

THE BOARD OF GOVERNORS OF THE COLORADO STATE UNIVERSITY SYSTEM
AUDIT AND FINANCE COMMITTEE
MEETING MINUTES
Conducted Remotely
June 5, 2023

ROLL

Governors present: Kenzo Kawanabe (Chair), Treasurer; Louis Martin; Armando Valdez

Administrators and staff present: Tony Frank, Chancellor, CSU System; Jason Johnson, General Counsel, CSU System; Henry Sobanet, Senior Vice Chancellor and CFO, CSU System; Rick Miranda, EVP, CSU; Brendon Hanlon, VPUO, CSU; Susy Serrano, Director of Internal Auditing, CSU System; Tim Mottet, President, CSU Pueblo; Meg Brewer, CSU Pueblo; Bridget Mullen, CSU System; Becky Takeda Tinker, President, CSU Global; Patti Arroyo, CFO, CSU Global; Suzanne Zimmerer, CSU System Treasury; Angie Neilson, CSU Fort Collins; Dave Ryan, Controller, CSU.

CSU System Staff present: Melanie Geary, Board Liaison

CALL TO ORDER

Chair Kawanabe called the Committee Meeting to order at 11:01 a.m. and asked Susy Serrano, Director of Internal Audit to review the Audit section.

Internal Audit Charter Policy

Ms. Serrano explained the Internal Audit Charter which is auditing's governing document and provides the authority to have unrestricted access to information to provide the System with independent and objective assessment of governance, risk and controls. She noted the Board would vote on the action item at the full Board meeting.

FY 2023-2024 Internal Audit Plan

Ms. Serrano then discussed the annual risk assessment process that engages many constituents to help prioritize and inform the annual plan of work. She noted intent to address risk before there is an issue. She went on to review the key risk themes and noted the crossover from the previous fiscal year was less than 5 percent. She also noted that Title IX was included in the plan because of the new regulations from the federal government which were expected in October 2023.

Finance Items

Governor Kawanabe asked Henry Sobanet to begin the finance portion of the meeting. Mr. Sobanet introduced and welcomed Mr. Garrison Ortiz, the new CFO for CSU Pueblo.

CSU

Mr. Sobanet then asked VP/CFO Brendan Hanlon to discuss CSU's proposed budget. Mr. Hanlon introduced the CSUFC budget, which was unchanged from the May meeting. He reflected on the work that had been done to address the deficits in the budget from October and getting to the budget being brought forward for approval by the BOG. He reviewed work to address budget deficits and noted that additional reallocation efforts within the colleges and units had allowed them to make further progress on compensation.

CSU Pueblo

President Mottet introduced Garrison Ortiz. He then presented the proposed budget and reviewed the three wildly important strategic priorities that had driven budgeting at CSU Pueblo for this budgeting cycle. He

discussed budget highlights and work to reduce deficits, as well as to improve compensation and keep tuition increases below authorized levels.

CSU Global

VP/CFO Patti Arroyo, discussed the proposed budget and forecast scenarios, which were impacted by enrollment declines and withdrawals. She explained the revised operating margin for FY 23 would be 14.9% which was 93 % of their target. She noted the anticipated operating margin for FY 24 was 11.8% in part due to recent strategic investments in marketing/advertising and plans for significant investment in that area in the coming year to get enrollment back on track.

CFO Sobanet thanked the teams for all of their hard work.

He then presented the CSU System office budget and projected expenses from the Board strategic reserve. Percent changes reflect the growth and operationalizing of CSU Spur. Underlying support from the campuses is held flat. He provided some history on the Board strategic reserve, which supports Spur, the CSU medical school cohort, System-wide IT projects and the investments at CSU Pueblo.

FY 2024-2025 Capital Construction Requests

CFO Sobanet presented the capital construction prioritizations and capital IT prioritizations that had been submitted to the State and the points system that entails. He noted that the Potato Research and Storage Facility was rated number one and the Veterinary Health Education Center (VHEC) was number two, along with completion funding for the Clark building renovation. He also explained the request for State support for the new HR system which would benefit Fort Collins, Pueblo and the System.

FY 2023-2024 Capital Construction Cash Funds Project List Request

CFO Sobanet presented the capital construction cash funds request noting that these are self funded projects but they still needed to be submitted to the State.

Mr. Sobanet then noted there was no Treasury update this time but noted the team continues to actively monitor.

With no further business the committee adjourned at 12:36 p.m.