

MEETING OF THE AUDIT, BUDGET, FINANCE, AND FACILITIES COMMITTEE
OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS

JULY 13, 2020

This meeting of the Audit, Budget, Finance, and Facilities Committee of the Board of Trustees of the University of Illinois was held via teleconference¹ on Monday, July 13, 2020, at 3:02 p.m.

Trustee Ramón Cepeda, chair of the committee, convened the meeting and asked the secretary to call the roll. The following committee members were present: Mr. Ramón Cepeda; Mr. Donald J. Edwards; Dr. Stuart C. King; Mr. Lester H. McKeever Jr., treasurer; Ms. Jocelyn Bravo,² voting student trustee, Chicago. Ms. Naomi D. Jakobsson; Ms. Jill B. Smart; Mr. Ali Mirza, student trustee, Urbana; and Mr. Austin Verthein, student trustee, Springfield, attended as guests.

Also present were President Timothy L. Killeen; Dr. Barbara J. Wilson, executive vice president and vice president for academic affairs; Dr. Michael D. Amiridis, chancellor, University of Illinois at Chicago, and vice president, University of Illinois; Dr. Avijit Ghosh, comptroller (and vice president/chief financial officer); Mr. Thomas R. Bearrows, University counsel; Mr. Thomas P. Hardy, executive director for University relations; Dr. Joseph T. Walsh Jr., interim vice president for economic

¹ Per Governor J. B. Pritzker's Executive Order 2020-44.

² Ms. Bravo joined the meeting at 3:05 p.m.

development and innovation; and Mr. Gregory J. Knott, secretary of the Board of Trustees and of the University. Attached is a listing of other staff members and some members of the media in attendance at this meeting.

Mr. Cepeda asked if there were any comments or corrections to the minutes from the meeting held May 20, 2020. On motion of Mr. McKeever, seconded by Mr. Edwards, the minutes were approved by the following vote: Aye, Mr. Cepeda, Mr. Edwards, Dr. King, Mr. McKeever; No, none; Absent, Ms. Bravo.

**PRESENTATIONS AND REVIEW OF RECOMMENDED BOARD ITEMS
FOR THE MEETING OF THE BOARD OF TRUSTEES
OF THE UNIVERSITY OF ILLINOIS ON JULY 23, 2020**

Mr. Cepeda asked certain individuals in attendance to provide presentations and report on the items that will appear on the Board's agenda at its meeting on July 23, 2020. All proposed agenda items discussed at the meeting are on file with the secretary.

Capital and Real Estate Items

Mr. Cepeda asked Dr. Ghosh to report on recommended capital and real estate items. Dr. Ghosh first discussed the recommendation to award a construction contract for the Welcome Atrium at the University of Illinois Hospital. He gave a history of the project and described its features, noting it will be the main entry to the hospital and is being built in coordination with the Outpatient Surgery Center, which will be connected to the atrium via bridge. He said this is a priority project and that competitive bidding procedures were followed in accordance with the Illinois Procurement Code. Dr. Ghosh

told the committee that the proposed vendor submitted the lowest bid for \$10.068 million, and he reported on the diverse business utilization rate of 23 percent. Dr. Ghosh said the project will be paid from the hospital's operating funds and is expected to take two years to complete.

Next, Dr. Ghosh reported on the recommendation to amend the professional services consultant contract for the Ubben Basketball Complex Expansion in the Division of Intercollegiate Athletics at Urbana. He described the project and its history and said that it is necessary to amend the professional services consultant contract to include the construction documents of design services. Dr. Ghosh said the diverse business utilization rate is 25 percent.

Dr. Ghosh then discussed the recommendation to delegate authority to the comptroller to approve the lease of space for the Mile Square Health Center (MSHC) in Cicero, Illinois. He explained the MSHC has operated as a Federally Qualified Health Center (FQHC) at its present location for the last 10 years and is the only FQHC in this underserved area. Dr. Ghosh said the term of the new lease will be for 10 years, and he provided some additional details included in the lease. He told the committee the rent will be slightly lower than it was this year, and Mr. Cepeda remarked that this is reflective of the current environment. Mr. Cepeda also thanked Dr. Ghosh for the breakdown of diversity data that accompanied the capital and real estate items he presented.

Purchase Recommendations

Dr. Ghosh then reported on purchase recommendations, beginning with the proposed purchase of spinal implants and ancillaries for UI Health from Howmedica Osteonics Corporation. He described the need for these items and said that this purchase is exempt from competitive selection procedures and, as such, does not have established Business Enterprise Program (BEP) goals.

Dr. Ghosh then discussed the recommended purchase of three-dimensional (3-D) mammography and digital breast tomosynthesis (DBT) for UI Health. He said the price was discounted at 51.4 percent off the list price and was negotiated at 7 percent below current contracted pricing. He stated that purchase is exempt from competitive selection procedures in accordance with the Illinois Procurement Code.

Dr. King inquired about the recommended purchase of spinal implants and ancillaries and asked if the cost is covered by most insurance carriers. Dr. Ghosh confirmed that insurance is adequate to cover the cost.

Dr. Ghosh then reported on the recommended purchase of utilities for the University of Illinois at Springfield from the City of Springfield. He said the university is required by statute to purchase utilities from the City of Springfield and that the pricing is reasonable.

Independent External Audit Services Plan

At 3:20 p.m., Dr. Ghosh introduced Mr. Chris Suda, principal at CliftonLarsonAllen LLP (CLA) over the University of Illinois audit engagement. Mr. Suda said Mr. Jeff Bonick is

serving as CLA advisory principal and noted that CLA is serving in its sixth year as special assistant to the Office of the Auditor General. Mr. Suda gave an overview of the engagement scope, deliverables, and timeline and that a delay of one month is expected, with the final financial report delivered in January rather than December. He reviewed members of the engagement team, discussed the responsibilities of the Audit, Budget, Finance, and Facilities Committee, and described University support for the audit. Mr. Suda commented briefly on the impact of COVID-19. There were no comments or questions about the presentation.

Two-Year Internal Audit Plan for Fiscal Years 2021-2022

Next, Mr. Cepeda asked Ms. Julie A. Zemaitis, executive director of University audits, to give a presentation on the two-year internal audit plan for Fiscal Years 2021-2022. Ms. Zemaitis gave an overview of the audit plan development process and said that the plan is risk-based and aligns with the University's goals. She showed the summary of planned hours for Fiscal Years 2020, 2021, and 2022 and noted an increase in reserved hours for investigations and special projects in 2021. Ms. Zemaitis said greater changes and need for fluidity is expected due to the impact of the coronavirus pandemic. She described a new construction project audit initiative that is utilizing an outside consulting firm and said these hours are not yet reflected in the two-year plan. She showed the mapping of the Fiscal Years 2021-2022 plan to risk and to the Strategic Framework. Ms. Zemaitis also reported on a pilot program to establish audit universe coverage frequency guidelines, which is a result of an external quality assurance review recommendation. There were no

comments or questions regarding the presentation, and Mr. Cepeda thanked Ms. Zemaitis for the information.

OLD BUSINESS

Mr. Cepeda asked if there was any old business. Dr. Ghosh referred to an error from the discussion held at the last meeting of the committee regarding a calculation associated with the Altgeld Hall and Illini Hall project. The error was verbal and was not reflected in the agenda item.

NEW BUSINESS

Mr. Cepeda asked if committee members had any new business to report. He commented on the new portal for Board members to receive materials and said it is much easier to use and more helpful than the previous product.

Mr. Cepeda announced that the next meeting of this committee is scheduled for Monday, August 31, 2020, at 3:00 p.m.

MEETING ADJOURNED

On motion of Mr. McKeever, seconded by Mr. Edwards, the meeting adjourned at 3:37 p.m. On motion of Dr. King, seconded by Mr. McKeever, the meeting adjourned by the following vote: Aye, Ms. Bravo, Mr. Cepeda, Mr. Edwards, Dr. King, Mr. McKeever; No, none.

Respectfully submitted,

GREGORY J. KNOTT
Secretary

RAMÓN CEPEDA
Chair

EILEEN B. CABLE
Special Assistant to the Secretary