Business Affairs and Audit Committee

September 2024

Radford
UNIVERSITY

Business Affairs and Audit Committee
11:45 a.m. **
September 5, 2024
Mary Ann Jennings Hovis Memorial Board Room
Martin Hall, Radford, VA

DRAFT
Agenda

• **Call to Order**	Dr. Betty Jo Foster, *Chair*
• **Approval of Agenda**	Dr. Betty Jo Foster, *Chair*
• **Approval of Minutes**	Dr. Betty Jo Foster, *Chair*
o June 7, 2024	
• **Audit and Advisory Services**	
o University Auditor's Report	Ms. Margaret McManus, *University Auditor*
• **Finance and Administration**	Dr. Rob Hoover, *Vice President for Finance and Administration and Chief Financial Officer*
o Capital Projects and Information Technology Updates	Mr. Ed Oakes, *Associate Vice President for Information Technology*
	Mr. Jorge Coartney, *Associate Vice President for Facilities Management*
o 2023-24 Financial Performance Report and Recommendation to approve Radford University's 2024-25 Operating Budget	Dr. Rob Hoover, *Vice President for Finance and Administration and Chief Financial Officer*
• **Other Business**	Dr. Betty Jo Foster, *Chair*
• **Adjournment**	Dr. Betty Jo Foster, *Chair*

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

COMMITTEE MEMBERS

Dr. Betty Jo Foster, Chair
Mr. George Mendiola, Vice Chair
Ms. Jeanne Armentrout
Ms. Joann S. Craig
Mr. Jonathan D. Sweet
Mr. James C. Turk

Meeting Materials

Radford
UNIVERSITY

Policy Title: Internal Audit Charter	Effective Date: 2/22/2018
Policy Number: GEN-PO-1005	Date of Last Review: 7/2/2021
Oversight Department: Office of Audit and Advisory Services	Next Review Date: 7/1/2024

1. **PURPOSE**

   The Office of Audit and Advisory Services, serving as the internal audit function for Radford University (University), was established by the Board of Visitors (Board) and the President as an integral part of the overall internal control structure of the University. The *Internal Audit Charter* describes the general purpose, authority, and responsibility of the Office of Audit and Advisory Services.

2. **APPLICABILITY**

   The *Internal Audit Charter* applies to all University employees, departments, and activities.

3. **DEFINITIONS**

   Business Affairs and Audit Committee: Per the *Radford University Board of Visitors Bylaws*, a standing committee of the Board of Visitors that is generally responsible for reviewing and recommending action to the Board regarding the financial and business affairs of the University, including but not limited to, capital projects, grants, contracts, and the naming of facilities. This committee also oversees the internal audit function of the University, receives the annual financial audit report of the Auditor of Public Accounts, and performs studies of financial matters as directed by the Board.

   Internal Auditing: An independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of an organization. The mission of internal auditing is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

   Internal Control: Based on the Internal Control – Integrated Framework (2013), published by the Committee of Sponsoring Organizations of the Treadway Commission, internal control is an ongoing process, effected by the Board of Visitors, management, and other University personnel designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance. Internal control consists of five major components: control environment, risk assessment, control activities, information and communication, and monitoring.

Management: The collective body of those who have the authority and responsibility to make decisions in order to manage or direct the various operations and business processes of the University. Management encompasses various levels of the organization including division heads, deans, directors, managers, and supervisors.

University Auditor: The senior position that is responsible for effectively managing the University's internal audit function in accordance with the *Internal Audit Charter* and the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework. The University Auditor is the Chief Audit Executive.

University Employee: Any person employed as a teaching faculty, administrative or professional faculty, classified employee, part-time or wage employee, student employee, work/study employee, or any other person paid through the University's payroll process.

4. **POLICY**

A. The University's Board of Visitors and the President are dedicated to supporting the internal audit function (i.e. the Office of Audit and Advisory Services), an integral part of the overall internal control structure of the University (see *Internal Control Policy*).

B. As the University's internal audit function, the Office of Audit and Advisory Services must be independent from the University's management to operate effectively. In order to provide for the independence of the Office of Audit and Advisory Services:

   1. The Office of Audit and Advisory Services staff will report to the University Auditor who will be administratively responsible to the President and functionally accountable to the Business Affairs and Audit Committee of the Board of Visitors.

   2. The University Auditor will be provided unrestricted access to communicate and interact directly with the Business Affairs and Audit Committee.

   3. The University Auditor will confirm to the Business Affairs and Audit Committee, at least annually, the organizational independence of the Office of Audit and Advisory Services.

   4. Any decision to remove the University Auditor must be approved by the Business Affairs and Audit Committee.

C. As its mission, the Office of Audit and Advisory Services will assist the Board of Visitors, the President, and senior management in accomplishing the University's strategic objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management, and control processes.

D. The Office of Audit and Advisory Services will be authorized to:

   1. have full, free, and unrestricted access to all functions, records, property, and personnel of the University.

   2. allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives and issue reports.

   3. obtain assistance from the necessary personnel of the University, as well as other specialized services from within or outside the University, in order to complete their work.

E. University employees must cooperate with the Office of Audit and Advisory Services in accordance with its authority.

F. The Office of Audit and Advisory Services will not be authorized to:

   1. perform any operational duties for the University or its affiliates.

   2. initiate or approve transactions external to the Office of Audit and Advisory Services.

   3. direct the activities of any University employee not employed by the Office of Audit and Advisory Services, except to the extent that such employees have been appropriately assigned to auditing teams, or to otherwise assist the audit team.

   4. develop or write policies or procedures that they may later be called upon to evaluate. Draft materials developed by management may be reviewed for propriety or completeness; however, ownership of, and responsibility for, these materials remains with management.

5. PROCEDURES

   A. Scope of Work

   1. The scope of work for the Office of Audit and Advisory Services will be to ascertain that the system of internal control (see *Internal Control Policy*), as designed and represented by management, is adequate and functioning in a manner to provide reasonable assurance regarding the following:

   a. Achievement of the University's strategic objectives

   b. Effectiveness and efficiency of operations and programs

   c. Reliability and integrity of financial and operational information

   d. Safeguarding of assets

   e. Compliance with policies, standards, procedures, contracts, and applicable laws and regulations

   2. Reviews and evaluations of internal control by the Office of Audit and Advisory Services will be advisory in nature. The University's management will continue to be responsible for establishing and maintaining an adequate internal control system.

   3. The Office of Audit and Advisory Services may also perform advisory and consulting services, provided the Office of Audit and Advisory Services does not assume management responsibility.

   B. Objectivity

   1. All work performed by the Office of Audit and Advisory Services will be conducted in an objective manner.

   2. The University Auditor will ensure that the Office of Audit and Advisory Services remains free from all conditions that threaten to impair the ability of audit staff to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content.

   3. If such an impairment, either in fact or in appearance, is detected, the University Auditor will take the appropriate action to address and, if necessary, disclose the information to the appropriate parties.

4. The Office of Audit and Advisory Services staff will maintain an unbiased mental attitude that allows them to perform their work objectively and in such a manner that they will believe in their work product, that no quality compromises will be made, and that they will not subordinate their judgment on audit matters to others.

5. The Office of Audit and Advisory Services staff will have no direct operational responsibility or authority over any of the activities that they audit, nor will they have had any within the previous year.

C. **Responsibility**

The University Auditor and the Office of Audit and Advisory Services staff will have responsibility to:

1. develop a flexible annual audit plan, considering the input of senior management and the Business Affairs and Audit Committee. The plan will be developed using an appropriate risk-based methodology and presented to senior management and the Business Affairs and Audit Committee.

2. implement the annual audit plan, reviewing and adjusting it as necessary in response to changes in the University's business, risks, operations, programs, systems, and controls.

3. report to appropriate levels of management significant issues related to the processes for controlling the activities of the University, including potential improvements to those processes.

4. follow up with management to verify that corrective actions are taken on findings and recommendations, and report the results periodically to senior management and the Business Affairs and Audit Committee.

5. evaluate and assess significant merging/consolidating functions and new or changing systems, services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.

6. perform special studies, reviews, or investigations requested by management.

7. perform consulting and advisory services related to governance, risk management, internal controls, or other areas of interest and concern.

8. conduct investigations of fraud, waste, and abuse, including those referred by the Office of the State Inspector General related to State Fraud, Waste, and Abuse Hotline cases. Results of these investigations will be communicated to management and the Business Affairs and Audit Committee, as appropriate.

9. coordinate with other control and monitoring functions and consider the scope of work of external auditors, as appropriate, to provide optimal audit coverage to the University at a reasonable overall cost.

10. periodically provide to the Business Affairs and Audit Committee information on the status and results of the annual audit plan and the results of activities and operations reviewed. Reports from "special request" audits may have more limited distribution.

11. ensure trends and emerging issues that could affect the University are considered and communicated to senior management and the Business Affairs and Audit Committee, as appropriate.

12. maintain a professional audit staff with sufficient knowledge, skills, and experience to meet the requirements of this *Internal Audit Charter,* and ensure that the principles of integrity, objectivity, confidentiality, and competency are applied and upheld. The impact of any resource limitations will be communicated to senior management and the Business Affairs and Audit Committee, as appropriate.

13. ensure emerging trends and successful practices in internal auditing are considered.

14. establish and ensure adherence to policies and procedures designed to guide the Office of Audit and Advisory Services.

15. ensure adherence to the University's relevant policies and procedures, unless such policies and procedures conflict with this *Internal Audit Charter*. Any such conflicts will be resolved or otherwise communicated to senior management and the Business Affairs and Audit Committee, as appropriate.

D. **Standards of Practice**

The Office of Audit and Advisory Services will conform to the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing (Standards), and the Definition of Internal Auditing.

E. **Quality Assurance and Improvement Program**

1. The Office of Audit and Advisory Services will maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include an evaluation of conformance with the Standards and application of the IIA's Code of Ethics.

2. The quality assurance and improvement program will include both internal and external assessments. Internal assessments will include ongoing monitoring and periodic assessments of the internal audit function. An external assessment will be performed at least once every five years by a qualified, independent assessor or assessment team.

3. The University Auditor will communicate results of the assessments to senior management and the Business Affairs and Audit Committee.

6. EXCLUSIONS

None

7. APPENDICES

None

8. REFERENCES

State Fraud, Waste, and Abuse Hotline

The Institute of Internal Auditors International Professional Practices Framework (IPPF)

Internal Control – Integrated Framework (2013), Committee of Sponsoring Organizations of the Treadway Commission

9. **INTERPRETATION**

    The authority to interpret this policy rests with the President of the University and is generally delegated to the University Auditor.

10. **APPROVAL AND REVISIONS**

    The *Internal Audit Charter* replaces and expands upon the *Charter* last adopted by the Board of Visitors on September 19, 2014. The newly developed *Internal Audit Charter* was developed in the University Policy Template, and was submitted to and approved by the President's Cabinet at the meeting held on January 8, 2018. The *Internal Audit Charter* was then submitted to and approved by the Radford University Board of Visitors at the meeting held on February 16, 2018. The President signed the *Internal Audit Charter* on February 22, 2018.

    Effective July 2, 2021, the *Internal Audit Charter*, was reviewed by the oversight department and no substantive revisions were deemed necessary. Minor editorial changes were made that did not affect the substance or intent of the policy.

For general information concerning University policies, contact the [Office of Policy and Tax Compliance](#) – (540) 831-5794. For questions or guidance on a specific policy, contact the Oversight Department referenced in the policy.

Fiscal Year 2024 Activity Report

Projects During Past Year
AUDITS & INVESTIGATIONS - Completed Minors on Campus Information Technology - Data Centers Information Technology - User Computing Information Technology - Cloud Hosted Applications - Truist Other Investigations (two cases) **AUDITS & INVESTIGATIONS - In Process** Information Technology - Key Information Security Roles Information Technology - Cloud-Hosted Applications College Transition Audit - College of Visual & Performing Arts College Transition Audit - Davis College of Business & Economics College Transition Audit - College of Nursing **ANNUAL AUDIT PROJECTS - Completed** Cash Counts (16 funds) Follow-up on Internal Audit Report Issues Follow-up on Auditor of Public Accounts (APA) Issues Inventory - June 30, 2023 Payroll Reviews (20 employees over 24 pay periods) Quality Assurance & Improvement Program Review University Discretionary Fund Reviews (4 quarters) **OTHER AUDIT PROJECTS - Completed** Indirect Audit Activities Coordination of APA Audit Coordination of OSIG Cybersecurity Audit Approximately 75 Management Advisory Projects

Fiscal Year 2024 Expenditures - Actual

- Personal Services
- Contractual Services
- Other

87%

11%

2%
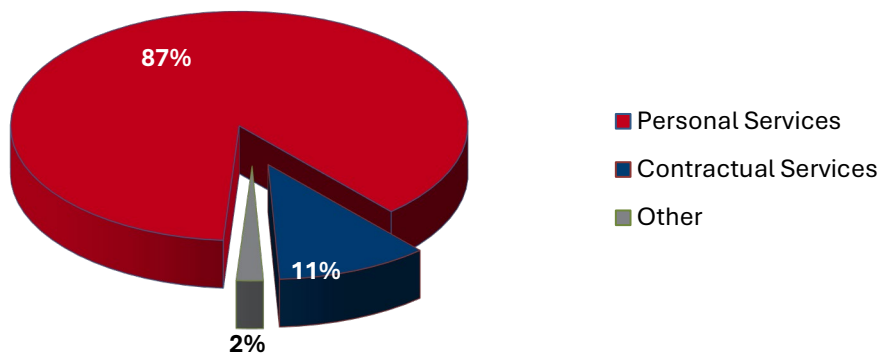
"Other" includes expenditures for travel, printing/postage/copier, telecommunications, and supplies & materials.

Fiscal Year 2024 Hours - Actual

- Audits & Investigations
- Advisory Services
- Indirect Audit Activities
- Professional Development
- Administrative

45%

7%

19%

5%

24%

Fiscal Year 2025 Expenditures - Projected

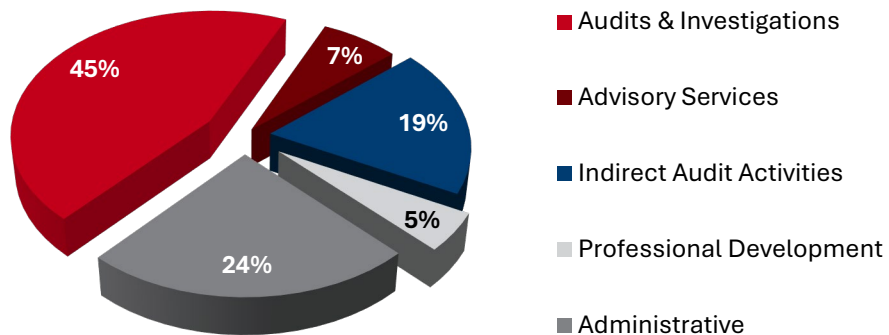- **79%** Personal Services
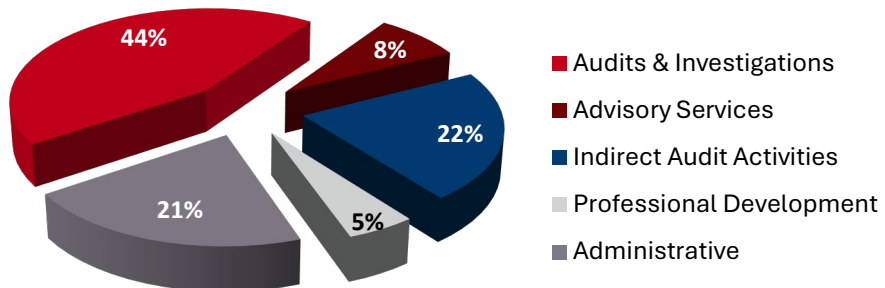- **21%** Other
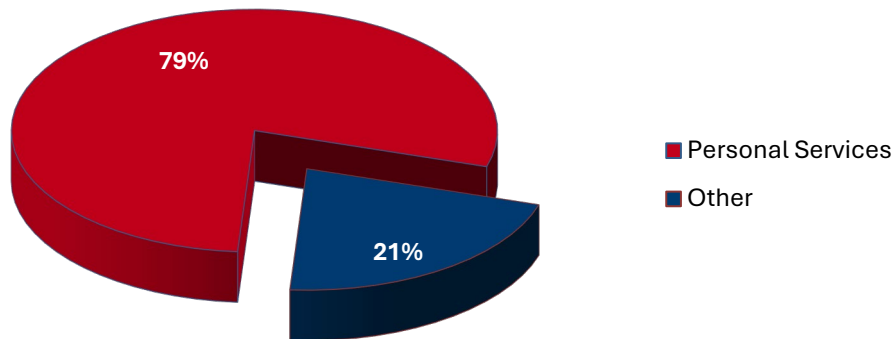
"Other" includes expenditures for travel, printing/postage/copier,contractual
services telecommunications, and supplies & materials.

Fiscal Year 2025 Hours - Projected

- **44%** Audits & Investigations
- **8%** Advisory Services
- **22%** Indirect Audit Activities
- **5%** Professional Development
- **21%** Administrative

BALANCED SCORECARD
Fiscal Year 2024

#	Measurement Goal/Criteria	Goal	Results
	Personnel		
1.	Maintain acceptable percentage of audit staff (employees or contractors) with professional certifications or advanced degrees.	Between 75%-100%	75%
2.	Each staff member obtains an acceptable number of professional continuing education hours per calendar year.	Between 40-60 hours	58 hours
	Productivity		
3.	Maintain an acceptable "administrative time" utilization ratio, based on hours worked.	25% or less	24%
	Reporting		
4.	Provide the Business Affairs and Audit Committee with periodic status updates.	Between 3-4 times/year	4 times
	Quality and Effectiveness		
5.	Maintain satisfactory results ("good" or 'excellent") on audit project customer satisfaction surveys.	Between 80%-100%	100%
6.	Maintain an acceptable percentage of business issues accepted by management.	Between 90%-100%	100%

Fiscal Year 2025 Audit Plan

AUDITS & INVESTIGATIONS

Projects from Prior Year (In Progress)
Information Technology (IT) Audit - Key Information Security Roles
IT Audit - Cloud-Hosted Applications - Account Management
College Transition Audit - College of Visual and Performing Arts
College Transition Audit - Davis College of Business and Economics
College Transition Audit - College of Nursing

New Projects
College Transition Audit - College of Humanities & Behavioral Sciences
IT Audit - Building Infrastructure Systems
IT Audit - Student and Academic Support Systems
IIA Standards Gap Analysis
Revenue Collection Audit
Workforce Retention and Succession Planning

State Hotline Investigations

Other Investigations

ANNUAL/ROUTINE AUDIT PROJECTS

Cash Counts
Fixed Asset Verifications
Follow-up on Internal Audit Report Issues
Follow-up on Auditor of Public Accounts (APA) Issues
Follow-up on Office of State Inspector General (OSIG) Issues
Inventory
Payroll Reviews
Quality Assurance & Improvement Program Review
University Discretionary Fund Reviews

OTHER PROJECTS

Indirect Audit Activities
Auditor of Public Accounts Audit Coordination
Office of State Inspector General Audit Coordination
Management Advisory Services Projects

RADFORD UNIVERSITY – OFFICE OF AUDIT & ADVISORY SERVICES
Information Technology Audit – Data Centers
June 12, 2024

BACKGROUND

Radford University's data center environment is comprised of the following components:

- Three on-campus data centers and one off-campus data center are designed to securely house information technology (IT) computing resources such as servers, systems, data, and network equipment.
- VMWare Servers allow multiple virtual machines to run on the same physical hardware at the same time.
- Storage Infrastructure (Userdir/Whale) provides data storage for users, departments, and application data.
- Backup System (NetBackup) allows for backup and recovery of databases, applications, and operating systems across multiple platforms.
- F5 Load Balancers distribute network traffic across resources to enhance performance and availability and to increase security.

These components are managed by Information Technology Services (ITS).

OBJECTIVES AND SCOPE

The objective of the audit was to assess the risks, security measures, and controls associated with the University's data center environment and to provide recommendations to lower those risks.

The scope of the audit was limited to the data center environment and included the following:

- Physical security and environmental controls
- Personnel access controls
- Information processing, storage, and performance management
- System configurations
- Network traffic management
- System and data backup processes, including recovery

The audit procedures included a review of the controls noted above and a comparison of them against information technology security industry best practices.

The audit was performed by both the Office of Audit and Advisory Services and Securance Consulting who was contracted by the Office of Audit & Advisory Services.

This audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

CONCLUSION

At the time of the audit and relative to the controls and processes reviewed, they appeared adequate to provide reasonable assurance that the objective noted above is being met. However, we identified the following business issues.

BUSINESS ISSUES

The following issues were identified in this audit. Page 2 contains information on planned actions and action completion dates and, accordingly, that page is an integral part of this report.

1. Improvements are needed regarding specific VMWare host servers.
2. Improvements are needed in the management of the NetBackup solution.
3. The University's Memorandum of Understanding (MOU) with Virginia Tech to serve as an offsite data center/data storage location has outdated and/or incorrect information.

RADFORD UNIVERSITY – OFFICE OF AUDIT & ADVISORY SERVICES
Information Technology Audit – Data Centers
June 12, 2024

	BUSINESS ISSUE			PLANNED ACTION	COMPLETION DATE
1.	Improvements are needed regarding specific VMWare host servers. Although the servers can only be accessed by system administrators using a restricted VPN connection, technical vulnerabilities were identified on specific servers and provided to management. Without prompt remediation of certain vulnerabilities, the risks of security weaknesses are increased.	1.	1. 2.	Four of the eight servers that had vulnerabilities have been decommissioned. The systems on the four remaining servers will be migrated to new VMWare servers in a vSAN environment, and those four remaining servers will be decommissioned.	Complete October 1, 2024
2.	Improvements are needed in the management of the NetBackup solution. Although backups include all critical systems and individual file recovery tests are performed, a full system recovery test is not performed. Not performing a test of a full system recovery increases the risk that, in an actual event, the University would be unable to recover critical data and/or systems.	2.	1. 2.	ITS will develop and document a comprehensive procedure to ensure full recovery tests are performed on the on-premise sensitive systems. ITS will complete a full recovery test for at least half of these on-premise systems that have a business criticality level of one.	November 15, 2024 November 15, 2024
3.	The University has a Memorandum of Understanding (MOU) with Virginia Tech for space in the Andrews Information Systems Building (AISB) Data Center to serve as an offsite data center/data storage location to support backup and recovery operations. However, the MOU contains outdated and/or incorrect information. Having outdated information could result in delays during service interruption events.	3.	1. 2.	ITS will update the MOU with Virginia Tech, including the corresponding attachments, regarding use of the AISB Data Center. ITS will also implement and document an annual review of the MOU.	July 15, 2024 July 15, 2025

RADFORD UNIVERSITY – OFFICE OF AUDIT & ADVISORY SERVICES
Information Technology Audit – Key Information Security Roles
August 8, 2024

BACKGROUND

Radford University classifies its information technology systems as either sensitive or non-sensitive. Sensitive systems are those where the confidentiality, availability, or integrity of the data or system is rated as "high". All sensitive systems must comply with the Radford University Information Technology Security Standard 5003s-01 (Standard).

At the time of our audit, there were 106 sensitive systems. 79 were vendor-hosted systems, and 27 were on-premise systems. The Standard defines key information security roles to manage those systems and outlines the responsibilities of those roles. Those roles and responsibilities are then assigned to individuals, as appropriate.

OBJECTIVES AND SCOPE

The objectives of the audit were to determine whether:
- Required information security roles have been assigned for sensitive systems,
- A proper separation of duties exists for key information security roles, and
- Individuals in key information security roles have completed required role-based training.

The scope of the audit included 100% of the 106 sensitive systems and the following key information security roles:

- System Owner
- Data Owner
- System Administrator
- Application Administrator

The audit procedures were based on the requirements outlined in the Radford University Information Technology Security Standard 5003s-01.

This audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

CONCLUSION

At the time of the audit and relative to the controls and processes reviewed, they appeared adequate to provide reasonable assurance that the objectives noted above are being met. However, we identified the following business issue.

BUSINESS ISSUES

The following issue was identified in this audit. Page 2 contains information on planned actions and action completion dates and, accordingly, that page is an integral part of this report.

1. The Standard contains requirements that, based on our testing, may need updating.

RADFORD UNIVERSITY – OFFICE OF AUDIT & ADVISORY SERVICES
Information Technology Audit – Key Information Security Roles
August 8, 2024

	BUSINESS ISSUE		PLANNED ACTION	COMPLETION DATE
1.	The Standard contains requirements that, based on our testing, may need updating. The Standard was originally developed in 2011; although it has been regularly updated since then, the environment (e.g., the increase in vendor-hosted systems) has changed such that the following sections appear to need review:	1.	ITS management will review the Standard's requirements related to key information security roles, including the sections noted, and update the Standard or update role assignments.	October 31, 2024
1.1	Section 2.2.7 requires that each system should have at least two System Administrators. We found instances where systems did not have at least two of these roles assigned.			
1.2	Section 2.2.2.7 (b) and 2.2.7 prohibit a System Administrator from also serving as the Data Owner for a system. We found two individuals that were assigned both roles for a system.			
1.3	Section 2.2.2.7 (b) and 2.2.8 do not address whether there are separation of duties/role requirements for Application Administrators. Considering the similarity in the roles of System Administrator and Application Administrator, a best practice may be to mirror the separation of duties requirement(s) for System Administrators, e. g., prohibit an Application Administrator from also serving as the System Owner or the Data Owner for a system.			

RADFORD UNIVERSITY – OFFICE OF AUDIT & ADVISORY SERVICES
Payroll Reviews
REVIEW PERIOD: Fiscal Year 2024

BACKGROUND
Radford University uses the Banner system to process payroll. To ensure the successful processing of the University's payroll, employees in the Payroll and in the Human Resources departments have access to update pay records in Banner, which could include their own pay records.   In discussions with management, it was determined that, in addition to the regular monitoring performed by Payroll, it would be helpful for the Office of Audit & Advisory Services to perform payroll reviews.

SCOPE AND OBJECTIVES
The scope was limited to full-time employees in the Payroll and in the Human Resources departments who have access to update pay records in Banner or to direct that such updates be made . The review period was fiscal year 2024. The objective was to determine whether variations in gross pay for those employees were adequately supported by documentation. In accomplishing the objective, our procedures included reviewing gross pay changes for 20 employees over 24 pay periods (100% of the pay periods for the fiscal year). This review was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

CONCLUSION
Based upon this work, we concluded that all variations in gross pay appeared to be adequately supported.

BUSINESS ISSUES
No business issues were identified.

FOLLOW-UP AUDIT STATUS REPORT
BUSINESS AFFAIRS AND AUDIT COMMITTEE
SEPTEMBER 2024

Audit: Sponsored Programs and Grants Management				
	Business Issue	Planned Action	Completion Date	Status
1.2	The University lacks a policy(ies) to define institutional base salary (IBS) and supplemental/extra-service pay. Such policy(ies) are required by the Uniform Guidance. Not having the required policy(ies) could result in unallowable compensation costs charged to Federal grants. One employee's supplemental pay amount was required to be revised after the original amount had been fully approved. The revision was required because the approved supplemental pay amount would violate a Federal requirement that the employee's total supplemental pay could not exceed the allowable percentage of the employee's normal salary. However, lack of University documentation outlining this requirement has led to confusion.	1.2 Human Resources, after consultation with SPGM and the Controller's Office, will develop a policy to address any restrictions that apply, such as the one noted on supplemental pay, in accordance with 2CFR§200.430 - Compensation - personal services. The new policy will be communicated campus wide. *The Vice President for Finance & Administration (VPFA), instead of Human Resources, is taking the lead on this action. The VPFA is collaborating with the Provost and other involved areas to finalize a policy.*	October 31, 2021 Revised to May 1, 2022 Revised to June 30, 2023 Revised to January 31, 2024 Revised to May 31, 2024 Revised to November 30, 2024	In Process

FOLLOW-UP AUDIT STATUS REPORT
BUSINESS AFFAIRS AND AUDIT COMMITTEE
SEPTEMBER 2024

Audit: Financial Aid-Enrollment Reporting			
Business Issue	Planned Action	Completion Date	Status
1.1 Improvements are needed in the unofficial withdrawals process to help ensure accuracy and efficiency. Specifically, 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. 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.	1.1 The Office of Financial Aid will work with the Registrar's Office to implement a quality control process. 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. *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, testing found that an inaccurate withdrawal date was used for students for whom the semester midpoint date was the withdrawal date.* *Spring 2022 – OAAS was unable to test due to NSLDS outages, resulting from the launch of the NSLDS Professional Access website.* *Fall 2022 – OAAS testing found that process improvements were needed to ensure that enrollment information for students who had name changes was recorded in NSLDS accurately and timely.* *Spring 2023 – OAAS testing found one exception related to timing due to an extenuating staff illness and training and one exception related to the process for student name changes not working consistently.* *Fall 2023 – OAAS testing found that the timing of records being updated, and enrollment files being submitted overlapped such that additional process improvements are needed to ensure the accuracy and timeliness of unofficial withdrawal reporting.* *Spring 2024 – OAAS testing found one exception which appeared to be related to the student being in a fast-track program. Financial Aid will work with the Registrar's Office on a resolution to that process.*	April 30, 2022 Revised to September 30, 2022 Revised to April 30, 2023 Revised to August 31, 2023 Revised to April 30, 2024 Revised to July 31, 2024 Revised to April 30, 2025	In Process

FOLLOW-UP AUDIT STATUS REPORT
BUSINESS AFFAIRS AND AUDIT COMMITTEE
SEPTEMBER 2024

Audit: Minors on Campus				
	Business Issue	Planned Action	Completion Date	Status
1.1	Improvements are needed in the University's policies and procedures regarding minors on campus. Specifically, The University lacks a process to identify, track, and assess all events and/or programs in the scope of this audit, in which minors may be participating. Through our inquiries and website searches, we identified 46 potential such events/programs over an approximate 18-month period. However, because the University does not have a comprehensive listing of such events/programs, nor a centralized process to capture all of them, we could not ensure that our list was complete. Additionally, although the University has two agreements used for events/programs sponsored by third parties, neither agreement has language regarding minors, and there is no place to indicate that the event/program could involve minors.	1.1 The University will develop a process to identify, track, and assess all events/programs in the scope of this audit in which minors may be participating.	May 31, 2024	Complete
1.2	Improvements are needed in the University's policies and procedures regarding minors on campus. Specifically, The University does not have a policy governing Minors on Campus.	1.2 The University will develop a policy governing Minors on Campus and communicate it to campus.	May 31, 2024	Complete

FOLLOW-UP AUDIT STATUS REPORT
BUSINESS AFFAIRS AND AUDIT COMMITTEE
SEPTEMBER 2024

Audit: APA Audit 06/30/2021				
Business Issue		Planned Action	Completion Date	Status
4.0	The University did not promptly return unclaimed student financial aid funds to ED within the required timeframe. In accordance with 34 CFR 668.164(I), if an institution attempts to disburse funds by check and the recipient does not cash the check, the institution must return the funds no later than 240 days after the date it issued that check or no later than 45 days after a rejected electronic funds transfer (EFT). Not returning funds timely can result in federal noncompliance and subject the institution to potential adverse actions affecting the institution's participation in Title IV aid programs. The University did not return $2,853 in unclaimed aid timely for aid year 2021. At the time we completed our audit, and after reviewing the full population of 47 students with aid outstanding, the University had not yet returned $374 to ED. Escheatment of the funds to the Commonwealth of Virginia rather than returning the funds to ED was the primary cause of the delay in returning the funds. The University should evaluate current policies and procedures for returning unclaimed student financial aid funds timely and implement corrective action to prevent future noncompliance. If the University is unable to successfully contact the federal aid recipient and the check remains uncashed or the EFT is rejected, the University should return the unclaimed funds to ED within the required timeframe.	4.0 The Office of Financial Aid and the Department of General Accounting are conducting a comprehensive review of current procedures for the timely return of funds. All necessary corrective action improvements will be finalized and validated by December 31, 2022.	December 31, 2022 Revised to March 31, 2023 Revised to August 30, 2023 Revised to December 31, 2023 Revised to June 30, 2024 Revised to September 30, 2024	In Process

FOLLOW-UP AUDIT STATUS REPORT
BUSINESS AFFAIRS AND AUDIT COMMITTEE
SEPTEMBER 2024

Audit: APA Audit 06/30/2023				
Business Issue		Planned Action	Completion Date	Status
3.2	The University did not accurately document the sensitivity category of confidentiality, integrity, or availability for seven out of 107 sensitive systems. The University assigns the category based on the data stored and processed by each system. The University Standard requires the data owner to determine the potential damages to the University in the event of compromise to the confidentiality, integrity, and availability of each type of data handled by the IT system and classify the sensitivity of the data accordingly. Additionally, the University's Data and System Classification Standard defines a sensitive system as one where the University rates confidentiality, integrity, or availability as high. Although the University accurately classifies the seven systems as sensitive, inaccurate documentation of the sensitivity category could increase the risk of the University not implementing the necessary security controls to protect sensitive information or wasting unnecessary resources for non-sensitive data and systems. The University was unaware of the inaccurate documentation of data sensitivity categories for the seven systems due to recent turnover in the Information Technology Services Department, including the Information Security Officer position, which has resulted in strained resources and a lack of oversight regarding the documentation of these seven systems' sensitivity classifications (University Standard, section: 2.4 IT System and Data Sensitivity Classification; Data and System Classification Standard, sections: 2. Policy; ISO Standard, 5.12 Classification of information).	3.2	As noted, there were seven systems that were classified as sensitive, but did not specify which of the three attributes (confidentiality, integrity, or availability (CIA)) was rated as high. The security controls implemented for these systems were appropriate and consistent with the sensitivity level of the systems; however, going forward, the Chief Information Security Officer will ensure that the CIA ratings are more closely reviewed and updated in ServiceNow to support the classification of each sensitive system.	April 13, 2024	Complete

FOLLOW-UP AUDIT STATUS REPORT
BUSINESS AFFAIRS AND AUDIT COMMITTEE
SEPTEMBER 2024

Audit: APA Audit 06/30/2023 (Continued)			
Business Issue	Planned Action	Completion Date	Status
4.1 The University does not enforce separation of duties by allowing the same individual to perform data removal and verify the proper removal of data from some IT assets. The University Standard states that the University shall establish separation of duties in order to protect sensitive IT systems, networks, and data, or establish compensating controls when constraints or limitations of the University prohibit a complete separation of duties. The ISO Standard requires the University to segregate conflicting duties and conflicting areas of responsibility. By allowing the same individual that performs data removal to verify data removal, the University increases the risk of fraud, error, and bypassing of information security controls (University Standard, section 8.2 Access Determination and Control; ISO Standard, section: 5.3 Segregation of duties).	4.1 The University has established desktop procedures that ensure a separation of duties for data removal and verification for most IT assets, such as laptops and desktops. The procedures require that the staff who perform the sanitization are different from the staff who verify the completion of the process and sign off on the Surplus form. However, for some server hard drives, due to the specialized technical skills required and limited staff available, the same individual may perform both the data removal and verification steps. For instances in which this may occur, the University has implemented compensating controls that mitigate the risk of data breach or leakage for the server hard drives. Those compensating controls include a rigorous multi-step process to ensure that the data is irretrievable; the steps include physical removal of the hard drives from the servers, configuration of the hard drives in a RAID array, wiping of the hard drives with a tool that overwrites the data with zeros, and physical destruction of the hard drives by drilling holes in them.	March 14, 2024	Complete

FOLLOW-UP AUDIT STATUS REPORT
BUSINESS AFFAIRS AND AUDIT COMMITTEE
SEPTEMBER 2024

Audit: APA Audit 06/30/2023 (Continued)					
	Business Issue		Planned Action	Completion Date	Status
4.3	For three out of 25 sampled assets (12%), the University did not document in the change ticket the surplus and disposal process staff used for the three IT assets. The University's Surplus Procedures requires staff to create a change ticket for each batch of IT assets going through the surplus and disposal process and to indicate whether staff sanitized or destroyed the IT asset. The University Standard and ISO Standard requires the University to sanitize digital media prior to disposal. Without documenting whether staff sanitized or destroyed the IT asset within the change ticket, the University cannot validate that its staff properly removes sensitive data during the IT asset surplus or disposal process (Surplus Procedures, step 9; University Standard, section: 10.2.2 IT Asset Management; ISO Standard, section: 7.10 Storage Media).	4.3	The University acknowledges that the technician neglected to document in the ticket the sanitization process utilized for the three identified IT assets. ITS will reinforce the appropriate procedures with all ITS personnel responsible for surplus and disposal.	August 1, 2024	Complete
4.4	The University did not document its verification of data removal for 19 out of 25 sampled assets. The University's Surplus Procedures require the Technology Assistance Center (TAC) Manager to notate their verification in the change ticket that staff appropriately erased and tested the machine that is ready for disposal. The University Standard also requires staff to sanitize digital media prior to disposal. Without documenting the verification of data removal, the University cannot ensure its staff properly sanitizes its confidential and mission essential data from its IT assets (Surplus Procedures, step 9; University Standard, section: 10.2.2 IT Asset Management).	4.4	The University acknowledges that the technician neglected to document in the ticket the verification process for the nineteen identified assets. ITS will reinforce the appropriate procedures for documenting the verification step.	August 1, 2024	Complete

Radford University | Audit and Advisory Services

FOLLOW-UP AUDIT STATUS REPORT
BUSINESS AFFAIRS AND AUDIT COMMITTEE
SEPTEMBER 2024

	Audit: IT - User Computing					
	Business Issue		**Planned Action**	**Completion Date**	**Status**
2.1	Improvements are recommended in University-owned mobile device management (MDM). Specifically, Although the IT Security Standard contains password requirements that are applicable to mobile devices, the University-owned mobile device strategy is not documented. Documenting the MDM strategy could decrease the risk that the strategy is not fully employed, especially if there is employee turnover.	2.1	ITS will document the MDM strategy.	September 1, 2024	Follow-up is in process
3.1	Improvements are needed in the managerial processes related to end user administrative access. Specifically, Although the University implemented an Admin by Request (ABR) process in August 2023 to grant administrative access to specific workstations, there remains a number of active "PRIV" accounts that were granted under the prior process. Those ""PRIV"" accounts lack the same protections for preventing the installation of malicious files that the new ABR-established accounts do. However, there is not a documented plan or date by which those legacy "PRIV" accounts will be revoked.	3.1	ITS will review the list of "PRIV" accounts and document a plan for these legacy accounts.	July 12, 2024	Complete

Audit and Advisory Services

**Business Affairs &
Audit Committee**

September 5, 2024

Status Updates on 2023-2024 Goals

1. **Obtain acceptance by management for 90% business issues identified in internal audits.**

    Status: 100% were accepted.

2. **Help enhance the University's Information Technology (IT) posture by executing IT audit projects annually in accordance with the five-year IT Audit Plan (20%).**

    Status: 14% of the five-year plan completed.

3. **The University will have no (0) repeat findings from the Auditor of Public Accounts (External Audits)**

    Status: 1 Repeat Finding from External Audits

Office of Audit and Advisory Services

Goals – FY 2024-2025

90% Obtain acceptance by management for business issues identified in internal audits.

34% Help enhance the University's Information Technology (IT) posture by executing IT audit projects annually in accordance with the five-year IT Audit Plan.

0 The University will have no repeat findings from the Auditor of Public Accounts (External Audits)

Office of Audit and Advisory Services

Questions and Discussion

Office of Audit & Advisory Services

RADFORD UNIVERSITY

Finance and Administration

Board of Visitors

September 5, 2024

Capital and Information Technology Update

Projects

- Artis Center for Adaptive Innovation and Creativity

- Tyler - Norwood

- Co-Gen

- Infrastructure

- Athletics Facilities Improvements

- Dalton Hall

- Roanoke Innovation Corridor

Finance and Administration

Radford UNIVERSITY

Current Active Projects

Artis Center for Adaptive Innovation and Creativity

Artis Center for Adaptive Innovation and Creativity
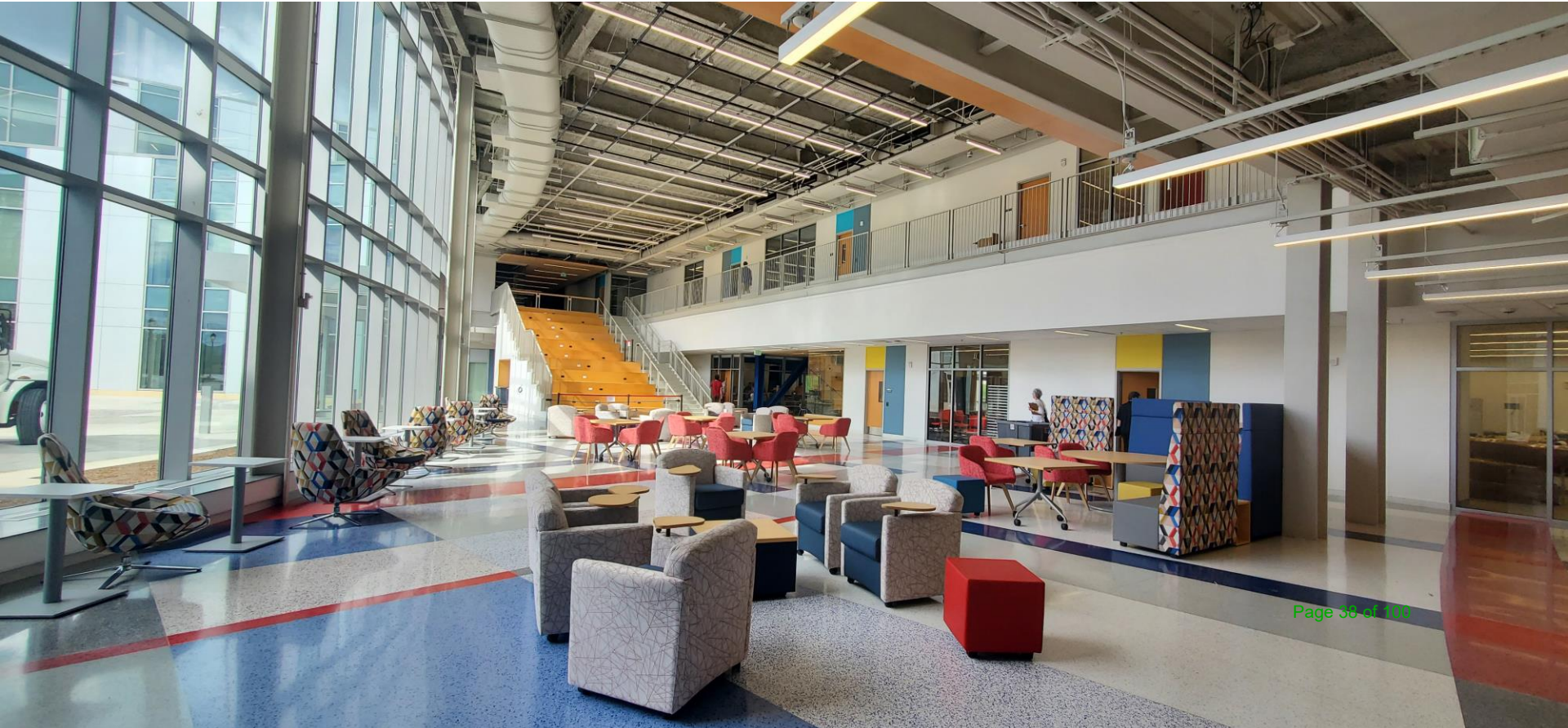
Artis Center for Adaptive Innovation and Creativity

Tyler and Norwood Halls

Tyler

Norwood

Finance and Administration

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CO-GEN

Finance and Administration

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UNIVERSITY

Improve Campus Infrastructure

Stormwater

Electricity

Steam
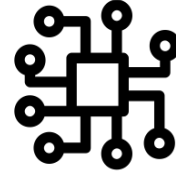
Information Technology

Chilled Water

ADA Improvements

Security/ Access Control

Fire Alarm

Water

Sanitary

Finance and Administration

Radford UNIVERSITY

Athletics Facilities Improvements

- Basketball Court Floor

- Volleyball Court Floor

- Display Board

- Elevator Replacement

- Boiler Replacement

Finance and Administration

Radford
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Capital Projects – Current Active Projects

Project	Funding	General Fund	Non-General Fund	Debt	Other	Total
Artis Center for Adaptive Innovation & Creativity	E&G	$128,437,350	$3,193,740	$0	$0	$131,631,090
Tyler and Norwood Halls	Auxiliary	$0	$38,500,000	$0	$0	$38,500,000
Improve Campus Infrastructure	E&G	$15,425,000	$0	$0	$0	$15,425,000
Co-Gen	E&G/Aux	$11,200,000	$4,800,000	$0	$7,000,000	$23,000,000

Finance and Administration

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Future Projects

Finance and Administration

Roanoke Innovation Corridor

Finance and Administration

Radford UNIVERSITY
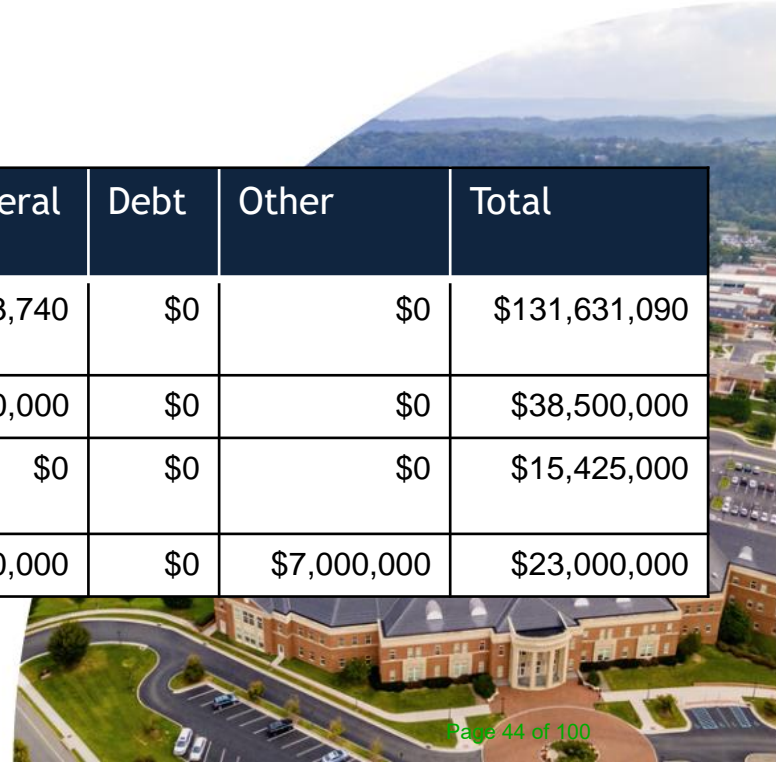
Renovate Dalton Hall

- Currently houses main dining location, dining retailers, bookstore and post office

- Upgrade mechanical and electrical systems

- Create effective entrances

- Enhance program efficiencies and effectiveness

Conceptual Exterior Rendering - SW Perspective - Circle

Finance and Administration

Radford UNIVERSITY

Capital Projects – 2024-2026 Biennium

Project	Funding	General Fund	Non-General Fund	Debt	Other	Total
Roanoke Innovation Center	E&G	$320,000,000	$0	$0	$0	$320,000,000
Dalton Hall Renovation	Auxiliary	$0	$55,000,000	$0	$0	$55,000,000
Expand Create Riverway Experience	Auxiliary	$0	$5,000,000	$0	$5,000,0000	$10,000,000
Athletics Umbrella Fund (Renovate Dedmon Center)	Auxiliary	$0	$0	$30,000,000	$0	$30,000,000
McConnell Library	E&G	$71,500,000	$0	$0	$0	$71,500,000
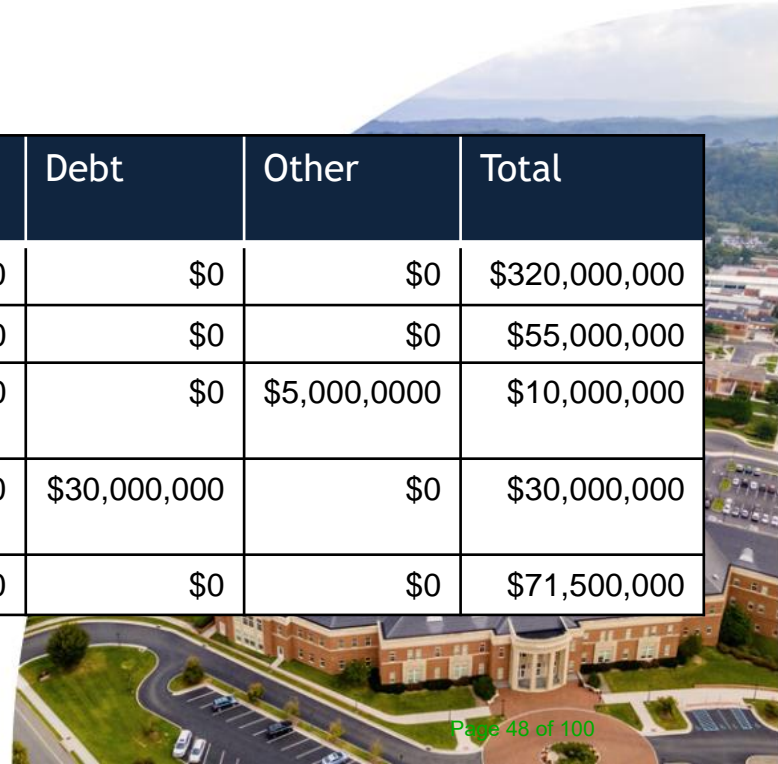
Finance and Administration

Radford UNIVERSITY

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs and Audit Committee
September 5, 2024

Information Item
Capital Projects and Information Technology Services Update

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

<u>**Artis Center for Adaptive Innovation and Creativity**</u>

Project Budget --- $126,631,000

Architect/Engineer Firm-- Hord Coplan and Macht

Construction Manager--- Skanska

The Artis Center for Adaptive Innovation and Creativity (Artis 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 Artis Center is in a prominent area of campus directly adjacent to East Main Street and responds aesthetically to the existing buildings along this important campus corridor.

The project scope includes the demolition of the existing Porterfield East and West Halls and McGuffey Hall and the 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 facilities and building systems that were fifty years old and inadequate for today's learning environment and technologies. The project is currently in line to receive LEED Silver 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 Guaranteed 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 communicated a gap in funding from their executed GMP and subcontractor bids to complete the project. In April of 2023, the Commonwealth of Virginia's Six Year Capital Planning Committee authorized supplemental funding to the University for the project. The University issued a change order to Skanska on April 28, 2023, to allow project completion and occupancy August 2024.

Construction was substantially complete on August 2, 2024, and a temporary certificate of occupancy was received from the State Building Official. Punchlist work continues along with work in the Ceramics room 200 which was added to the contract. The Ceramics work is anticipated to be completed in November 2024. Mechanical, electrical, and plumbing systems are operating and the final TAB report is nearing completion. Owner-furnished equipment is being installed and Faculty and Staff began moving into the building on August 14, 2024. Classes were held in the building with the start of the semester.

1

The Information Technology Services teams have been working diligently to complete technology infrastructure and AV installations. Network, WiFi, and surveillance camera installations have been completed. 133 Apple and Dell computers have been deployed in computer labs and learning spaces in the building. Two external vendors continue to work on AV installations with completion anticipated in early October. Classroom spaces were completed by these vendors first to support faculty and students on the first days of classes.

Renovation of Tyler and Norwood Halls

Project Budget -- $38,500,000

Architect/Engineer Firm--- Hanbury

Contractor--- Avis Construction

The Master Plan identified Norwood Hall and Tyler Hall as the next on-campus residence halls to be renovated. The renovation scope included 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, and 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. The project is now transitioning from design to construction. Construction Phase 1 of the project is complete which included non-structural selective demolition of the interior of the buildings.

The demolition phase revealed deficiencies in the existing floor slabs in both buildings that were not anticipated in the design. Repairing the floors requires additional costs to provide additional structural support and fireproofing.

The project entered the construction phase in June 2024. Avis Construction, Roanoke, Virginia, was awarded the contract. Repairs to concrete floors are underway and floors are being prepared for additional reinforcement. An emphasis is being made by the project team to submit and review shop drawings for equipment and other items with long lead times. The project is scheduled for completion August 2024.

Combined Heat and Power/Co-Generation Facility

Project Budget -- $23,000,000

Architect/Engineer Firm--- Trane

The Combined Heat and Power/Co-Generation Facility project would convert an existing building (the Art Annex) into a combined heat and power (CHP) facility for the 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 cost for construction is approximately $23 million. The project is estimated to save the University $2.0 million in annual operating costs. The approved 2022-24 Biennial Budget included $11.2 million in general funds and $4.8 million in non-general funds for this project. Due to the escalation of construction costs for mechanical and electrical installation projects, the university has requested approval to infuse $7.0 million in non-general funds into the project. The project qualifies for funding from the

Investment Recovery Act and the university is working to meet the criteria to receive $7 million on completion of the project. Negotiations with the City continue concerning the Interconnection Agreement terms. The University has received approval from the Virginia Department of Energy and the Division of Engineering and Buildings to move forward with the project. High-risk review was completed by the Division of Purchases and Supply and the Office of the Attorney General. Anticipate construction beginning mid-September.

Improve Campus Utilities Infrastructure

Project Budget -- $15,425,000

The Improve Campus Utilities Infrastructure project will provide improvements to campus utility infrastructure, including upgrades and enhancements to 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 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 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 75 and 100 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 reached end of life. 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 received the Medium Voltage Electrical Master Plan from Wiley and Wilson. As part of the development of the electrical master plan, an evaluation of the existing underground medium voltage distribution system was conducted with a brief shutdown of power over a large portion of the campus. The university is in the process of advertisement for proposals for the selection of an A&E firm for detailed plans.

Dalton Hall

Dalton Hall constructed in 1991 with approximately 74,000 square feet, serves as the primary hub for the University's main dining facility, post office, and bookstore. In 1996, a substantial exterior modification expanded the main entrance by approximately 4,000 square feet. Over its 33-year lifespan, Dalton Hall has undergone minimal renovation, limited to repairs, interior updates, and mechanical equipment replacements.

The proposed renovation is targeted to support the University by enhancing the facility to meet the needs and preferences of today's students. Fully renovating the building will maximize the impact of funds, ensuring an enhanced dining experience, increased flexibility in dining choices, and improved pedestrian flow across and between floors. While the primary focus is on interior spaces, the renovation project will also streamline ADA access, facilitate upgrades to mechanical and electrical systems, and ensure compliance with current building

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codes for all modified components.

The University has submitted the Capital Funding Request to the Department of Planning and Budget for approval to move forward with the design for this project.

New Medical Arts Building in Roanoke

The University submitted the Capital Funding Request to conduct pre-planning work for the proposed construction of a new medical art building at the Roanoke Campus to the Department of Planning and Budget for approval. The building will provide state-of-the-art medical education space including academic classrooms, laboratories, and administrative spaces to support the Roanoke operations.

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. In coordination with the City, the second phase of the project to link the University greenway to the City greenway was completed in June 2022. Outdoor seating and spaces designed to accommodate small informal gatherings were recently added.

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 rope 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.

The City of Radford has completed the rehabilitation of Ripley Bridge on University Drive across the Norfolk Southern tracks adjacent to East Main Street.

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

Website Redesign and Content Management System Change

Marketing and Communications and Information Technology Services (ITS) successfully launched Phase I of the website redesign on June 11. This featured 2,200+ university-wide pages (e.g., Homepage, About, Locations, Our History), enrollment-focused pages (e.g., Student Life, Visit, Admissions), and about 80 academic program pages. Since that time the teams have migrated the majority of the Academic College and departmental pages to the new system. Work to migrate the remainder of campus offices will continue until November. Training has been scheduled in September to provide Content Owners and Content Editors with information on maintaining the new site.

4

IT Security Operational Update

Security Awareness Training
Role-based training for System Owners, Data Owners, System Administrators and Application Administrators has been completed. This training emphasizes security concepts and best practices for managing university systems and data for those with system oversight, and for those who are responsible for the care and maintenance of those systems.

Planning is underway for a disaster recovery drill in late September that will consist of a more comprehensive test of on-premise system recovery. This session will also help review the incident response plans and provide an opportunity to enhance staff development. Emergency Management and Internal Audit will be included to provide additional feedback and suggestions for enhancement.

Graduate Application Moving to Slate CRM

Enrollment Management and Strategic Communication is winding down an effort to transition the graduate application from CollegeNET to Slate, providing consistency with the system used for undergraduate admissions. The Slate application for the graduate students went live August 1 and we continue to fine-tune the integrations.

Human Resources Applicant and Performance Management System Implementation

Human Resources and Information Technology Services have started the process of transitioning from PeopleAdmin to PageUp as the tool for applicant tracking and performance management. The team is working with the vendor to identify and map the data and configure integration processes. PageUp is currently conducting weekly workshops with the teams to configure the performance management module. Performance planning for the November 2024 – October 2025 is planned to launch in the PageUp system in November.

Annual Lifecyle Replacements

ITS is committed to maintaining and enhancing campus technology to maximize its value while keeping up with technological advances and mitigating obsolescence risks. ITS deployed 164 computers to faculty and staff and 70 computer lab and classroom computers throughout the summer.

Action: None. Informational only.

2023-24
Financial Performance Report

Radford
UNIVERSITY

2023-24 Financial Performance Summary

	Original Budget			Actual through June 30, 2024		
	Revenue	Expense	Surplus/ (Deficit)	Revenue	Expense	Surplus/ (Deficit)
University Operating						
Education & General	$159,435	($159,435)	$0	$163,825	($152,973)	$10,852
Student Financial Assistance	26,115	(26,115)	0	25,994	(31,575)	(5,581)
Sponsored Programs	8,962	(8,962)	0	5,892	(6,006)	(115)
Auxiliary Enterprise	63,216	(64,215)	(999)	60,894	(61,573)	(679)
Total University	**$257,728**	**($258,727)**	**($999)**	**$256,605**	**($252,127)**	**$4,477**

Finance and Administration

2023-24 Actual Revenue: All Programs & Funds

($ in millions)

Student Financial Assistance
$26.0
10.1%

Auxiliary Enterprises
$60.9
23.7%

Sponsored Programs
$5.9
2.3%

Educational & General
$163.8
63.8%

Finance and Administration

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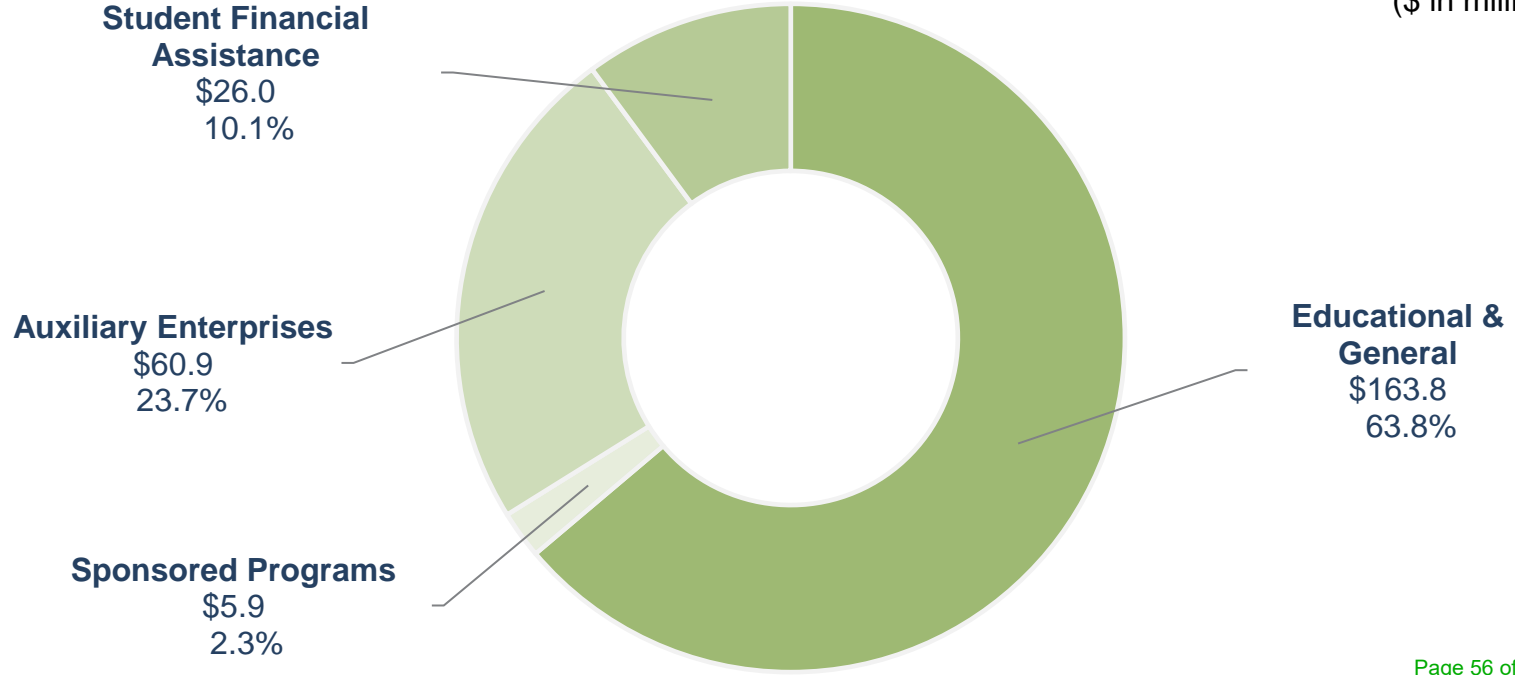
2023-24 E&G Actual Revenue: General v. Nongeneral Split

($ in millions)

Nongeneral Fund
$67.4
41.1%

General Fund
$96.4
58.9%

Finance and Administration
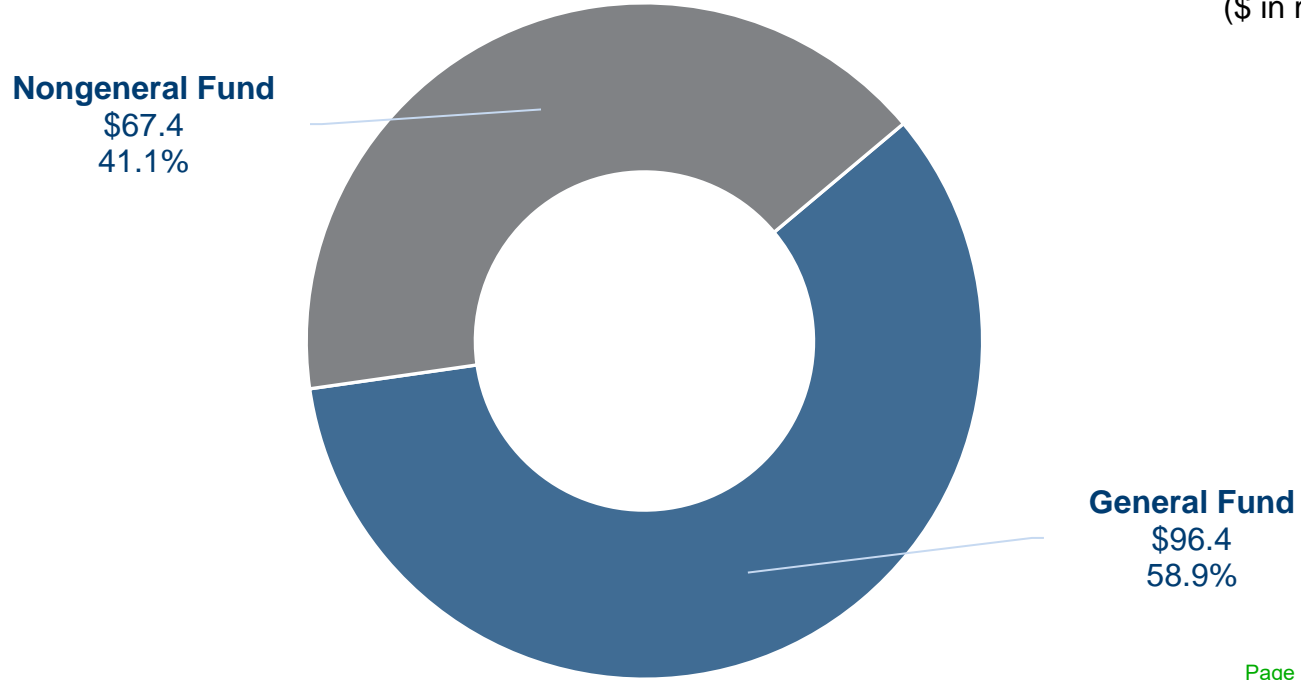
2023-24 Actual Revenue: Auxiliary Enterprise

($ in millions)

Dining Services
$14.7
24.1%

Residential Services
$19.3
31.7%

Other
$7.3
12.0%

Student Activities, Union, Recreation, & Health
$9.3
15.3%

Intercollegiate Athletics
$10.3
16.9%

Finance and Administration

Radford UNIVERSITY
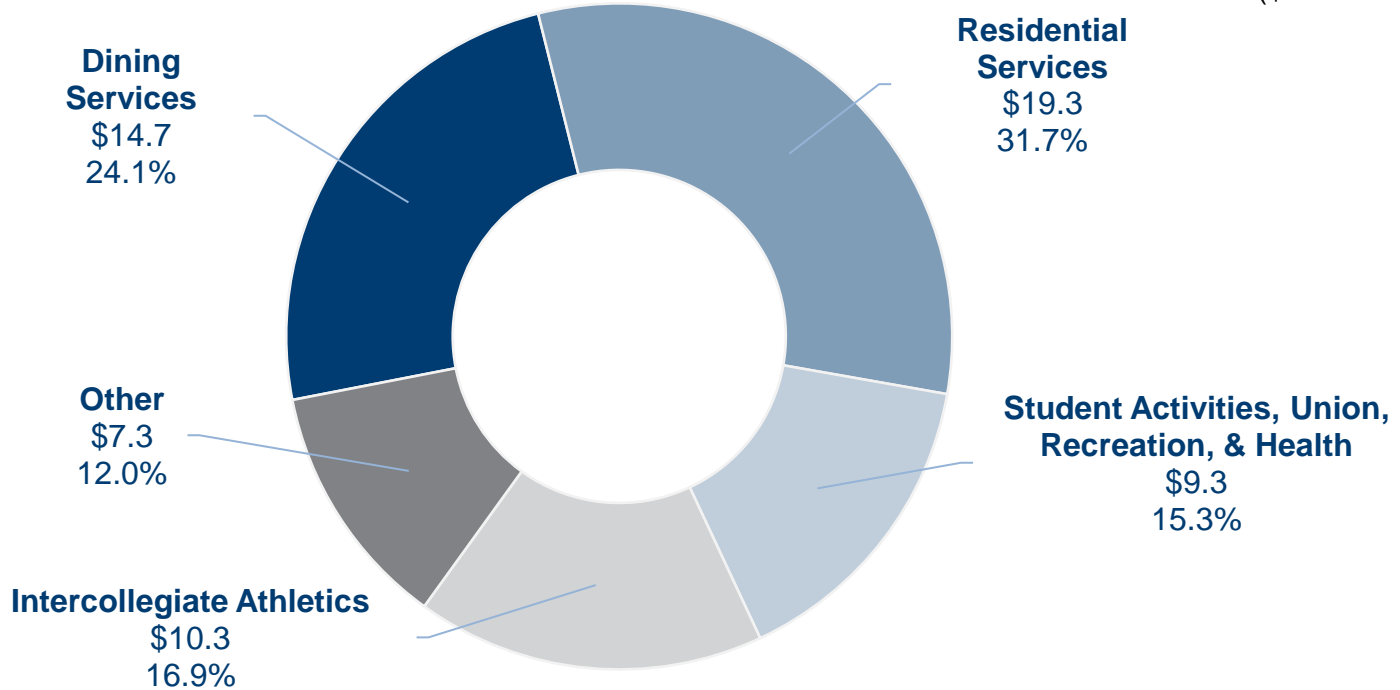
E&G Reserve Summary

Annual Contributions		
2019	$	1,237,885
2020	$	2,284,692
2021	$	9,431
2022	$	453,397
2023	$	757,815
2024	$	-
Total	$	4,743,220
Anticipated Contribution		
2025	$	1,036,942

FY2025 Calculation	Reserve (6%)
$ 96,336,034	$ 5,780,162

Finance and Administration

Radford
UNIVERSITY

Auxiliary Reserve Summary

A reserve is an undivided or unidentified portion of the net assets of an institution, in a stated amount, held for a special purpose.

There are three categories of auxiliary enterprise reserves that are related to different expenditures or budgets.
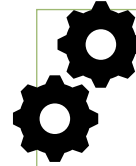
Operating
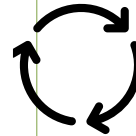
Renewal & Replacement

Major Renovation, Acquisition, and Plant or Program Expansion

Auxiliary Reserve Summary

($) in thousands

	2020	2021	2022	2023	2024
Auxiliary Reserve Balance	$ 115,174	$ 122,390	$ 135,955	$ 134,072	$ 131,676
Yr to Yr Change ($)	$ **11,284**	$ **7,217**	$ **13,567**	$ **(1,884)**	$ **(2,396)**
Yr to Yr Change (%)	**10.86%**	**6.27%**	**11.08%**	**(1.39)%**	**(1.79)%**

Finance and Administration

Radford UNIVERSITY

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
September 5, 2024

Information Item
Financial Performance Report and Write Off of Past Due Accounts Update for the Year
Ending June 30, 2024

Item 1: Summary of fiscal year 2023-24 revenue and expenditures as of June 30, 2024.

Background:
The Financial Performance Report includes Schedules A and B which provides a summary of unaudited revenue and expenditure activity for the year ending June 30, 2024. The Financial Performance Report is generated from annual budget projections and actual accounting data recorded in Banner Finance that has been reconciled with the Commonwealth's Accounting System (Cardinal). The actual accounting data is recorded using a modified accrual basis of accounting which recognizes revenue when received rather than when earned and expenditures when posted rather than when payment is issued.

The Original Budget was approved by the Board of Visitors at the September 2023 meeting. The Revised Budget is inclusive of any technical adjustments made throughout the year, as well as the board approved 2023-2024 third quarter adjustment to account for revenue shortfalls associated with reduced service levels and have been offset by institutional cost saving strategies as well as Federal and State relief programs initiated to support Institutions of Higher Education during this unprecedented time.

For the year ending June 30, 2024, revenues and expenditures were at projected levels. Schedule A provides a summary of revenue and expenditure activity by major program. Schedule B provides a summary of revenue, expenditure, and reserve draw/(deposit) by major auxiliary enterprise unit. Footnotes are included in each schedule to explain variances between the Original Budget, Revised Budget, and year-end Actuals.

The draw from auxiliary reserve was less than expected due to lower than anticipated contract vendor payments and scholarship awards, the timing of expenditures, and greater than anticipated turnover and vacancy savings.

Item 2: Summary of all past due accounts written off as of June 30, 2024.

Background:
The Virginia Department of Accounts Commonwealth Accounting Policies and Procedures (CAPP) Manual, Topic 20505, *Accounts Receivable*, states that delinquent accounts should be written off an agency's financial accounting records when all collection procedures, including those procedures required by the Office of the Attorney General (OAG), have been conducted without results and management deems the accounts uncollectible. Accounts are deemed uncollectible if the collection account is over one year old and no payments have been received.

The OAG accounts are deemed uncollectible if no payment has been made in one year from the time it is placed with the OAG. Accounts are written off effective the last day of the quarter in which this time period applies.

When accounts are written off, they are removed from an agency's financial accounting records. Writing off the debt for accounting purposes does not discharge the debt. The debt is still owed to the Commonwealth, but is no longer reported on the agency's books as a receivable. Eligible written off receivables must continue to be submitted to the Commonwealth's debt setoff program.

In 2006, the Radford University Board of Visitors delegated authority to write off uncollectible accounts under the amount of $25,000 per quarter to the Vice President for Finance and Administration and Chief Financial Officer. To meet financial reporting standards in a timely manner, the Board of Visitors revised the write-off delegation in 2014 to authorize the Vice President for Finance and Administration and Chief Financial Officer to write off all uncollectible accounts meeting State and University guidelines at the end of the reporting quarter, regardless of amount and provide an annual report of the previous year-ending activity at the September Business Affairs and Audit Committee meeting.

Below is a summary of the accounts written off by type of charge that have been returned by one of the University's third-party collection agencies as uncollectible, or referred to the OAG, and were deemed uncollectible during the fiscal year ending June 30, 2024:

Classification	Quarter Ending 9/30/2023	Quarter Ending 12/31/2023	Quarter Ending 3/31/2024	Quarter Ending 6/30/2024	FY 2024 Total $	FY 2024 Total #
Tuition & Fees	$75.00	$5,293.72	$73,223.57	$65,763.91	$143,856.20	39
Parking & Fines (Bursar)	$100.00	$418.03	$0.00	$960.00	$1,379.03	21
Parking & Fines (Univ Svcs)	$3,395.00	$0.00	$250	$0.00	$3,397.50	73
Payroll	$2,113.42	$0.00		$0.00	$2,113.42	7
Residential Life	$58.00	$180.00	$714.50	$300	$1,252.50	14
Discharged Litigation Cost	$0.00	$0.00		$0.00	$0.00	0
Conduct	$0.00	$100.00		$671	$771.00	6
Late Fees	$0.00	$78.00		$532.20	$610.20	21
Returned Items	$0.00	$6.00	$50.00	$0.00	$56.00	2
Total Approved Write-offs	**$5,585.00**	**$6,075.75**	**$74,238.07**	**$68,227.11**	**$153,434.85**	**183**

Summary:
No action required; information item only.

Radford University
Financial Performance Report
For the Period Ending June 30, 2024

Dollars in Thousands

	Annual Budget for 2023-24			July 1, 2023 to June 30, 2024	
	Original (a)	**Adjustments** (b)	**Revised** (c)	**Actuals** (d)	**Remaining**
Educational and General Programs					
Revenues					
General Fund	$92,310	$3,200 (1)	$95,511	$96,366	(855)
Tuition and Fees	63,579	0	63,579	63,594	(15) (6)
All Other Income	3,546	0	3,546	3,866	(320) (7)
Total Revenues	$159,435	$3,200	$162,636	$163,825	($1,189)
Expenditures					
Instructional & Academic Support	($97,509)	($18)	($97,527) (2)	($95,024)	($2,503)
Public Service Programs	(750)	(0)	(750)	(430)	($320) (8)
All Other Support Programs	(61,177)	(3,112)	(64,289) (1), (2)	(57,519)	($6,770) (9)
Total Expenses	($159,435)	($3,130)	($162,566)	($152,973)	($9,592)
Reserve Draw (Deposit)	0	(70)	(70)	(10,852)	$10,782 (10)
NET	**$0**	**$0**	**$0**	**$0**	**$0**
Student Financial Assistance					
Revenue	$26,115	$12,203	$38,318 (3)	$25,994	$12,324
Expenditures	(26,115)	(12,203)	(38,318) (3)	(31,575)	(6,743) (11)
Reserve Draw (Deposit)	0	0	0	5,581	(5,581) (11)
NET	**$0**	**$0**	**$0**	**$0**	**$0**
Sponsored Programs					
Revenue	$8,962	$84	$9,046 (4)	$5,892	$3,154 (12)
Expenditures	(8,962)	(84)	(9,046) (4)	($6,006)	(3,040) (12)
Reserve Draw (Deposit)	0	0	0	115	(115) (12)
NET	**$0**	**$0**	**$0**	**$0**	**$0**
Auxiliary Enterprises					
Revenues	$63,216	$168	$63,383 (5)	$60,894	$2,489 (5)
Expenditures	(64,215)	(1,884)	(66,099) (5)	($61,573)	(4,526) (5)
Reserve Draw (Deposit)	999	1,717	2,716	679	2,037
NET	**$0**	**$0**	**$0**	**$0**	**$0**
Total University					
Revenues	**$257,728**	**$15,655**	**$273,383**	**$256,605**	**$16,777**
Expenses	**(258,727)**	**(17,302)**	**(276,028)**	**(252,128)**	**(23,901)**
Reserve Draw (Deposit)	**999**	**1,647**	**2,646**	**(4,478)**	**7,124**
NET	**$0**	**$0**	**$0**	**$0**	**$0**

Notes:

(a) Original Budget - Reflects the projected 2023-24 Operating Budget as of July 1, 2023 which was approved by the Board at the September 2023 meeting. Both recurring and one-time operating budgets are included.

(b) Adjustments - Reflects changes that have been made to the 2023-24 Operating Budget between July 1, 2023 and June 30, 2024. Both recurring and one-time operating budgets are included.

(c) Revised Budget - Revised Budget - Reflects the current 2023-24 Operating Budget as of December 31, 2023. Both recurring and one-time operating budgets are included.

(d) Actual Revenue and Expense Activity Through June 30, 2024.

Radford University
Financial Performance Report - Notes
For the Period Ending June 30, 2024

1) The General Fund Revenue budget was increased by $3.2M based on State Appropriation.

   The All Other Support Expense budget was also adjusted by $3.1M to account for increase in revenue, as well as T&V savings temporarily reallocated for one-time funding.

2) The Instructional and Academic Support budgets decreased overall. The budget adjustments were due to turnover and vacancy savings temporarily reallocated for one-time funding expenses.

3) The Student Financial Assistance revenue and expense budgets were primarily adjusted to account for appropriation increases for state Affordable Access funding, VA Military Survivors & Dependents Program (VMSDP), the Two-Year Commonwealth Transfer Grant Program (CTG), American Rescue Plan Act (ARPA), the Governor's Emergency Education Relief Fund (GEERF), and deferred undergraduate, as well as graduate financial aid funding.

4) The Sponsored Programs Revenue and Expense Budget was increased for the University's portion of Federal and State Restricted funds, and nongovernmental grants and contracts for institutional need.

5) The budget adjustments and projection variances are detailed in the Auxiliary Enterprises section of this report.

6) Tuition and Fees actual revenue was higher than anticipated in select programs (i.e. Fast Track, RUC and Highlander

7) The All Other Income Actuals increased above budgeted allocation due to sales and interest income.

8) The Public Service Program budget adjustments are self-contained within the Programs. Actual expenditures were less than budgeted due to timing of activities.

9) The expenses in All Other Support Programs are less than projected due to lower than expected utility costs, greater than anticipated turnover and vacancy, the timing of the campus renovation projects, and efficient and fiscally responsible operating spending.

10) The Variance in the E&G Programs actuals is reflective of the unexpended dollars resulting an expected carry forward of from FY24 year end.

11) The Reserve Draw in the Student Financial Assistance Programs budget is reflective of the carry forward of the American Rescue Plan Act (ARPA) relief funding and deferred undergraduate, as well as graduate financial aid funding.

12) The Sponsored Programs revenue and expense budget is based on authorized state appropriation and is not necessarily reflective of anticipated fiscal year activity. Externally sponsored programs are initiated and finalized on an individual basis without fiscal year consideration, thus the actual fiscal year activity will vary from the projected revenue and expense budgets. The Reserve Draw reflects the timing of expense reimbursements from the grantor.

Radford University
Auxiliary Enterprise
For the Period Ending June 30, 2024

Dollars in Thousands

	Annual Budget for 2023-24			July 1, 2023 to June 30, 2024	
	Original (a)	Adjustments (b)	Revised (c)	Actuals (d)	Remaining
Residential & Dining Programs					
Revenues	$32,852	0	$32,852	$33,934	($1,081) (3)
Expenditures	(33,860)	(765)	(34,625)	(33,418)	($1,207) (4)
Reserve Draw (Deposit)	1,008	765	1,773	(516)	$2,289
NET	**$0**	**$0**	**$0**	**$0**	**$0**
Bookstore					
Revenues	$70	0	$70	$271	($201) (6)
Expenditures	(69)	0	(69)	(50)	($19) (6)
Reserve Draw (Deposit)	(1)	0	(1)	(221)	$219
NET	**$0**	**$0**	**$0**	**$0**	**$0**
Parking & Transportation					
Revenues	$1,752	0	$1,752	$1,653	$98 (7)
Expenditures	(1,711)	(0)	(1,711)	(1,122)	($589) (4), (7)
Reserve Draw (Deposit)	(41)	0	(41)	(531)	$490
NET	**$0**	**$0**	**$0**	**$0**	**$0**
Telecommunications					
Revenues	$520	0	$520	$309	$211
Expenditures	(508)	0	(508)	(476)	($31) (4)
Reserve Draw (Deposit)	(12)	0	(12)	167	($180)
NET	**$0**	**$0**	**$0**	**$0**	**$0**
Student Health Services					
Revenues	$2,547	0	$2,547	$2,240	$307
Expenditures	(2,533)	(190)	(2,723) (4)	(2,518)	($205) (4)
Reserve Draw (Deposit)	(14)	190	176	278	($102)
NET	**$0**	**$0**	**$0**	**$0**	**$0**
Student Programming					
Revenues	$7,706	8	$7,714	$7,058	$656
Expenditures	(7,658)	(108)	(7,766)	(6,787)	($979) (4)
Reserve Draw (Deposit)	(48)	100	52	(271)	323
NET	**$0**	**$0**	**$0**	**$0**	**$0**
Building & Facilities					
Revenues	$829	0	$829	($2,589)	3,418
Expenditures	(1,707)	50	(1,657)	(2,213)	$556 (4)
Reserve Draw (Deposit)	878	(50)	828	4,802	($3,974)
NET	**$0**	**$0**	**$0**	**$0**	**$0**
Other Enterprise Functions					
Revenues	$5,463	54	$5,518 (1)	$7,736	($2,219) (8)
Expenditures	(4,730)	(427)	(5,157) (5)	($3,028)	($2,129) (4)
Reserve Draw (Deposit)	(733)	373	(361)	(4,708)	$4,347
NET	**$0**	**$0**	**$0**	**$0**	**$0**
Intercollegiate Athletics					
Revenues	$11,476	106	$11,582 (2)	$10,282	$1,299 (9)
Expenditures	(11,439)	(444)	($11,883)	(11,961)	$77 (9)
Reserve Draw (Deposit)	(37)	339	301	1,678	($1,377)
NET	**$0**	**$0**	**$0**	**$0**	**$0**
Total Auxiliary Enterprise					
Revenues	**$63,216**	**$168**	**$63,383**	**$60,894**	**$2,489**
Expenses	**(64,215)**	**(1,884)**	**(66,099)**	**(61,573)**	**(4,526)**
Reserve Draw (Deposit)	**999**	**1,717**	**2,716**	**679**	**2,037**
NET	**$0**	**$0**	**$0**	**$0**	**$0**

Notes:

(a) Original Budget - Reflects the projected 2023-24 Operating Budget as of July 1, 2023 which was approved by the Board at the September 2023 meeting. Both recurring and one-time operating budgets are included.

(b) Adjustments - Reflects changes that have been made to the 2023-24 Operating Budget between July 1, 2023 and June 30, 2024. Both recurring and one-time operating budgets are included.

(c) Revised Budget - Reflects the current 2023-24 Operating Budget as of June 30, 2024. Both recurring and one-time operating budgets are included.
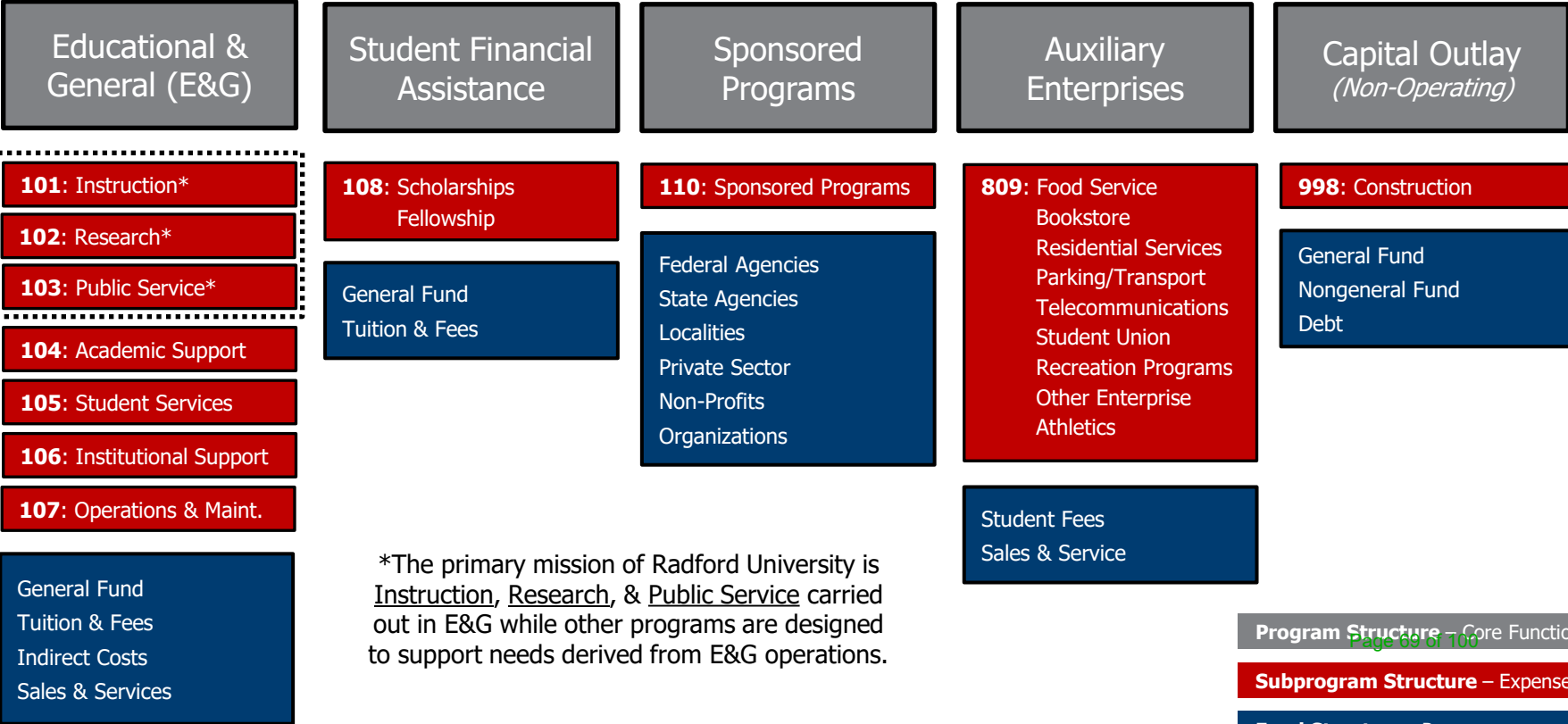
(d) Activity Through June 30, 2024.

Radford University
Auxiliary Enterprise - Notes
For the Period Ending June 30, 2024

1) Printing Services revenue budget was increased to reflect increase in expected revenues and associated expenses.

2) Athletics revenue budget was increased in Quarter 3 to account for increased marketing revenue and game guarantees.

3) Residential and Dining Program revenues were higher than budgeted due to higher than projected revenues for housing assignments and meal plan sales versus conservative budgeting.

4) Auxiliary expenses were lower than anticipated due to higher than projected turnover and vacancy savings.

5) Other Enterprise Functions expense budgets were increased as a result of personal service temporary adjustments, one-time expense requests, and approved temporary strategic investment projects.

6) The Bookstore Revenues were more than anticipated and Expenditures were less than anticipated.

7) The Parking and Transportation revenue and expenses were less than anticipated.

8) Other Enterprise Functions revenue was higher than anticipated due to an increase in auxiliary interest income.

9) Athletics actual revenues were less than budgeted due to lower than anticipated comprehensive fee revenue and a higher amount of scholarship waivers. Actual expenses were more than anticipated. Auxiliary indirect was higher than anticipated based on expenditures.

2024-25

Proposed Operating Budget

Finance and Administration

Radford UNIVERSITY

RADFORD UNIVERSITY – Agency 217

Educational & General (E&G)

101: Instruction*

102: Research*

103: Public Service*

104: Academic Support

105: Student Services

106: Institutional Support

107: Operations & Maint.

General Fund
Tuition & Fees
Indirect Costs
Sales & Services

Student Financial Assistance

108: Scholarships
Fellowship

General Fund
Tuition & Fees

*The primary mission of Radford University is Instruction, Research, & Public Service carried out in E&G while other programs are designed to support needs derived from E&G operations.

Sponsored Programs

110: Sponsored Programs

Federal Agencies
State Agencies
Localities
Private Sector
Non-Profits
Organizations

Auxiliary Enterprises

809: Food Service
Bookstore
Residential Services
Parking/Transport
Telecommunications
Student Union
Recreation Programs
Other Enterprise
Athletics

Student Fees
Sales & Service

Capital Outlay
(Non-Operating)

998: Construction

General Fund
Nongeneral Fund
Debt

Program Structure – Core Functions

Subprogram Structure – Expenses

Fund Structure - Revenues

2024-25 Resource Allocation: Revenue

REVENUE

General Fund Changes

Compensation Adjustments (prior 7%, current 3%)	$	8,060,402
Affordable Access Funding	$	6,397,000
Fringe Benefits & Other	$	2,824,970
Total GF Changes	**$**	**17,282,372**

Non-General Fund Changes

Tuition Impact (Enrollment: -3.03%, Tuition Rate increases)	$	(624,275)
Tuition Refund (UG In-State 1.5%)	$	(786,853)
Other	$	(2,270,000)
Total Non-GF Changes	**$**	**(3,681,128)**

Total Revenue Changes	**$**	**13,601,244**

Finance and Administration

Radford UNIVERSITY

2024-25 Resource Allocation: Expense

EXPENSES

Compensation & Fringes

Fringe Increase	$	979,000
Compensation Adjustments	$	3,343,000

Central Cost Commitments

Mandatory Costs (State Funded)	$	6,397,000
Mandatory Costs (RU Funded)	$	3,620,000
RU Strategic Commitments	$	3,815,000

Divisional

Divisional Requests	$	1,099,000
Divisional Savings Strategies	$	(2,644,000)

Total Expense Changes	**$ 16,609,000**

Finance and Administration

2024-25 Resource Allocation: Expense (cont.)

SAVINGS STRATEGIES

Academic Affairs	$	(1,170,538)
Finance & Administration	$	(405,274)
Central Administration	$	(43,897)
Economic Development		
Student Affairs	$	(36,707)
University Advancement	$	(32,500)
Enrollment Management & Strategic Communications	$	(158,027)
Central Resources	$	(797,057)
Total Savings Strategies	**$**	**(2,644,000)**

Finance and Administration

Radford
UNIVERSITY

2024-25 Proposed Budget Summary

($ in Thousands)

	Revenue			Expense		
	Base	**One-Time**	**Total**	**Base**	**One-Time**	**Total**
University Operating						
Education & General	$160,409	$12,625	$173,034	($160,409)	($12,625)	($173,034)
Student Financial Assistance	31,763		31,763	(31,763)		(31,763)
Sponsored Programs	8,962		8,962	(8,962)		(8,962)
Auxiliary Enterprise	65,249		65,249	(66,555)	(1,616)	(68,171)
Total University	**$266,383**	**$12,625**	**$279,008**	**($267,689)**	**($14,241)**	**($281,930)**

2024-25 Proposed Budget Summary by Major Program

($ in Thousands)	Proposed Revenue	Proposed Expenditure	Proposed Cont/(Draw)
University Operating			
Education & General	$173,034	($173,034)	$0
Student Financial Assistance	31,763	($31,763)	$0
Sponsored Programs	8,962	($8,962)	$0
Auxiliary Enterprise	65,249	($68,171)	($2,922)
Total University	**$279,008**	**($281,930)**	**($2,922)**

Finance and Administration

Radford UNIVERSITY

2024-25 Projected Total Operating Revenue

Using projected revenues, Radford University's proposed **total annual operating revenue budget is** **$279.0 million**
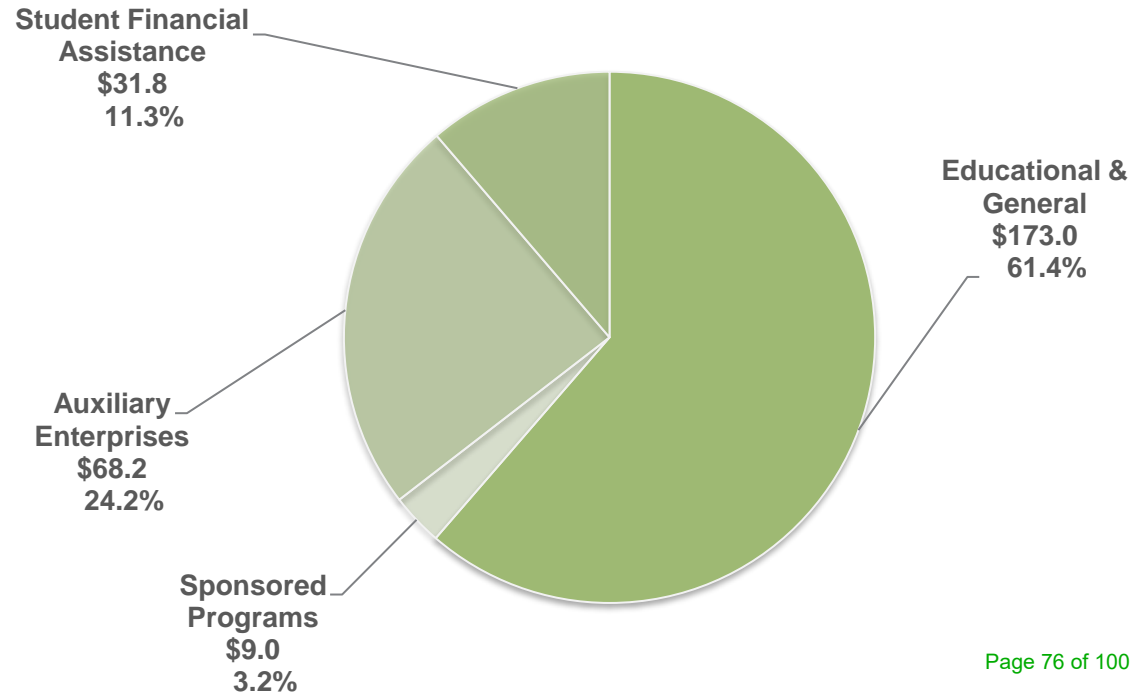

Auxiliary Enterprises
$65.2
23.4%

Other E&G
$3.8
1.4%

Sponsored Programs
$9.0
3.2%

Tuition & Fees
$62.0
22.2%

Tuition & Fees - SFA
$1.9
0.7%

General Fund - Carry Forward
$10.9
3.9%

General Fund - SFA $29.9
10.7%

General Fund
$96.3
34.5%

Notes:
- $ in millions
- SFA-Student Financial Assistance

Finance and Administration
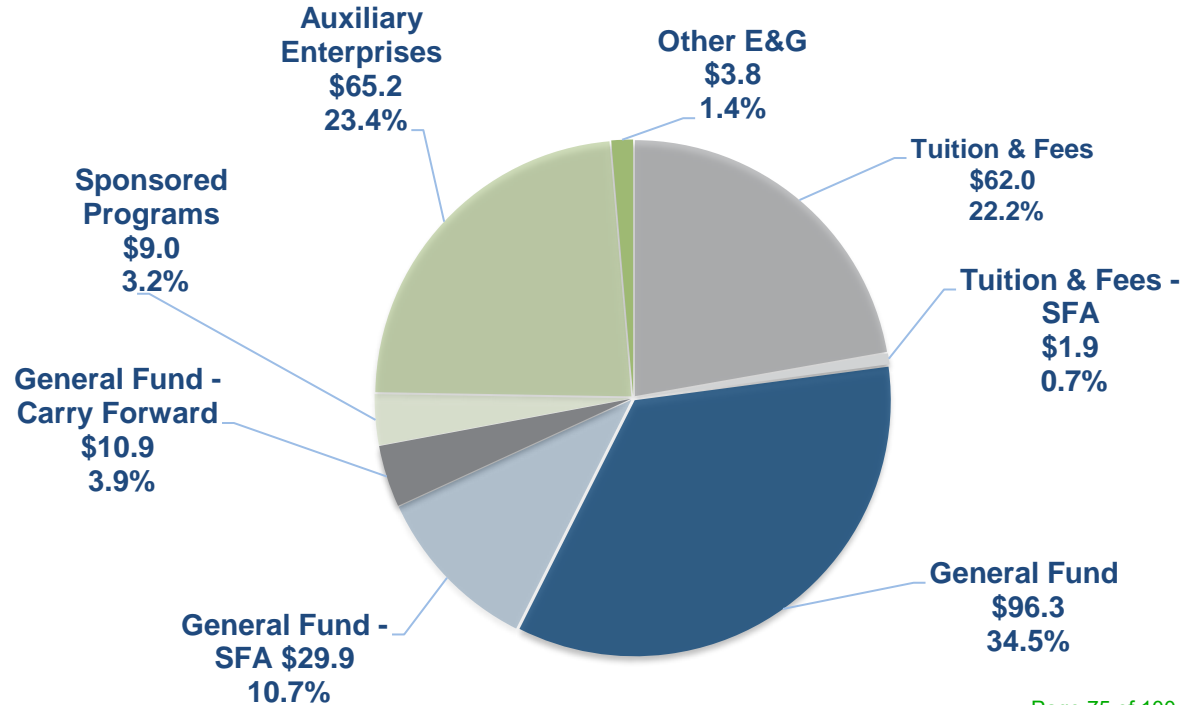
Radford UNIVERSITY

2024-25 Projected Total Operating Expenditures

Using projected expenditures, Radford University's proposed **total annual operating expenditure budget is** **$281.9 million**

Student Financial Assistance
$31.8
11.3%

Educational & General
$173.0
61.4%

Auxiliary Enterprises
$68.2
24.2%

Sponsored Programs
$9.0
3.2%

($ in millions)

Finance and Administration

Radford UNIVERSITY

2024-25 Proposed Budget Summary by Auxiliary Subprogram

($ in Thousands)

	Proposed Revenue	Proposed Expenditure	Proposed Cont/(Draw)
Dining Services	$16,003	$15,631	$372
Bookstore	263	$290	($27)
Residential Services	17,962	$19,237	($1,275)
Parking & Transportation	1,837	$1,850	($13)
Telecommunications	520	$511	$9
Student Health Services	2,609	$2,583	$26
Student Union & Recreation	5,146	$5,167	($21)
Student Activities	1,057	$1,003	$54
Other Auxiliary	8,231	$9,567	($1,336)
Intercollegiate Athletics	11,620	$12,331	($711)
$65,248	**$68,170**	**($2,922)**	

Finance and Administration

Radford UNIVERSITY

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs & Audit Committee
September 5, 2024

Action Item
Approval of the Radford University 2024-25 Operating Budget

Item:

Board of Visitors approval of the Radford University 2024-25 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 2024-25 operating budget was developed in consideration of projected enrollment levels, actions taken by the Governor and General Assembly during the 2024 session, Board-approved tuition and fee rates, the strategic goals of the University, and the economic outlook.

As noted in last year's budget submission, Radford University closed out a strategic plan that guided the University for the last five years. Since that time, the University prepared and has been operating with a two-year strategic plan (2024-2025) to guide operations and programs, taking advantage of proven high-impact practices across divisions. While the University has a lot to be proud of, including a diverse student population, strong academic programs, solid infrastructure and dedicated faculty and staff, obvious challenges were identified that must be addressed ahead. The most critical issue of declining enrollment mirrors what many small, regional universities are experiencing across the country. The current two-year plan is focused on this critical issue as the University seeks to understand the cause and find solutions to the enrollment shifts.

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. Given the current stability of the Commonwealth's fiscal outlook, the 2024-26 biennial budget includes a three percent pay raise for eligible state employees that was effective June 10, 2024.

Considering the aforementioned items, the 2024-25 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 2024-25 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 an update to the previously submitted 2024-25 Six-Year Plan to the State Council of Higher Education for Virginia (SCHEV) on July 17, 2024, while making no substantive changes. 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:

As has been discussed broadly with the Board, the University has seen a decrease in undergraduate enrollment for almost a decade. During 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.

Conservative assumptions were used to develop the 2024-25 budget based on enrollment projections and retention trend data from prior years. Enrollment for 2024-25 on main campus is cautiously projected below prior year levels as the University seeks to stabilize throughout the upcoming years. Enrollment for RUC is projected slightly lower than prior year levels based on associate program offerings transferring to the Virginia Community College System. Early enrollment data, however, indicates that the university will see an increase in student headcount instead of the projected declines, resulting in a more optimistic outlook and confidence in meeting tuition revenue targets.
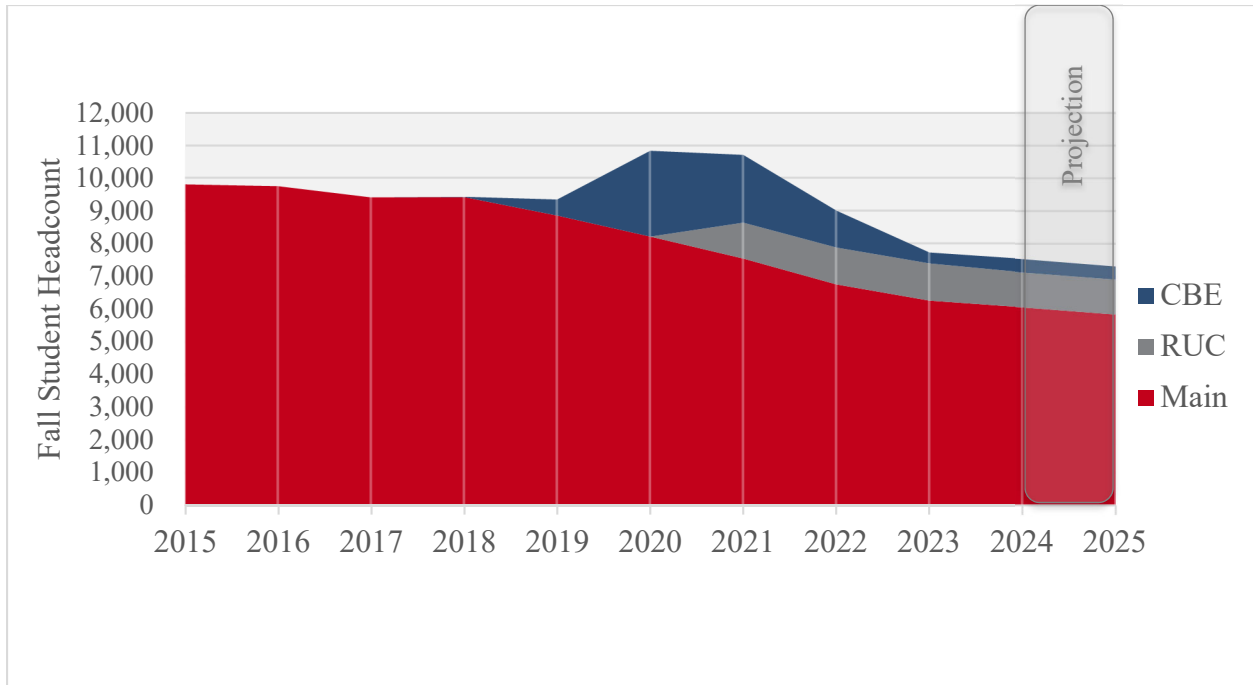
Mandatory Cost Increases:

The University compiled the fiscal year 2025 budget with the information as provided within the 2024 Special Session I Virginia Acts of Assembly Chapter 2 and estimates that were anticipated to impact future funding considerations as shown below:

2024-25 General Assembly Estimated Impact Summary

	2024-25
E&G - Educational & General	
Compensation Adjustments *	$8,060,402
Affordable Access Funding	6,397,000
Fringe/Central System Changes*	2,824,970
Total E&G General Fund Recommendations	**$17,282,372**
SFA - Student Financial Assistance	
In-State Undergraduate Financial Aid	5,591,010
Graduate Fellowships	57,500
Total E&G and SFA General Fund	**$5,648,510**

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 Mandatory Costs, combine to total $3.6 million for the University.

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 (90 percent as of Fall 2023). The state's 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 non-general fund sources (i.e. tuition, E&G fees, etc.).

As demonstrated in Figure 1, the 2024-25 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.

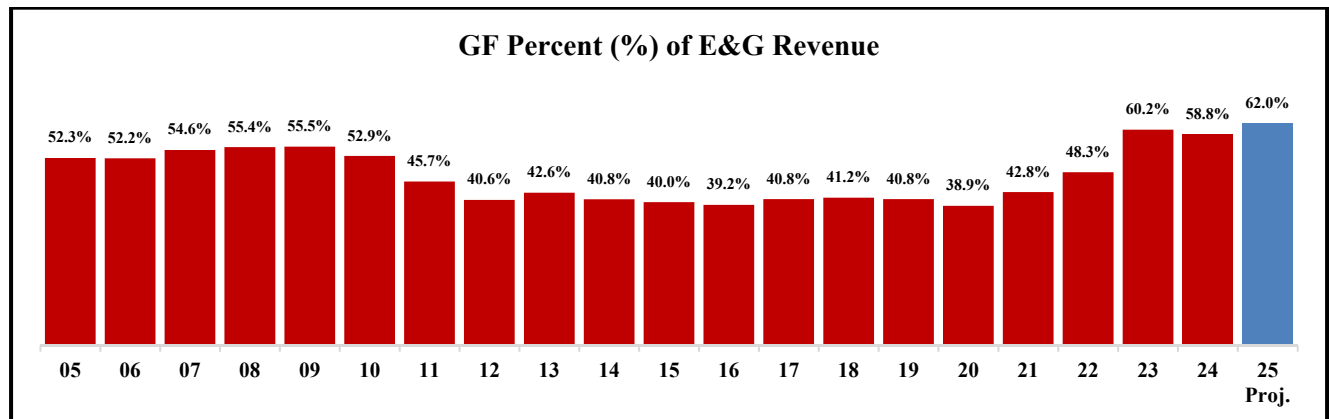**Figure 1: E&G General Fund Appropriation Historical Trend**

Figure 2 displays the E&G general fund and non-general fund trends between 2005 and 2025 (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 non-general 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 initial $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 the main campus, along with $2.9 million to maintain affordability on main campus. The Commonwealth has continued to invest in higher education to ensure institutions remain affordable.

Figure 2: E&G General Fund/Non-general Fund Split Historical Trend (*Nominal Dollars*)

Actual E&G Revenue Trend by Source ($ in millions)
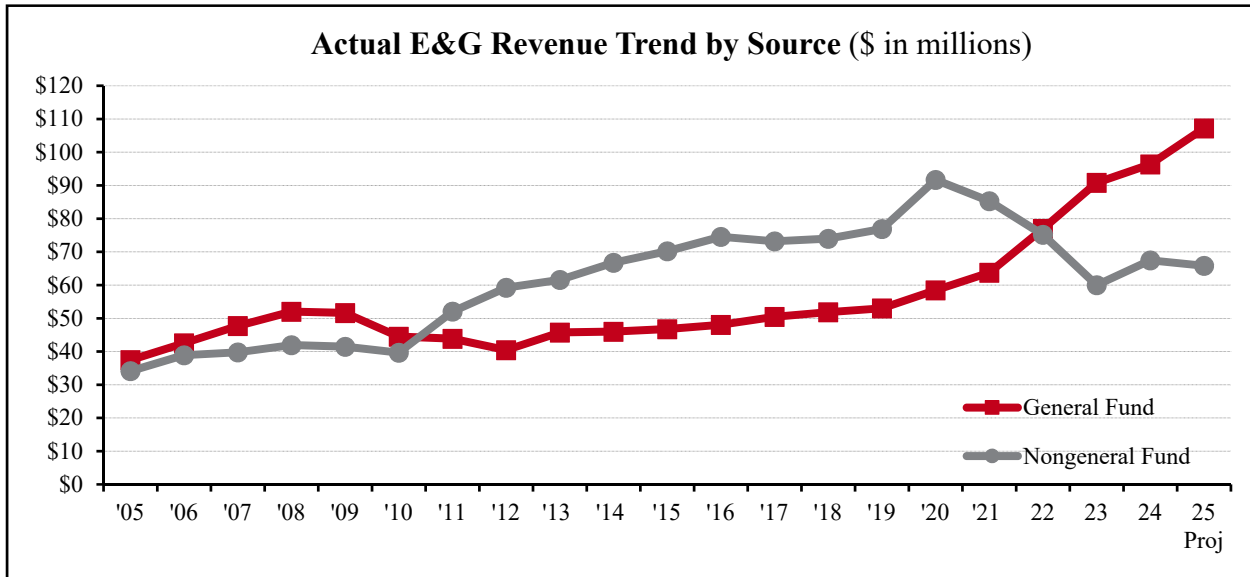
Proposed Operating Budget:
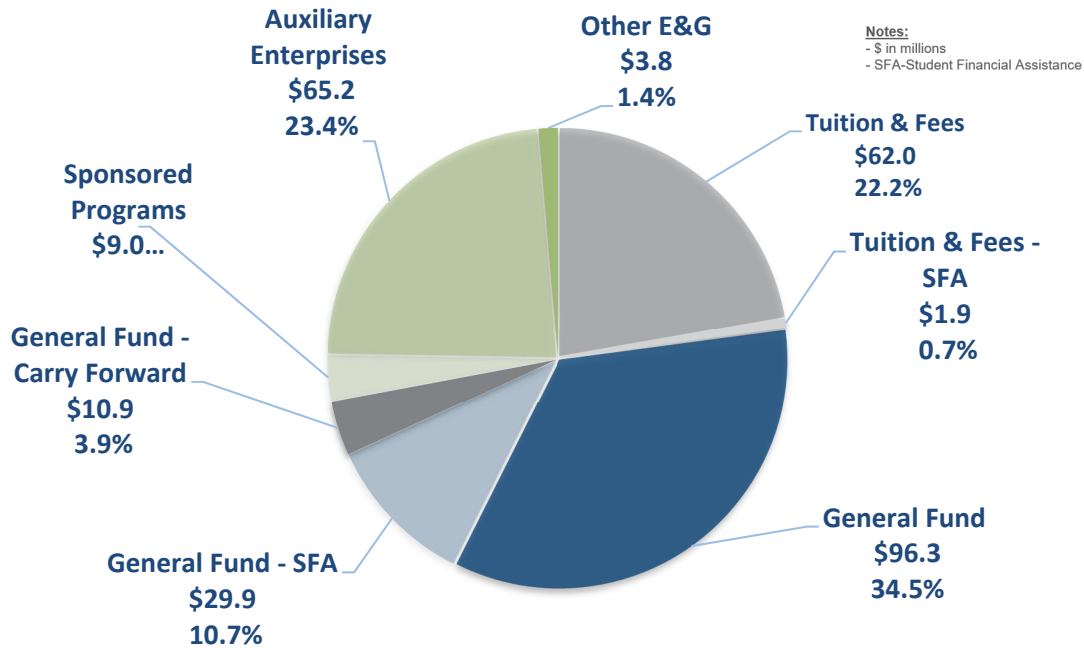
2024-25 Projected Total Revenue

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).

- **Non-general 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 the fiscal year 2024-25 the University is projecting revenue of $279.0 million. This reflects an 8 percent increase from the 2023-24 Original Total Budget.

The majority of the University's total operating budget (51 percent) is supported through non-general fund sources. The remaining 49 percent is supported through the general fund. Figure 3 displays the breakdown of projected revenue by major funding sources.

Figure 3: 2024-25 Projected Total Revenue (All Sources and Programs)

Auxiliary Enterprises $65.2 23.4%

Other E&G $3.8 1.4%

Notes:
- $ in millions
- SFA-Student Financial Assistance

Tuition & Fees $62.0 22.2%

Sponsored Programs $9.0…

Tuition & Fees - SFA $1.9 0.7%

General Fund - Carry Forward $10.9 3.9%

General Fund $96.3 34.5%

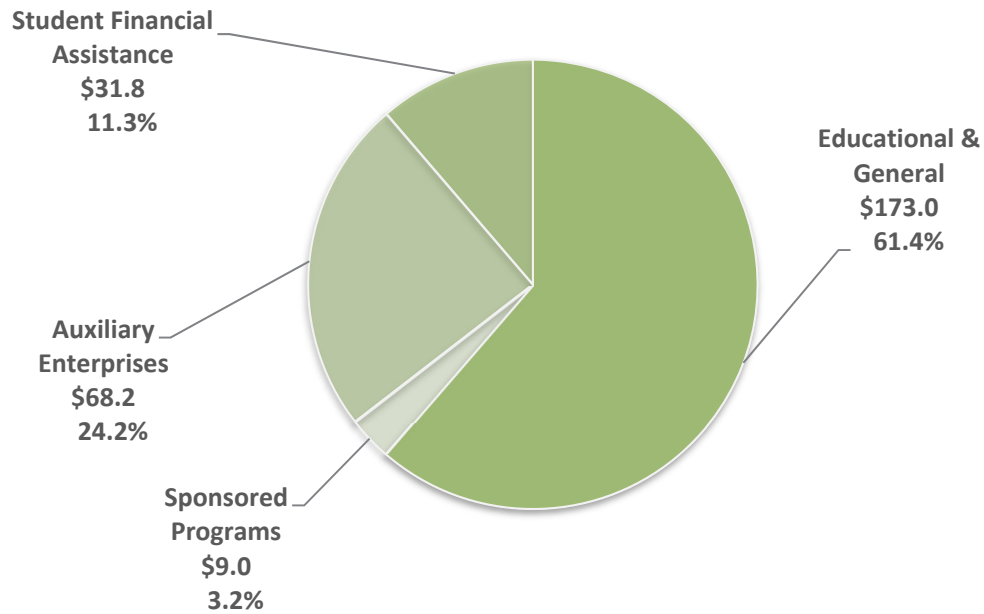General Fund - SFA $29.9 10.7%

2024-25 Projected Total Expenditures

Expenditures are expected to total $281.9 million for 2024-25.

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 61.4 percent of the expenditure budgeted while Auxiliary Enterprises accounts for 24.2 percent. The remaining 14.4 percent is split between Student Financial Assistance and Sponsored Programs.

Figure 4: 2024-25 Projected Expenditures by Major Program

Pie chart segments:
- Student Financial Assistance $31.8 — 11.3%
- Auxiliary Enterprises $68.2 — 24.2%
- Sponsored Programs $9.0 — 3.2%
- Educational & General $173.0 — 61.4%

Attachment I and Schedules A and B provide an overview of the University's proposed 2024-25 operating budget by major program. Attachment I details the 2024-25 Funded E&G Initiatives, Schedule A provides an overview of the 2024-25 Total University Operating Budget, and Schedule B reflects the 2024-25 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 2024-25 E&G operating budget (base and one-time) totals $173.0 million. The percentage of the E&G budget supported by general funds is projected to be 62.0 percent for 2024-25. The University is anticipating to receive $8.1 million in new base general funds over the previous year for mandated salary increases as well as $6.4 million in Affordable Access funding and an additional $2.8 million in fringes and other categories. Projected E&G non-general fund revenue is derived primarily from tuition and fees at $63.6 million, a 2023-2024 non-general fund carryforward of $10.8 million, with all other E&G revenue totaling $3.5 million.

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 2024-25 is $29.9 million, which is a $5.7 million increase over fiscal year 2023-24. In addition to general fund support, the University continues to commit $1.9 million from institutional non-general 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 the fiscal year 2024-25, estimated annual activity for Sponsored Programs is projected at $9.0 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 the fiscal year 2024-25, the revenue budget for Auxiliary Enterprises is projected to be $65.2 million. It should be noted that all auxiliary budgets were adjusted to account for projected revenue changes due to enrollment levels, salary increases, auxiliary indirect rate, and contractual commitments, as necessary. It is projected that approximately $2.9 million will be drawn against reserve funds. Further review and reductions in expense budget will be ongoing throughout the remainder of the fiscal year to limit the reserve draw

Action:

Radford University Board of Visitors approval of the 2024-25 operating budget as presented in Schedule A for Total Operating Budget and Schedule B for Auxiliary Enterprises.

RADFORD UNIVERSITY BOARD OF VISITORS
Resolution
September 6, 2024

Approval of the Radford University 2024-25 Operating Budget

     BE IT RESOLVED, the Radford University Board of Visitors approves the fiscal year 2024-25 operating budget as presented in Schedule A for Total Operating Budget and Schedule B for Auxiliary Enterprises.

2024-25 Resource Allocation Analysis
As of July 1, 2024

REVENUE - estimated		
General Fund Changes		
Compensation Adjustments (prior 7%, current 3%)	$	8,060,402
Affordable Access Funding	$	6,397,000
Fringe Benefits & Other	$	2,824,970
Total GF Changes	**$**	**17,282,372**
Non-General Fund Changes		
Tuition Impact (Enrollment: -3.03%, Tuition Rate increases)	$	(624,275)
Tuition Refund (UG In-State 1.5%)	$	(786,853)
Other	$	(2,270,000)
Total Non-GF Changes	**$**	**(3,681,128)**
Total Revenue Changes	**$**	**13,601,244**
EXPENSES - estimated		
Compensation & Fringes		
Fringe Increase	$	979,000
Compensation Adjustments	$	3,343,000
Central Cost Commitments		
Mandatory Costs (State Funded)	$	6,397,000
Mandatory Costs (RU Funded)	$	3,620,000
RU Strategic Commitments	$	3,815,000
Divisional		
Divisional Requests	$	1,099,000
Divisional Savings Strategies	$	(2,644,000)
Total Expense Changes	**$**	**16,609,000**
SAVINGS STRATEGIES		
Academic Affairs	$	(1,170,538)
Finance & Administration	$	(405,274)
Central Administration	$	(43,897)
Economic Development		
Student Affairs	$	(36,707)
University Advancement	$	(32,500)
Enrollment Management & Strategic Communications	$	(158,027)
Central Resources	$	(797,057)
Total Savings Strategies	**$**	**(2,644,000)**

Radford University
Proposed University Operating Budget
2024-25

Dollars in Thousands	Annual Budget for 2023-24			2023-24	2024-25 Adjustments			2024-25
	Original Total Budget (a)	Adjustments	Adjusted Total Budget (b)	Adjusted Total Budget	Technical Adjustments	Base Adjustments	One-Time Adjustments	Recommended Total Budget (c)
Educational and General Programs								
Revenues								
General Fund	$85,810	$3,435	$89,246	$89,246	($3,435)	10,526	$0	$96,336
NGF Carryforward	6,500	(235)	6,265	6,265	(6,265)	0	10,880	10,880
Tuition and Fees	63,579	0	63,579	63,579	(0)	(1,525)	0	62,054
All Other Income	3,546	0	3,546	3,546	(1,527)	0	1,745	3,764
Revenue	$159,435	$3,200	$162,636	$162,636	($11,227)	$9,000	$12,625	$173,034
Expenditures								
Instructional & Academic Support	($98,259)	($18)	($98,277)	($98,277)	$3,062	($4,622)	($1,745)	($101,582)
All Other Support Programs	(61,177)	(3,112)	(64,289)	($64,289)	$11,218	(7,502)	(10,880)	($71,452)
Expenditures	($159,435)	($3,130)	($162,566)	($162,566)	$14,281	($12,124)	($12,625)	($173,034)
Reserve Draw (Deposit)	0	(70)	(70)	(70)	(3,054)	3,123	0	(0)
NET	$0	$0	$0	$0	$0	$0	$0	$0
Student Financial Assistance								
Revenue	$26,115	$12,203	$38,318	$38,318	($12,203)	$5,649	$0	$31,763
Expenditures	($26,115)	($12,203)	($38,318)	(38,318)	12,203	(5,649)	0	(31,763)
Reserve Draw (Deposit)	0	0	0	0	0	0	0	0
NET	$0	$0	$0	$0	$0	$0	$0	$0
Sponsored Programs								
Revenue	$8,962	$84	$9,046	$9,046	($84)	$0	$0	$8,962
Expenditures	(8,962)	($84)	(9,046)	(9,046)	84	0	0	(8,962)
Reserve Draw (Deposit)	0	0	0	0	0	0	0	0
NET	$0	$0	$0	$0	$0	$0	$0	$0
Auxiliary Enterprises								
Revenues	$63,216	$168	$63,383	$63,383	($168)	$2,033	$0	$65,249
Expenditures	(64,215)	(1,884)	(66,099)	(66,099)	2,138	(2,593)	(1,616)	(68,170)
Reserve Draw (Deposit)	999	1,717	2,716	2,716	(1,971)	560	1,616	2,921
NET	$0	$0	$0	$0	$0	$0	$0	$0
Total University								
Revenues	$257,728	$15,655	$273,383	$273,383	($23,681)	$16,682	$12,625	$279,008
Expenses	(258,727)	(17,302)	(276,028)	(276,028)	28,706	(20,365)	(14,241)	(281,929)
Reserve Draw (Deposit)	999	1,647	2,646	2,646	(5,024)	3,683	1,616	2,921
NET	$0	$0	$0	$0	$0	$0	$0	$0

Notes:
(a) Original Total Budget - Reflects the 2023-24 Operating Budget as of July 1, 2023 which was approved by the Board at the September 2023 meeting. Both recurring and one-time operating budgets are included.
(b) Adjusted Total Budget - Reflects the 2023-24 Operating Budget as of June 30, 2024. Both recurring and one-time operating budgets are included.
(c) Recommended Total Budget - Reflects the proposed 2024-25 Original Total Budget as of July 1, 2024. Both recurring and one-time operating budgets are included.

Radford University
Proposed Auxiliary Enterprise Budget
2024-25

Dollars in Thousands	Annual Budget for 2023-24		2023-24	2024-25 Adjustments			2024-25
	Original Total Budget (a)	Adjusted Total Budget (b)	Adjusted Total Budget	Technical Adjustments	Base Adjustments	One-Time Adjustments	Recommended Total Budget (c)
Residential & Dining Programs							
Revenues	$32,852	$32,852	$32,852	($0)	$1,113	$0	$33,965
Expenditures	($33,860)	($34,625)	(34,625)	$1,076	(1,318)	0	(34,868)
Reserve Draw (Deposit)	1,008	1,773	1,773	(1,076)	205	0	903
NET	$0	$0	$0	$0	$0	$0	$0
Bookstore							
Revenues	$70	$70	$70	$0	$193	$0	$263
Expenditures	($69)	($69)	(69)	0	(221)	0	(290)
Reserve Draw (Deposit)	(1)	(1)	(1)	0	29	0	28
NET	$0	$0	$0	$0	$0	$0	$0
Parking & Transportation							
Revenues	$1,752	$1,752	$1,752	$0	$85	$0	$1,837
Expenditures	($1,711)	($1,711)	(1,711)	3	(142)	0	(1,850)
Reserve Draw (Deposit)	(41)	(41)	(41)	(3)	57	0	13
NET	$0	$0	$0	$0	$0	$0	$0
Telecommunications							
Revenues	$520	$520	$520	$0	$0	$0	$520
Expenditures	($508)	($508)	(508)	(3)	0	0	(511)
Reserve Draw (Deposit)	(12)	(12)	(12)	3	0	0	(9)
NET	$0	$0	$0	$0	$0	$0	$0
Student Health Services							
Revenues	$2,547	$2,547	$2,547	$0	$62	$0	$2,609
Expenditures	($2,533)	($2,723)	(2,723)	$175	(36)	0	(2,583)
Reserve Draw (Deposit)	(14)	176	176	(175)	(27)	0	(26)
NET	$0	$0	$0	$0	$0	$0	$0
Student Programming							
Revenues	$7,706	$7,714	$7,714	($1,633)	$123	$0	$6,203
Expenditures	($7,658)	($7,766)	(7,766)	1,752	(156)	0	(6,170)
Reserve Draw (Deposit)	(48)	52	52	(119)	33	0	(33)
NET	$0	$0	$0	$0	$0	$0	$0
Building & Facilities							
Revenues	$829	$829	$829	$1,626	$112	$0	$2,567
Expenditures	($1,707)	($1,657)	(1,657)	(1,281)	(15)	0	(2,954)
Reserve Draw (Deposit)	878	828	828	(344)	(97)	0	387
NET	$0	$0	$0	$0	$0	$0	$0
Other Enterprise Functions							
Revenues	$5,463	$5,518	$5,518	($54)	$201	$0	$5,664
Expenditures	($4,730)	($5,157)	(5,157)	102	(168)	(1,391)	(6,614)
Reserve Draw (Deposit)	(733)	(361)	(361)	(48)	(33)	1,391	949
NET	$0	$0	$0	$0	$0	$0	$0
Intercollegiate Athletics							
Revenues	$11,476	$11,582	$11,582	($106)	$144	$0	$11,620
Expenditures	($11,439)	($11,883)	(11,883)	314	(536)	(225)	(12,331)
Reserve Draw (Deposit)	(37)	301	301	(208)	392	225	710
NET	$0	$0	$0	$0	$0	$0	$0
Total Auxiliary Enterprise							
Revenues	**$63,216**	**$63,383**	**$63,383**	**($168)**	**$2,033**	**$0**	**$65,249**
Expenses	**(64,215)**	**(66,099)**	**(66,099)**	**2,137**	**(2,593)**	**(1,616)**	**(68,171)**
Reserve Draw (Deposit)	**999**	**2,716**	**2,716**	**(1,969)**	**560**	**1,616**	**2,922**
NET	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Notes:
(a) Original Total Budget - Reflects the 2023-24 Operating Budget as of July 1, 2023 which was approved by the Board at the September 2023 meeting. Both recurring and one-time operating budgets are included.
(b) Adjusted Total Budget - Reflects the 2023-24 Operating Budget as of June 30, 2024. Both recurring and one-time operating budgets are included.
(c) Recommended Total Budget - Reflects the proposed 2024-25 Original Total Budget as of July 1, 2024. Both recurring and one-time operating budgets are included.

Discussion

Finance and Administration

Minutes

Business Affairs and Audit Committee
9:45 a.m.
June 6, 2024
Kyle Hall, Room 340, Radford, VA

DRAFT
Minutes

Committee Members Present
Mr. Tyler W. Lester, Chair
Mr. George Mendiola, Jr., Vice Chair
Mr. Robert A. Archer
Dr. Jay A. Brown
Ms. Joann Craig
Mr. James C. Turk

Board Members Present
Dr. Debra K. McMahon, Rector
Mr. Marquett Smith, Vice Rector
Dr. Betty Jo Foster
Ms. Jennifer Wishon Gilbert
Mr. David A. Smith
Dr. Kurt Gingrich, Faculty Representative

Others Present
Dr. Bret Danilowicz, President
Ms. Karen Casteele, Secretary to the Board of Visitors and Special Assistant to the President
Mr. Zachary Borgerding, Audit Director, Auditor of Public Accounts
Ms. Crystal Cregger, Director of University Services
Ms. Kimberly Dulaney, Executive Director of Strategic Sourcing
Ms. Meghan Finney, Audit In-Charge, Auditor of Public Accounts
Ms. Lisa Ghidotti, Executive Director of Government Relations
Dr. Dannette Gomez Beane, Vice President for Enrollment Management and Strategic Communications
Dr. Rob Hoover, Vice President for Finance and Administration and Chief Financial Officer
Dr. Eric Lovik, Director of Institutional Research
Dr. Angela Joyner, Vice President for Economic Development and Corporate Education
Dr. Jeanne Mekolichick, Associate Provost for Research, Faculty Success, and Strategic Initiatives
Ms. Margaret McManus, University Auditor
Mr. Adam Neal, Academic Affairs Finance and Operations Director
Mr. Ed Oakes, Associate Vice President for Information Technology Services and CIO

Dr. David Perryman, Associate Vice President for Strategic Communications
Ms. Connie Phillips, Assistant Director, Budget Operations
Dr. Eric Plummer, Chief of Police
Ms. Susan Richardson, University Counsel
Ms. Lauren Snelson, Assistant Director of University Services
Mr. Chris Stafford, Assistant Director, Financial Planning & Analysis
Ms. Michele Thacker, Director of Finance and Administration, Facilities
Dr. Susan Trageser, Vice President for Student Affairs
Dr. Bethany Usher, Provost and Senior Vice President for Academic Affairs
Ms. Penny Helms White, Vice President for University Advancement

Call to Order
Mr. Tyler Lester, Chair, formally called the meeting to order at 9:45 a.m. in Kyle Hall, Room 340. Mr. Lester welcomed everyone to the June meeting of the Business Affairs and Audit Committee.

Approval of Agenda
Mr. Lester asked for a motion to approve the June 6, 2024, meeting agenda, as published. Dr. Jay A. Brown, so moved, Mr. George Mendiola, Jr. seconded, and the motion was carried unanimously.

Approval of Minutes
Mr. Lester asked for a motion to approve the minutes of the March 21, 2024 Business Affairs and Audit Committee meeting, as published. Mr. Robert A. Archer so moved, Dr. Brown seconded, and the motion carried unanimously.

Reports
Auditor of Public Accounts Report
Zachary Borgerding with the Auditor of Public Accounts (APA) presented information regarding the results of the audit of the University's FY 2023 financial statements. He noted that the University received an unmodified opinion with no material weaknesses. A copy of the audit summary was included in the board materials. He also provided an overview of the Report on Audit for FY 2023, which will be distributed to the Board of Visitors by the APA.

University Auditor's Report
University Auditor Margaret McManus presented an oral report on the March 2024 quarterly review of the University Discretionary Fund expenditures. She also presented the following audit reports: Minors on Campus, IT - User Computing, IT – Cloud-Hosted Applications - Account Management - Truist, and a follow-up audit status report. A copy of the reports was included with the board materials.

Capital Projects and Information Technology Services Updates
Vice President for Finance and Administration and CFO Rob Hoover provided an update on active Capital Projects. These projects included the Artis Center; Tyler, Norwood, Muse and Dalton Halls; the Co-Gen Project; and the Roanoke campus project. A copy of this presentation as well as updates on current projects for Information Technology Services was provided in the board materials.

Division Goals Update
Vice President Hoover also presented an update on the positive progress towards the division's two-year goals. A copy of this presentation was provided in the board materials.

Financial Update

Vice President Hoover presented a financial update for fiscal year 2024, a review of the 2025 legislative actions, and anticipated FY 2025 budget overview. A copy of these updates was provided in the board materials.

Action Items

Recommendation for Approving Rebate for Tuition Increase

Vice President Hoover reviewed information recommending a 1.5% tuition rebate for undergraduate in-state students in the amount of the tuition increase of 1.5% in the 2024-25 academic year. This rebate is applicable to traditional programs approved for a 1.5% increase by the Board of Visitors in March 2024. This rebate is not applicable to differential program rates. Mr. Lester asked for a motion to recommend the resolution for Approval of a Rebate for the 2024-25 Tuition Increase, as presented, to the full Board for approval. Mr. Archer so moved, Dr. Brown seconded, 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 Approving Administrative and Professional Faculty Handbook Revisions

Vice President Hoover presented to the committee the proposed changes to the Administrative and Professional (AP) Faculty Handbook. Information was provided regarding updates to the AP Faculty Handbook to remove the requirement of annual contract renewal letters. Revised language states that the AP Faculty members can expect to continue employment contingent on job performance and position viability with the University. However, non-renewal does not require establishment or documentation of just cause. Other minor corrective edits were recommended as well. Mr. Lester asked for a motion to recommend the resolution for Approval of the Radford University AP Faculty Handbook Revisions, as presented, to the Board for approval. Mr. Mendiola so moved, Dr. Brown seconded, and the motion carried unanimously. A copy of the proposed resolution is attached hereto as *Attachment B* and is made a part hereof.

Adjournment

With no further business to come before the committee, Mr. Lester adjourned the meeting at 10:53 a.m.

Respectfully submitted,

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

RADFORD UNIVERSITY
BUSINESS AFFAIRS AND AUDIT COMMITTEE
June 6, 2024

Action Item
Recommendation to Approve a Rebate for the 2024-25 Tuition Increase

WHEREAS, on March 22, 2024, the Radford University Board of Visitors voted to increase tuition by 1.5% for all undergraduate traditional programs with a commitment to reevaluate the university's financial outlook after Virginia's state budget was finalized; and

WHEREAS, upon the recommendation of the university administration, the Business Affairs and Audit Committee has evaluated the current economic status of the university with the additional investment by the Commonwealth of Virginia and the shared commitment to making education accessible and affordable for current and future students; and

NOW, THEREFORE, BE IT RESOLVED that the Business Affairs and Audit Committee recommends that the Radford University Board of Visitors approve a rebate for undergraduate in-state students in the amount of the tuition increase of 1.5% in the 2024-25 academic year. This rebate is applicable to traditional programs approved for increase by the Board of Visitors in March 2024. This rebate is not applicable to differential program rates.

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs and Audit Committee
June 5, 2024

Action Item
Approval of the Radford University Administrative and Professional Faculty Handbook Revision

Item:
Board of Visitors approval of the Radford University Administrative and Professional (AP) Faculty Handbook Revisions.

Summary:
The AP Faculty Handbook has been updated to remove the requirement of annual contract renewal letters. Language states that AP faculty members can expect to continue employment contingent on job performance and position viability with the University. However, non-renewal does not require establishment or documentation of just cause.

Within the termination for cause section, language was added to include unsatisfactory job performance, consistent with the Classified Handbook. Within the Annual Leave section, language was updated to be consistent with University practice related to leave carry-forward.

The revision to the AP Faculty Handbook is now being submitted to the Board of Visitors for consideration and final approval. The AP Faculty Senate has recommended the revision, legal counsel has reviewed the revision, and the President's Cabinet has approved the revision.

The following proposed language represents the recommended edits to the Administrative and Professional Faculty AP Faculty Handbook.

1.2 TERMS AND CONDITIONS OF APPOINTMENT AND CONTINUING EMPLOYMENT

Initial appointments to AP positions are typically 12- month term contracts. In some cases, the appointment can be 9, 10, or 11 months depending on programmatic needs. To the extent that specific terms and conditions set out by a University approved appointment letter are in addition to, contrary to, or inconsistent with the provisions of this Handbook, the terms and conditions of the appointment letter shall supersede this Handbook. If the appointment letter deviates from the standard template letter in the AP Recruitment Guide, the hiring supervisor must provide the Chief Human Resource Officer with a copy of the letter for review and approval prior to making an offer or renewing a contract that has special terms and conditions.

Typically, an AP faculty member can expect to continue employment each year if job performance remains at a high level of productivity, effectiveness, and there is a continued need for the position by the University. However, non-renewal does not require establishment or documentation of just cause.

The 12-month contract period is from June 25 to June 24. All AP members are paid over 24 pay periods regardless of the length of their contracts. Starting and ending dates for the 9-, 10-, and 11-month contracts are dependent on the programmatic need. Typically, the initial contract will cover the period from the date of the appointment to the beginning of the normal contract period (e.g. June 25 is the beginning of the normal contract period for 12-month contracts).

AP members whose contracts are not being renewed will receive written notice of the non-renewal. The length of the notice is determined by the length of the AP member's Radford University consecutive years of service in a Classified, Administrative and Professional Faculty and/or Teaching Faculty position as follows:

Length of Notice:
Less than 1 year of service   1 month notice
1 to 5 years of service   3 months notice
More than 5 years of service 12 months notice
(NOTE: Restricted AP positions are covered under section 1.1.4 and are not subject to provisions of this section.)

If the contract of an AP member is not being renewed, he or she will be presented with a notification of non- renewal of the contract from the office offering the contract through their supervisor. The notice of non-renewal will specify the notice period required for the AP member based on his or her length of service. If the notice period extends beyond the current contract period, the AP member will receive a terminal appointment letter for the period between the ending date of the current contract and the ending date of the required notice. For example, if an individual on a 12-month contract with four years of service is notified on May 25 that his or her contract is not being renewed, he or she will receive a terminal appointment letter for the period of June 25 to August 24 to meet the notice requirement of three months. However, if the same AP member is notified on March 25 that his or her contract is not being renewed, he or she will have been given the required notice of three months by the end of the current contract and a terminal appointment letter for a period beyond the current contract will not be necessary.

The non-renewal of a contract with the appropriate notice is not grievable as defined in Section 1.10 of this Handbook and does not fall under the AP grievance procedure.

1.3 SANCTIONS AND TERMINATION FOR CAUSE

Distinguished from the non-renewal of a contract or continuation of employment beyond a specified date which is governed by Section 1.2 of this Handbook, termination means the dismissal of any AP member during the term of the individual's contract of employment. Cause for termination includes, but is not limited to, unsatisfactory job performance, unethical conduct, unsatisfactory attendance, falsifying credentials or records, unauthorized removal or damage to University property or another employee's property, acts of violence, violation of the University's policies, criminal convictions relating to job responsibilities or of such a nature that continuing the employee in his or her position may constitute negligence on the part of the University.

Termination of an AP member for cause does not require the advance notice for the non-renewal of a contract as described in Section 1.2 of this Handbook. However, if a supervisory administrative officer has determined that the termination of an AP member is warranted, the AP member shall be informed in writing of the charges on which the decision to terminate is based. In turn, the AP member will be afforded the opportunity to respond to the charges within a defined period of time of not less than two business days after the day of receipt of the notice of termination.

If the AP member elects to respond to the notice of intended termination, and the response is deemed unsatisfactory by the supervisory administrative officer, the AP member will be notified in writing of the

termination action and the effective date thereof within ten (10) business days. The written notification will state specifically the reasons for the termination and shall inform the individual of his or her right to access the grievance procedure for AP members to appeal the termination decision.

1.5 REASSIGNMENT

AP members may be reassigned at any time. Reassignment may involve a change in administrative title or supervisory responsibilities, reassignment to another position or department, or salary adjustment commensurate with responsibilities. Neither notice of non-reappointment nor removal for cause is required to affect a reassignment.

Tenured and tenure-track administrators holding rank may be assigned full-time teaching duties with appropriate adjustments in salary should their administrative assignments be terminated.

1.11.2 Annual Leave

Personnel on 12-month appointments earn 192 hours of annual leave per year. Newly hired AP members are granted 48 hours of annual leave at the time they are hired and for their first 12 months of employment earn 6 hours of annual leave per pay period. At the beginning of the second year of employment, AP members earn 8 hours of annual leave per pay period.

Personnel on 9-, 10-, and 11-month appointments earn leave for the pay periods actually worked and at the same rate as 12-month appointments. The number of days of annual leave granted at the time of hire to new AP members on 9-, 10-, and 11-month appointments is prorated based on the number of months for which they are appointed.

AP members should record annual leave as approved by their supervisor.

AP members with less than five consecutive years of full-time service at Radford University may accrue annual leave and carry over up to a maximum of 240 hours of leave from one calendar year to the next. AP members with five or more consecutive years of full-time service at Radford University may accrue annual leave and carry over up to a maximum of 280 hours of leave from one calendar year to the next.

Upon voluntary separation of employment AP members are eligible for payment of unused annual leave following the below scale based on their most recent full-time Radford University service.

Annual Leave Payout upon voluntary separation:
Less than 5 years   Zero payout of unused Annual Leave
5 – 9 years   240 hours maximum payout of unused Annual Leave
10 years or more   280 hours maximum payout of unused Annual Leave

Annual leave is administered on a leave year which begins January 10 and ends on January 9.

The last day an employee actually works is considered the separation date unless leave has been approved by the Division Head.

Action:
Radford University Board of Visitors approval of the revisions to the AP Faculty Handbook.

RADFORD UNIVERSITY BOARD OF VISITORS
Resolution
June 7, 2024

Approval of the Radford University AP Faculty Handbook Revisions

    BE IT RESOLVED, the Radford University Board of Visitors approves the Administrative and Professional (AP) Faculty Handbook revisions as presented within the proposed action item.

End of Board of Visitors Materials