



**Board of Trustees Meeting
November 18, 2020**

Appendix A

Supplemental Documents

- 1) [June 10, 2020 meeting minutes](#)
- 2) [August 19, 2020 special meeting minutes](#)
- 3) [FY21 Management Report](#) (as of September 30, 2020)
- 4) [Internal Audit Report: Payroll Audit – New Hire Process](#)



**REGULAR MEETING OF THE WOU BOARD OF TRUSTEES
MEETING NO. 33—JUNE 10, 2020
1:00-4:00 PM**

I. CALL-TO-MEETING/ROLL CALL

Chair Betty Komp called the June 10, 2020 meeting of the WOU Board of Trustees to order at 1:00 PM and asked Secretary Ryan Hagemann to take roll. The following trustees were present:

Zellee Allen
Jerry Ambris
Jaime Arredondo
Jim Baumgartner
Zoe Chan-Tuyub (Chan-Tuyub left prior to the adjournment)
Gayle Evans (Evans left the meeting, returned, and left prior to the adjournment)
Rex Fuller
Linda Herrera (Herrera left the meeting, returned, and left prior to the adjournment)
Gavin Keulks
Betty Komp
Cec Koontz
Malissa Larson
Jenny Mladenovic
Doug Morse
Lane Shetterly

Hagemann reminded the audience of the unique features of the meeting due to the COVID-19 pandemic. The meeting was convened via Webex and livestreamed to the public. The public was also provided a separate telephone number so they might listen to the meeting if they were unable to livestream the meeting. Hagemann also shared that the shared governance reports and public comment, if any, was submitted in writing.

II. CHAIR'S WELCOME

Komp acknowledged four trustees that were rotating off of the Board: Zoe Chan-Tuyub, Gavin Keulks, Lane Shetterly, and Jenny Mladenovic. Komp thanked each for their service to the University and asked each trustee to make some personal comments.

III. CONSENT AGENDA

- (1) April 15, 2020 meeting minutes**
- (2) Management Report (as of April 30, 2020)**
- (3) Current Grants over \$100,000**

Komp noted three items on the consent agenda and called for a motion to approve the consent agenda. Trustee Shetterly moved approval and Trustee Koontz seconded the motion. The following trustees voted in favor of the motion:

Zellee Allen
Jerry Ambris
Jaime Arredondo
Jim Baumgartner
Zoe Chan-Tuyub
Gayle Evans
Linda Herrera
Gavin Keulks
Betty Komp
Cec Koontz
Malissa Larson
Jenny Mladenovic
Doug Morse
Lane Shetterly

Fuller is non-voting.

There were no trustees opposed to the motion.

The motion passed.

IV. WRITTEN PUBLIC COMMENT

Komp asked Hagemann if there were any written public comments. Hagemann shared, consistent with the call-to-meeting letter, two individuals—Dr. Emily Plec and Dr. Ryan Hickerson—submitted written public comment. The comments were forwarded to the Board prior to the meeting.

V. SHARED GOVERNANCE REPORTS

- (1) Faculty Senate**

(2) Staff Senate

(3) ASWOU

Komp reminded the Board that shared governance reports from Faculty Senate and Staff which were submitted in writing (there was no written report from ASWOU). She asked the Board if there were any questions from the reports. Keulks asked President Rex Fuller or Provost Rob Winningham to comment on the Faculty Senate discussion on DPT. Winningham described the backdrop of the DPT discussion, particularly related to the declaration of program reduction or elimination. Winningham described the Faculty Senate's recommendation to impose a moratorium on spending institutional funds on DPT unless the financial crisis subsides. Fuller shared additional comments on the spirited debate and Senate's vote.

VI. PRESIDENT'S REPORT

Komp recognized President Rex Fuller for his report. Fuller addressed the following topics:

- Introduction of Interim Executive Director of Intercollegiate Athletics Randi Lydum;
- Explanation of enrollment data, including enrollment, retention, and degrees granted;
- Virtual town halls for the WOU community about re-opening;
- WOU: Salem, including enrollment data for the site;
- Virtual commencement;
- Movement to remote instruction for the spring term;
- Cancellation of GNAC and intercollegiate athletic competition and practice for Spring 2020;
- Development of Fall 2020 course delivery formats, including on-line synchronous;
- Additional on-line and remote capacity through Academic Innovation via Zoom;
- Highlights of faculty accomplishments in both COE and CLAS;
- Retention nudges from Student Success and Advising;
- Work with Polk County to create a contact tracing program with Community Health;
- Growth in visibility in social media platforms;

- Work on efficient and effective business processes;
- Investigation and application of FEMA grants to moderate COVID-19 impacts;
- Analysis of CARES Act institutional funding and the requirements of federal legislation;
- Updates on filling Board vacancies;
- Significant Human Resources activity, much of which related to COVID-19 adaptations;
- Information on the declaration of program reduction or elimination under the CBA's Article 15;
- Draft Diversity Plan issued by UDIAC;
- Progress on UCS's Hub and Spoke Design;
- Work with the City of Salem on public safety around the Vick Building;
- Updates on capital construction projects;
- Information on the virtual Athletics auction;
- Updates on giving to the WOU Foundation, including a major Woodcock gift;
- Update on progress in the Sponsored Projects Office;
- Update on Fall 2020 enrollment, including increases in the Latinx admitted student pool; and
- Identification of the four planning scenarios for Housing & Dining

Trustee Baumgartner asked Fuller about the enrollment tables and the comparison of enrollment declines and the number of degrees granted vis-à-vis the HECC funding formula. Fuller and David McDonald offered an explanation about the hydraulics of the HECC funding formula. Keulks highlighted the impressive report, including use of data. Keulks also shared some concern about holding SOAR events in late June and the impact of the articulation of AP credits. Fuller and Winningham offered some comments about the enhanced, personal advising at SOARs this year. Arredondo asked about shifts in enrollment recruitment strategies for 2020-2021, including whether or not the University's recruiters can travel to in-person events and college fairs.

(1) COVID-19 Update

After the president's report, Komp and Fuller asked David McDonald to provide the Board with a COVID-19 update. McDonald stressed how dynamic and fluid the

pandemic response was. He described the CARES Act and the HEROES Act passed by the US House of Representatives. McDonald also summarized the body of executive orders and Oregon Health Authority guidance applicable to the University. He shared information on how the state was approaching potential budget shortfalls, including the Governor's tool of allotment to make across-the-board cuts to all agencies. McDonald noted that HECC was using its equity lens to help manage potential budget cuts.

Komp asked if the legislature's emergency board met and McDonald confirmed it had. Komp and McDonald discussed the possibility of a special session of the Oregon Legislature. McDonald described the collaborative work by the Oregon higher education community on a reopening framework and WOU's collaboration with Polk County Public Health.

Fuller reiterated McDonald's leadership position in coordinating the University's COVID-19 response. Larson acknowledge the faculty's work in the instruction transition, but also recognized the work of the staff across the University.

VII. BREAK

VIII. ACADEMIC & AFFAIRS COMMITTEE (ASAC)

(1) Committee Chair Report

Komp recognized ASAC Chair Shetterly for a brief ASAC report. Shetterly turned directly to the committee recommendations for board action.

(2) Committee Recommendations for Board Action/Discussion

(a) Proposals for new undergraduate degree program:

- (i) Bachelor of Applied Science in Professional Studies in the Deaf Community**
- (ii) Bachelor of Science in Cybercrime Investigation and Enforcement**

Komp asked Shetterly and Provost and Vice President for Academic Affairs Dr. Rob Winningham to introduce the two new proposed undergraduate degree programs for approval. Shetterly and Winningham started with the Bachelor of Applied Science in Professional Studies in the Deaf Community. After the presentation, Komp called for a motion to approve the Bachelor of Applied Science in Professional Studies in the Deaf Community as presented, included in the written docket materials, and recommended by the ASAC. Shetterly moved approval and Keulks seconded the motion. The following trustees voted in favor of the motion:

Zellee Allen
Jerry Ambris
Jaime Arredondo
Jim Baumgartner
Zoe Chan-Tuyub
Gavin Keulks
Betty Komp
Cec Koontz
Malissa Larson
Jenny Mladenovic
Doug Morse
Lane Shetterly

Fuller is non-voting.

There were no trustees opposed to the motion.

The motion passed.

After the first vote, Shetterly and Winningham described the proposed program in Cybercrime Investigation and Enforcement. Komp called for a motion to approve the Bachelor of Science in Cybercrime Investigation and Enforcement as presented, included in the written docket materials, and recommended by the ASAC. Shetterly moved approval and Koontz seconded the motion. The following trustees voted in favor of the motion:

Zellee Allen
Jerry Ambris
Jaime Arredondo
Jim Baumgartner
Zoe Chan-Tuyub
Gavin Keulks
Betty Komp
Cec Koontz
Malissa Larson
Jenny Mladenovic
Doug Morse
Lane Shetterly

Fuller is non-voting.

There were no trustees opposed to the motion.

The motion passed.

IX. EXECUTIVE, GOVERNANCE & TRUSTEESHIP COMMITTEE (EGTC)

(1) Committee Chair Report

Komp turned directly to the EGTC committee recommendations for Board action.

(2) Committee Recommendations for Board Action/Discussion

(a) Chair Election

Komp turned to the materials on the Board Chair election and asked Fuller and Hagemann to introduce the docket materials. Hagemann described the EGTC recommendation and action to nominate Komp for a second, two-year term as chair. After discussion, Komp called for a motion to re-elect Komp to a two-year term as Board Chair as presented, included in the written docket materials and recommended by the EGTC. Koontz moved approval and Mladenovic seconded the motion. The following trustees voted in favor of the motion:

Zellee Allen
Jerry Ambris
Jaime Arredondo
Jim Baumgartner
Zoe Chan-Tuyub
Gavin Keulks
Betty Komp
Cec Koontz
Malissa Larson
Jenny Mladenovic
Doug Morse
Lane Shetterly

Fuller is non-voting.

There were no trustees opposed to the motion.

The motion passed.

(b) Presidential Salary Reduction: FY2021

Komp turned to the final item on the EGTC agenda. She asked Hagemann to introduce the presidential FY2021 salary reduction. Hagemann outlined the EGTC

recommendation that, as a part of the actions necessary to remedy the University's structural budget deficit, to reduce President Fuller's salary to its FY18 level for FY21. After discussion, Komp called for a motion to approve the salary reduction as presented, included in the written docket materials and recommended by the EGTC. Larson moved approval and Keulks seconded the motion. The following trustees voted in favor of the motion:

Zellee Allen
Jerry Ambris
Jaime Arredondo
Jim Baumgartner
Gavin Keulks
Betty Komp
Cec Koontz
Malissa Larson
Jenny Mladenovic
Doug Morse
Lane Shetterly

Fuller is non-voting.

There were no trustees opposed to the motion.

The motion passed.

X. FINANCE & ADMINISTRATION COMMITTEE (FAC)

(1) Committee Chair Report

Komp recognized FAC Chair Cec Koontz for a brief FAC report. She addressed the following topics: COVID expenditures and initiatives and cash flow and management report.

(2) Committee Recommendations for Board Action/Discussion

(a) FY2021 Preliminary Budget

After Koontz's FAC report, Komp asked Vice President for Finance & Administration Dr. Ana Karaman to join Koontz to present the FY2021 Preliminary Budget. Karaman started by stressing the uncertain times and the robust process that precedes the creation of the budget. She acknowledged a change in the structure of how she would present the preliminary budget to the Board and started with revenue. Karaman share, with assumptions, such as a projected 2.5% decline in enrollment, the structural deficit

would sit at \$6.5M. She echoed the enrollment assumptions and acknowledged modality also impacted the University's bottom line.

Karaman turned to expenses and reviewed the actions to date to control costs. After reviewing the expenses, she noted a \$2M variance. She observed, without future action, and other assumptions, the FY21 budget deficit could eliminate the University's entire reserve.

After revenue and expenses, Karaman described incidental fees. Because of enrollment and COVID, Karaman noted a \$942K deficit in incidental fee programs.

Karaman continued to present on designated and operational service departments. She explained that these were departments that were supposed to support themselves. Karaman outlined the significant impact COVID created on auxiliary departments, such as Residence Life and Dining. She walked the Board through various planning scenarios at different levels of students living in the residence halls and the resulting impacts on the budget. Karaman described that the overall budget was preliminary, created with specific assumptions and was very conservative.

Koontz reiterated that the preliminary budget would exhaust the entire fund balance and the possibility of using the line of credit to fill in the gap. She explained that FAC decided against that course of action at the moment. Baumgartner asked about the relationship between the deficit and the fund balance and inquired whether the deficit would actually be larger because of the backfill from other parts of the budget, such as incidental fees. He asked if a budget deficit was a policy or operational question. Karaman outlined the fund balances in other parts of the University's budget, separate from the Education & General budget.

Larson and Keulks expressed concern about the state of the University and for additional information on the proposed cuts in the future. Larson asked if it was possible to ask for an emergency meeting before the regular November 2020 meeting in order for the Board to understand the scope and impact of cuts. Fuller and Karaman described that information about faculty cuts would not be ready for an emergency meeting. Arredondo asked about the centralized budget process. Karaman also observed the role and input from the University Budget Advisory Committee. Before answering Larson's question about an emergency meeting before November 2020, Koontz moved approval (with an amendment to meet November 2020 *or before*) and Baumgartner seconded the motion. Larson acknowledged Koontz's amendment, but stressed that she wanted an additional meeting before November 2020. The following trustees voted in favor of the motion:

Zellee Allen
Jerry Ambris
Jaime Arredondo
Jim Baumgartner
Gavin Keulks

Betty Komp
Cec Koontz
Jenny Mladenovic
Doug Morse
Lane Shetterly

The following trustees voted in opposition to the motion:

Malissa Larson

Fuller is non-voting.

The motion passed.

From the floor, Keulks asked about Larson's request. Koontz offered that she would work with Karaman to determine if there would be any additional information that would assist in another meeting. Larson reiterated her desire for an additional meeting. Allen observed that the Board would need additional information to make a meeting meaningful. Karaman and Shetterly concurred that additional information should be a precursor to a productive meeting. Keulks asked whether Article 15 information would be available prior to the November 2002 and Hagemann outlined the process and replied that there would not be specific Article 15 information or savings prior to a November 2020 meeting. Larson moved that the Board convene an intermediate meeting to discuss the preliminary budget in the first week of September 2020 before the November 2020 meeting. Keulks seconded the motion. Komp called for a roll call vote. The following trustees voted in favor of the motion:

Zellee Allen
Jaime Arredondo
Gavin Keulks
Malissa Larson
Jenny Mladenovic

The following trustees favor in opposition to the motion:

Jerry Ambris
Jim Baumgartner
Betty Komp
Cec Koontz
Doug Morse
Lane Shetterly

Fuller is non-voting.

The motion failed.

XI. FINAL ANNOUNCEMENTS

There were no final announcements.

XII. EXECUTIVE SESSION

Following the open session of the Board meeting, the Board moved into executive session and Hagemann made required announcements. He stated that the Board was in executive session for multiple purposes, including the performance evaluation of the president, an Article 15/retrenchment update, and an update on the status of collective bargaining with WOUFT, the faculty union. Hagemann shared that the Board, therefore, was meeting in executive session pursuant to ORS 192.660(2)(d), (2)(f) and (2)(i). He stated that members of the news media were permitted to attend the sessions on the presidential evaluation and Article 15, but not the collective bargaining update and, pursuant to ORS 192.660(4), media may not disclose the executive session deliberations. Hagemann stated that in addition to the Board, Hagemann, LouAnn Vickers, Rob Winningham, and Carson Campbell were permitted in the executive session. He stated that, pursuant to ORS 192.660(6), no final action could or would occur in executive session.

(1) Presidential Evaluation

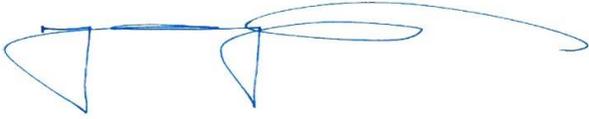
The Board started with the president's evaluation. At the beginning of the presentation, a member of the news media joined the session and was reminded, under ORS 192.660(4), deliberations must remain undisclosed. Audrey Caro of the Polk Itemizer-Observer acknowledged the requirement.

(2) After the president's evaluation, the Board moved to the collective bargaining update. Consistent with ORS 192.660(4) and ORS 352.076(5), Keulks and Larson, as well as Audrey Caro of the Polk-Itemizer Observer left the meeting.

Because of time, the Board did not address the Article 15 update in executive session.

XIII. ADJOURNMENT

After the executive session, the Board returned to regular session to adjourn. Komp adjourned the meeting at 5:28 PM with a quorum of the Board.



Ryan J. Hagemann
Secretary to the Board of Trustees

DRAFT



**SPECIAL MEETING OF THE WOU BOARD OF TRUSTEES
MEETING NO. 34—AUGUST 19, 2020
1:00-4:00 PM**

I. CALL-TO-MEETING/ROLL CALL

Chair Betty Komp called the special meeting of the WOU Board of Trustees to order at 1:04 PM and asked Secretary Ryan Hagemann to take roll and make any necessary announcements. Hagemann reminded the audience that the Board was convening virtually due to COVID-19. The following trustees were present for the meeting:

Zellee Allen
Jerry Ambris
Jamie Arredondo (arrived at the meeting at 1:35 PM)
Jim Baumgartner
Gayle Evans
Rex Fuller
Linda Herrera
Betty Komp
Cec Koontz
Doug Morse
David Foster
Malissa Larson

II. CHAIR'S WELCOME

Komp welcomed the Board and reminded the trustees that they were convening for a special and important purpose. Before turning to the WOU Fall 2020 Safe Operations and Instructional Plan, Komp asked Dr. David Foster, the Board's new faculty member, to introduce himself. Komp acknowledged that the remaining Board vacancies—including the student member—would be addressed by the Oregon Senate in the near future.

III. BOARD ACTION/DISCUSSION

(1) WOU Fall 2020 Safe Operations and Instructional Plan

Komp turned to President Rex Fuller to introduce the WOU Fall 2020 Safe Operations and Instructional Plan. Fuller described the University's opening committee, the

inclusion of community health expertise, and his decision to designate David McDonald as the coordinator of the effort. Fuller asked McDonald to continue with the presentation to the Board.

McDonald stressed that the committee and the University focused its effort on ensuring a safe instructional environment for students, staff, and faculty. He observed that many of the requirements in the plan were proscribed by the Higher Education Coordinating Commission (HECC) and the Oregon Health Authority (OHA). He noted that Allen Risen was assigned to be the COVID-19 officer and trustees asked how students or employees could contact Risen with issues, questions or problems. McDonald shared that the information was publicly available on the University's website.

McDonald described the differences on the draft plan, including "action items" and "recommendations." McDonald observed that the Board and the University were responsible for monitoring changes to the plan. Baumgartner asked about the current intent about the modality mix for instruction and McDonald shared that the University would be a mix of modality (in-person, hybrid, remote, on-line) and would monitor public health data to make decisions about instruction modality. Komp asked if face coverings were free to students and McDonald confirmed that face coverings and branded masks were provided at no cost to students and employees. McDonald noted that the University was following OHA guidance on segments, such as retail and gyms, that have sector-specific guidance.

Baumgartner asked how the University was ensuring compliance and McDonald observed that 100% compliance might be difficult, but it was the University's goal to impact campus culture on combating the pandemic as a community. Dr. Megan Patton-Lopez echoed McDonald's description of the importance of changing campus culture.

McDonald shared information about residence halls and plans to ensure safety for students that choose to reside on campus. He stressed that most rooms would be single occupancy and that significant isolation and quarantine capacity was set aside. Foster asked about communication mechanisms if a student needed to isolate for several days and McDonald mentioned efforts to work with the Deans to create communication channels with faculty. McDonald turned to Dr. Patton-Lopez to describe the University's contact tracing efforts with Polk County.

Patton-Lopez described the collaborative team dedicated to contact tracing and the scope of contact tracing across the county. Ambris asked about the timeliness of contact tracing and Patton-Lopez offered that the team reaches out within two days. McDonald observed that half of the team were bilingual and enhanced the team's ability to reach out to the Spanish-speaking community. McDonald and Patton-Lopez both described the University's efforts regarding health-related communication with various populations. Foster asked about building ventilation and McDonald shared that

Facilities consulted OHA guidance before surveying campus buildings to ensure compliance with ventilation requirements. Foster asked additional questions about class scheduling and tenure requirements. McDonald also shared that the University had a disease management plan in place prior to the pandemic and would be relying on it for the COVID-19 plan. Evans asked if Allen Risen had the resources and personnel to assume the role of supervising the operation and management of the plan. McDonald noted that he would have the entire reopening committee at his disposal. Hagemann pointed out that while Risen might hear a variety of complaints, while serving as the point person, complaints would get to the appropriate office for investigation and disposition. Evans asked if students were signing a risk acknowledgement statement and Hagemann advised that they were not. Allen inquired about alternate plans if a student did not want to isolate on campus and Patton-Lopez discussed county and community resources.

Foster asked about how the University would define a major outbreak that might impact modality decisions and McDonald described the development of a metrics dashboard that would guide future decisions. Before turning to the vote, Fuller offered two edits to the draft document focusing on health review and the specificity of available COVID-19 tests.

After discussion Komp called for a motion to approve the WOU Fall 2020 Safe Operations and Instructional Plan as presented and included in the written docket materials. Evans moved approval of the plan and Morse seconded the motion. The following trustees voted in favor of the motion:

Zellee Allen
Jerry Ambris
Jamie Arredondo
Jim Baumgartner
Gayle Evans
Linda Herrera
Betty Komp
Cec Koontz
Doug Morse
David Foster
Malissa Larson

Rex Fuller is non-voting.

There were no trustees opposed to the motion.

The motion passed.

(2) Article 15 Process/July 28, 2020 Town Hall update

After a break, Komp asked Fuller to update the Board on the Article 15 process and the July 28, 2020 town hall, stressing that the Board was not slated to vote or take any action. Fuller started the presentation with previous budget and enrollment assumptions and actions to close the structural deficit, including S&S reductions, furloughs, extended benefits, and other programs. He walked the Board through information and actions over the course of the spring and summer 2020, including the availability of CARES Act funding and the no reduction FY21 state appropriation.

Fuller outlined previous guidance from the Board, including the approval of a FY20 deficit budget and direction to remedy the deficit, while maintaining fidelity to the Board's fund balance requirements. Separate from the FY20 and FY21 considerations, Fuller turned to longer-term concerns, including the potential significant drop in state appropriation for the 2021-2023 biennium and further declines in enrollment. He reviewed revenue forecasts from the state and potential impacts on the Public University Support Fund. After the review of the budget history and the economic forecasts from the state, Fuller reiterated his conclusion that the University must right-size to its enrollment reality to succeed in the future.

Separate from the reductions in the unclassified and classified ranks, Fuller pivoted to required process under the faculty collective bargaining agreement necessary to consider faculty layoffs and reductions. Article 15 of the faculty collective bargaining agreement requires a declaration of a financial condition and meetings with the faculty union to discuss alternatives to program curtailment/reduction/elimination. Fuller continued to describe changes to the timeline over the summer to accommodate work by the Deans, Division Chair, faculty panels, and the creation of a Faculty Senate Task Force. He offered that the Faculty Senate Task Force was charged with developing recommendations on various tranches of cuts. Fuller shared that the University's goal, after faculty and union comments and recommendations to a draft plan, would be to release a final plan on December 1, 2020 for implementation. Fuller stressed that shared sacrifice across all employee groups—classified, unclassified, and faculty—were critical to achieve a balanced budget fairly.

Baumgartner asked about the faculty letter asking the Board to require rescission of the Article 15 decision. Baumgartner inquired about the President's response to the letter and what would be required of the Board in the future. Fuller stressed the various steps required by the collective bargaining agreement to conclude the necessity for program curtailment/reduction/elimination and his conclusion that Article 15 remained necessary to balance the University's budget.

Koontz asked Fuller about the rubric that was described previously to guide the retrenchment process and Fuller offered that the Task Force devised several

approaches to data and criteria that might provide possibilities to achieve necessary reductions, while remaining focused on University priorities at the same time. Foster inquired about the financial condition and how the state's decision to keep FY21 funding flat impacted the decision to declare Article 15 layoffs. Fuller shared that while the appropriation decision was welcome, the structural budget deficit remained and the Article 15 process was still necessary.

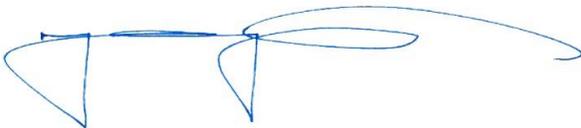
Baumgartner asked Fuller if the University could meet budget targets if Article 15 was revoked. Fuller described the layoff process and the difference between garnering savings from vacancies in the normal course and process required to layoff faculty members. Foster asked how the fund balance policy was determined and Hagemann described the former OUS policy and how the new WOU Board reiterated its approval of a 10-12% target for its fund balance to maintain operations. Baumgartner asked Larson if she had received necessary budget information to answer her concerns from the previous regular Board meeting. Larson shared her perspective on necessary budget cuts, the impact on staff morale, and the need to have a complete picture. Fuller and Baumgartner echoed Larson's desire for transparency and urgency. Fuller stressed that none of these decisions were easy and the work to right-size the University was hard. Larson reiterated the difference between impacts on unclassified employees and faculty; she noted that faculty, under the collective bargaining agreement, get substantial process, but unclassified employees did not.

IV. FINAL ANNOUNCEMENTS

Komp thanked the Board for tackling difficult topics and the vital importance on working on these issues as a team. Komp stressed that open communication would be necessary throughout all of these processes.

V. ADJOURNMENT

Komp adjourned the meeting at 3:31 PM with a quorum of the Board.



Ryan J. Hagemann
Secretary to the Board of the Trustees

Finance & Administration Committee (FAC), Management Report as of September 30, 2020

Period 3 Actual to Actual Variance Education & General Fund Report:

This report provides three months of actual revenue and expense activity (as of September 30, 2020) as compared to the same period in prior fiscal year.

Revenues:

Tuition revenues are \$758K less than the prior year due to an approximate 7.5% enrollment decrease in fall term enrollment. Fees are \$2.756M more than the prior year due to approximately \$2.8M online course fee revenue (note: the budget is based on \$2.7M due to adjustments following September 30th). Fee remissions have increased \$357K from the prior year due to being in the second year (meaning two years of eligible students rather than just one) of WOU Supplemental and Transfer awards. Altogether, this results in net tuition and fees being \$1.651M more than the prior year.

Government resources & allocations have increased by \$486K from prior year based on the HECC's Public University Support Fund (PUSF) allocation formula. This is reflective of receiving the full original allocation for the second year of the 2019-21 biennium.

Overall, total revenues are \$27.651M, \$2.024M more than the prior year.

Expenses:

Personnel expenses are \$2.142M less than the prior period. In July 2019, the second and final retirement window program payment of \$783K and is reflected in the P3 FY20 personnel expense. FY21 personnel expense reflects savings from furloughed employees (1 month for unclassified, 2-3 months for classified) and employees placed on Leave Without Pay. It is also reflective of savings resulting from the 17 eliminated positions that were effective June 30, 2020.

Services and supplies expenses are \$242K less than the prior year.

Overall, total expenses are \$10.105M, \$2.387M less than the prior year.

Net Revenues less Expenses:

Net revenues less expenses have increased by \$4.411M compared to prior year.

Auxiliary Enterprises:

Auxiliary Enterprises is comprised of Athletics, University Housing, Campus Dining, Parking, Bookstore, Student Health & Counseling Center (SHCC), Child Development Center (CDC), Incidental Fee, and other minor operations.

Revenues:

Enrollment Fees are down \$2.235M, primarily due to the decrease in incidental and health service fees due to 95% of classes being delivered online. Sales and Services are down \$820K from the prior period, primarily due to Housing being at about 50% of normal occupancy, resulting in fewer revenues for Campus Dining as well.

Expenses:

Personnel expenses are \$765K less than the prior period and are reflective of furlough savings and savings resulted from employees placed on Leave Without Pay. Service & Supplies are \$1.340M less than the prior year, due to a decrease in auxiliary activities over summer.

Net Revenues less Expenses:

Net revenues less expenses have decreased by \$1.387M compared to prior year.

FY21 Projected Year-End:

This report provides year-end projections. With three months of actuals, our Proposed Adjusted FY21 Budget matches the projection for the year.

COMMITTEE RECOMMENDATION:

The WOU Finance and Administration Committee recommends that the Western Oregon University Board of Trustees accept the FY21 Projected Year-End Report and the overall Management Report as of September 30, 2020.

Western Oregon University
P3 YTD Actual to Actual Variance

(Unaudited, non-GAAP, for management purposes only)
(in thousands)

As of September 30, 2020
For the Fiscal Year Ended June 30, 2021

	<u>P3 YTD FY20</u>	<u>P3 YTD FY21</u>	<u>Variance</u>	<u>Note</u>
	<u>Actuals</u>	<u>Actuals</u>		
Education & General Fund				
Revenues				
Tuition	15,907	15,149	(758)	Decreased enrollment.
Fees	739	3,494	2,756	FY21 reflects \$2.8M of online course fee revenue (as of Sept 30., budget based on lower amount due to adjustments following Sept. 30).
Less: Fee Remissions	(1,908)	(2,254)	(347)	Reflective of two years of students qualifying for WOU Supplemental and Transfer awards.
Net Student Fees & Tuition	14,738	16,389	1,651	
Government Resources & Allocations	9,864	10,350	486	HECC higher allocation.
Gift Grants and Contracts	190	135	(55)	
Other Revenue	835	777	(58)	
Total Revenues	<u>25,627</u>	<u>27,651</u>	<u>2,024</u>	
Expenses				
Personnel	10,469	8,327	(2,142)	FY20 includes \$783K of retirement window payment; FY21 reflects LWOP and furlough savings.
Service & Supplies	2,015	1,773	(242)	
Capital Expense	7	5	(2)	
Total Expenses	<u>12,491</u>	<u>10,105</u>	<u>(2,387)</u>	
Net Revenues less Expenses	13,136	17,547	4,411	

Western Oregon University
P3 YTD Actual to Actual Variance

(Unaudited, non-GAAP, for management purposes only)
(in thousands)

As of September 30, 2020
For the Fiscal Year Ended June 30, 2021

	P3 YTD FY20	P3 YTD FY21	Variance	Note
	Actuals	Actuals		
Auxiliary Enterprises Funds				
Revenues				
Enrollment Fees	2,395	160	(2,235)	Reflects decrease in incidental fees.
Sales and Services	1,248	428	(820)	Reflects decrease in housing/other auxiliary revenues.
Other Revenue	601	103	(498)	
Total Revenues	4,244	690	(3,554)	
Expenses				
Personnel	2,503	1,739	(765)	FY21 reflects LWOP and furlough savings.
Service & Supplies	2,441	1,101	(1,340)	
Capital Expense	62	0	(62)	
Total Expenses	5,006	2,840	(2,167)	
Net Revenues less Expenses	(762)	(2,149)	(1,387)	
Designated Operations, Service Departments, Clearing Funds				
Revenues				
Enrollment Fees	64	4	(60)	
Sales and Services	56	13	(43)	
Other Revenue	313	265	(49)	
Total Revenues	434	282	(151)	
Expenses				
Personnel	284	217	(67)	
Service & Supplies	371	289	(81)	
Capital Expense	8	0	(8)	
Total Expenses	662	506	(156)	
Net Revenues less Expenses	(229)	(224)	5	

Western Oregon University
FY21 Projected Year-End
(Unaudited, non-GAAP, for management purposes only)
(in thousands)

As of September 30, 2020
For the Fiscal Year Ended June 30, 2021

	<u>FY20 Year-End Actuals</u>	<u>FY21 Adopted Budget</u>	<u>FY21 Year-End Projected (FY21 Proposed Adjusted Budget)</u>	<u>Variance FY21 Proposed Adjusted Budget to FY20 Year-End Actuals</u>
Education & General Fund				
Recurring Operating Activities				
Student Fees & Tuition (net of remissions)	34,935	35,950	37,965	3,030
Government Resources & Allocations	27,516	24,534	28,982	1,465
Gift Grants and Contracts	745	750	500	(245)
Other Revenue	3,736	3,600	2,600	(1,136)
Total Revenues	<u>66,933</u>	<u>64,834</u>	<u>70,047</u>	<u>3,114</u>
Personnel	61,630	60,186	57,198	4,432
Service & Supplies	7,810	7,526	8,849	(1,038)
Capital Expense	411	210	210	201
Total Expenses	<u>69,852</u>	<u>67,922</u>	<u>66,256</u>	<u>3,595</u>
Net Transfers	2,975	3,424	5,094	(2,119)
Total Expenses and Transfers	<u>72,827</u>	<u>71,346</u>	<u>71,350</u>	<u>1,477</u>
Operating Net Revenues less Expenses	(5,894)	(6,512)	(1,303)	4,591
Other Activities				
Investment in Salem Building	(2,698)	-	-	-
CARES Reimbursement for Salary	1,800	-	-	-
Retirement Window Payment	(783)	-	-	-
Other	(213)	-	-	-
Total Other Activities	<u>(1,893)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Revenues less Expenses	(7,787)	(6,512)	(1,303)	4,591
Additions/Deductions to Fund Balance	1,072		-	
Fund Balance at the Beginning of the Year	<u>12,956</u>		<u>6,240</u>	
Fund Balance at the End of the Year	<u>6,240</u>		<u>4,937</u>	
Fund Balance as a Percentage of Revenues	9.32%		7.05%	

Western Oregon University
 FY21 Projected Year-End
 (Unaudited, non-GAAP, for management purposes only)
 (in thousands)

As of September 30, 2020
 For the Fiscal Year Ended June 30, 2021

	FY20 Year-End Actuals	FY21 Adopted Budget	FY21 Year-End Projected (FY21 Proposed Adjusted Budget)	Variance FY21 Proposed Adjusted Budget to FY20 Year-End Actuals
Auxiliary Enterprises Funds				
Enrollment Fees	6,488	5,676	2,412	(4,076)
Sales and Services	10,466	10,832	9,191	(1,275)
Other Revenue	2,108	1,554	1,599	(509)
Total Revenues	<u>19,062</u>	<u>18,062</u>	<u>13,202</u>	<u>(5,860)</u>
Personnel	11,491	10,970	9,242	2,249
Service & Supplies	11,734	11,237	10,449	1,285
Capital Expense	-	-	-	-
Total Expenses	<u>23,225</u>	<u>22,207</u>	<u>19,692</u>	<u>3,534</u>
Net Transfers	(3,346)	(1,869)	(3,079)	(267)
Total Expenses and Transfers	<u>19,879</u>	<u>20,338</u>	<u>16,613</u>	<u>3,266</u>
Net Revenues less Expenses	(817)	(2,275)	(3,411)	(2,594)
Additions/Deductions to Fund Balance	(2,173)		(108)	
Fund Balance at the Beginning of the Year	<u>12,546</u>		<u>9,556</u>	
Fund Balance at the End of the Year	<u>9,556</u>		<u>6,036</u>	
Fund Balance as a Percentage of Revenues	50.13%		45.72%	

Western Oregon University

FY21 Projected Year-End

(Unaudited, non-GAAP, for management purposes only)

(in thousands)

As of September 30, 2020
For the Fiscal Year Ended June 30, 2021

	<u>FY20 Year-End Actuals</u>	<u>FY21 Adopted Budget</u>	<u>FY21 Year-End Projected (FY21 Proposed Adjusted Budget)</u>	<u>Variance FY21 Proposed Adjusted Budget to FY20 Year-End Actuals</u>
Designated Operations, Service Departments, Clearing Funds				
Enrollment Fees	106	113	113	7
Sales and Services	144	174	127	(18)
Other Revenue	2,094	2,047	2,034	(60)
Total Revenues	<u>2,344</u>	<u>2,333</u>	<u>2,274</u>	<u>(70)</u>
Personnel	1,113	1,012	985	128
Service & Supplies	1,053	1,321	1,312	(259)
Capital Expense	8	-	-	8
Total Expenses	<u>2,173</u>	<u>2,333</u>	<u>2,297</u>	<u>(124)</u>
Net Transfers	(225)	1	1	(225)
Total Expenses and Transfers	<u>1,949</u>	<u>2,333</u>	<u>2,298</u>	<u>(349)</u>
Net Revenues less Expenses	396	-	(24)	419
Additions/Deductions to Fund Balance	(365)		(273)	
Fund Balance at the Beginning of the Year	<u>2,951</u>		<u>2,982</u>	
Fund Balance at the End of the Year	<u>2,982</u>		<u>2,686</u>	
Fund Balance as a Percentage of Revenues	127.21%		118.09%	

Western Oregon University
Transfers Schedule - Projected FY21
(Unaudited, non-GAAP, for management purposes only)

	E&G				Auxiliary				Des Ops - Serv Dept.	Plant fund	Other		Total
Transfers In E&G											(a)	(b)	
Actual											8,218		8,218
Upcoming												8,893	8,893
Transfers Out E&G					(c)	(d)	(e)	(f)		(g)	(b)		
Actual													-
Upcoming					150,000	2,772,874	1,000,000	1,000,000		175,000	4,804		5,102,678
Transfers In AUX	(c)	(d)	(e)	(f)									
Actual													-
Upcoming	150,000	2,772,874	1,000,000	1,000,000									4,922,874
Transfers Out AUX					(h)					(i)	(j)	(a)	
Actual													-
Upcoming					86,563					133,838	1,618,801	5,000	1,844,202
Transfers In DO, SD													
Actual													-
Upcoming													-
Transfers Out DO, SD											(a)		
Actual													-
Upcoming											750		750

Type	Description
(a)	Misc. transfers
(b)	Endowment matches
(c)	Child Development Center support
(d)	Athletic operations support
(e)	Fall Incidental Fee support
(f)	Potential Winter Incidental Fee support
(g)	Small-Scale Energy Loan Program debt service
(h)	Incidental fee misc. transfers out
(i)	Student Engagement & Campus Recreation transfers to building/equipment reserves
(j)	Transfers out from Housing and Recreation Center Building Fee for debt service payments

Executive, Governance, & Trusteeship Committee, Internal Audit, Report on the Payroll Audit – New Hire Process

The Internal Auditor conducted an audit of the new hire process related to payroll. The objectives of the audit were:

1. To determine if the various risks facing the onboarding of new employees are identified and assessed routinely.
2. To determine that control activities and other mechanisms are proactively designed to address and mitigate the significant risks.
3. To determine if information critical to identify risks and meeting business objectives is communicated to stakeholders.
4. To determine if the entire system of internal control is monitored continuously, and if problems are addressed timely.

The audit procedures included interviewing personnel with payroll responsibilities, Business Services and Budget. It also included reviewing policies and procedures related to the new hire process. Procedures included analyzing user access granted in the payroll software.

Based on our audit procedures, it has been determined, overall, the Human Resource Office has established adequate, effective control procedures. The following is a summary of the Internal Auditor's key recommendations:

1. On a regular basis, the software access controls should be tested to ensure they are operating as they were designed.
2. Best practices would assign the task of establishing employee IDs, maintaining the employee master file into the software (creating new employees, updating names, inputting address changes), and entering bank account numbers for direct deposit to staff outside of those with payroll processing responsibilities.
3. The Human Resource Office should contact the software representative to discuss our manual processes throughout all of the payroll cycle to seek electronic options.

President Fuller has directed the Human Resource Office to report back to him on the status of updates to internal controls that address the recommendations in the Report on the Payroll Audit – New Hire Process by January 2021.

COMMITTEE RECOMMENDATION:

The WOU Executive, Governance, & Trusteeship Committee recommends the Western Oregon University Board of Trustees accept the Report on the Payroll Audit – New Hire Process as included in the docket material.



2021.1 REPORT ON THE PAYROLL AUDIT: NEW HIRE PROCESS

Objective and Scope

This payroll audit scope was narrowed to the new hire process.

The objective of the audit was to determine if the various risks facing the onboarding of new employees are identified and assessed routinely. Also, to determine that control activities and other mechanisms are proactively designed to address and mitigate the significant risks. Then, to determine if information critical to identifying risks and meeting business objectives is communicated to stakeholders. Finally, to determine if the entire system of internal control is monitored continuously, and if problems are addressed timely.

Background on Payroll

The Human Resources Office is responsible for processing pay for all classified, unclassified, temporary, and student employees. Approximately 1,500 employees are paid each month with an average monthly payroll of approximately \$4 million. During fiscal year 2018-19, the Payroll Office processed 791 new hires.

The Human Resources Office consists of 13 employees (8 with responsibilities in the new hire process) and reports to the Associate Vice President of Human Resources, Affirmative Action, and Title IX Coordinator.

Procedures

The engagement procedures included the following:

- Interviewing personnel in Payroll, Business Services, and Budget
- Reviewing policies and procedures related to the new hire process
- Analyzing user access granted to critical Banner objects related to payroll and human resources

Results

Control Strengths

1. Human Resources Office has exhibited a desire to maintain internal controls designed to provide reasonable assurance of the achievement of operational effectiveness and efficiency, financial reporting reliability, and applicable laws and regulations compliance.
2. Human Resources Office has created organizational structure through the issuance of clear assignment of authority and responsibility.
3. Human Resources Office has developed a New Hire Checklist. This checklist ensures critical payroll forms are obtained from new employees. It also guides the



Human Resources Office in the input of information into the payroll software. This checklist is divided into sections based on the office's segregation of duties.

4. Human Resources Office has developed forms for the accumulation of information from new employees (New Hire Packet). The use of these forms has allowed the Payroll Office to develop consistency within the onboarding of new employees. The Payroll Office has made these forms available on their website and gives new employees clear guidance on how to obtain them.

Areas for Improvement

1. Segregation of Duties – Software Access Controls

The above Control Strength section includes segregation of duties. Segregation of duties is also included in the Areas for Improvement section. The difference is between the design of the control activity (a strength) and the monitoring of that control (an area for improvement).

Payroll staff responsibilities were established to create proper segregation. The software used for payroll has the ability to limit access to match their responsibilities. However, the access controls built into the software did not match their responsibilities. Therefore, the payroll staff duties are not adequately segregated.

The payroll staff had access in the software to set up new employee records, enter bank account information, pay information, and prepare payroll.

Recommendation

Due to the severity of the finding, the Human Resources Office was immediately informed of the oversight in access controls. The Human Resources Office took immediate action to correct this issue.

The recommendation is to build into the system a monitoring of the access controls. On a regular basis, the access controls should be tested to ensure they are operating as they were designed. The individual assigned to perform this function should be required to report the results to Associate Vice President of Human Resources.

Management Response

The Banner HRIS system does not provide a mechanism to automatically monitor access. When Banner was implemented for the university the various HRIS forms were assigned user "groups" (such as "BAN_PAYROLL", "BAN_EMPMAINT"). The set-up of these groups did not provide nor consider the mechanism to ensure a proper segregation of duties. As such we have had to regularly monitor what access



may have inadvertently been assigned if someone is assigned an additional user group. This is an issue we are aware of, have discussed with the Banner Systems Auditor. We have taken preliminary steps identify and create new user groups. Making these changes would provide the necessary updated permissions to the various Banner forms which would ensure adequate segregation of duties. This process is labor intensive and will require extensive time from the Bursar/Banner Systems Auditor to implement.

Also, we would request that the access to the report now being monitored by the WOU Treasurer be moved to being monitored by the Associate Vice President of Human Resources. WOU began running the PZRACTD report in January 2018. It is run monthly to monitor who is entering data for HR personnel records. We would recommend expending this report to identify if any HR personnel have modified a record that is not part of their assigned duties to further ensure segregation of duties.

2. Segregation of Duties – Best Practice

The Payroll Audit dated June 5, 2017 made recommendations based on staffing levels at that time. The report stated it made recommendations that “with the current structure and level of staffing, I do not believe this is a viable option”. Some of the recommendations in that report related to the new hire process which is the focus of this audit. With the current structure and level of staffing recommendations made in that report are now a viable option and will strengthen controls through enhanced segregation of duties.

Recommendations

Best practices would assign the task of establishing employee IDs, maintaining the employee master file in the software (creating new employees, updating names, inputting address changes), and entering bank account numbers for direct deposit to staff outside of the those with payroll processing responsibilities. Typically, these tasks are performed by staff in Human Resources that have no other responsibilities in the payroll process.

Management Response

The recommendation from the June 5, 2017 Payroll audit was “to improving segregation by removing Payroll staff duties (and access) for establishing employee IDs, updating employee names, and addresses (Banner form PPAIDEN) and for updating employee status, classification, and benefit and leave categories (Banner form PEAEMPL), and entering bank account numbers for direct deposit (Banner form GXADIRD). These duties could then be given to a new Payroll position without the job and pay related duties. Ideally, these duties (of establishing IDs, updating



names, employee status, employee classification, etc.) would be performed by HR staff; however, with the current structure and level of staffing, I do not believe this is a viable option.”

In January 2018 the payroll functions that had resided in the Budget Office were moved to Human Resources. At that time great care was taken to address the recommendations made in the June 5, 2017 report noted above. Care was taken to develop position descriptions that accounted for the need to segregate the duties listed appropriately as recommended. I am not in agreement with the analysis and recommendation as made, but I would point out that we did comply with the previous audit’s recommendation in this area.

3. Manual Process for Paperwork

The current new hire process uses paper forms, handwritten input and signature approvals. This includes staff prepared forms such as the Authorization to Fill a Position form, the Employment Authorization form and the New Hire Packet prepared by the new employee. Information obtained from these forms is then manually input by the payroll staff into the software.

Recommendation

The Human Resources Office should contact the software representative to discuss the manual processes throughout all of the payroll cycle to seek electronic options. The software package utilized by WOU has been designed for colleges and universities. WOU’s process is not unique and has most likely been addressed in the design of the software.

However, if electronic options are not available in our current software, then an assessment of supplementary software packages should be conducted. Payroll/human resource software currently on the market that could assist our payroll staff reduce their manual processes would be highly beneficial. This would allow the Human Resources Office to elevate payroll staff responsibilities from data input roles to accuracy roles to increase quality.

Management Response

The Human Resources Office continually monitors our processes to identify ways to streamline tasks which equates to fewer errors and delays. The Banner HRIS system does have any additional manual process that we are not utilizing. The cost of implementing and maintaining complementary software to merge data into the HRIS system does not justify the means, thus it would not be cost effective. We have been working with UCS for approximately 2 years to request the ability to create fillable forms that would enhance our ability to collect information for processing. Recently these projects have been moving forward.



Additionally, we utilize Banner to a reasonable capacity, the only changes we could consider implementing are recruitment and protected leave tracking in Banner. (We have looked into protected leave tracking in the past, but ran into issues due to constraints of coding utilized by USSE).

4. Exception Report

A key component of a control framework is accumulating information critical to identifying risks. A tool often used to accumulate errors that were not identified by the internal controls in place during the normal course of operations is an exception report. The exception report would then be routinely reviewed to identify risks not previously identified. These risks would be assessed and controls implemented, if deemed appropriate.

Recommendation

Establish an exception report process.

Management Response

As identified in the June 5, 2017 payroll audit it was recommended that management develop and run a monthly exception report that is a comparison of the current month to the prior month gross pay by employee. This report was developed in early 2018 and is utilized monthly. It identifies both gross-gross & net-net pay which is used to identify any oddities with the payroll run. Additionally, we run a number of other exception reports:

- A report that identifies anyone in NBAJOBS who is not in the payroll run
- A report that identifies if any earn codes are doubled up on an employee record
- A report that identifies if someone's leave codes aren't deducted from their REG pay.
- A report that identifies if anyone has an amount in the MEC deduction code which is utilized to ensure benefits are calculated correctly
- There are a number of Banner reports utilized monthly which identify potential issues: insufficient leave balances, possible missing deduction codes, etc.

Additionally, we have a direct deposit change report which identifies if any direct deposits have been added/modified in the last 30 days. We have a report that identifies if there are direct deposits that have missing bank numbers. As well as if anyone is set up having a prenote for their first direct deposit. We have also requested a report be created that will identify if any employees have the same bank account set up as another employee.

5. Employee Files



Employee files have typically been maintained in a paper format. Recently, certain forms are being scanned into an electronic format while the remainder of the file is in a paper format.

Recommendation

The Human Resources Office should develop a formal plan to implement an electronic employee file management system. The short-term plan should minimize the period of time that files are maintained in a paper/electronic hybrid format.

The plan developed by the Human Resources Office should be coordinated with any potential plan developed for the manual process for paperwork recommendation above.

Management Response

The Human Resources Office already has a formal plan in place to implement an electronic employee file management system, utilizing DocStar. We have been working with UCS (Tony) to continue to add to the number of documents we have secured in DocStar, including all new hires personnel records as of March 2020. A majority of all personnel documents are now being scanned into DocStar. In the coming months we will begin to determine what a reasonable timeline looks like for scanning and indexing old personnel files that are currently being stored in paper format. We have also been working on moving digitally stored employee records that are not part of regular personnel records into DocStar.