

**WEST VIRGINIA STATE UNIVERSITY
BOARD OF GOVERNORS
MINUTES OF THE
AUDIT COMMITTEE MEETING
HELD ON JANUARY 26, 2012**

A meeting of the Audit Committee was called to order at 12:50 p.m. on January 26, 2012 in the Grand Hall of the Erickson Center on the campus of West Virginia State University by Chair, L. Vincent Williams. Roll call revealed that other members present were: Mr. Larry Salyers, Vice Chair, Mrs. Millie Booker, Mr. Larry Rowe, Mr. Tom Susman and Mr. Gary Swingle.

Mr. Tom Susman made a motion to approve the agenda which was seconded by Mr. Larry Salyers. Motion passed.

Mr. Dennis Juran from Deloitte & Touche´ was present and gave a report on the Financial Statement Audit. This is a combined report of the University and the Research and Development Corporation. They do not audit the WVSU Foundation. We received an unqualified opinion, that's the highest form of opinion that you can receive. He said they did not find any deficiencies in internal control over financial reporting that they considered to be material weaknesses. Again, that is the most positive report you can receive. The results disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

There was an unrestricted net asset deficit of \$4.6 million which is up from a deficit of \$264,469 last year. Part of that deficit is caused by OPEB. If it wasn't for OPEB we would have an unrestricted asset balance of \$3.4 million. Mr. Juran explained that as a rule of thumb, people need a 5%-10% balance of unrestricted net assets to total expenses and others think it should be higher. On a percentage basis, our unrestricted assets to expenses would be 6%. That is on the very low end of the scale. When Deloitte and Touche makes a presentation to the Higher Education Policy Commission, WVSU will be highlighted in yellow. Anyone below 5% is highlighted in red. These are just indicators to HEPC. Last year we were at 7.8%. In reference to OPEB and retiree benefits we have paid all the bills that we were supposed to, we have no accumulation due. The State is helping to pay this debt. Our income was down and our expenses were up in FY11. In FY11 we owe \$111,000 on bonds and next year they will be paid. On the East Bonds (\$15,000,000) that we will receive, we will not have to repay that amount at all.

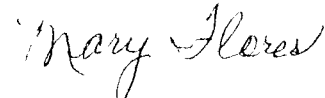
The Financial Aid Audit, we are just waiting on information back from that audit team. The Legislative Audit, we received a draft of their findings and the issues in there are either already fixed or are in the process of being fixed. There is nothing significant. The Internal Review of the Bookstore has been done and there were some internal controls changed.

There was a inquiry on how special election days are treated. They polled the other institutions and even submitted the information to the Legislature so they would change the statute.

The Ethics Commission is going to come down on February 21, 2012 and give all the employees a review of the State Ethics Act. Mr. Jones has made it mandatory that all supervisory personnel attend. We received a cost proposal from Ethics Point. The first year cost will be \$4,500, includes implementation and approximately \$2,000 in subsequent years. It includes a toll-free hotline and Web reports and will be customized for reporting structure based on the University's needs. This proposal will be brought before the Finance Committee in March.

With there being no further business, Chair Williams made a motion to adjourn the meeting which was seconded by Mr. Larry Salyers. Motion passed. Meeting adjourned.

Respectfully submitted,



Mary Flores
Administrative Assistant