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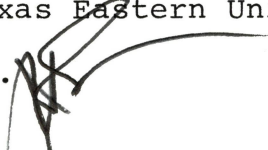


TEXAS EASTERN UNIVERSITY

3900 UNIVERSITY BOULEVARD • TYLER, TEXAS 75701 • 214/566-1471

OFFICE OF THE PRESIDENT

April 24, 1978

To: Board of Regents, Texas Eastern University
From: James H. Stewart, Jr. 
Subject: Administrative Notes

I. 1978 Annual Commencement

You are reminded that our Annual Commencement program is scheduled for May 20, 1978 at 2:00 p.m. in Harvey Hall. For board members choosing not to arrive in Tyler for lunch as discussed below, assembly for processional preparation will be in the Garden Center Building at 1:25 p.m. Academic regalia will be ready for you, and instructions pursuant to the processional and program will be given at that time. As is customary, all governing board members will be seated on the stage.

As discussed during the April Board of Regents meeting, a luncheon for board members and wives is being planned at Willow Brook Country Club for 11:45 a.m. This schedule will allow sufficient time for arrival at the Garden Center Building to form the commencement processional by the appointed time of 1:25 p.m. Please complete and return the attached card in order that proper arrangements may be made for the luncheon.

II. Harvey Endowment by Tyler Corporation and Tyler Pipe Industries

A \$30,000 gift to endow the M. J. Harvey, Sr. Memorial Scholarship program was presented to Texas Eastern University last week, Tuesday, April 18, 1978. This gift resulted largely from the initiative of Board Chairman David K. McKie who worked with Tyler Pipe Industries President John A. Warner, Tyler Corporation President Joseph F. McKinney and other officials in the Tyler Corporation organization. Certainly this is a major addition to our university scholarship program, and I am grateful to Chairman McKie for his significant involvement in this highly appropriate memorial to the late Mr. Harvey.

April 24, 1978

Although I am attaching an article from the April 18, 1978 edition of the Tyler Courier-Times which gives rather complete information about the scholarship endowment, I mention that scholarships to be awarded each year from this program are designated for undergraduate students in the School of Business Administration who have completed at least 24 semester hours at Texas Eastern University. In developing the scholarship proposal with the donors, it was considered important to insure that recipients be selected from students with a proven record of success at Texas Eastern as well as students who are within approximately one year of completing a baccalaureate degree. Such stipulations offer greater assurance that Harvey scholarship recipients will complete degree requirements and be appropriately prepared to contribute through their professional careers to business and industry as is envisioned by the donors.

III. Annual Audit by State Auditor

As you will recall, I reported to you on February 13, 1978 that representatives of the State Auditor's Office initiated their work on January 24, 1978 on the campus relative to our annual financial statement for the fiscal year ended August 31, 1977. As you are aware, the annual audit requires some two to three months and has just been concluded. Upon completion of each audit, it is standard procedure for the auditors to review with the staff selected items developed during the course of the audit. Although the auditors' formal written report likely will not be received for two or three months, I take this opportunity to share, in a timely manner, information from the auditors' verbal report. I might add that a new procedure being utilized by the state auditor provides that all institutional governing board members will be furnished a copy of the auditors' management letter when it is mailed two or three months from now. This is in addition to the complete financial report as provided in the past.

As usual, the auditors' verbal report indicated that the accounting records and fiscal affairs of the university were generally in good order. Specific items discussed in the auditors' report included regents' membership on the Texas Eastern University Educational Foundation, Inc. Board of Directors, the need for a qualified land appraiser's opinion on the value of the land donated for the campus site, and various routine recommendations for improvement of accounting records.

Pursuant to the matter of regents serving on the foundation board, the auditors are primarily concerned with the question

of conflict of interest. Specifically, the question centers around the fact that the university and the foundation have engaged in business activities with regents serving as members of both boards. The auditors have not taken a conclusive position on this matter, but are consulting with the Attorney General's office before finalizing their opinion. The only other information provided by the auditors about this subject was a copy of a 1969 Attorney General's Opinion No. M-340 which the auditors think could relate to our situation. A copy of this opinion is attached.

With regard to the auditors' request for a formal appraisal of the land donated for the Texas Eastern University campus, they feel that such an appraisal is needed to verify the value of the land now carried on the accounting records at \$600,000. The auditors' concern has to do with the proper documentation of the value of the land rather than whether or not the value of the land is more or less than \$600,000. The staff will seek guidance from the Board of Regents before implementing this recommendation by the auditors.

The auditors' recommendations concerning various improvements in the accounting records include the establishment of an account history file on restricted funds, acquisition of a cash register to record snack bar sales, expansion of the chart of accounts, timely posting and reconciliation of certain accounts, and other accounting details which will be enumerated in the auditors' management letter.

IV. Report from Resident Engineer

Attached is a report from the director of physical plant and resident engineer for the week ending April 21, 1978.

JHS:nc
Attachments