<i>University Debt</i>	<i>Other</i>	<i>Total Funding Requested</i>
2027-2028 Biennium					
Renovate Ingles Hall Residences	Auxiliary	\$0	\$12,500,000	\$0	\$12,500,000
Construct Combined Heat and Power Co-Generation Facility	ESCO	\$0	\$0	\$0	\$16,000,000

Tentative:

<i>Capital Project Description</i>	<i>Funding</i>	<i>University Nongeneral Fund</i>	<i>University Debt</i>	<i>Other</i>	<i>Total Funding Requested</i>
2027-2028 Biennium					
Renovate Ingles Hall Residences	Auxiliary	\$15,300,000		\$0	\$15,300,000

Auxiliary Reserve Analysis

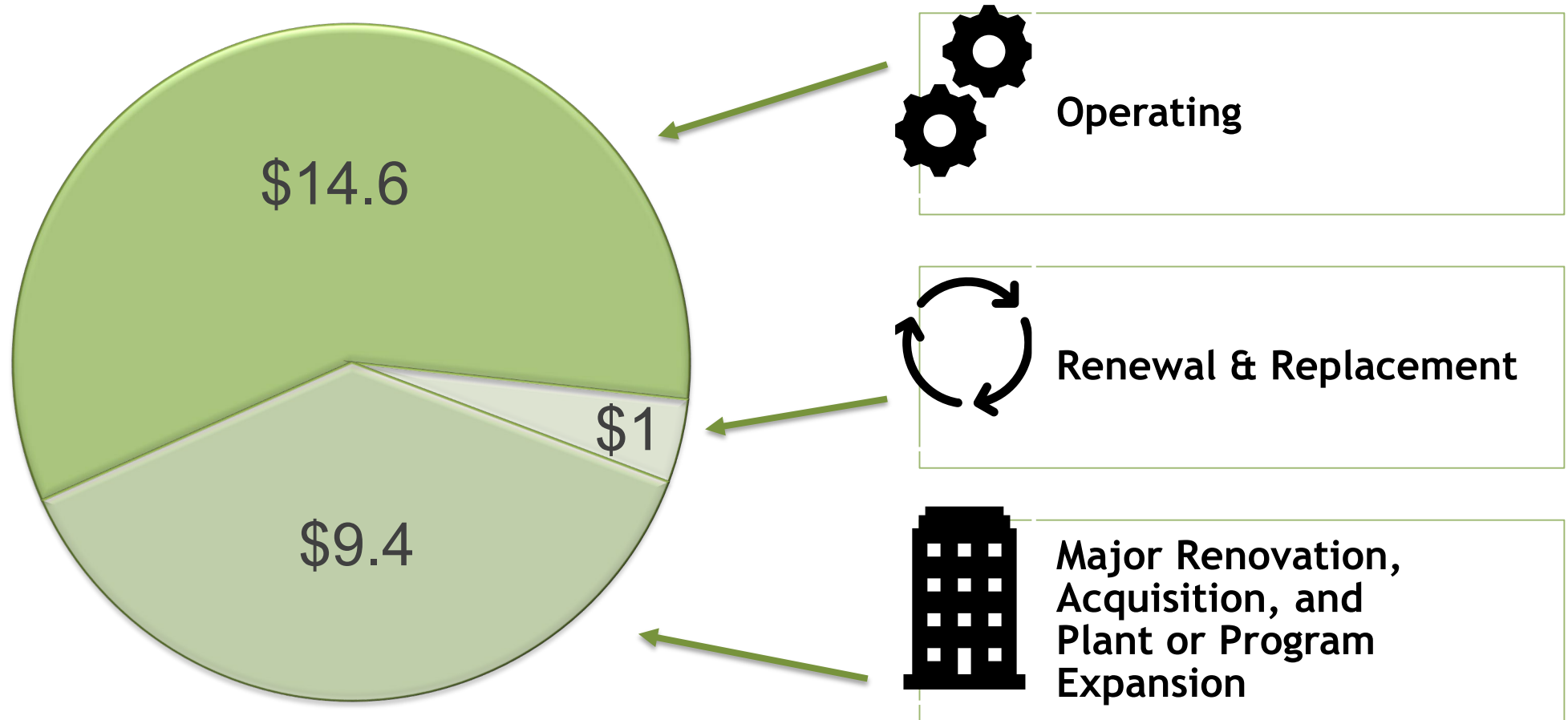
Capital Projects
2022-2028
76%



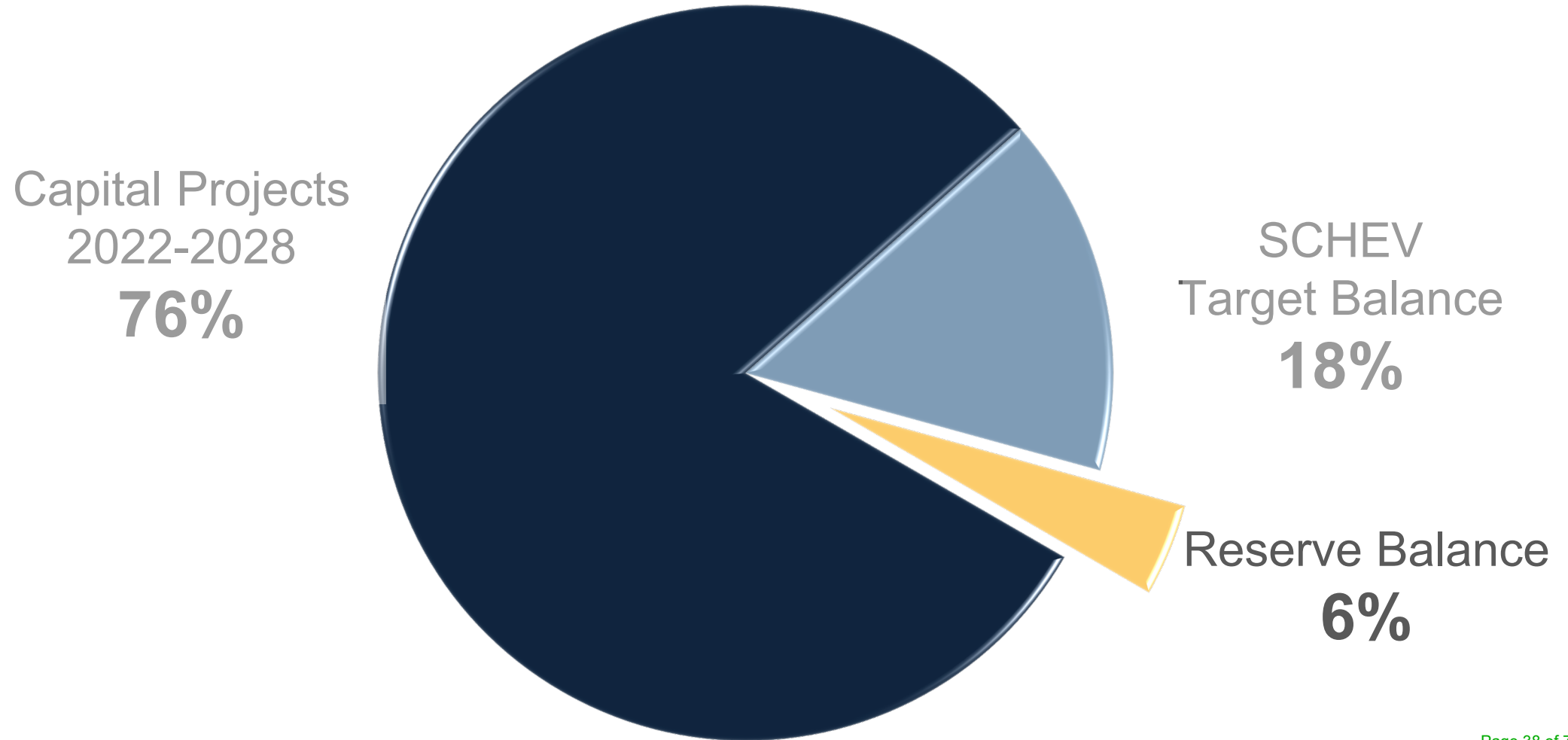
SCHEV
Target Balance
18%

Reserve Balance

Auxiliary Reserve Analysis



Auxiliary Reserve Analysis



Enhancement of Campus Infrastructure

Enhancement of Campus Infrastructure - Public Safety



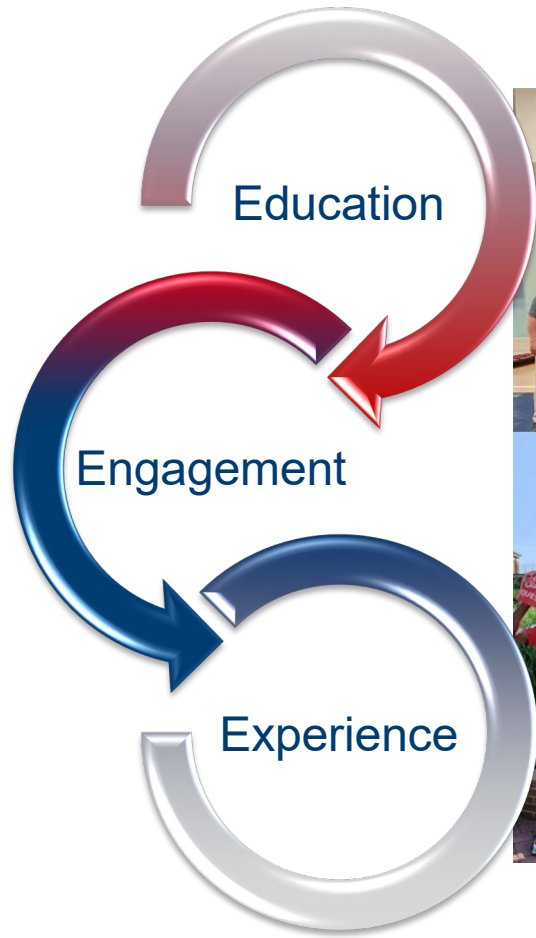
Mission

Provide a safe and effective living, learning, and working environment for **students, faculty, staff** and **visitors** of Radford University.



Page 40 of 75

Enhancement of Campus Infrastructure - Public Safety



Enhancement of Campus Infrastructure - Information Technology

- Scans all attachments for malicious threats
- Automatically quarantines identified phishing messages
- Provides additional warnings for email messages from unfamiliar parties



Faculty Handbook Revisions

RADFORD
UNIVERSITY

A/P and T&R Faculty Handbook Updates

Virginia Sickness and Disability Plan Change:

- Managed by Virginia Retirement System (VRS)
- Timing of eligibility for income replacement for short-term disability
- Income replacement rates
- Modified Handbook to reference VRS VSDP Handbook

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs and Audit Committee
December 1, 2022

Information Item
Faculty Handbook Revisions

Item:

An information update of Radford University's Administrative and Professional Faculty and Teaching and Research Faculty Handbooks regarding the Virginia Sickness and Disability Program (VSDP).

Background:

The Virginia Sickness and Disability plan was updated regarding eligibility for income replacement as well as income replacement rates for short-term disability covered members.

The following language has been modified in the Faculty handbooks to provide consistent language and remove the out of date length of service and eligibility charts. The language included provides an overall explanation to the VSDP process and direct employees to the Virginia Retirement System VSDP site to ensure timelier dissemination of information.

Sick Leave

Full-time, salaried faculty may use sick leave for absences related to conditions that prevent them from performing their duties; including illness, injury, and pregnancy-related conditions. A faculty member may be asked to provide his or her department chair with a physician's statement. When the circumstances for use of sick leave are known in advance, such as, scheduled surgery or child birth, a faculty member should give their supervisors advance notice and inquire about Family Medical Leave with Human Resources.

Traditional Sick Leave Program

The traditional sick leave program is available to 1) faculty hired prior to January 1, 1999, who participate in the Virginia Retirement System and elected not to participate in the Virginia Sickness and Disability Program, and 2) teaching faculty who participate in the Optional Retirement Plan. The traditional sick leave program is also available to administrative and professional faculty hired after January 1, 1999, who elects VRS and disability coverage under an "employer-sponsored plan." The Radford University "employer-sponsored plan" is an employee-paid, long-term disability policy provided by an independent insurance carrier through a contractual agreement with the University.

Under the traditional sick leave program, full-time, salaried faculty teaching nine months earn twelve days (96 hours) of sick leave per academic year. A faculty member working less than nine months will have sick leave prorated in relation to the number of months worked. The amount of unused sick leave that may be accumulated is unlimited.

Six sick days (48 hours) per calendar year may be used for family illness or death, with a maximum of three consecutive days (24) hours per incident. When approved for Family and Medical Leave, faculty may also use up to one-third of their sick leave held at the beginning of the Family and Medical Leave period for the illness of a family member and the birth or adoption of a child.

Virginia Sickness and Disability Program (VSDP)

VSDP is available to 1) faculty hired prior to January 1, 1999, who participate in the Virginia Retirement System and elected to participate in VSDP, and 2) faculty hired after January 1, 1999, who participate in the Virginia Retirement System. Faculty participating in the Optional Retirement Plan cannot participate in VSDP.

The Program provides eligible employees supplemental replacement income, via short- and long-term disability, during periods of partial or total disability for both nonoccupational and occupational reasons. The program encourages rehabilitation with an ultimate goal to return employees back to gainful employment when medically able. It also provides employees with sick and family and personal leave based on the hire date and length of employment.

VSDP Sick Leave

Under the VSDP, faculty will be credited with sick leave on January 10 each year. Sick leave is granted based on the length of state employment. Sick leave balances are not carried forward from year to year.

Note: When approved for Family and Medical Leave, faculty may also use up to one-third of their sick leave hours held at the beginning of the Family and Medical Leave period for the illness of a family member and the birth or adoption of a child.

VSDP Family/Personal Leave

In addition to sick leave, faculty receive family and personal leave on January 10 each year. Faculty may use family and personal leaves of absence for personal and family reasons as well as for personal illnesses or injuries. Family and personal days are granted based on the length of state employment. Family and personal leave balances are not carried forward from year to year.

VSDP Disability

Under qualifying circumstances, faculty are provided with income protection when they cannot work due to an accident or illness. Short-term disability benefits begin after a 7-calendar-day waiting period. Faculty are eligible for income replacement depending on their length of employment and hire date. If you are still disabled after 125 workdays, you may qualify for long-term disability benefits.

For specific information regarding VSDP, please refer to the [VSDP Handbook](#).

Action:

None. Informational only.

Capital and Information Technology Project Update

RADFORD
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Artis Center for Adaptive Innovation and Creativity



Project: Banner ERP System Cloud Migration

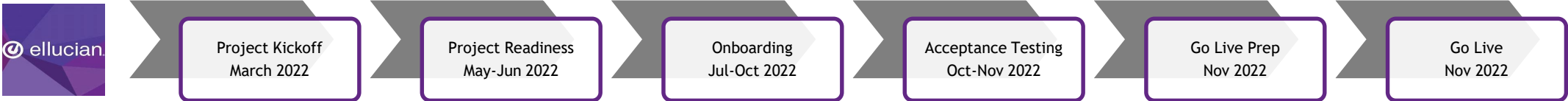
Ellucian ERP Overview

- Leading Higher Ed ERP System
- Primary System
- Forty On-Premise Servers Transitioned to the Cloud

Cloud Benefits

- Faster Access to Latest Features
- Amazon Web Services Infrastructure
- Improved Security Posture
- Reduced Risk

Project Timeline:



**RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs and Audit Committee
December 1, 2022**

**Information Item
Capital Projects and Information Technology Services Update**

Item 1: Facilities Planning and Construction update on capital projects.

Artis Center for Adaptive Innovation and Creativity

Project Budget ----- \$101,651,000
Architect/Engineer Firm----- Hord Coplan and Macht
Construction Manager----- Skanska

The Artis Center for Adaptive Innovation and Creativity (Center) will address an array of significant existing programmatic and building deficiencies across a number of academic colleges. The approximately 178,000-square-foot multi-story building will include state-of-the-art instruction, laboratory, maker, studio, computer, and collaborative spaces that integrate the arts and health sciences, along with office and other academic support functions. Specialty spaces will include an instructional auditorium and support spaces, health science clinical lab spaces, painting and drawing studio spaces, and music and dance studio spaces. The project will be located in a prominent area of campus directly adjacent to East Main Street, and will respond aesthetically to the existing buildings along this important campus corridor.

The project scope provides for demolition of the existing Porterfield East and West Halls and McGuffey Hall and construction of the new building and building systems and components including HVAC, plumbing, electrical, fire alarm and detection, fire suppression, lightning protection, and elevators. The project replaces existing facilities and building systems that are fifty years old and are inadequate for today’s learning environment and technologies. Significant utility impacts will be accommodated, along with erosion/sediment control and stormwater management requirements. The University is also aggressively pursuing certification through the US Green Building Council’s Leadership in Energy and Environmental Design (LEED) program.

In April 2021, the University and Skanska entered into a Gross Maximum Price Contract (GMP) with early site and demolition work beginning in June 2021. Due to extenuating circumstances related to the effects of COVID-19, such as supply chain disruptions and limited workforce availability in southwest Virginia, Skanska has communicated a gap in funding from their executed GMP and subcontractor bids to complete the project. The University in collaboration with Skanska continue to seek ways to address funding concerns while construction continues.

The structural steel and elevated concrete floors on metal decking is complete, the exterior construction including framing and masonry is in progress, and a temporary roof covering is in place to keep the building dry as interior work continues. Mechanical, electrical and plumbing systems are being installed on levels one and two along with interior framing.

Renovation of Tyler and Norwood Halls

Project Budget ----- \$30,000,000*

Architect/Engineer Firm----- Hanbury

The Master Plan identifies Norwood Hall and Tyler Hall as the next on-campus residence halls to be renovated. The renovation scope will provide for the replacement of plumbing piping, fixtures, HVAC systems, fire alarm systems, electrical upgrades, accessibility improvements, and asbestos abatement, similar to the renovation scopes recently completed for the Moffett Quad residence halls in 2016. The renovations will also include significant improvements to the first-floor building entries, student support areas (i.e., lounges, kitchen, study spaces), along with activating the porch areas for student gathering space. These renovations will give vibrant new life to these buildings built in the early 1900’s.

Hanbury, the project design firm, has completed the early demolition design package to allow interior demolition work to begin early 2023. Following preliminary design completion and cost estimate reviews, the total project budget originally anticipated at \$17 million, is currently estimated at \$30 million. The University’s completion of a Feasibility Study and Preliminary Design work provided more clarity and verification of the scope of work required in each building. It became clear the project could not be completed, due in large part to the current market conditions, within the original estimated budget. Based on the information learned from these processes and current cost estimates, the University submitted a request for approval to provide additional funding in June 2022 and is still waiting for approval from Department of Planning and Budget. Final design is scheduled to be completed in early 2023. This timeline will allow bidding in late spring of 2023, with construction commencing in May 2023 with subsequent project completion July 2024.

Combined Heat and Power/Co-Generation Facility

Project Budget ----- \$16,000,000

Architect/Engineer Firm----- Trane

The Combined Heat and Power/Co-Generation Facility project would convert an existing building into a combined heat and power (CHP) facility for the overall campus. The conversion of the facility to CHP would consist of two 3.3-megawatt natural gas fired reciprocating engines. The engines would generate electricity for campus utilization while the waste heat generated from the equipment would supplement the University steam plant generation. The overall project costs for construction are approximately \$16.0 million for the twin unit option. The project is estimated to save the University \$2.0 million in annual operating cost. The approved 2022-24 Biennial Budget included \$11.2 million in general funds and \$4.8 million in non-general funds for this project.

The Interconnect Agreement was submitted to the City of Radford for review and comment in March 2022. In August 2022, the University submitted a Federal Energy Regulatory Commission application for consideration of this project as a Qualifying Facility.

Improve Campus Utilities Infrastructure

Project Budget ----- \$15,425,000

The Improve Campus Utilities Infrastructure project will provide improvements to campus utility infrastructure, including upgrade and enhancements to all basic utilities and overall building safety and security. The project will address infrastructure concerns in advance of planned future facility needs and will enhance the resiliency and redundancy of the campus enterprise in order to mitigate the increased impacts of various weather, economic, and other external events and factors. The approved 2022-24 Biennial Budget included \$15.4 million in general funds for this project.

The project will allow for significant campus utilities improvements and upgrades for the safety and security of all students, employees, and guests, as well as for the efficiency and effectiveness of the infrastructure future needs. Many of the basic campus utilities were originally installed between 100 and 75 years ago, as part of the City of Radford. As the campus has grown and the facility footprint has increased, these original utility systems and components have begun to fail. As resources have been available, various utility improvement and upgrade projects have been undertaken across campus. This approach has been partially successful, but only a small portion of the campus, at the most critical locations, have been updated.

The existing infrastructure systems and components included in the construction portion of the umbrella project include: water, stormwater, sanitary, steam, electrical, chilled water, information technology, fire alarm, access control and security, and accessibility.

University planning and evaluation of the access control and security systems have begun with the intent to select a future direction for the University's card access and security systems.

The University has engaged the architectural firm of Wiley and Wilson from Lynchburg to develop a campus medium voltage electrical master plan. Additional planning activities will begin following the completion of the medium voltage electrical master plan.

River Campus

The Master Plan identified development of the River Campus on University and City of Radford (City) properties adjacent to the New River. Stakeholder meetings have taken place, including academic and student affairs, and an initial visioning document has been compiled. The visioning document will serve to identify initial projects for execution, and planning and prioritization of further River Campus development projects.

The overall River Campus development includes zones for higher density public activities such as an amphitheater, event space, food and beverage areas, and associated support spaces; for quieter academic and passive recreation spaces; and for highly active recreation and student engagement areas.

An initial project was completed in Summer 2021 that included the greenway extension on University property adjacent to parking Lot Z and the New River. This project will also ultimately include outdoor seating, event areas, and spaces designed to accommodate informal gatherings. The design for a second phase in coordination with the City to link the University greenway to the City greenway is complete. Construction of the trail connector was completed June 2022.

Further development projects include more significant public projects such as an amphitheater and food services, along with more recreation-based projects such as access to the river for people and boats, climbing walls and bouldering, and zip lines and ropes courses. An architect-engineer firm, hired by the University, has performed a feasibility study for the preferred location for an amphitheater that is

currently being evaluated for next steps in conjunction with the City of Radford.

The City has developed construction documents to rehabilitate the University Drive bridge across the Norfolk Southern tracks adjacent to East Main Street. As part of this project, the University has agreed to fund the replacement of the fencing and the addition of street lighting along the bridge. This project will serve as a significant improvement to the entry to the northern section of campus, and help highlight future River Campus development projects. Construction on the bridge continues by Fairfield Echols, the City's contractor, to replace/repair expansion joints. Lighting and fencing upgrades are anticipated to be completed in spring 2023. To-date, four of the five expansion joints have been replaced with the fifth one schedule for replacement in mid-December 2022. In addition, the sidewalk and pavement repairs are nearing completion.

The development of the River Campus will continue to be carefully executed in conjunction with the City, and will also need to be coordinated with all regulatory and permit requirements.

The Highlander (Hotel and Conference Center)

Radford University Foundation collaborated with Jones Lang LaSalle, a commercial real estate firm, for a hotel and conference center located at the corner of Tyler Avenue, Lawrence Street and Calhoun Street. The Highlander is planned to have approximately 125 hotel rooms, as well as, street level restaurant, coffee shop, business center, rooftop lounge, exercise center, conference center with meeting spaces, and adjacent parking. With a construction schedule of approximately eighteen (18) months, the hotel and conference center is anticipated to open in early 2023. As a reminder, this is a project of the Radford University Foundation and is included for reference purposes.

Item 2: Information Technology Services (ITS) update on information technology projects.

Banner ERP Cloud Migration

Radford University committed to moving the Ellucian Banner environment from an on-premise University managed system to a managed cloud service hosted by Ellucian in December 2021. The ITS team working closely with campus departments and a number of third-party vendors was able to meet this commitment by completing the transition in eight months and go-live to the new Cloud environment in November 2022.

Radford University has partnered with Ellucian, utilizing Banner as the University's Enterprise Resource Planning (ERP) system since 2009. Banner serves as the system of record for student records, financial aid, finance and human resources. This system is currently maintained via on-premise hardware and software. ITS staff dedicate significant time and resources to maintain more than forty (40) on-premise servers in support of Banner. Ellucian has offered managed cloud service for several years and has matured this service through the Amazon Web Services (AWS) hosting platform. This maturity is evident due to the number of universities now leveraging this service from Ellucian.

Operating Banner as a managed cloud system will allow for quicker upgrades and access to the latest features and functionality. With this transition, ITS staff will be able to focus on data management, data integrity, and user experience enhancements that add value rather than simply keeping the system operational. Moving to a managed cloud environment will remove our dependency on a small number of Banner IT experts and thus reduce our risk during staff turnover. The Ellucian managed cloud environment also reduces the level of risk associated with this system by relying on Ellucian's breadth of expertise for system baselines, backups, disaster recovery and security.

On November 16, 2022 at 5:00 p.m., the on-premises environment was brought down, and the ITS team began the go-live process to bring up the cloud environment. Several campus departments dedicated resources to help validate the system, as well as ensure the data and configurations properly transitioned. The transition was completed on November 21, and the ERP system is now running in the Ellucian Cloud hosted on AWS. The ITS team will work closely with Ellucian over the next several weeks to monitor this environment for additional tuning and configuration changes.

IT Security Operational Update

Cybersecurity and evolving security threats continue to serve as one of the key areas of focus for ITS. To address on-going threats, the Microsoft Defender for Office 365 package was added to our Microsoft license in May to provide additional malware and phishing protection for faculty and staff mailboxes.

The ITS team has been working to configure and test this functionality. The new system will place suspicious messages in quarantine allowing users to review the subject and sender to determine if they should be released. The Safe Attachment feature will also be enabled to scan attachments for malicious content prior to delivery to user mailboxes. In October, these features were enabled for all ITS employees' mailboxes. All faculty and staff mailboxes are currently planned to be enabled with this added security early 2023.

Action: None. Informational only.

Minutes

RADFORD UNIVERSITY

Board of Visitors

RADFORD UNIVERSITY

Board of Visitors

BUSINESS AFFAIRS AND AUDIT COMMITTEE

10:15 A.M.

SEPTEMBER 8, 2022

**MARY ANN JENNINGS HOVIS MEMORIAL BOARD ROOM
MARTIN HALL, THIRD FLOOR, RADFORD, VA**

DRAFT MINUTES

COMMITTEE MEMBERS PRESENT

Mr. Marquett Smith, Chair
Mr. Robert A. Archer, Vice Chair
Dr. Debra K. McMahon, Rector
Ms. Lisa Throckmorton

COMMITTEE MEMBERS ABSENT

Ms. Jennifer Wishon Gilbert
Mr. Mark S. Lawrence

BOARD MEMBERS PRESENT

Ms. Jeanne S. Armentrout
Dr. Rachel D. Fowlkes
Mr. George Mendiola, Jr.
Mr. David A. Smith
Ms. Georgia Anne Snyder-Falkinham
Mr. James C. Turk

OTHERS PRESENT:

Dr. Bret Danilowicz, President
Ms. Karen Castele, Secretary to the Board of Visitors and Special Assistant to the President
Mr. Jorge Coartney, Associate Vice President for Facilities Management
Ms. Stephanie Jennelle, Interim Vice President for Finance and Administration
Dr. Angela Joyner, Vice President for Economic Development and Corporate Education
Ms. Margaret McManus, University Auditor
Mr. Mike F. Melis, Senior Assistant Attorney General, Commonwealth of Virginia
Ms. Laura Quesenberry, Interim University Budget Director
Mr. Barry Schmitt, Principal Financial Advisor, CAPTRUST

CALL TO ORDER

Mr. Marquett Smith, Chair, formally called the meeting to order at 10:15 a.m. in the Mary Ann Jennings Hovis Memorial Board Room. Mr. Smith welcomed everyone to the September meeting of the Business Affairs and Audit Committee.

APPROVAL OF AGENDA

Mr. Smith asked for a motion to approve the September 8, 2022 meeting agenda, as published. Ms. Lisa Throckmorton, so moved, Mr. Robert Archer, seconded, and the motion carried unanimously.

APPROVAL OF MINUTES

Mr. Smith asked for a motion to approve the minutes of the April 28, 2022 meeting of the Business Affairs and Audit Committee, as published. Ms. Throckmorton so moved, Mr. Archer seconded, and the motion carried unanimously.

ACTION ITEMS

Recommendation for Approval of Adoption of Sole Recordkeeper for the Radford University Supplemental 403(b) Plan

Interim Vice President for Finance and Administration Stephanie Jennelle and Mr. Barry Schmitt, Principal Financial Advisor with CAPTRUST, presented an overview of the University's 403(b) Supplemental Plan analysis and review of current vendors. Ms. Jennelle further presented the recommendation by the Retirement Administrative Committee to select TIAA as sole recordkeeper. Mr. Smith asked for a motion to recommend the selection of TIAA as sole recordkeeper, as presented, to the full Board for approval. Ms. Throckmorton so moved, Mr. Archer seconded the motion, and the motion carried unanimously. A copy of the proposed resolution is attached hereto as *Attachment A* and is made a part hereof.

Recommendation for Approval of Radford University's 2022 Six-Year Plan

Interim Vice President for Finance and Administration Jennelle presented the updated 2022 Six-Year Plan and reported that Radford University's Six-Year Plan was updated to reflect the status of existing strategies based on institutional priorities and legislative action during the 2022 General Assembly Session. Comments regarding the University's 2022 Six-Year Plan updates are anticipated to be received in September 2022. Once received, the University will need to respond to any questions and resubmit the final plan to SCHEV by October 11, 2022. Mr. Smith asked for a motion to recommend the updated Radford University 2022 Six-Year Plan, as presented, to the full Board for approval. Mr. Archer so moved, Ms. Throckmorton seconded the motion, and the motion carried unanimously. A copy of the proposed resolution is attached hereto as *Attachment B* and is made a part hereof.

Recommendation for Approval of the Radford University 2022-23 Operating Budget

Interim Vice President for Finance and Administration Jennelle presented the 2021-22 Financial Performance Report, which included a review of year-end financial activity as of June 30, 2022, and the 2022-23 Proposed Operating Budget for Board consideration. Mr. Smith asked for a motion to recommend the 2022-23 Operating Budget, as presented, to the full Board for approval. Ms. Throckmorton so moved, Dr. Debra K. McMahan seconded the motion, and the motion carried unanimously. A copy of the proposed resolution is attached hereto as *Attachment C* and is made a part hereof.

REPORTS

University Auditor's Report

University Auditor Margaret McManus presented oral reports related to auditor independence, the internal quality assurance program and the quarterly review of the University Discretionary Fund. She also reviewed a list of reports related to prior and projected Office of Audit and Advisory Services activity and presented two Information Technology audit reports and a follow-up audit status report

Capital Projects Update

Interim Vice President for Finance and Administration Jennelle provided an update on capital projects currently in progress. These projects included the Artis Center for Adaptive Innovation and Creativity, Combined Heat and Power/Co-Generation Facility, and Tyler and Norwood Hall Renovations.

CLOSED SESSION

Mr. Smith requested a motion to move into closed session. Mr. Archer made the motion that the Business Affairs and Audit Committee convene a closed session pursuant to Section 2.2-3711 (A) Items 7 and 8 under the Virginia Freedom of Information Act for consultation with legal counsel and briefings by staff members pertaining to actual or probable litigation and consultation with legal counsel regarding specific legal matters requiring the provision of legal advice, more specifically relating to Radford University Facilities. Ms. Throckmorton seconded the motion. The Business Affairs and Audit Committee meeting went into closed session at 11:15 a.m.

RECONVENED SESSION

Following closed session, public access to the meeting was reconnected. Mr. Smith called the meeting to order at 11:30 a.m. On the motion made by Mr. Smith and seconded by Dr. McMahan, the following resolution of certification was presented.

Resolution of Certification

BE IT RESOLVED, that the Radford University Business Affairs and Audit Committee certifies that, to the best of each member's knowledge (i) only public business matters lawfully exempted from open meeting requirements under this chapter were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion by which the closed session was convened were heard, discussed or considered by the Committee.

<u>Roll Call</u>	<u>Vote</u>
Mr. Robert Archer	Yes
Ms. Lisa Throckmorton	Yes
Rector Debra McMahan	Yes
Chair Marquett Smith	Yes

2022-2023 GOALS

Ms. McManus presented goals for fiscal year 2023 for the Office of Audit and Advisory Services. Interim Vice President Jennelle presented goals for fiscal year 2023 for the Division of Finance and Administration.

ADJOURNMENT

With no further business to come before the committee, Mr. Smith adjourned the meeting at 11:50 a.m.

Respectfully submitted,

Pamela Fitchett
Administrative Assistant to the
Vice President for Finance and Administration
and Chief Financial Officer

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
September 8, 2022

Action Item

Adoption of Sole Recordkeeper for the Radford University Supplemental 403(b) Plan

Item:

Adoption of Sole Recordkeeper for the Radford University Supplemental 403(b) Plan.

Background:

The University currently offers employees access to invest in a voluntary supplemental deferred savings plan (403(b)) as a workplace benefit. The Investment of Employee Benefit Funds Policy, approved April 2021, for Radford University provides policy direction and procedural guidelines for the selection, management, and ongoing monitoring of investment options with respect to the employee benefit plan. Currently, this policy only applies to the Radford University Supplemental 403(b) Plan. Additionally, the Retirement Administrative Committee was established to serve as the investment fiduciary.

With the establishment of the policy and Committee, the University has taken a more proactive role in the management of the 403(b) Plan to ensure it meets the needs of employees. Management of the plan includes selecting and monitoring the investments and vendors (i.e. recordkeepers) offered to plan participants. The Committee, in partnership with CAPTRUST, an independent, objective retirement plan consultant, has been working to streamline vendors, while continuing to offer investment choices to plan participants.

CAPTRUST conducted a comprehensive review to analyze the current vendor structure, fund menu design, investment and administrative fees, education offerings and trends in higher education. Upon conclusion of the review, the Committee recommends for Board action the adoption of a sole recordkeeper for the Radford University Supplemental 403(b) Plan. Additionally, Teachers Insurance and Annuity Association of America (TIAA) is the recommended recordkeeper.

As the sole recordkeeper for active participants of the 403(b) plan, TIAA offers low fees, open investment architecture, and provides robust and engaged educational offerings. By offering one recordkeeper, the University is able to streamline administrative responsibilities and actively focus on ensuring employees are receiving necessary support and attention to address their retirement goals.

Action:

Radford University Board of Visitors adoption of Sole Recordkeeper, TIAA for the Radford University Supplemental 403(b) Plan.

Radford University Board of Visitors

RESOLUTION

**Adoption of Sole Recordkeeper for the Radford University Supplemental 403(b) Plan
September 8, 2022**

Adoption of Sole Recordkeeper for the Radford University Supplemental 403(b) Plan;

WHEREAS, the Board of Visitors of Radford University has overall responsibility with respect to the employee Supplemental 403(b) Plan sponsored by Radford University; and

WHEREAS, the Investment of Employee Benefit Funds Policy for Radford University (University) provides policy direction and procedural guidelines for the selection, management, and ongoing monitoring of investment options with respect to the employee benefit plan; and

WHEREAS, the Policy establishes the roles and responsibilities of the Retirement Administrative Committee as investment fiduciary and the Investment Consultant/Advisor who assists in the fulfillment of the Committee's duties; and

WHEREAS, the Retirement Administrative Committee recommends for Board approval the adoption of a sole recordkeeper, TIAA, for the Radford University Supplemental 403(b) Plan; and

NOW THEREFORE, BE IT RESOLVED that the Radford University Board of Visitors does hereby officially adopt TIAA as the sole recordkeeper for the Radford University Supplemental 403(b) Plan.

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
September 8, 2022

Action Item
Approval of Radford University's 2022 Six-Year Plan

Item:

Board of Visitors approval of Radford University's 2022 Six-Year Plan as required by § 23.1-306.

Background:

In response to the requirements outlined in § 23.1-306 of the Code of Virginia, attached is a copy of Radford University's updated 2022 Six-Year Plan (Part I and Part II) submitted to the State Council of Higher Education for Virginia (SCHEV) by the stated deadline of July 11, 2022.

The deadline for this submission has historically been July 1st, but due to timing of the approved 2022-24 State biennial budget the Six-Year Plan deadline was extended to July 11, 2022.

As a mandate established through the “*Preparing for the Top Jobs of the 21st Century: The Virginia Higher Education Act of 2011*” (TJ21) legislation, governing boards of each public institution of higher education shall develop and adopt biennially and amend or affirm annually a six-year plan for their institution. This requires the plans to be submitted to the State Council for Higher Education of Virginia by July 1 of each odd-numbered year and requires any amendments or affirmations to existing plans to be submitted by July 1 of each even-numbered year.

The instructions and template to complete the six-year plan are usually provided by SCHEV in late spring. Due to this timeline, the University has historically submitted the plan, to SCHEV by the July deadline and then presented to the Board for approval at the next scheduled meeting which is usually held in September. In July, State representatives will review the plans submitted by each institution and provide comments in early September for all institutions to respond with updates or revisions, as appropriate, by October 1st. This process was once again followed for the 2022 Six Year Plan submission.

The original strategies identified in the University's 2021 Six Year Plan and carried forward to the 2022 Six Year Plan were developed collaboratively with each division through the annual budget development cycle. It is further supported by the University's Strategic Plan: *Embracing the Tradition and Envisioning the Future*. The academic strategies related to programmatic growth were developed by the Provost through the respective academic unit.

The plan was updated to reflect actual revenue for FY 2022 and revised estimates for FY 2023 and FY 2024. The presented tuition and fee increases are reflective of approved rates for FY2023 and estimated increases for FY2024. Approval of tuition and fees is the responsibility of the Board of Visitors and may be adjusted based upon factors such as incremental general fund support, legislative requirements, projected enrollment growth, and prioritization of strategies to implement.

Radford University's 2022 Six-Year Plan was updated to reflect the status of existing strategies based on institutional priorities and legislative action during the 2022 General Assembly Session. Comments regarding the University's 2022 Six-Year Plan update are anticipated to be received in September 2022. Once received the institution will need to respond to any questions and resubmit the final plan to SCHEV by October 1, 2022.

Action:

Radford University Board of Visitors approval of the Radford University 2022 Six-Year Plan.

RADFORD UNIVERSITY BOARD OF VISITORS
Resolution

Approval of Radford University's 2022 Six-Year Plan
September 8, 2022

WHEREAS, the Higher Education Opportunity Act of 2011 became effective July 1, 2011, and requires each public institution of higher education in Virginia to develop and submit an institutional six-year plan; and

WHEREAS, § 23.1-306 of the Act requires, “*The governing board of each public institution of higher education shall (i) develop and adopt biennially in odd-numbered years and amend or affirm biennially in even-numbered years a six-year plan for the institution; (ii) submit a preliminary version of such plan to the Council, the General Assembly, the Governor, and the Chairmen of the House Committee on Appropriations, the House Committee on Education, the Senate Committee on Education and Health, and the Senate Committee on Finance no later than July 1 of each odd-numbered year; and (iii) submit preliminary amendments to or a preliminary affirmation of each such plan to the Council, the General Assembly, the Governor, and the Chairmen of the House Committee on Appropriations, the House Committee on Education, the Senate Committee on Education and Health, and the Senate Committee on Finance no later than July 1 of each even-numbered year*”; and

WHEREAS, Radford University prepared a six-year plan in accordance with the requirements of the Higher Education Opportunity Act of 2011 and guidelines provided by the State Council of Higher Education for Virginia; and

WHEREAS, the University submitted the six-year plan to the State Council of Higher Education for Virginia by the stated deadline of July 11, 2022 for the 2022 submission; and

WHEREAS, the 2022 Six-Year Plan must be approved by the Board of Visitors prior to the October 1 final submission;

THEREFORE, BE IT RESOLVED the Radford University Board of Visitors approves the Radford University 2022 Six-Year Plan as presented in the format provided by the State Council of Higher Education for Virginia; and

BE IT FURTHER RESOLVED, that the University is authorized to revise the 2022 Six-Year Plan as required by State officials for final submission by the stated deadline.

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
September 8, 2022

Action Item
Approval of the Radford University 2022-23 Operating Budget

Item:

Board of Visitors approval of the Radford University 2022-23 operating budget.

Executive Summary:

Each year, the Vice President for Finance and Administration & Chief Financial Officer is responsible for presenting Radford University's projected annual operating budget to the Board of Visitors for the upcoming fiscal year. The 2022-23 operating budget was developed in consideration of projected enrollment levels, actions taken by the Governor and General Assembly during the 2022 session, Board-approved tuition and fee rates, the strategic goals of the University, and the economic outlook.

Since the rollout of the 2018-2023 Strategic Plan: *Embracing the Tradition and Envisioning the Future*, a conscious effort has been underway to align institutional resources in support of strategic plan objectives. The collaborative process of budget development has helped provide the framework for which all divisions review operating priorities and align their actions with strategic goals of the University. The information collected during this process is also instrumental in the development of the University's Six-Year Plan submission to the Commonwealth and further helps to frame the strategic direction of the institution.

The budget development process continues to be mindful of the impact on enrollment and services as the University transitions from a pandemic to endemic stage of COVID-19. While the unprecedented challenges of the pandemic are mostly behind, the University is cautiously mapping the path forward and remains focused on providing an environment for students to learn and engage safely in programs that prepare them for the future.

The Commonwealth's revenue forecast has remained strong, providing the Governor the ability to include significant investments to address funding for: tax relief for Virginian families, increase funding for law enforcement, support the development of lab schools, and multiple higher education initiatives, including increased funding for undergraduate financial aid and institution specific funding in the 2022 legislative session. Given the current stability of the Commonwealth's fiscal outlook, the amended 2022-23 biennial budget includes nearly a half billion in compensation increases, including a five percent pay raise for eligible state employees that was effective July 10, 2022. The budget also included a \$1,000 bonus for each eligible state employee effective November 1, 2022.

In 2022-23, the University will receive \$4.0 million to increase affordability. These investments are critical to ensure Virginia students have affordable access to education in high demand careers in the Commonwealth.

Giving full consideration to the aforementioned items, the 2022-23 operating budget demonstrates a conservative use of University resources. The proposed budget identifies key operating efficiencies that help to address mandatory and unavoidable cost increases while maximizing funding opportunities for strategic plan initiatives.

Six-Year Planning Processes and 2022-23 Budget Development:

The Virginia Higher Education Opportunity Act of 2011 (TJ21) was passed by the 2011 General Assembly and is based on recommendations from the Governor's Commission on Higher Education Reform, Innovation and Investment, which was formed through Executive Order No. 9 issued in March 2010. The TJ21 legislation requires institutions of higher education to prepare and submit a "Six-Year Plan" by July 1st each year in accordance with criteria outlined by the Higher Education Advisory Committee (HEAC).

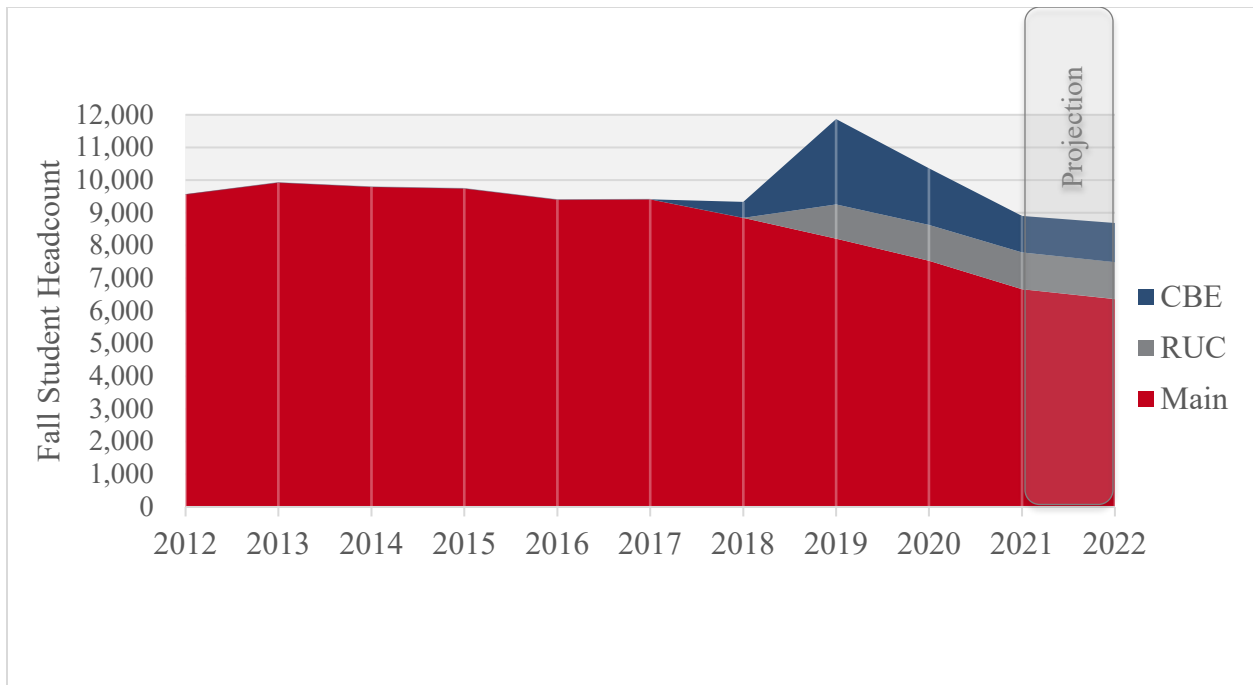
As an integral part of the six-year planning process, the University's internal annual budget development cycle provides the opportunity to reevaluate the essential needs for the upcoming fiscal year and outline divisional priorities for the outlying years. The budget development review engages key personnel, and provides a consistent mechanism to prioritize funding requests and strategically align the institution's long-range goals with projected resources.

The University submitted the updated preliminary 2022-24 Six-Year Plan to the State Council of Higher Education for Virginia (SCHEV) on July 11, 2022 and will submit the final plan after Board action on October 1, 2022. The University's Six-Year Plan identifies the targeted objectives and strategies to achieve both Virginia and institutional goals, and provides a foundation for preparing tuition and mandatory fee recommendations for consideration by the Board.

Enrollment Trend:

In Fall 2019, the University reached its highest total enrollment through success of the Competency Based Education program and the addition of Radford University Carilion (RUC) allied health programs. Since that time, there has been an overall decrease and significant shift in the mix of student classification between instructional level and modality. This shift in enrollment classification is illustrated in the following chart. The University remains focused on increasing undergraduate student enrollment through innovative transfer options, such as the Bridge Program, as well as increasing enrollment in high demand Health Sciences programs offered on both main campus and at RUC.

Enrollment for 2022-23 on main campus is conservatively projected just below prior year levels, mostly due to remaining effects of the COVID-19 pandemic. Enrollment for RUC is projected slightly higher than prior year levels even after a decrease in associate program offerings transferring to the Virginia Community College System.



Mandatory Cost Increases:

2022 General Assembly Session Action –

The 2022 General Assembly’s legislative session was largely focused on making strategic investments in the Commonwealth and providing relief to taxpayers. Governor Youngkin and the General Assembly made substantial investments in students from the Commonwealth by providing general funding to public institutions of higher education to maintain affordable access for in-state undergraduate students. Radford University’s share is \$4.0 million. Additional need-based financial aid for public institutions of higher education was also included, of which \$1.5 million is allocated for additional support to Radford University in 2022-23, as well as an increase in graduate fellowship funding of \$174,600. The approved budget supported employees through a five percent salary increase for all eligible state employees, including adjunct faculty and graduate teaching assistants, effective July 10, 2022.

The following schedule reflects funding from the 2022 General Assembly Session providing additional general fund support for the University in 2022-23:

2022-23 General Assembly Funding Summary

	2022-23
E&G - Educational & General	
2022-23 Affordable Access	\$2,661,000
2022-23 Affordable Access - Add'l	1,400,000
Employee Compensation Changes*	2,759,951
Minimum Wage Changes*	240,556
Fringe/Central System Changes*	552,781
Total E&G General Fund Recommendations	\$7,614,288
SFA - Student Financial Assistance	
In-State Undergraduate Financial Aid	1,503,500
Graduate Fellowships	174,600
Total E&G and SFA General Fund	\$9,292,388

Notes:

(*) Central Appropriation amounts are not included in the University's line item appropriation. Instead, they are held centrally by the state and allocated after the start of the fiscal year. For this reason, estimates have been provided.

Other Mandatory Costs –

In addition to the state-mandated items, the University must also address teaching and research faculty promotion and tenure contractual commitments, operation and maintenance of facilities, contractual escalators for technology and maintenance contracts, escalating utilities, and committed costs for previously approved projects. These initiatives, referred to as central cost commitments, combine to total \$1.7 million for the University.

To offset the projected enrollment levels, thirteen teaching and research positions that were held vacant as a result of employees accepting the 2021-22 Faculty Early Retirement Program were eliminated resulting in savings of \$1.7 million, along with an additional \$3.2 million in savings from internal realignments, efficiencies, and cost savings.

For additional details, Attachment I provides a further breakdown of the mandatory cost requirements.

Funding Sources and Cost Drivers:

Radford University main campus is very reliant upon general fund support due to the significant number of in-state undergraduate students served (92 percent as of Fall 2021). The cost share model identifies that the University's E&G program should be funded 67 percent from Commonwealth's general fund support and 33 percent through institutional nongeneral fund sources (i.e. tuition, E&G fees, etc.).

As demonstrated in Figure 1, the 2022-23 projected E&G general fund split is still below the Commonwealth's policy of 67 percent. The difference reflects funding of essential programmatic needs to support the University's in-state student population.

Figure 1: E&G General Fund Appropriation Historical Trend

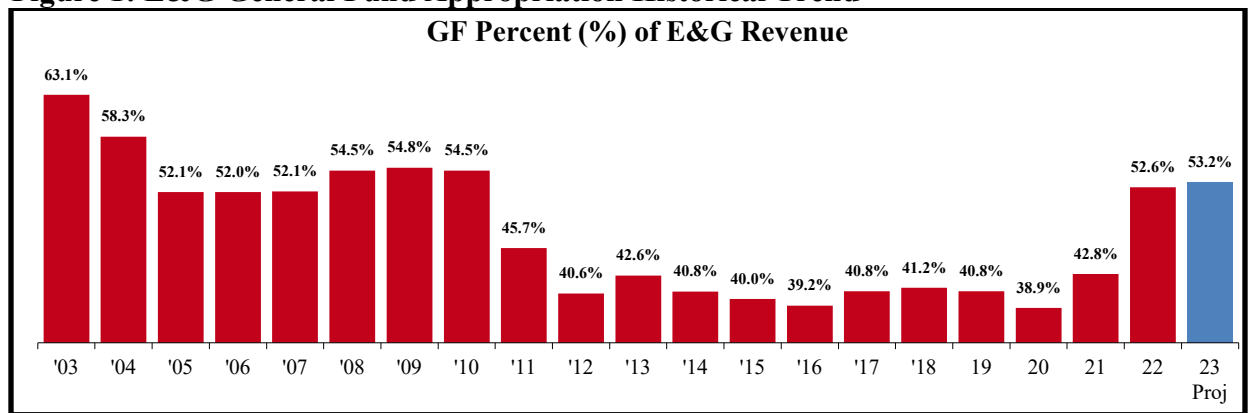
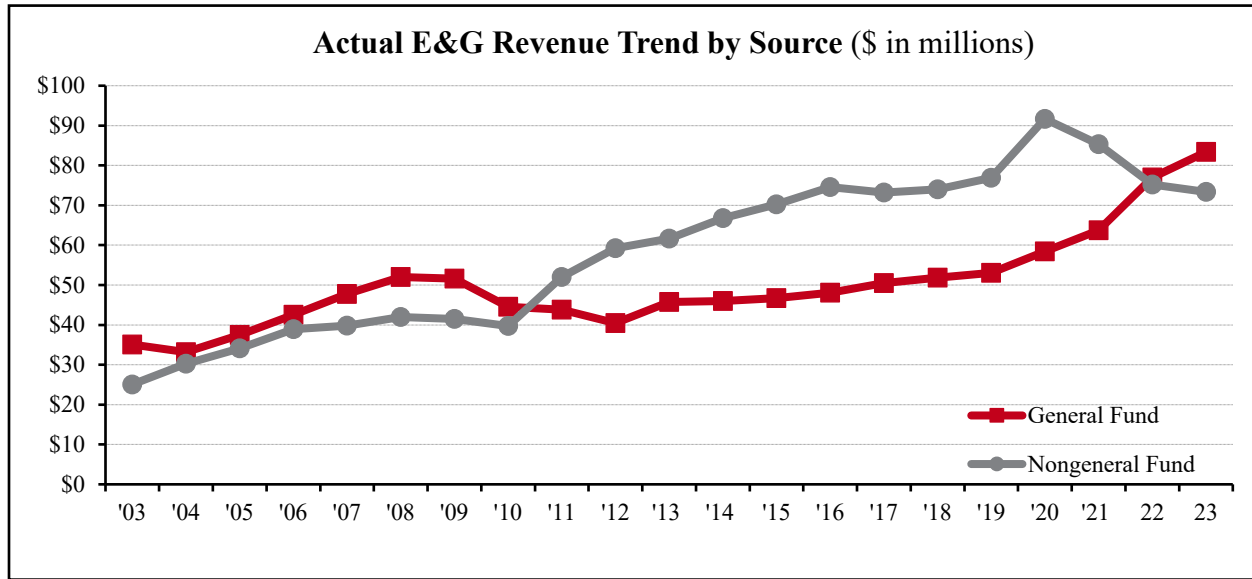


Figure 2 displays the E&G general fund and nongeneral fund trends between 2003 and 2023 (projected). In 2010, as a result of the economic downturn and the sustained loss of general fund support, students and their families began funding the majority of the cost of education. The increase in nongeneral funds for 2020 relates primarily to the merger with Jefferson College of Health Sciences and the related \$20.6 million in Tuition and Fee revenue associated with the new RUC site. There is also an increase in general funds related to the \$1.7 million allocation to RUC, as well as, an infusion of support for Tuition Moderation Funding and other mandatory cost increases. The most notable increase comes in 2022 with the historic \$10 million investment to equalize RUC tuition with main campus, along with \$2.9 million to maintain affordability on main campus.

Figure 2: E&G General Fund/Nongeneral Fund Split Historical Trend (Nominal Dollars)



Proposed Operating Budget:

2022-23 Projected Total Revenue

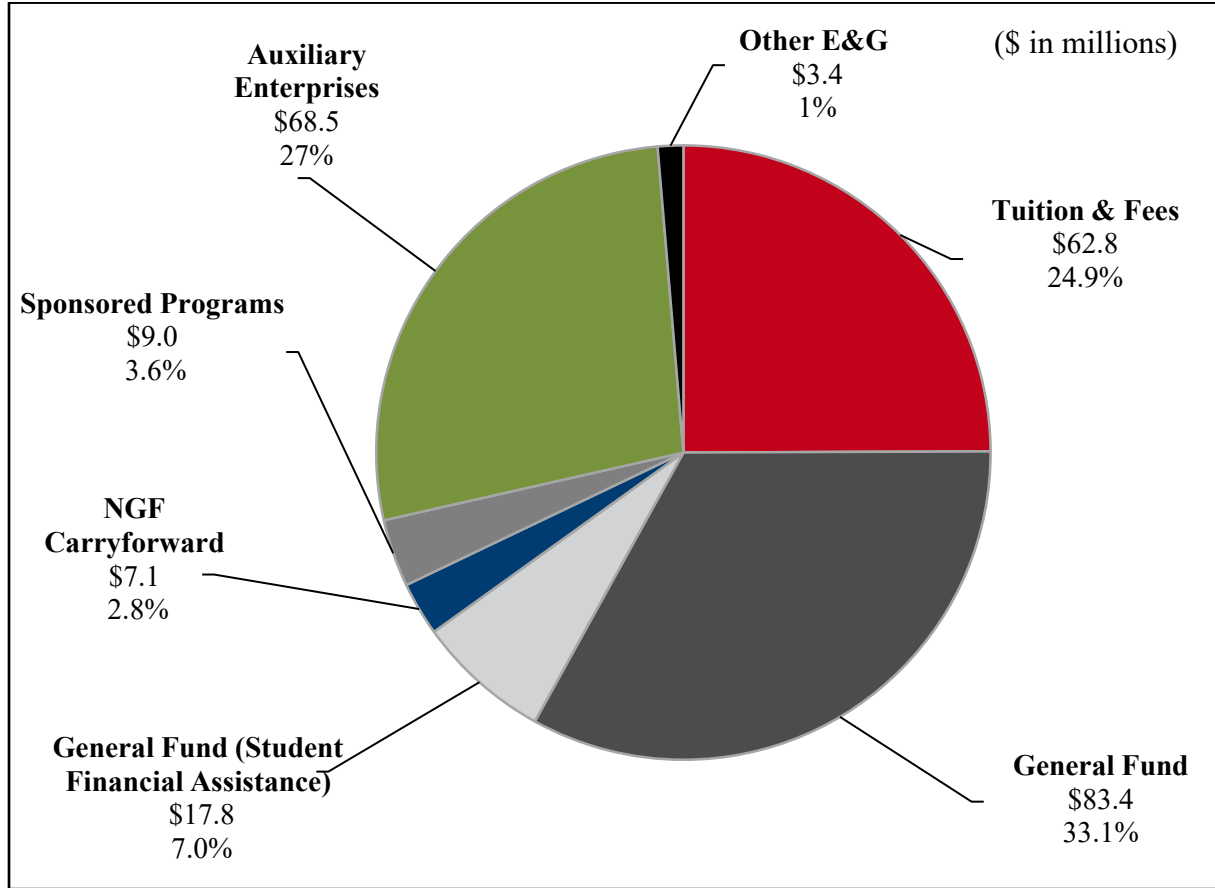
Radford University’s institutional budget is derived from two fund sources:

- **General Fund (GF)** – Virginia tax dollars (unrestricted), distributed through the Commonwealth’s budget process and documented through the Virginia Acts of Assembly (i.e. Appropriations Act).
- **Nongeneral Fund (NGF)** – tuition, mandatory (technology and comprehensive) fees, user (room and board) fees, other E&G and auxiliary enterprises fees, grants/contracts/research, federal student work study, and commissions (e.g. dining services, bookstore, laundry, etc.).

For fiscal year 2022-23 the University is projecting revenue of \$251.9 million. This reflects a 16.8 percent decrease from the 2021-22 Adjusted Total Budget. The decrease reflects the one-time infusion of pandemic relief funding in 2021-22, as well as a projected overall enrollment decline in 2022-23.

The majority of the University’s total operating budget (59.9 percent) is supported through nongeneral fund sources. The remaining 40.1 percent is supported through the general fund. Figure 3 displays the breakdown of projected revenue by major funding sources.

Figure 3: 2022-23 Projected Total Revenue (All Sources and Programs)



2022-23 Projected Total Expenditures

Expenditures are expected to total \$249.9 million for 2022-23. Projected expenditures are set less than projected revenues due to required Auxiliary Enterprises reserve fund deposits that must be generated to meet the SCHEV guidelines for operating, equipment renewal and replacement, and capital projects.

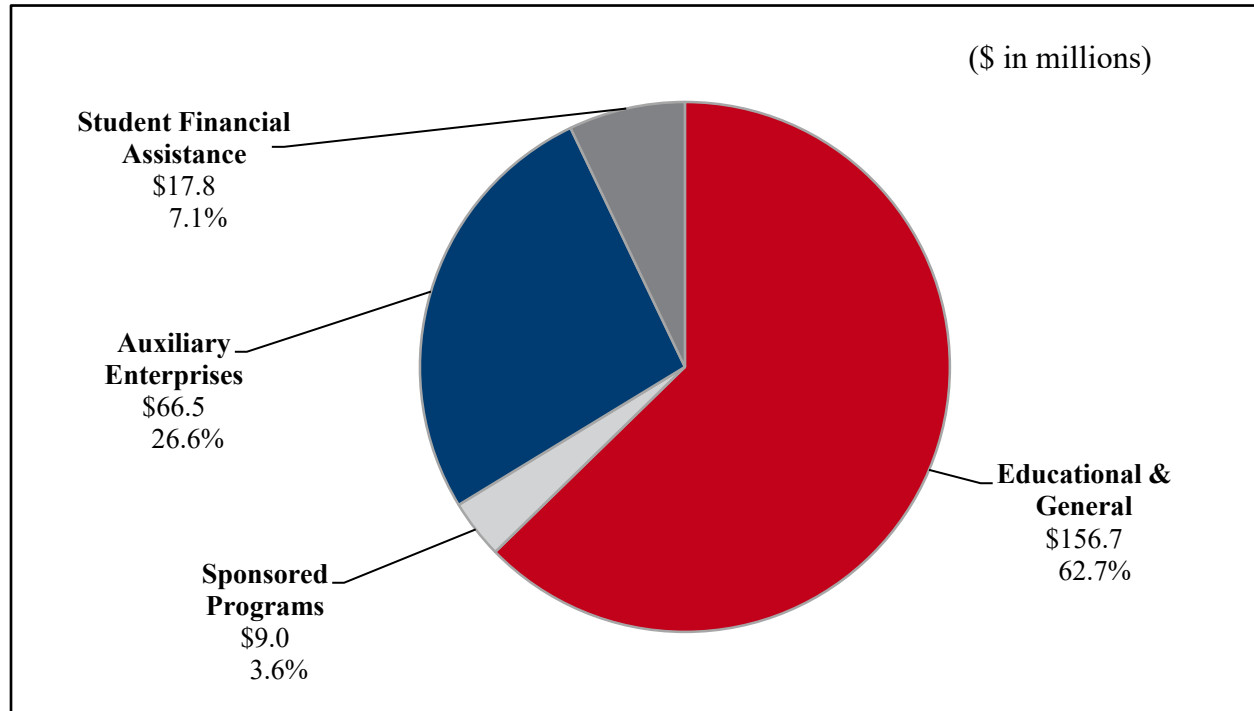
Figure 4 illustrates projected expenditures for each of the major programs which include:

- **Educational & General (E&G):** Activities to provide instruction, research, public service, academic support (e.g., library, deans), student support services (e.g., admissions, financial aid, registrar), and program support (e.g., administration, institutional support, physical plant) services.
- **Student Financial Assistance:** Activities to provide financial assistance to Virginia students.
- **Financial Assistance for Educational and General Services Program (Sponsored Programs, Grants and Contracts):** Activities to provide additional resources for educational and general services through third-party grants, contracts, and research.

- **Auxiliary Enterprises:** Self-supporting activities to provide goods or services to students, faculty, staff, and visitors (e.g. residence halls, dining services, bookstore, athletics, student activities, etc.).

The E&G program represents 62.7 percent of the expenditures budgeted while Auxiliary Enterprises accounts for 26.6 percent. The remaining 10.7 percent is split between Student Financial Assistance and Sponsored Programs.

Figure 4: 2022-23 Projected Expenditures by Major Program



Attachment I and Schedules A and B provide an overview of the University’s proposed 2022-23 operating budget by major program. Attachment I details the 2022-23 Funded E&G Initiatives by Division, Schedule A provides an overview of the 2022-23 Total University Operating Budget, and Schedule B reflects the 2022-23 Auxiliary Enterprise Budget by major program area.

The following is a narrative description by major program to complement the financial information presented in Attachment I and Schedules A and B.

Educational & General (E&G) Program –

The Educational and General (E&G) program supports instruction, academic support, libraries, public service, student services, institutional support, and operation/maintenance of the physical plant. The proposed 2022-23 E&G operating budget (base and one-time) totals \$156.7 million. The percentage of the E&G budget supported by general funds is projected to be 53.2 percent for 2022-23. The University is anticipated to receive \$7.6 million in new base general funds over the previous year for affordable access funding, and mandated salary

and minimum wage increases. Projected E&G nongeneral fund revenue is derived primarily from tuition and fees at \$62.8 million, a 2021-2022 nongeneral fund carryforwards of \$7.1 million, with all other E&G revenue totaling \$3.4 million.

Resource Allocations

During the April 2022 Board of Visitors meeting, programmatic priorities were outlined and incorporated into the proposed 2022-23 budget which is provided in Attachment I.

Student Financial Assistance Program –

Commonwealth support from the general fund is appropriated for scholarships and fellowships to undergraduate and graduate students. The authorized general fund appropriation for fiscal year 2022-23 is \$15.9 million, which is a \$1.7 million increase over fiscal year 2021-22. In addition to general fund support, the University continues to commit \$1.9 million from institutional nongeneral fund resources to support undergraduate need-based financial aid.

Financial Assistance for Educational and General Services Program (Grants/Contracts) –

The University receives external funding for grants and contracts from a variety of federal, state, private, and local sources. For fiscal year 2022-23, estimated annual activity for Sponsored Programs is projected at \$8.9 million.

Auxiliary Enterprises Program –

The Auxiliary Enterprises program supports student service activities such as residential life, dining, athletics, recreation, student health, and transportation. Funding for this program is generated from contract commissions and fees assessed to students and/or users. The Commonwealth requires Auxiliary Enterprises to be financially self-supporting. For this reason, general fund support and tuition revenue cannot be allocated to these activities.

For fiscal year 2022-23, the revenue budget for Auxiliary Enterprises is projected to be \$68.5 million. It should be noted that all auxiliary budgets were adjusted to account for projected revenue changes due to enrollment levels, salary and minimum wage increases, auxiliary indirect rate changes, and contractual commitments, as necessary.

It is projected that approximately 2.0 million will be generated in 2022-23 for reserve fund contributions which can be used for future debt service, maintenance reserve projects, and construction and/or renovation costs associated with future capital projects. The following are future considerations for auxiliary reserve balances: residence hall improvements, athletic complex renovations, equipment renewal and replacement, and land acquisition.

Action:

Radford University Board of Visitors approval of the 2022-23 operating budget as presented in Schedule A for Total Operating Budget and Schedule B for Auxiliary Enterprises.

RADFORD UNIVERSITY BOARD OF VISITORS
Resolution
September 9, 2022

Approval of the Radford University 2022-23 Operating Budget

BE IT RESOLVED, the Radford University Board of Visitors approves the fiscal year 2022-23 operating budget as presented in Schedule A for Total Operating Budget and Schedule B for Auxiliary Enterprises.

End of Board of Visitors Materials

