

MINUTES
BUSINESS, FINANCE AND AUDIT COMMITTEE MEETING
AUGUST 19, 2010
1920 VAN HISE HALL, MADISON, WI

Following the joint meeting with the Education Committee, The Business, Finance, and Audit Committee reconvened at 1:35 p.m. in Room 1920 Van Hise Hall. Present were Regents Brent Smith, Michael Falbo, David Walsh, and Aaron Wingad. Regent Betty Womack joined later in the course of the meeting.

b. Amendment to Regent Policy Document 6-4 to Address Interim Appointments of Chancellors, Senior Vice Presidents, and Vice Presidents

Board of Regents President Chuck Pruitt provided introductory comments on the proposed amendment to Regent Policy Document (RPD) 6-4, which describes procedures for hiring Chancellors, Senior Vice Presidents, or Vice Presidents. This policy review was undertaken upon the recommendation of the Attorney General and led by Secretary Jane Radue. Regent Pruitt noted there has been a long-term standard practice for the UW System President to make interim appointments including chancellors and senior administrative positions after consultation with Board leadership. Regent Pruitt explained that there has been no specific written policy regarding interim appointments. Rather than creating an entirely new policy, a new section on interim appointments is proposed for RPD 6-4. It is understood that unlike permanent hires, interim appointments need to be made more quickly, without a long and detailed hiring process. It is also important for the UW System President to have a consultation process built into the policy. The proposed amendment provides that prior to appointing an interim Chancellor or Senior Vice President/Vice President, the System President shall consult with the Board of Regents President and Vice President. Prior to appointing an interim Senior Vice President or Vice President, the System President would also consult with the chair of the relevant Board committee. In either case, the length and salary of the interim appointment would be discussed. The proposed policy amendment provides for an expanded consultation process and a cap on the length of the interim appointment (3 years).

Upon the motion of Regent Walsh and second of Regent Wingad the Committee unanimously approved Resolution I.2.b.

[Resolution I.2.b.]

That the Board of Regents adopt the attached amendments to Regent Policy Document 6-4, "Search and Screen Procedures for Chancellors, Senior Vice Presidents and Vice Presidents," to incorporate procedures for interim appointments.

c.1. and c.2. WiSys Technology Foundation, Inc. Amendment to the Agreement with the Board of Regents and Allocation of Funding for WiSCAP Program

General Counsel Pat Brady explained that the C.O.R.E. Jobs Act recently signed by the Governor

provides one-time funds of up to \$2 million to conduct the *Wisconsin Small Company Advancement Program (WiSCAP)* with the provision that WiSys administer the program and the Board of Regents authorize the funding. The WiSCAP program is designed to build university-business partnerships that will advance scholarship and student learning, create jobs, develop intellectual property, and stimulate business growth. Two resolutions were presented to the Committee. The first resolution is to amend the agreement between UW System and WiSys to allow all but the inventor's share of the revenue generated from WiSCAP-funded projects to go back to WiSCAP until the original investment is repaid in order to create a revolving fund. Since this is one-time funding, the hope is to make this a self-sustaining program for funding new projects. The second resolution allocates the \$2 million in funds to WiSys in support of the WiSCAP program.

Upon the motion of Regent Walsh and second of Regent Falbo the Committee unanimously approved Resolution I.2.c.1.

[Resolution I.2.c.1.]

That, upon the recommendation of the President of the University of Wisconsin System, the attached amendment to the Agreement between WiSys Technology Foundation, Inc., and the Board of Regents of the University of Wisconsin System be approved.

Upon the motion of Regent Walsh and second of Regent Wingad the Committee unanimously approved Resolution 1.2.c.2.

[Resolution I.2.c.2.]

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the allocation of \$2,000,000 from the funds appropriated under ss. 20.285(1)(cd) and 36.52, Wis. Stats., to the WiSys Technology Foundation, Inc., for the purpose of making grants and otherwise providing support for the Wisconsin Small Company Advancement Program (WiSCAP).

d. Operations Review and Audit – Status Update

Director Julie Gordon provided a quarterly status update on the various reviews her office conducts. The first two reviews, Student Evaluation of Instruction and Prior Learning Assessments, are in the report drafting stage. The committee can expect to see the Prior Learning Assessments report at the October meeting and the Student Evaluation of Instruction in December. The next three reviews, Student Assistance Funds, Service Learning, and FERPA Implementation, are new reviews and are now getting underway. The NCAA Division III Athletic Departments review is underway. They are looking at a few institutions each year, and the entire review will probably take 2-3 years. Lastly, the ERM Pilot Project is an ongoing program for institutions to evaluate risk from a more comprehensive perspective. So far, Oshkosh, Superior and Whitewater have participated and now work is starting with Parkside. The Legislative Audit Bureau (LAB) is working on UW System's annual financial statement which will

be done in December 2010 and the annual compliance audit of federal grants and expenditures, including student financial aid, for FY 2009-10, with a report due in spring 2011. The Audit Bureau is also conducting statewide reviews of the use of overtime in state agencies and the implementation of 2005 Wisconsin Act 410, which involves sharing purchasing information with the Government Accountability Board.

e. Human Resources System Status Update

Senior Vice President Michael Morgan provided an update on the HRS Project through June 30, 2010. He explained that last fiscal year was devoted to building the software platform, with the work being on time and within budget. In fact, FY10 closed with a \$500,000 savings, largely in personnel costs due to people not being needed as early as anticipated. Phase II of the project will include testing and functionality of the system. The testing team has done a great job of putting together test protocols and all indications are that the early phase of testing is going well. There are some challenges in the staffing area, with two notable positions that need to be filled quickly. One is a trainer and the other is a time/labor developer which is critical to the testing of the program and keeping it on time. Another challenge listed in the report was in business process and testing, but that area has now caught up. In the area of technical development, the team is working through several required scope changes that were identified and have a targeted completion date of August 30, 2010. All indications are that the project is going well and we have a good team. Senior Vice President Morgan added that he intends to get out to some of the campuses. There is some concern that we have the right people trained in the right areas, and we need to ensure that we are doing all we can to protect the campuses in implementing this new system.

Mr. Morgan also reported that he had an opportunity to talk with Jim Roth, CEO of Huron. Regarding the SEC investigation, Mr. Roth reported that they have not had much contact with the SEC and they have not asked for additional information – “no news is good news”. They also talked about the vitality of the company and Mr. Roth said they had a strong profit in the fourth quarter of last year and they believe that they will have a very strong FY10. They have maintained their customer base and key personnel. Notwithstanding the conversation he had with Mr. Roth last week, Mr. Morgan reported that he learned yesterday that Joe Hendrickson, Huron’s project manager for HRS, is leaving. However, we have a good clause in place in the contract that stipulates that key personnel must be replaced within 10 days or steep penalties will be assessed. Huron has replaced Joe with Joy Walton, who is actually Joe’s boss. She will be spending a lot more time in Wisconsin and Mr. Morgan said that he will talk with her regarding her new role. This is a little challenge but not something we can’t overcome. All indications are that the team is very solid.

f. Project Status Report for Major Information Technology Projects as Required by Wis. Stats. 13.58(5)(b)(3)

Associate Vice President Ed Meachen updated the Committee on the status of the four large information technology projects currently in progress across the System. HRS, of course, is the big one. Two of the remaining three projects are now concluded or very close to being concluded. UW-Eau Claire is going live this fall with the PeopleSoft student system so that

project will be concluded and on their timeline and budget. The Identity and Access Management (IAM) system is now live and we are using it to provision person data for the HRS system. This system automates provisioning and is incredibly important since we have to provision hundreds of thousands of people in our major systems. Before it was a lot of hand work and this is a huge step forward in efficiency. The third project, the Budget interface, is closely connected to HRS. We're on time and on budget in this project to move the budget interface from the old legacy system to the new HRS system. This will go live in April or May 2011 with the HRS System.

g.1. Approval of Sponsorship Agreement Between UW-Madison and adidas America, Inc.

UW-Madison Vice Chancellor for Administration Darrell Bazzell provided background on the new five-year contract with adidas for athletic apparel, equipment, and sponsorship. UW-Madison has had a similar agreement with adidas going back to 2001 and 2006 and which is about to expire in 2011. Mr. Bazzell commented that the provisions of this new contract are extremely favorable to the campus, and we are very fortunate to strike such a deal in this economy. There is a paragraph in the Agreement that addresses working conditions, which continue to be monitored, and adidas has performed in this area.

Upon the motion of Regent Walsh and the second of Regent Falbo, the Committee unanimously approved Resolution I.2.g.1.

[Resolution I.2.g.1.]

That, upon recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, the Board of Regents approves the Athletic Apparel, Equipment, and Sponsorship Agreement between UW-Madison and adidas America, Inc. which will provide, among other things, apparel, footwear, and equipment to the University of Wisconsin-Madison intercollegiate athletic teams, certain cash compensation, and licensing opportunities.

g.2. Approval of UW-Madison Contractual Agreement with Pfizer, Inc.

UW-Madison Director of Research and Sponsored Programs Kim Moreland provided background on a Data Analysis Research Agreement with Pfizer for a faculty member to do biostatistical research related to Psoriasis Phase 3 clinical trials. This is one of several similar contracts this faculty member has had over quite a period of time. The contract is slightly over \$1 million dollars and extends over seven years.

Upon the motion of Regent Falbo and the second of Regent Walsh, the Committee unanimously approved Resolution I.2.g.2.

[Resolution I.2.g.2.]

That, upon the recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, the Board of Regents

approves the contractual agreement between the University of Wisconsin-Madison and Pfizer, Inc.

g.3. Approval of the Minutes of the June 10, 2010 Meeting of the Business, Finance, and Audit Committee.

Upon the motion of Regent Wingad and the second of Regent Walsh the Committee unanimously approved the Minutes of the June 10, 2010 Meeting of the Business, Finance, and Audit Committee.

g.4 Quarterly Report on Gifts, Grants, and Contracts (4th Quarter)

Vice President Debbie Durcan reported that the gifts, grants, and contracts awarded to UW institutions during FY10 amounted to \$1.6 billion, which is over \$200 million more than the previous year. This increase is largely driven by the American Recovery and Reinvestment Act (ARRA) grants received at all the institutions, but primarily UW-Madison. Regent Walsh asked how things would look if we removed the ARRA grants. Associate Vice President for Financial Administration Glen Nelson responded that he just received that information and we would still be ahead even without the ARRA funding. This continues an upward trajectory.

g.5 2010-11 Committee Priorities

In addition to the list of 2010-11 Committee priorities distributed to members, Regent Wingad suggested that the Committee look into segregated fees and how campuses interpret the students' role in making allocations. Regent Walsh suggested that the various campus policies could be summarized into a report. Regent Smith brought up the subject of for-profit universities and that it might be good to look into the impact that for-profits have on our system.

h. Report of the Senior Vice President

Senior Vice President Michael Morgan will wait until the next meeting to give a report. Vice President Debbie Durcan reported that Ed Meachen led a successful effort in obtaining a \$32 million ARRA grant, which will go to UW-Extension, to help expand broadband connections for public safety agencies, health care providers, schools and community organizations in the Chippewa Valley region, Platteville, Superior and Wausau, as well as to support education and outreach in those communities and the Menominee Nation.

i. Additional items which may be presented to the Committee with its approval

No additional items were presented to the Committee.

The meeting adjourned at 2:30 p.m.

Respectfully submitted,

Kate Wodyn
Recording Secretary