

Minutes*

**Senate Committee on Finance and Planning
Tuesday, November 30, 1999
3:15 – 5:00
Room 238 Morrill Hall**

- Present: Stephen Gudeman (chair), Jean Bauer, Dan Feeney, Cynthia Gillett, Wendell Johnson, Terrence O'Connor, James Perry, Terry Roe, Shana Saeger, Charles Speaks, Susan Carlson Weinberg
- Regrets: Charles Campbell, Rose Samuel
- Absent: Catherine French, Gerald Klement, Michael Korth, Eric Kruse, Vinay Nangia, Richard Pfutzenreuter, Rachel Sullivan, J. Peter Zetterberg
- Guests: Vice President Sandra Gardebring, Jan Morlock (Director of Community Relations); Associate Controller Mike Volna

[In these minutes: community relations; annual financial report]

1. Community Relations

Professor Gudeman convened the meeting at 3:20 and welcomed Vice President Gardebring to the meeting. Dr. Gardebring began her comments by introducing Jan Morlock, Director of Community Relations, appointed to succeed the late Ann O'Loughlin.

Dr. Gardebring recalled that the President had asked her to work on community relations, and conversations with people in the areas around the University made it clear they wanted to support the University but felt they had been ignored. The biggest point of contention has been physical planning (exemplified by the brouhaha over the women's soccer stadium) and the attendant noise, traffic, impact on aesthetics, and quality of life.

Her office developed a community relations plan that was approved by the Regents last spring. Part of it is quite simple, such as requiring a neighborhood impact statement when new buildings are being planned; that is now an explicit part of the capital budget process. Another part is communications; Dr. Gardebring outlined the several ways in which her office is in regular contact with the neighborhoods. The result is a more aggressive effort to communicate and consult with people around the campus.

One piece of the effort has been the decision to offer free parking on campus after 8:00 and all day on Sundays, which has been very well received. There has been a request that this be extended for events (such as in Theater), and she will talk to Parking and Transportation about the possibility.

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Another element of the effort, which has not received as much attention yet, is working with the local communities to leverage University funds into help for the neighborhoods around the University. When people see that the University is willing to work on partnerships, they are also willing to do more.

After the new year, Dr. Gardebring said, she would like to have a session that includes faculty and administrators, as well as academics interested in the topic specifically to talk about ways the University can connect with the communities, enhance economic development, and develop communities more closely linked to the University.

She said she has not talked to the coordinate campus Chancellors, but will do so, and wishes to take a busload of Institutional Relations staff to the campuses. She would like to explore community connections on the other campuses as well, but at the same time does not want to get in the way of what has been working well in those areas.

Ms. Morlock then explained to the Committee her background in community work and her plans. The meetings with the community thus far have paid off; there is much more openness and better relations between them and the University. There needs to be follow-through, and there will be annual development reviews next semester with business officials, community groups, and so on. There will also be meetings on University precinct planning initiatives, with the West Bank Arts District, about the Athletic Facilities Precinct, about the St. Paul Land Use Task Force, and about Rosemount. (1666 Coffman is not a formal part of the work with the community; they are included in the work with the mayor of Falcon Heights, by choice. They are kept apprised of University activities and believe they are involved as they need to be.) There will also be meetings with other institutions that affect the neighborhoods, such as Augsburg and Fairview. Other planning efforts include the East River Road and East River Flats Park, South East Economic Development, Minneapolis Empowerment Zone, Cedar Riverside Neighborhood Revitalization, and the Sixth Avenue Greenway.

One Committee member inquired if there was apathy about or mistrust of the University when the meetings started; Ms. Morlock said there was no apathy--there were strong feelings. People were mad two years ago; they are not now.

Are they on the right track, Dr. Gardebring inquired? Committee members expressed support for the plans that were outlined. Dr. Gardebring said the University's counterparts in other urban areas have much more developed relationships with their communities; the University can, however, take advantage of the fact that its surrounding areas are not as economically depressed as those in some places (e.g., USC, Yale).

After the meetings have taken place this spring, Dr. Gardebring said, her office will try to inventory everything the University is doing. The colleges are also doing a great deal, including research, laboratory schools, activities in the high schools, and so on, that the University never takes credit for.

The Committee held a brief off-the-record conversation about the events surrounding the men's basketball team. Dr. Gardebring expressed appreciation for the support of the faculty in the decisions that have been made.

One Committee member then asked about plans to encourage a technology corridor near the campus. Dr. Gardebring said she has been talking with Vice President Maziar about it. There are

organizations attracted to the edge of the University that want to tap into its intellectual strength. Dr. Maziar wants to seek them out rather than just react and wants to see more public-private partnerships.

Professor Gudeman thanked Dr. Gardebring and Ms. Morlock for joining the meeting.

2. Annual Financial Report

Professor Gudeman now turned to Mr. O'Connor to lead a discussion of the University's annual financial report. First, however, he asked that he describe a little more his position.

Mr. O'Connor said that the treasury function is primarily to invest the University's money and to monitor the cash flow. The controller function is reporting, compliance, accounting, tax matters. He also has responsibility for financial systems support, the policy office, and records management. In some organizations, the treasurer and controller function are in the same office.

Asked about the auditor, Mr. O'Connor said there are several ways to ensure compliance. At the University, the auditor (Gail Klatt) reports to the Board of Regents directly (Regent Warren Larson chairs the Audit Committee of the Regents) and on a dotted line basis to the President (because if there is a problem with the chief executive. . .). Such dual reporting is not uncommon. She also audits his office, so it would be inappropriate for her to report to him. Ms. Klatt each year does an audit plan, which looks at where the University faces the greatest risks and does not focus as much on smaller units that present a lower risk.

He provides a quarterly report to the Regents, the fourth of which is the annual report. Mr. O'Connor reviewed the two principal schedules that he presents to the Board (consolidated balance sheets and consolidated summary of operations). He reported that the external audit was very "clean" in that there were fewer management comments about where the University should improve its practices. Organizational professionalism has improved the last few years, he said.

Would the audit have caught the ALG problem, asked one Committee member? Not typically, Mr. Volna said; the audit is designed to provide REASONABLE assurance of compliance, not ABSOLUTE assurance. The ALG program was a relatively small part of the large research budget of the University. What he can say, however, is that they will bring to the attention of the University anything that is found. There are also audits of compliance with federal regulations, but it is only a sampling of areas that receive sponsored funds. ALG did not receive federal funding.

Mr. O'Connor said he did not believe the change to an IMG budgeting system had created greater pressure on the accounting process to allocate tuition revenues to units.

Asked about CUFSS, Mr. O'Connor recalled that initially the Enterprise Systems Project was intended to replace student, human resources, and financial systems. The financial system change was delayed, in part because the Y2K problem was solved internally, in part because changing all three systems would have been too much for the University, and in part because it was too expensive. He said he did not know when the change would be made, but thought it was probably when the University was comfortable with the new human resources and student systems. There is a certain amount of risk to the University in staying with CUFSS: it will be the sole surviving system on a mainframe (so requires University funding for that purpose only) and there is no longer any vendor support, and the programmers

who operate it are reaching retirement. It will also cost the University a lot of money to put in a new system, although not as much as the Enterprise Systems Project (probably several million dollars).

Are there financial systems transferable from other institutions? There is software that can be purchased, Mr. O'Connor said. The University would put up as plain a system as possible, because when it is customized, each customization has to be retrofitted whenever there is a new release of the system. The Big Ten has a "heavy presence" with PeopleSoft, but that is no guarantee the University will purchase the PeopleSoft financial system. It would be possible to buy another system and build bridges to PeopleSoft.

Mr. O'Connor said that unlike the private sector, there is a great deal of information sharing and help among Big Ten schools. They are working on PeopleSoft to address problems that the institutions face, and are meeting with PeopleSoft executives on campus next week.

Professor Gudeman thanked Mr. O'Connor for his presentation and adjourned the meeting at 4:30.

-- Gary Engstrand

University of Minnesota