

MINUTES
KCTCS Board of Regents
Finance, Technology, and Human Resources Committee
November 30, 2017

Committee Members Present:

Ms. Lisa V. Desmarais, Committee Chair
Mr. Barry K. Martin, Committee Vice-Chair
Dr. Gail R. Henson
Ms. Mary R. Kinney

Mr. Gavin B. Posey
Mr. Donald R. Tarter
Mr. Mark A. Wells

CALL TO ORDER

Committee Chair Lisa V. Desmarais called to order the meeting of the Kentucky Community and Technical College System Board of Regents Finance, Technology, and Human Resources Committee at 12:58 p.m. (ET) on November 30, 2017. The meeting was held in Conference Room 102B of the KCTCS System Office in Versailles, Kentucky. The press was notified of the meeting on November 22, 2017. Hon. Michael Murray, KCTCS General Counsel, served as parliamentarian.

There being a quorum present, the meeting began with the approval of minutes.

APPROVAL OF MINUTES

Chair Desmarais asked if there were any corrections to the September 14, 2017, minutes presented in the meeting materials. There being none, the minutes were declared approved as presented.

ADDITIONS OR CHANGES TO THE AGENDA

There were no additions or changes to the agenda.

Regent Wells noted that on page 61 of the draft minutes a correction was needed in order to reflect the correct name of the University of Pikeville and the Army Corps of Engineers. The paragraph should read:

The project was originally awarded to the University of Pikeville, switching the project from the University of Pikeville to Big Sandy Community and Technical College resulted in several delays, as did filing several responses to the Army Corps of Engineers about construction specifications.

Chair Desmarais called for discussion. There being none, the minutes were approved by unanimous consent.

**ACTION:
RATIFICATION OF
PERSONNEL
ACTIONS**

RECOMMENDATION: That the KCTCS Board of Regents ratify the personnel actions listed in the agenda materials.

Chair Desmarais called on KCTCS President Jay K. Box to present the item. KCTCS Vice President Wendell Followell assisted with the presentation.

It was noted that the personnel actions presented were in accordance with reporting guidelines and policies adopted by the KCTCS Board of Regents.

President Box noted that the format of this agenda item was developed in consultation with the Board of Regents and has been used for the past several years to provide the Board basic information for its action, without providing unnecessary detailed data.

President Box also shared that the personnel actions also reflect the number of current full-time regular vacant positions that are in the System.

Chair Desmarais called for discussion. There being none, she called for a motion.

MOTION: Mr. Martin moved and Mr. Wells seconded that the Finance, Technology, and Human Resources Committee recommend that the KCTCS Board of Regents ratify the personnel actions listed in the agenda materials.

VOTE: The motion was approved unanimously.

**ACTION:
THE 2016-17
ANNUAL AUDIT
REPORT**

RECOMMENDATION: That the KCTCS Board of Regents accept the financial audit results for the 2016-17 fiscal year.

Chair Desmarais called on President Box to present the item. KCTCS Vice President Wendell Followell assisted with the presentation. President Box introduced Pete Ugo, a Crowe Horwath, LLP partner, to present the audit findings to the committee.

The independent audit issued by Crowe Horwath, LLP is an unmodified opinion. This opinion means that the KCTCS financial statements present fairly, in all material respects, the KCTCS financial position on June 30, 2017. The KCTCS financial statements and the audit firm's opinion letter are included in the document titled *2016-17 Annual Financial Report*.

The audit firm has reported that there are no deficiencies in the KCTCS internal controls considered material weaknesses. The audit firm's management comment letter, KCTCS responses, and other related correspondence from the audit firm are included in the document titled *2016-17 Audit Correspondence*.

The audit firm has audited the KCTCS major federal programs in compliance with the requirements of the *U.S. Office of Management and Budget Uniform Guidance*. That audit report is in the document titled *Report on Audit of Institutions of Higher Education in Accordance with Uniform Guidance*.

Chair Desmarais called for discussion.

During the discussion, it was noted that KCTCS has been working on the financial aid issues cited in previous audits. It was noted that in 2015, there were seven findings and with this report, there were only two. This is due to

hard work of the Systemwide financial aid staff and the implementation of a Financial Aid centralized processing center.

Chair Desmarais noted that this was the best audit that KCTCS has received in its history.

Chair Desmarais called for a motion.

MOTION: Dr. Henson moved and Mr. Tarter seconded that the Finance, Technology, and Human Resources Committee recommend that the KCTCS Board of Regents accept the financial audit results for the 2016-17 fiscal year.

Chair Desmarais called for the vote.

VOTE: The motion was approved unanimously.

**UPDATE: KCTCS
QUARTERLY
FINANCIAL REPORT**

Chair Desmarais called on President Box to present the item. Vice President Followell assisted with the presentation.

It was reported that information for the first quarter of fiscal year 2017-18 (the quarter ending September 30, 2017) was derived from the KCTCS Administrative Financial System. The Statement of Revenues and Expenditures reflects the actual program and operational expenditures compared to the fiscal year 2017-18 budget approved by the KCTCS Board of Regents on June 9, 2017.

Total revenues of \$326 million reflect 38 percent of the budgeted revenue and appropriated funds. Current fund expenditures and budget reserve through the fiscal year total \$244 million, 29 percent of the expenditures budgeted for the year.

The Statement of Net Position, although not specifically required in the Board's Annual Budget Adoption Resolution, has also been included in the Quarterly Financial Report to give the Board a periodic snapshot of the KCTCS financial position using the most common accounting-based schedule. While significantly influenced by declining enrollment and associated tuition shortfalls, the reduction in state appropriation and the negative effect of the state's pension liability, KCTCS's Statement of Net Position remains fiscally sound at \$575 million as of June 30, 2017.

Chair Desmarais called for discussion.

During the discussion, questions were asking regarding academic support. It was noted that academic services are wrap-around services that help to retain students.

Chair Desmarais called for additional discussion. There being none, she moved to the next agenda item.

**UPDATE: FACILITIES
SUPPORT SERVICES
REPORT**

Chair Desmarais called on President Box to present the item. Vice President Followell assisted with the presentation.

The report titled *Facilities Support Services and Sustainability Status Report* was provided to the Board online and provides updates related to KCTCS capital construction projects; sustainability, including facilities utilization; and other initiatives, such as Environmental Health and Safety (EHS) and Crisis Management.

Highlights that were shared with the committee included a summary of the status of KCTCS *BuildSmart* projects and Work Ready Skills Initiative Awards, property acquisitions and dispositions, Crisis Management and Environmental Health and Safety activities across the System, Emergency Operations Plans, and the facilities utilization metrics using the Higher Education Scheduling Index (HESI).

Chair Desmarais called for discussion.

During the discussion, it was noted that KCTCS complies with several federal initiatives to keep students safe including Title IX, Violence Against Women Act, and the Clery Act.

Chair Desmarais called for additional discussion. There being none, she moved to the next agenda item.

**UPDATE:
RESOURCE
DEVELOPMENT
REPORT**

Chair Desmarais called on President Box to present the item. Vice President Larry Ferguson assisted with the presentation.

The report provides an update on the private giving and sponsored projects, grants, and contracts. Private gift income by donor purpose and source for the System and the donor source by college for each KCTCS college are presented in this report.

Sponsored Projects, Grants, and Contract funds are stated by source and purpose for the System Office in total; total awards to each KCTCS college are included in the report. The top grants and contracts received during the reporting period are highlighted. This report covers gifts from July 1, 2017 – November 10, 2017.

Chair Desmarais called for discussion.

During the discussion, it was noted that KCTCS will begin working with alumni to encourage charitable giving.

Chair Desmarais called for additional discussion. There being none, she moved to announcing the next meeting.

NEXT MEETING

The next regularly scheduled Finance, Technology, and Human Resources Committee meeting is for March 15, 2018, at the KCTCS System Office, Versailles, Kentucky.

ADJOURNMENT

Mr. Martin moved and Mr. Posey seconded that the Finance, Technology, and Human Resources Committee adjourn.

VOTE: The motion was approved unanimously. The Finance, Technology, and Human Resources Committee meeting adjourned at 2:21 p.m. (ET).

03/15/18

Date Approved by the
Finance, Technology, and Human
Resources Committee

Lisa V. Desmarais
Committee Chair

