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University of South Carolina

BOARD OF TRUSTEES

Fiscal Policy Committee

June 18, 2008

The Fiscal Policy Committee of the University of South Carolina Board of Trustees met on Wednesday, June 18, 2008, at 11:30 a.m. in the 1600 Hampton Street Board Room.

Members present were: Mr. Eugene P. Warr, Jr., Chairman; Mr. John W. Fields; Ms. Darla D. Moore; Mr. John C. von Lehe, Jr.; Mr. Herbert C. Adams, Board Chairman; and Mr. Miles Loadholt, Board Vice Chairman. Mr. Michael J. Mungo; Mr. Mack I. Whittle, Jr.; and Mr. Othniel H. Wienges, Jr. were absent.

Other Trustees present were: Mr. William L. Bethea, Jr.; Mr. James Bradley; Mr. Mark W. Buyck, Jr.; Mr. Samuel R. Foster II; Mr. William W. Jones, Jr.; Mr. Toney Lister; and Mr. M. Wayne Staton.

Others present were: President Andrew A. Sorensen; Secretary Thomas L. Stepp; Executive Vice President for Academic Affairs and Provost Mark P. Becker; Vice President for Research and Health Sciences Harris Pastides; Vice President for Student Affairs and Vice Provost for Academic Support Dennis A. Pruitt; Vice President and Chief Financial Officer Richard W. Kelly; Vice President for Human Resources Jane M. Jameson; Vice President for Information Technology and Chief Information Officer William F. Hogue; Interim Vice President for Advancement Michelle D. Dodenhoff; General Counsel Walter (Terry) H. Parham; Dean of USC Lancaster John Catalano; Moore School of Business Dean Hildy Teegen; Associate Vice President of Finance and Budget Director Leslie Brunelli; Associate Vice President for Business and Facilities Helen Zeigler; Assistant Treasurer Susan D. Hanna; Assistant Vice Provost for Academic Affairs William T. Moore; Vice Provost for Faculty Development Christine Curtis; Executive Director of McKissick Museum Lynn Robertson; Director of the Department of Internal Audit Alton McCoy; Director of Purchasing, Division of Business and Finance, Venis Manigo; Director of Environmental Health and Safety and Risk Management, Division of Business and Finance, Tom Syfert; Director of Accounting Services, Division of Business and Finance, Mary T. Peak; Professor in the School of Medicine Robert G. Best; Student Government Association President Andrew Gaeckle; USC Lancaster Business Manager Paul Johnson; USC Lancaster Public Information Officer Shana Funderburk; Director of the Office of University Communications, Division of University Advancement,

Russ McKinney, Jr.; Office of Media Relations Broadcast Journalist, Division of University Advancement, Frenche Brewer; University Technology Services Production Manager Justin Johnson; Board staff members Terri Saxon, Vera Stone, and Karen Tweedy; and members of the media.

Chairman Warr called the meeting to order, welcomed everyone, and asked Board members to introduce themselves. Mr. McKinney introduced the members of the media who were in attendance.

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

I. Designated Fund Budget, FY 2008-2009:

Chairman Warr called on Mr. Kelly who explained that Designated Funds were revenues collected from auxiliary accounts. Mr. Kelly stated that the "Scholarships" line item under "Uses" had been increased by \$735,000 from Bookstore commissions and Trademark and Licensing.

Mr. Fields moved to recommend the budget to the Executive Committee for inclusion in the University's FY 2008-2009 Budget. Mr. von Lehe seconded the motion. The vote was taken and the motion carried.

II. Internal Audit Budget, FY 2008-2009:

Mr. Warr called on Secretary Stepp who explained that the Internal Audit Budget flowed administratively through the Board of Trustees Office and that upon the Committee's approval, would be forwarded to the Executive Committee. He said that Mr. McCoy presented the FY 2008-2009 Internal Audit Budget with sufficient funds to operate the department at its continued high standards.

Mr. von Lehe moved to approve the FY 2008-2009 Internal Audit Budget, as recommended, for inclusion in the Executive Committee's budget presentation to the full Board. Mr. Loadholt seconded the motion.

The vote was taken, and the motion carried.

III. Audit Tracking Report:

Chairman Warr called on Mr. McCoy who reported on the outstanding audit issues. He explained that Purchasing was in the process of resolving its one outstanding audit issue, by creating a computerized data base of authorized signatures to assure purchase requisitions were approved by proper authorities.

The Internal Audit Department would follow up on the two outstanding Housing audit issues which involved conference billings and cash receipting at the Conference Center after the summer 2008 conferences.

IV. Internal Audits:

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

A. Moore School of Business: There was one finding in the Small Business Development Center regarding Seminar Cash Receipts, which was being addressed by staff.

B. McKissick Museum: There were two findings, one involving the accounting of "E Funds," and one involving Membership program renewals. They were both being addressed. The "E Funds" finding would be corrected by assuring that salaries of employees, who provide administrative support to the programs which come under the E funds accounts, would be charged to those funds when necessary.

C. Environmental Health and Safety: The first finding involved violations of Federal and State regulations related to an asbestos abatement project at USC Lancaster. The violations were reported in accordance with the law and it was anticipated corrective actions would be taken.

The second finding noted that portable fire extinguishers on campus were not being inspected at a minimum of thirty day intervals in accordance with National Fire Protection Agency Standards. As a result, Environmental Health and Safety contracted with the company that provides the extinguishers to provide the inspections.

D. USC Lancaster: USC Lancaster recently hired a new Assistant Dean for Business Affairs who requested a full audit, the result of which identified four findings: Construction Procurement; Cash Receipting; Returned Checks; and segregation of Duties. All findings were in the process of being resolved.

V. Adjournment:

Since there were no other matters to come before the Committee, Chairman Warr declared the meeting adjourned at 11:20 a.m.

Respectfully submitted,

Thomas L. Stepp
Secretary