

Wright State University

Financial Governance Policy Comments

Draft V.1 – With Comments

March 31, 2017

Paragraph	Submitted By:	Current Language	Comment
C: Finance Committee, 1. Membership	J. Ulliman	“At least one member of the Committee should be a financial professional.”	There were suggestions for two financial professionals versus just one and if Board membership does not fit this requirement that other members of the WSU community with financial expertise be considered for non-voting membership. The Faculty also suggests a non-voting seat for a member of the Faculty Senate. Finally, no maximum size of committee membership or any minimum number of trustees required.
C: Finance Committee, 1. Membership.	J. Ulliman	“The financial professional may be a non-Board member who meets the criteria.”	Question as to whether this non-board financial professional is a voting member or not. Not sure this is permissible. A second comment was that the financial expertise should come from the Board members themselves.
C-3: Meetings	D. Fecher	“The Finance Committee shall meet at least four times per year, and may convene additional meetings as circumstances require or to align with the University’s budgeting and planning cycle.”	D. Fecher: Should meet nine times per year?
C-4: Duties and Responsibilities	Faculty Senate	General Comment	There is no mention that the committee review historical context of financial information, such as comparisons of actual results to initial projection, or to

			hold discussions when actual results materially miss initial projections.
Page 5: H – Governance of Purchases and Expenditures	J. Ulliman	“Approval by the Board of Trustees of purchases of \$500,000 or more”.	Multiple question on how this will be performed without adversely impacting operations if the Finance Committee meets only four times each year. Is it assumed the FC will meet monthly during each Academic Year?
H. Governance of Purchases and Expenditures (2 nd paragraph after bullet points)	J. Ulliman	“For capital projects, cost overruns exceeding 5% of approved projections are to be reported to the Board of Trustees through the Finance Committee with a plan on how the overruns are to be funded.”	Should the Building and Grounds Committee also be informed of cost overruns?
J. – Use of Reserves for Capital Projects	J. Ulliman	“In order to maintain University unrestricted financial resources at responsible levels, the Board of Trustees directs the President to enforce a Wright Way Policy that requires 90% of project funding to be in hand prior to beginning capital projects.”	Should the policy require 100% of required funding be in place? The policy already permits the President to ask the Board to make exceptions as conditions warrant.
C-1 - Membership	G. Ramos	General Comment	Opposes voting committee members who are not board members. Believes it is the board’s responsibility to approve expenses, etc.
G. – Governance of Strategic Investments	G. Ramos	General Comment	Would like to see language enhancing the student academic and campus experience are primary financial considerations.
D. - Financial Performance Benchmarks	AAUP	General Comment	The Faculty Senate and AAUP questions the sufficiency of SB6 composite scores to

			adequately assess financial health and recommends the Fichtenbaum/Bunsis Score as an alternative. The FB score was developed by the AAUP and assigns different weighting to financial elements in determining overall financial health score and also includes an assessment of cash flow as part of the score.
D – Financial Performance Benchmarks	AAUP	General Comment	The current benchmarks do not include cash flow. Would like to see cash flow added as a key benchmark: negative cash flow is a warning sign to be addressed.
H. Governance of Purchases and Expenditures	Faculty Senate	General Comment	Should the policy directly address the use of external consultants and stipends/allowances/bonuses by the university? Should the policy be even stronger in this regard by prohibiting or strictly limiting these are at least making them subject to BoT review and/or approval?
I. Investment Policy Statement	AAUP	General Comment	The AAUP included comments more applicable to the Investment Policy Statement currently under development. The comments suggest using passive index investments versus actively managed funds and suggests prohibiting high risk, illiquid, or alternative investments.
J. – Use of Reserves for Capital Projects	AAUP	“... The BoT directs the President to enforce a Wright Way Policy that requires 90% of project funding to be in hand prior to beginning capital projects.”	AAUP suggest the threshold be 105% of funding in place to allow for cash overruns, and that legacy donations be used only to “backfill” debt payments on projects.
K. Financial Reporting	AAUP	General Comments	The policy as written does not require a review of

			auxiliary units or affiliated entities at least annually to determine their financial impact on the university.
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