THE FLORIDA INTERNATIONAL UNIVERSITY



BOARD OF TRUSTEES MEETING SCHEDULE

21 NOVEMBER 2005

ACADEMIC POLICY AND STUDENT AFFAIRS COMMITTEE
HERBERT WERTHEIM, CHAIR
2:00 p.m.
GRAHAM CENTER BALLROOMS

FINANCE AND AUDIT COMMITTEE
KIRK LANDON, CHAIR
4:00 p.m.
GRAHAM CENTER BALLROOMS

22 NOVEMBER 2005

ADMINISTRATION AND ATHLETICS COMMITTEE
ALBERT DOTSON, CHAIR
8:00 a.m.
GRAHAM CENTER BALLROOMS

GOVERNMENTAL RELATIONS COMMITTEE
MIRIAM LOPEZ, CHAIR
9:15 a.m.
GRAHAM CENTER BALLROOMS

FULL BOARD MEETING
DAVID PARKER, CHAIR
10:00 A.M.
GRAHAM CENTER BALLROOMS

THE FLORIDA INTERNATIONAL UNIVERSITY



BOARD OF TRUSTEES

MEMBERS

DAVID PARKER, CHAIRPERSON

SERGIO PINO, VICE-CHAIRPERSON

ROSA SUGRAÑES, TREASURER

BETSY ATKINS

ALBERT DOTSON, SR.

PATRICIA FROST

KIRK LANDON

MIRIAM LÓPEZ

ARMANDO GUERRA

CLAUDIA PUIG

HERBERT WERTHEIM

BRUCE HAUPTLI, FACULTY TRUSTEE

ALEX PRADO, STUDENT TRUSTEE

FIU FOUNDATION BOARD OF DIRECTORS' LIAISON
CARLOS MIGOYA

University President, Corporate Secretary
Modesto A. Maidique

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES ACADEMIC POLICY & STUDENT AFFAIRS COMMITTEE

Monday, 21 November 2005 2:00 p.m.

MEMBERSHIP

HERBERT WERTHEIM, CHAIR
BETSY ATKINS, VICE CHAIR
BRUCE HAUPTLI
ALEX PRADO
ARMANDO GUERRA
NOEL GUILLAMA-ALVAREZ, FOUNDATION BOARD OF DIRECTORS

AGENDA

I.	CAL	L TO ORDER	HERBERT WERTHEIM
II.	APP	ROVAL OF MINUTES	HERBERT WERTHEIM
III.	Сна	IR'S REMARKS	HERBERT WERTHEIM
IV.	ITEN	AS FOR COMMITTEE REVIEW	
	A.	ACTION ITEMS (NO ACTION ITEMS)	
	В.	REPORTS (No ACTION REQUIRED)	
	1.	HEALTH AND MEDICAL EDUCATION UPDATE	MARK ROSENBERG
	2.	EMERGENCY MANAGEMENT REPORT	MARCOS PEREZ
	3.	FACILITIES BUDGETARY REPORT	MARCOS PEREZ
	4. STUDENT AFFAIRS REPORT		Rosa Jones
	5.	ACADEMIC AFFAIRS REPORTS	MARK ROSENBERG
		A. Undergraduate Report	CORINNE WEBB
		B. GRADUATE REPORT	DOUGLAS WARTZOK
		C. STUDENT OUTREACH INVESTMENTS (INTERIM REPORT)	CORINNE WEBB
		D. ACADEMIC LEARNING COMPACTS (ALC)	MARIE ZEGLEN
		E. BOG STRATEGIC PLAN	Marie Zeglen/
			CORINNE WEBB
		F. COMMUNICATIONS AND DISTANCE LEARNING REPORT	MARK ROSENBERG
V.	OTH	IER BUSINESS (IF ANY)	HERBERT WERTHEIM
VI.	ADJ	DURNMENT	HERBERT WERTHEIM

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES ACADEMIC POLICY AND STUDENT AFFAIRS COMMITTEE

21 NOVEMBER 2005

SUBJECT:	ACADEMIC POLICY AND STUDENT AFFAIRS COMMITTEE MEETI	NG
	MINUTES, 6 SEPTEMBER 2005	

PROPOSED COMMITTEE ACTION:

Adopt the following Resolution:

RESOLVED that the minutes of the meeting of the Florida International University Board of Trustees' Academic Policy and Student Affairs Committee held on 6 September 2005, attached to this Resolution as Exhibit "A," are hereby approved.

EXHIBITS/SUPPORTING DOCUMENTS:

■ EXHIBIT "A": 6 SEPTEMBER 2005 ACADEMIC POLICY AND STUDENT AFFAIRS COMMITTEE MEETING MINUTES.

FACILITATOR/PRESENTER:

■ CHAIRMAN HERBERT WERTHEIM

DRAFT

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES



ACADEMIC POLICY AND STUDENT AFFAIRS COMMITTEE MINUTES 6 SEPTEMBER 2005

Call to Order

The Florida International University Board of Trustees Academic Policy and Student Affairs Committee meeting was called to order on Tuesday, 6 September 2005, at 10:58 a.m., in University Park Green Library, Room 220, University Park, Miami, Florida.

The following attendance was recorded:

Present.

Herbert Wertheim, *Chairperson*Bruce Hauptli
Alex Prado
Betsy Atkins

Casandra Roache took a silent roll.

Approval of Minutes

Committee Chair Herbert Wertheim asked if there were any additions or corrections to the minutes of the 6 September 2005, Academic Policy and Student Affairs Committee meeting. Hearing none, the Committee adopted the following:

RESOLVED that the minutes of the meeting of the Academic Policy and Student Affairs Committee held on 6 September 2005, attached to this Resolution as Exhibit "A," are hereby approved.

FIU Board of Trustees' Academic and Student Affairs Committee Minutes 6 September 2005 Page 2

Honorary Degree Recipients

University Provost and Executive Vice President Mark Rosenberg presented an overview of proposed recipients of a doctoral degree, *honoris causa*.

Without further discussion, the Committee recommended the Board adopt the following Resolution:

RESOLVED that the Florida International University Board of Trustees endorse Dr. Ben Carson, Dr. Trevor Munroe, and Ernest E. Stempel as recipients of a doctoral degree *honoris causa* from Florida International University and whose academic and professional profiles are attached to the Resolution as Exhibit "B".

Tenure as a Condition of Employment Nominations

Provost Rosenberg reported that Dr. Benjamin Baez was a tenured faculty member at another institution and as is customary had been hired with tenure.

Without further discussion, the Committee recommended the Board adopt the following Resolution:

WHEREAS each board of trustees is authorized to establish the personnel program for all employees of the university including tenure,

WHEREAS the University President is recommending the granting of tenure as a condition of employment for Dr. Benjamin Baez,

BE IT RESOLVED that the Florida International University Board of Trustees approves the granting of tenure as a condition of employment for the individual recommended by the University President and whose academic and professional profile is attached to this Resolution as Exhibit "C."

University Compliance Program Report 2004-2005

Because all Committee and University staff members except two had reviewed the Federal Compliance Report at an earlier meeting and since no Committee or Board action was being recommended, Trustee Dotson requested that University Compliance officer Leyda Benitez brief Committee Chairman Wertheim and Trustee Betsy Atkins privately on the 2004-2005 Compliance report .

Academic Affairs Update - Enrollment

Vice President Corinne Webb reported that as of Friday, 2 September 2005, 104 undergraduate students from institutions affected by Hurricane Katrina had registered at FIU for the Fall semester. University Graduate School Dean Douglas Wartzok added that 4 graduate students had also enrolled. Provost Rosenberg noted that 6 to 8 students had received provisional acceptance to continue their classes through the College of Law at FIU. VP Webb noted that students from Tulane, Loyola, Louisiana State, Xavier, Dillard, Springhill and Delgado Colleges had been

FIU Board of Trustees' Academic and Student Affairs Committee Minutes 6 September 2005 Page 3

integrated and noted that registration of displaced students would continue during the week of 6 September 2005. She congratulated Faculty and staff for rallying to provide support for the process.

VP Webb reported that after the first week of classes, the University recorded the highest enrollment numbers to date with 36,611. She noted that those numbers will change once the add-drop period ended but that the numbers were a significant increase from the previous year.

Student Affairs Report

Vice President Rosa Jones reported that Hurricane Katrina had not interfered significantly with the start of classes. She added that Freshman Convocation was a great success and that FIU's initiative in instituting the special convocation was recognized by other State universities. She reported on efforts to assist students displaced by Hurricane Katrina; reported on the opening of the state-of-the-art Recreation center on 15 August 2005; and on orientation programs with approximately 10,000 participants including students and parents.

BOG Strategic Plan Update

Before presenting her report, Vice Provost Marie Zeglen reported that FIU graduates had the highest Nursing licenture (NCLAX) pass rate in the State of Florida. She then presented an update on the new reporting procedures of the Board of Governors.

VP Webb reported on initiatives for tracking student graduation rates at various stages of their academic career noting students who are fast-track, on-track, or off track and providing adequate support. University Graduate School Dean Dean Douglas Wartzok reported on initiatives to attract graduate students including fee waivers and group health insurance discounts.

Provost's Report

Provost Rosenberg reported that the Study Abroad program had approximately 440 student participants in 2004-2005. Trustee Wertheim requested that Vice Provost Douglas Kincaid provide a report on study abroad programs including student participation and course of study at the next Academic Policy and Student Affairs Committee meeting.

Committee Chair Wertheim inquired about the number of patents FIU holds. Vice President George Dambach responded that there were approximately 14 active issued patents and that he would ask Intellectual Property Management to prepare a full report for the next Committee meeting.

Revisions to M.D. Program Proposal

Provost Rosenberg reported that the Board of Governors had requested the M.D. Program proposal be resubmitted using a new format. The deadline for that submission was 12 September 2005. He added that the Committee was being asked to recommend the proposal which would be submitted to the BOG pending Board approval.

Without further discussion, the Committee recommended the Board adopt the following Resolution:

WHEREAS the Florida International University Board of Trustees ("the Board") approved the program in Allopathic Medicine leading to a medical doctorate (M.D.) degree and the Request to Establish a Medical School Board as a new academic program on 17 November 2003 and filed its program request with the Board of Governors ("the BOG") on 1 July 2004; and

WHEREAS the BOG has requested that the proposal for the M.D. in Allopathic Medicine and Request to Establish a Medical School be resubmitted using the BOG's newly-developed guidelines;

THEREFORE BE IT RESOLVED that the Board approves revisions to the proposal for the M.D. degree in Allopathic Medicine and Request to Establish a Medical School (attached to this Resolution as Exhibit "D"); and

FURTHER RESOLVED that the University file the revised proposal, attached to this Resolution as Exhibit "D", and future adjustments to the proposal as required by BOG guidelines with the Division of Colleges and Universities and submit all revisions to the BOG for approval; and

FURTHER RESOLVED that the University President shall inform the Chairman of the Board of all revisions to the proposal and, in consultation with the Chairman, bring any substantive changes to the proposal to the Board for approval.

Approved Programs Report and Program Review Status

Trustee Wertheim requested that the two reports be accepted as submitted in the agenda packets. There were no objections .

Other Business

VP and CIO John McGowan was asked to report on his post-Katrina relief trip to Mississippi.

Chairman Wertheim requested that a Communications and Distance Learning Report be added to the next Academic Policy and Student Affairs Committee agenda.

Adjournment

With no other business, Chairman Wertheim adjourned the meeting at 1:00 p.m.

Attached: Exhibits "A", "B", "C", and "D."

DRAFT

Trustee Requests

- 1. Trustee Atkins requested that a specific quantitative report be created to analyze and better understand FIU investments in student outreach.
- 2. Chairman Wertheim requested that a facilities budgetary report be presented at the next Committee meeting.
- 3. Chairman Wertheim requested an update on study abroad programs including student involvement and be presented at the next Committee meeting
- 4. Chairman Wertheim requested that a Communications report be a standing agenda item for the Committee.
- 5. George Dambach will present Intellectual Property Management report for the next Committee meeting.

MEB/clr 09.07.05

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES ACADEMIC POLICY AND STUDENT AFFAIRS COMMITTEE

21 NOVEMBER 2005

SUBJECT: HEALTH AND MEDICAL EDUCATION UPDATE				
PROPOSED COMMITTEE ACTION: None. Discussion Item.				
EXHIBITS/SUPPORTING DOCUMENTS:	None			
FACILITATOR/PRESENTER:	■ MARK ROSENBERG			

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES ACADEMIC POLICY AND STUDENT AFFAIRS COMMITTEE

21 NOVEMBER 2005

SUBJECT: EMERGENCY MANAGEMENT REPO	DRTS
PROPOSED COMMITTEE ACTION: None. Discussion Item.	
EXHIBITS/SUPPORTING DOCUMENTS:	 EMERGENCY MANAGEMENT UPDATE
FACILITATOR/PRESENTER:	 MARCOS PEREZ

The Florida International University Board of Trustees

Emergency Management Update

ACADEMIC POLICY AND STUDENT AFFAIRS

2005 Hurricane Impact

AND THE RESERVE OF THE PARTY OF				
Storm	University Closing	Shelter Operations	Estimated Financial Impact	
Hurricane Dennis 7/08/05	None	Yes (170 Evacuees)	\$.065 M	
Hurricane Katrina 8/25/05	8/25/05 — 8/29/05	No	\$ 1.5 M	
Hurricane Rita 9/20/05	9/19/05 – 9/20/05	Yes (323 Evacuees)	\$.065 M	
Hurricane Wilma 10/24/05	10/24/05 – 10/30/05	Yes (460 Evacuees)	\$ 8 M	
		Total	\$ 9.63 M	

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES ACADEMIC POLICY AND STUDENT AFFAIRS COMMITTEE

21 NOVEMBER 2005

SUBJECT: FACILITIES BUDGETARY REPORT	
PROPOSED COMMITTEE ACTION:	
None. Discussion Item.	
EXHIBITS/SUPPORTING DOCUMENTS:	■ FACILITIES BUDGETARY REPORT
FACILITATOR/PRESENTER:	
THORETHON, I REDEXTER	 MARCOS PEREZ

The Florida International University **Board of Trustees**

Facilities Budgetary Report

ACADEMIC POLICY AND STUDENT AFFAIRS

Campus Analysis

Campus	University Park	Biscayne Bay Campus	Engineering Center	Total*
Acreage	344	195	38	579
Gross Square Footage	5.27 M	.71 M	.30 M	6.39 M
Maintenance/ Utilities Cost	\$ 24.6 M	\$ 3.3 M	\$ 1.4 M	\$ 29.8 M
Total FTE (Full Time Equivalent)	16,739	3,656	1,220	23,391**

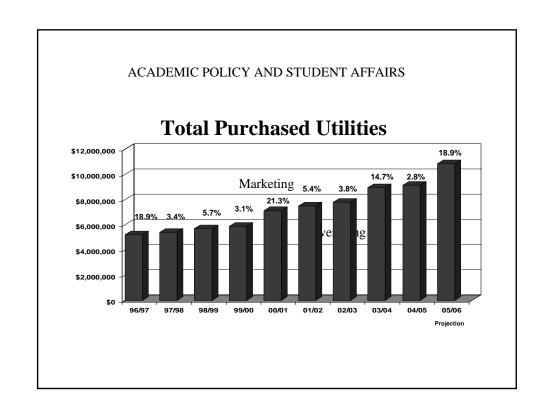
^{*} Total includes Wolfsonian: acreage – 3; square footage - .11 M; cost - \$0.5 M.

^{**} Includes all other students (i.e., Pines Center, online).

Note: The Pines Center and Downtown are leased.

State vs. Other Funded Space

FIU Space Designation	Square Footage	Amount	\$/Sq. Ft.	
E&G (State)	3.40M***	\$22.80M* \$6.71		
All Other	2.99M****	\$7.05M**	\$2.36	
Total	6.39M	\$29.85M	\$4.67	



Projected Actual 04/05 expenses in Facilities Maintenance (no P&C) all campuses.
 Includes amount paid directly for services or collected / transferred back to FMD.
 Designated by State as space that qualifies for PO&M funding.
 Non PO&M qualified space including: First floor GC / Wolfe / Marc Bldg. / Housing / Parking Garages / Labor Center (part) / Trailers

Key Issues

- Managing Growth: Impact on students, staff, and physical plant
- Maintenance of Aging Buildings: E&G and other funded space
 - Increasing Deferred Maintenance
- Increasing utilities costs

ACADEMIC POLICY AND STUDENT AFFAIRS

The Florida International University Board of Trustees Academic Policy and Student Affairs

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES ACADEMIC POLICY AND STUDENT AFFAIRS COMMITTEE

21 NOVEMBER 2005

SUBJECT: STUDENT AFFAIRS REPORT							
PROPOSED COMMITTEE ACTION:							
None. Discussion Item.							
EXHIBITS/SUPPORTING DOCUMENTS:	 Division of Student Affairs Report, November 2005 						
FACILITATOR/PRESENTER:	Rosa Jones						

Florida International University Board of Trustees Academic Policy and Student Affairs Committee Division of Student Affairs – Summary Report November 2005

The Division of Student Affairs began the 2005-2006 academic year with great expectations for a successful academic year of programs and services to enhance student learning in the university academic community. While the enthusiasm was somewhat dampened by the proliferation of hurricanes, it was never extinguished and students and staff have great expectations for the remainder of the academic year.

Campus Climate

The devastation of the most recent hurricane, Wilma caused a significant paradigm shift in the campus climate. Just as students regrouped from the one, two punches of Katrina and Rita, campus programs and services focused on several issues: support for persons affected by both hurricanes in the Gulf area; making up for the loss of school days during the early part of fall semester; and gearing up for an exciting and program packed homecoming celebration. Considerable attention was given to providing assistance (food, lodging, and clothing) and orienting 151 new students entering the university community (well over three weeks into the semester) displaced from institutions in the Gulf area devastated by the hurricanes. Among them, were international students who required special reprocessing through Homeland Security. Students and staff are very resilient and with the support of our Counseling Center staff, those who have suffered great loss or experienced anxiety from Wilma and the other hurricanes are being given the needed support to readjust and adapt to their current circumstances.

The University is in recovery mode- implementing several strategies to assist students and staff in getting back into the normal routine. The University Student Centers on both campuses provided "Supervised Children Activity Areas" for children of staff and parents, while school was not in session due to Wilma. Students have rescheduled several major campus life events- including Homecoming and student government elections.

Student Accomplishments, Programs and Activities

- The annual Career Fair was held on September 13. Representatives from 136 companies provided career opportunities for 1,241 students in attendance. The prelude to the fair on September 12 included a reception for the employers hosted by President Maidique at University House and a very successful Alumni Career Fair that attracted over 400 alumni and 61 employers jointly sponsored by Career Services and Alumni Affairs.
- On September 16, Student Affairs hosted an orientation and dinner for new students displaced by Katrina and their families to welcome them to the campus, assist students in becoming acclimated to FIU, and to reassure their families regarding issues of concern.

Student Affairs BOT Summary October 31, 2005 Page 2

- On September 16, Student Affairs hosted an orientation and dinner for new students displaced by Katrina and their families to welcome them to the campus, assist students in becoming acclimated to FIU, and to reassure their families regarding issues of concern.
- Manny Niebla is serving as a White House intern for the fall semester for Scott Jennings in the Office of Political Affairs. Jennings is the deputy director of the office and special assistant to President Bush. Manny is a senior in the College of Business.
- On October 14-16 the second annual Parents and Family Weekend was held. Approximately 25 parents and family members attended the Friday night bar-b-que, followed by an ice cream social in the residence halls. On Saturday, parents and family members attended a jazz brunch, a tailgate and attended the FIU football game against North Texas State University.
- The Children's Creative Learning Center was awarded a four-year grant of \$235,818 annually based on FIU's 2003-04 Pell Grant Allocation. The funds will support an increase in enrollment, develop Edu-Care/Flex Time program, provide low-income subsidy and support a staff and family resource/enrichment center.
- Nine residence hall students will represent FIU at the South Atlantic Association of College and University Residence Halls (SAACURH) Northern Kentucky University, November 4-6, 2004.
- During the week of November 20-25 prior to and during Thanksgiving, students
 from the Volunteer Action Center have planned an alternative break trip to Biloxi,
 Mississippi to assist victims of Hurricane Katrina. With the support of the
 Catholic Charities, the totally student initiated and planned program will assist in
 rebuilding projects and working in the distribution center at the Catholic Charities
 Retreat in Biloxi. Three faculty and staff will accompany the 48 student
 participants.
- The Division of Student Affairs hosted, "A Public Forum on Title V Initiatives: Opportunities for Collaboration", a University-wide event, on September 16 to mark the midpoint of the Title V Project. The forum included reports on all grant initiatives in support of student success at FIU, and new research in support of University-wide efforts to retain and graduate Hispanic and low-income students. The Title V grant is a \$2.1 million federal grant funded by U.S. Department of Education for the University on behalf of FIU Hispanic and low-income students, and provides opportunities for expanded learning communities, enhancing learning and student support with technology, and other support initiatives.
- More than 30 students will be attending the Florida Board of Governors meeting on November 17, 2005.

Construction Projects

• The fire sprinkler system installation and the renovation projects in the Graham Center will be completed in December 2005.

Student Affairs BOT Summary October 31, 2005 Page 3

- The Lakeview Housing project is at 40% completion. The project is 21 days behind schedule due to weather. A recovery plan is currently in development to complete the project by fall 2006.
- The recreation field project construction document is 50% complete and will go out for bid in December 2005.
- Wolfe University Center has been substantially delayed due to redesign and weather issues.
- Sigma Phi Epsilon is the next Greek house to be constructed. The bank has modified the letter of agreement as requested by the fraternity and will resubmit to the group for final review. Anticipate construction beginning in the Spring 200

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES ACADEMIC POLICY AND STUDENT AFFAIRS COMMITTEE

21 NOVEMBER 2005

SUBJECT: ACADEMIC AFFAIRS REPORTS

PROPOSED COMMITTEE ACTION:

None. Discussion Item.

REPORTS

- A. UNDERGRADUATE REPORT CORINNE WEBB
- B. Graduate Report Douglas Wartzok
- C. STUDENT OUTREACH INVESTMENTS (INTERIM REPORT) CORINNE WEBB
- D. ACADEMIC LEARNING COMPACTS (ALC) MARIE ZEGLEN
- E. BOG STRATEGIC PLAN MARIE ZEGLEN AND CORINNE WEBB
- F. DISTANCE LEARNING REPORT MARK ROSENBERG

EXHIBITS/SUPPORTING DOCUMENTS:

- A. ENROLLMENT SERVICES UPDATE; FIVE YEAR ENROLLMENT SUMMARY;
- B. New Undergraduate Student Enrollment; University Graduate School Report;
- C. NOEL LEVITZ STUDENT RECRUITMENT COSTS;
- D. Academic Learning Compacts Memorandum;
- E. BOG STRATEGIC PLANNING MEMORANDUM AND BOG/BOT PERFORMANCE ACCOUNTABILITY REPORT GRADUATION RATES;
- F. DISTANCE LEARNING REPORT

FACILITATOR/PRESENTER:

■ MARK ROSENBERG

Enrollment Services Update Academic Policy and Student Affairs Report November 2005

I. Fall 2005 University Enrollment (see enclosed summary)

• As of the preliminary reporting date (mid October), the university enrolled 36,975 students representing an all-time high in enrollment and a 5.8% increase over last year's fall enrollment. The majority of these 36,975 students are women (56.8%); 59.1% are full-time; 91.8% are Florida residents and 55.7% are Hispanic students. The enclosed summary provides further information on gender, residency, ethnicity and status trends over the past five year.

II. 2005 New FTIC and Transfer Students (see enclosed chart)

- The university enrolled 8,186 new undergraduate FTIC (4,745) and transfer (3,441) students in summer and fall representing a 12.5% increase over last year's enrollment of 7,254 students. The FTIC enrollment increased by 752 students (18.8%) and the transfer enrollment increased by 180 students for a combined increase of 932 students (12.8%). The total new enrollment of 8,186 students exceeded the 7,664 enrollment goal target by 522 students (8.2%).
- Of the 4,745 new FTIC students, 4,389 (92.5%) are Florida residents; 356 (7.5%) are non-Florida residents. The Florida residents come primarily from Dade (75.2%) followed by Broward, Palm Beach, Hillsborough, Orange and Monroe counties. Of the 356 non-Florida residents, 231 come from other US states (top feeders states: New York, New Jersey, California, California, Louisiana and Rhode Island) and 125 come from non-US countries (top feeder countries: Trinidad and Tobago, Venezuela, Colombia, Jamaica and Bahamas). Compared to last year, there has been not only a 18.8% increase in FTICs but also a noticeable increase in non-Florida residents. Specifically, there were 82 International students last year compared to 125 International students this year (52.% increase); additionally, there were 149 out of state students last year compared to 231 out of state students this year (55.3% increase).

III. Student Outreach Investments

- At the September committee meeting, board members expressed an interest in knowing the costs associated with recruiting undergraduate students and return on the investment. Three years ago, the university hired the Noel-Levitz firm, a nationally recognized recruitment and enrollment management firm, to develop a strategic plan to increase enrollment of new FTIC students. During this period, the university allocated \$300,000 to fund out-of-area recruitment programs and support a major upgrade in communications, publications and direct one-on-one contact with prospective students through tele-counseling. This investment and strategy enabled the university to increase enrollment steadily of the past three years.
- During the most recent cycle (lasting between February 2004 through June 2005), the admissions office sponsored the following events, programs and communications in order to enroll the current class of 8,186 new FTIC and transfer students:

Recruitment Events:	
Off campus	589
On campus events/tours	970
Communications	
 Mailings to prospects/appls/admits 	836,427
 E-mail message campaigns 	328,950
Telecounseling	
 Total calls to prospects/appls/admits 	31,727
Outreach	
 Prospects (First contact by FIU) 	82,618
 Inquiries (First contact by student) 	41,366

- Last year, the Office of Admissions had an operating budget of \$3,338,865. According to the most recent Noel Levitz National Enrollment Management Survey the average cost to recruit a student at a 4-year public institution was \$609 per student; the median cost was \$456 per student. This Noel-Levitz metric is derived by dividing the operating budget, inclusive of admissions, recruiting and marketing, by the total number of new full-time and part-time students. Applying this metric to the university's \$3,338,865 investment, FIU expended an average of \$408 per student to enroll its current class of 8,186 new undergraduate students. While this per student cost is \$200 less than the 4-year public average, it is only \$48 per student lower than the 4-year public median cost at \$456.
- Further analysis is needed to derive the student revenue (tuition/fees/ state support) return on the university's investment. This analysis is underway.

IV. Quarterly Report: BOG/BOT Performance Accountability Report-Graduation Rates

- The November quarterly report represents the 2005 summer graduates and the 2005 fall returning students. The report also displays the specific actions that will take place to encourage students to stay on track and complete their baccalaureate degree.
- The university set a four-year goal to graduate 20% of the 1,503 full-time FTIC students who entered in 2003. After two years later, 1,048 students---69.7%----of the 2003 cohort have returned; 40.9% are currently on track or on a fast track to satisfy the requirements for graduation within four years. The action plan identifies the steps that will be taken to encourage students to clear requirements and/or seek assistance to ensure success. Additional efforts will be made to encourage students who have left the university to return soon to continue their studies.
- The university also set a six-year goal to graduate 623 of the 1,297 full-time FTIC students who entered in 2001. After four years, 314 students---24.2%--- have already graduated and 457 students have returned this fall. In order to satisfy the six-year graduation goal, 309 of the 457 returning students must graduate by summer 2007. These 309 graduates combined with the 314 students who have already graduated will satisfy the goal of 623 graduates. It is especially noteworthy that 24.2% of the 2001 entering students have graduated within four-year; this 24.2% four-year graduation rate is higher than the 20% four-year graduation goal set for the 2003 entering cohort. This steady progress bodes well for satisfying the six year graduation goal.

Fall 2001-Fall 2005: Five Year Enrollment Summary

Full/Part Time	Fall 2001	Fall 2002	Fall 2003	Fall 2004	Fall 2005*
Full Time	17,707	18,526	19,080	19,813	21,861
	54.2%	54.7%	56.3%	56.5%	59.1%
Part Time	14,979	15,359	14,784	15,248	15,114
	45.8%	45.3%	43.7%	43.5%	40.9%
Total	32,686	33,885	33,864	35,061	36,975

Fee Residency	Fall 2001	Fall 2002	Fall 2003	Fall 2004	Fall 2005*
Florida Non-Res	28,902	30,211	30,741	32,082	33,935
	88.4%	89.2%	90.8%	91.5%	91.8%
Florida Non-Res	3,784	3,674	3,123	2,979	3,040
	11.6%	10.8%	9.2%	8.5%	8.2%
Total	32,686	33,885	33,864	35,061	36,975

Gender	Fall 2001	Fall 2002	Fall 2003	Fall 2004	Fall 2005*
Female	18,432	19,185	19,362	19,821	20,997
	56.4%	56.6%	57.2%	56.5%	56.8%
Male	14,253	14,700	14,485	15,240	15,977
	43.6%	43.4%	42.8%	43.5%	43.2%
Not Reported	1		17		1
	0.0%	0.0%	0.1%	0.0%	0.0%
Total	32,686	33,885	33,864	35,061	36,975

Ethnicity	Fall 2001	Fall 2002	Fall 2003	Fall 2004	Fall 2005*
Asian	1,182	1,247	1,273	1,284	1,334
	3.6%	3.7%	3.8%	3.7%	3.6%
Black	4,477	4,476	4,57 3	4,475	4 ,7 53
	13.7%	13.2%	13.5%	12.8%	12.9%
Hispanic	17,064	17,655	18,057	19,038	20,588
	52.2%	52.1%	53.3%	54.3%	55.7%
Native American	60	73	67	63	56
	0.2%	0.2%	0.2%	0.2%	0.2%
White	6,903	7,145	7,044	6,738	6,566
	21.1%	21.1%	20.8%	19.2%	17.8%
Other	2,774	2,662	2,229	3,074	3,186
	8.5%	7.9%	6.6%	8.8%	8.6%
Not Reported	226	627	621	389	492
	0.7%	1.9%	1.8%	1.1%	1.3%
Total	32,686	33,885	33,864	35,061	36,975

^{*}Preliminary data

New Undergraduate Student Enrollment 2005: Summer and Fall Semesters

		Summ	er 2005			Fall :	2005					
<u>Freshman</u>	2004	2005	# Change	% Change	2004	2005	# Change	% Change	2004	2005	# Change	% Change
Applicants	4,067	3,717	-350	-8.61%	7,971	9,169	1,198	15.03%	12,038	12,886	848	7.04%
Admits	3,898	3,583	-315	-8.08%	3,748	4,801	1,053	28.09%	7,646	8,384	738	9.65%
Enrolled	1,994	2,019	25	1.25%	1,999	2,726	727	36.37%	3,993	4,745	752	18.83%
Goal	1,850	2,100	250	13.51%	1,900	2,100	200	10.5%	3,750	4,200	450	12.00%
#Enrl/Goal	144	-81			99	626			243	545		
%Enrl/Goal	7.78%	-3.86%			5.21%	29.81%			6.48%	12.98%		

		Summ	er 2005			Fall 2	2005					
<u>Transfer</u>	2004	2005	# Change	% Change	2004	2005	# Change	% Change	2004	2005	# Change	% Change
Applicants	2,129	1,826	-303	-14.23%	5,904	5,759	-145	-2.46%	8,033	7,585	-448	-5.58%
Admits	1,397	1,459	62	4.44%	4,161	4,533	372	8.94%	5,558	5,992	434	7.81%
Enrolled	774	702	-72	-9.30%	2,487	2,739	252	10.13%	3,261	3,441	180	5.52%
Goal	865	900	35	4.05%	2,465	2,564	99	4.02%	3,330	3,464	134	4.02%
#Enrl/Goal	-91	-198			22	175			-69	-23		
%Enrl/Goal	-10.52%	-22.00%			0.89%	6.83%			-2.07%	-0.66%		

		Summ	er 2005			Fall 2	2005					
<u>Total</u>	2004	2005	# Change	% Change	2004	2005	# Change	% Change	2004	2005	# Change	% Change
Applicants	6,196	5,543	-653	-10.54%	13,875	14,928	1,053	7.59%	20,071	20,471	400	1.99%
Admits	5,295	5,042	-253	-4.78%	7,909	9,334	1,425	18.02%	13,204	14,376	1,172	8.88%
Enrolled	2,768	2,721	-47	-1.70%	4,486	5,465	979	21.82%	7,254	8,186	932	12.85%
Goal	2,715	3,000	285	10.50%	4,365	4,664	299	6.85%	7,080	7,664	584	8.25%
#Enrl/Goal	53	-279			121	801			174	522		
%Enrl/Goal	2.0%	-9.3%			2.8%	17.2%			2.5%	6.8%		

Florida International University Board of Trustees Academic Policy and Student Affairs Committee Academic Affairs Report: University Graduate School 21 November 2005

I. Total Fall 2005 Graduate Enrollment

Graduate enrollment in terms of fundable student credit hours is up 2.3% in Fall 2005 compared to Fall 2004 on a year to date basis and up 6.0% compared to end of term for Fall 2004. Graduate enrollment is 41,871 funded student credit hours or 1,308 funded graduate FTEs.

II. Fall 2005 New Graduate Student Applications, Admissions and Enrollment

In Fall 2005 compared to Fall 2004, there was a drop in applications from international students. In Fall 2004 international students made up 36% of our graduate application pool. In Fall 2005 they made up 28 % of the application pool. Overall the number of international applications declined from 1900 to 1397. Domestic applications increased from 3380 to 3654 (8%). Total applications were down by 4 % although total admits were up by 6% for Fall 2005 at 2422.

The number of admitted students who enrolled actually increased from 56% in Fall 2004 to 61% in Fall 2005. While the number of international applications was down, the actual number of admitted international students who enrolled increased from 36% to 40% in Fall 2005. The number of admitted domestic students who enrolled increased from marginally 68% to 69%. Overall, the number of new graduate students enrolled in Fall 2005 was 1478 compared to 1284 in Fall 2004, a 15% increase.

Costs to recruit a student

	Mean	Median	25%	25%
			spend <u>over</u>	spend
				<u>under</u>
4-year public	\$609	\$456	\$756	\$330
4-year private	\$2,226	\$1,965	\$2,554	\$1,330
2-year public	\$466	\$322	\$640	\$184

NOTE: Costs for admissions, recruiting, and marketing divided by <u>all</u> new undergraduates, full- and part-time. These costs <u>do not include</u> scholarship or financial aid costs.

Noel-Levitz

Source: Noel-Levitz National Enrollment Management Survey, 2001-2002

MEMORANDUM

TO: Herbert Wertheim, Chairperson

Academic Policy and Student Affairs Committee

FIU Board of Trustees

FROM: Mark B. Rosenberg

Provost and Executive Vice President for Academic Affairs

DATE: November 3, 2005

SUBJECT: An Update on the Academic Learning Compacts

The attached update on the Academic Learning Compacts (ALCs) provides information on the following:

- Workshops conducted by The Academy for the Art of Teaching on the ALCs
- Reporting format developed by The Faculty Senate/Academic Affairs Joint Committee for the final version of the ALCs
- Draft documents based on current assessment materials sent to departments by The Office of Planning and Institutional Effectiveness to aid in finalizing ALCs.

If you need additional information on this matter, please let me know.

Enclosure

Board of Trustees: Update on Academic Learning Compacts (ALCs) November 3, 2005

Background

On May 20, 2005, July 22, 2005, and August 15, 2005 you received information on the Board of Governors (BOG) mandate on Academic Learning Compacts, dates for submission of the status reports to the BOG, the method by which the University met the deadlines for submitting the first and second status reports, ongoing collaboration and cooperation between the Faculty Senate President and the Provost to establish a joint working team from the Faculty Senate and Academic Affairs to lead the ALC effort, and an action plan and time table for completing the implementation of the ALCs.

Update

Since the last report on August 15, 2005, the following action items have taken place on the ALC initiative:

- The Academy for the Art of Teaching conducted three workshops (one on the Biscayne Bay Campus; the remaining two on the University Park Campus) for faculty and chairs on ALC student learning outcomes, possible measurement tools, and how assessment of learning goals can provide information to the faculty and to departments for continual internal improvement and to meet the State mandate.
- The University submitted the second ALC status report before the September 1, 2005 deadline.
- The Faculty Senate/Academic Affairs Joint Committee defined a general format that the University will use for reporting its ALCs.
- The Office of Planning and Institutional Effectiveness prepared a draft document in the format of an ALC for each of its 85 baccalaureate degree programs on the inventory and submitted the draft documents to the appropriate associate deans, chairs, and college liaisons. The purpose of this initiative was to provide useful information to those faculty who are preparing the final documents. The information in the draft documents was based on prior Institutional Effectiveness matrices submitted by the departments. Appendix A contains an example ALC from the Biomedical Engineering program.

The next report to the Board of Governors is due on December 31, 2005. The report will be shared with the Committee prior to its transmittal to the BOG.

Appendix A Florida International University

Academic Learning Compact



Name of the Undergraduate Degree Program

Biomedical Engineering

Mission Statement

The mission is to integrate academia, clinical medicine, and the biomedical industry in: 1) the education and training of the next generation of biomedical engineers; 2) research and development activities leading to innovations in medical technology; 3) transfer of that medical technology to commercialization and clinical implementation; and 4) the continuing development of biomedical engineering as a profession, its impact on the delivery of health care, and its role in the sustainability and growth of the local and national economies.

Student Learning Outcomes

FIU graduates should be able to do the following:

Content/Discipline Knowledge

- 1. Ability to apply knowledge of mathematics (including differential equations and statistics), physical and life sciences, and engineering to carry out analysis and design to solve problems at the interface of engineering and biology;
- 2. Ability to design and conduct experiments, as well as to measure, analyze and interpret data from living systems;
- 3. Ability to design a system, component, or process to meet desired needs, including systems that involve the interaction between living and non-living materials;
- 4. Ability to identify, formulate, and adapt engineering solutions to unmet biological needs;
- 5. Ability to use the techniques, skills, and modern engineering tools necessary for engineering practice, including the ability to model and analyze biological systems as engineering systems;
- 6. Ability to function on multi-disciplinary teams;
- 7. Ability to communicate effectively;
- 8. Awareness of the characteristics of responsible professional engineering practice, including ethical conduct, consideration of the impact of engineering solutions on society in a global and contemporary context, and the value of life-long learning.

Critical Thinking

- 1. Ability to design and conduct experiments, as well as to measure, analyze and interpret data from living systems;
- 2. Ability to design a system, component, or process to meet desired needs, including systems that involve the interaction between living and non-living materials;
- 3. Ability to identify, formulate, and adapt engineering solutions to unmet biological needs;
- 4. Awareness of the characteristics of responsible professional engineering practice, including ethical conduct, consideration of the impact of engineering solutions on society in a global and contemporary context, and the value of life-long learning.

Oral and Written Communication

1. Ability to communicate effectively.

Direct and Indirect Measures of Student Learning Outcomes

Content/Discipline Knowledge

- 1. Senior Design Project External Evaluation
- 2. Senior Design Project Faculty Assessment
- 3. BME Lab Course Assessment
- 4. Student Exit Survey.

Oral and Written Communication

- 1. Senior Design Project External Evaluation
- 2. Senor Design Project Faculty Assessment
- 3. BME Lab Course Assessment
- 4 Student Exit Survey.

Critical Thinking

- 1. Senior Design Project External Evaluation
- 2. Senior Design Project Faculty Assessment
- 3. BME Lab Course Assessment
- 4. Student Exit Survey.

MEMORANDUM

TO: Herbert Wertheim, Chairperson

Academic Policy and Student Affairs Committee

FIU Board of Trustees

FROM: Mark B. Rosenberg

Provost & Executive Vice President for Academic Affairs

DATE: November 3, 2005

SUBJECT: An Update on BOG Strategic Planning

The Board of Governors is continuing to gather information in support of implementation of its Strategic Plan.

On October 3, 2005, Florida International University presented its projections of degrees by program category through the 2012-13 period. Appendix A shows the projections by level of degree and program category.

The Board of Governors has now requested confirmation of all strategic planning targets for FIU for the 2008-09 and 2012-13 period in areas including degree production by level, targeted degrees by level, access/diversity, graduation rates, licensure passage rates, academic learning compacts, research expenditures, patents, and other forms of national recognition. Confirmation and/or adjustment of FIU goals is due back to the Board of Governors by December 2. FIU does not plan to change any previously established goals for 2012-13; intermediary goals will be created for the 2008-09 benchmark, based on midpoints of the 2003-04 actual data and the 2012-13 goals.

The Board of Governors has not yet acted on its appointment of a work group to study the cost per degree of specific programs.

If you need additional information on the ongoing development of the BOG strategic plan, please let me know.

Enclosure

APPENDIX A: FIU ACTUAL AND PLANNED DEGREES BY LEVEL, PROGRAM AND BOARD OF GOVERNORS TARGETED AREA TO 2012-13

				FI	U ACTL	JAL D	ES	FIU PRO	JECTIONS	
_	CIP Code	CIP Title	Target Area	2000- 2001		2002- 2003	2003- 2004	2004- 2005	2008-2009 (planned)	2012-2013 (planned)
			Target Area							
Baccalaureate Baccalaureate		Environmental Science. Landscape Architecture	Emerging Technologies: Natural Science and Technology	19	29	16	29	30	34	35
Baccalaureate		Architecture and Related Services, Other.		50	42	61	67	53	60	
Baccalaureate		Asian Studies/Civilization.		50	42	1	67	33	7	
Baccalaureate		Women's Studies.		6	2	9) 8	1 7	12	
Baccalaureate		Mass Communication/Media Studies.		180	243	268	_		339	
Baccalaureate		Computer and Information Sciences, General.	Emerging Technologies: Computer Science and Information Technology	86		107				
Baccalaureate		Information Technology.	Emerging Technologies: Computer Science and Information Technology	- 00	00	107	100	18		
Baccalaureate		Elementary Education and Teaching.	Economic Development: High-Wage/High Demand Jobs	170	204	192	170			
Baccalaureate		Early Childhood Education and Teaching.	Economic Development: High-Wage/High Demand Jobs	170	201	102	19		60	
Baccalaureate		Art Teacher Education.	20011011110 201010pmont. Fig. 1144gor ngh 2011ana 0000	5	11	7			. 8	
Baccalaureate			Economic Development: High-Wage/High Demand Jobs	9					10	
Baccalaureate		Foreign Language Teacher Education.	Critical Needs: Education	Ť	1	1	2		4	
Baccalaureate		Family and Consumer Sciences/Home Economics Teacher Education.	omean record Education	3	5				1	0
Baccalaureate		Mathematics Teacher Education.	Critical Needs: Education	6	11	13		F 8	10	
Baccalaureate		Music Teacher Education.	Economic Development: High-Wage/High Demand Jobs	2	8	10			. 6	
Baccalaureate		Physical Education Teaching and Coaching.	Economic Development: High-Wage/High Demand Jobs	41	48	35				
Baccalaureate		Science Teacher Education/General Science Teacher Education.	Critical Needs: Education	5	5	6			. 8	
Baccalaureate		Social Science Teacher Education.	Economic Development: High-Wage/High Demand Jobs	14		17				
Baccalaureate		Biomedical Engineering	2001011110 201010p11101111 11ight traggor light 20111ana 0000	1				10	50	70
Baccalaureate		Chemical Engineering.	Emerging Technologies: Mechanical Science and Manufacturing	9	4	7	1		0	
Baccalaureate		Civil Engineering, General.	Emerging Technologies: Design and Construction	30		39	46	63		
Baccalaureate		Construction Engineering	Emorging realmologics. Bedign and conduction	- 00	02	- 00	1	00	4	
Baccalaureate		Computer Engineering, General.	Emerging Technologies: Computer Science and Information Technology	22	39	54	38	46	80	
Baccalaureate		Electrical, Electronics and Communications Engineering.	Emerging Technologies: Mechanical Science and Manufacturing	66		71				
Baccalaureate		Mechanical Engineering.	Emerging Technologies: Mechanical Science and Manufacturing	23		42			36	
Baccalaureate		Systems Engineering.	Emerging Technologies: Mechanical Science and Manufacturing	33		41				
Baccalaureate		Construction Engineering Technology/Technician.	Economic Development: High-Wage/High Demand Jobs	46		25			33	
Baccalaureate		German Language and Literature.		1.0					0	
Baccalaureate		French Language and Literature.		8	14	9	9	7	10	
Baccalaureate		Portuguese Language and Literature.				1			1	
Baccalaureate		Spanish Language and Literature.		25	25	29	28	17	29	32
Baccalaureate		English Language and Literature, General.		89		144				
Baccalaureate		Liberal Arts and Sciences/Liberal Studies.		63	65	89				
Baccalaureate	24.0103	Humanities/Humanistic Studies.		6	3	5		7	. 8	
Baccalaureate	26.0101	Biology/Biological Sciences, General.	Emerging Technologies: Natural Science and Technology	98	96	130	104	126	110	130
Baccalaureate		Marine Biology and Biological Oceanography.	Emerging Technologies: Natural Science and Technology			1		2	15	
Baccalaureate	27.0101	Mathematics, General.	Emerging Technologies: Mechanical Science and Manufacturing	6	5	3	9	12	10	
Baccalaureate	27.0301	Applied Mathematics.	Emerging Technologies: Mechanical Science and Manufacturing	4	3	2	2 5	5	6	7
Baccalaureate		Statistics, General.	Emerging Technologies: Mechanical Science and Manufacturing	1	1	3	3 1	3	4	. 5
Baccalaureate		Parks, Recreation and Leisure Facilities Management.		46	13	9	9	16	35	50
Baccalaureate	31.0505	Kinesiology and Exercise Science.		24	49	43	25	32	30	40
Baccalaureate		Philosophy.		12	21	16	15	14	. 18	22
Baccalaureate		Religion/Religious Studies.		7	6	3			7	
Baccalaureate	40.0501	Chemistry, General.	Emerging Technologies: Natural Science and Technology	32	34	32	2 46	31	38	42
Baccalaureate			Emerging Technologies: Natural Science and Technology	2	6	3	3 4	1	4	. 6
Baccalaureate		Physics, General.	Emerging Technologies: Natural Science and Technology	3	4	8			5	
Baccalaureate		Psychology, General.		329		326				
Baccalaureate		Criminal Justice/Safety Studies.		182	168	184				
Baccalaureate		Public Administration.	Economic Development: High-Wage/High Demand Jobs	44		49				
Baccalaureate		Social Work.		77	89	75			40	
Baccalaureate		Economics, General.		29	36	37			40	
Baccalaureate	45.0901	International Relations and Affairs.		62	69	108	124	115	125	
Baccalaureate		Political Science and Government, General.		60	77	93				
Baccalaureate	45.1101	Sociology.		42	43	37	45	44	45	

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Masters 13.1315 Reading Teacher Education. Critical Needs: Education 86 59 29 61 54 60 77 Masters 13.1316 Science Teacher Education/General Science Teacher Education. Critical Needs: Education 11 8 8 8 6 8 1 Masters 13.1317 Social Science Teacher Education. 11 8 9 5 5 8 1 Masters 14.0501 Biomedical/Medical Engineering. Emerging Technologies: Medical Science and Health Care 2 7 11 14 11 14 Masters 14.0801 Civil Engineering, General. Emerging Technologies: Design and Construction 16 16 17 23 16 22 3 Masters 14.3301 Construction Engineering 4 1	Masters				6		9			4	4
Masters 13.1316 Science Teacher Education/General Science Teacher Education. Masters 13.1317 Social Science Teacher Education. Masters 14.0501 Biomedical/Medical Engineering. Masters 14.0801 Civil Engineering, General. Masters 14.3301 Construction Engineering Masters 14.3301 Construction Engineering	Masters			Critical Needs: Education	86		29			60	70
Masters 13.1317 Social Science Teacher Education. Masters 14.0501 Biomedical/Medical Engineering. Masters 14.0801 Civil Engineering, General. Masters 14.3301 Construction Engineering Masters 14.3301 Construction Engineering	Masters					8					
Masters 14.0501 Biomedical/Medical Engineering. Emerging Technologies: Medical Science and Health Care 2 7 11 14 11 15 16 16 17 23 16 22 37 11 14 11 11 11 11 11 11 11 11 11 11 11	Masters				11	8	9	5	5	8	
Masters 14.0801 Civil Engineering, General. Emerging Technologies: Design and Construction 16 16 17 23 16 22 3 Masters 14.3301 Construction Engineering 4 1	Masters	14.0501	Biomedical/Medical Engineering.			2	7	11	14	11	14
Masters 14.3301 Construction Engineering 4 1	Masters				16	16	17	23	16	22	
Masters 14.0901 Computer Engineering, General. Emerging Technologies: Computer Science and Information Technology 5 14 26 24 6 26 3	Masters									4	11
	Masters	14.0901	Computer Engineering, General.	Emerging Technologies: Computer Science and Information Technology	5	14	26	24	6	26	34

				FIU ACTU		JAL D	EGRE	ES	FIU PRO	JECTIONS
	OID.									
	CIP Code	CIP Title	Target Area		2001- 2002	2002- 2003	2003- 2004	2004- 2005		2012-2013 (planned)
Masters		Electrical, Electronics and Communications Engineering.	Emerging Technologies: Mechanical Science and Manufacturing	7	13				30	
Masters		Telecommunication/Networking	Emorging roomologise: Moonamed Colones and Manadadaming	_ ·	- 10		10	13	25	37
Masters		Environmental/Environmental Health Engineering.	Emerging Technologies: Natural Science and Technology	12	7	g	17	13	15	
Masters		Materials Engineering.	Emerging Technologies: Mechanical Science and Manufacturing				2		3	
Masters		Mechanical Engineering.	Emerging Technologies: Mechanical Science and Manufacturing	5	9	7	13	13	13	17
Masters	14.2701	Systems Engineering.	Emerging Technologies: Mechanical Science and Manufacturing			3	17	8	16	27
Masters	14.3501	Industrial Engineering.	Emerging Technologies: Mechanical Science and Manufacturing	26	67	46	6		23	
Masters		Engineering Management	Emerging Technologies: Mechanical Science and Manufacturing				78	51	50	
Masters		Technology Management	Emerging Technologies: Mechanical Science and Manufacturing				1	8	16	
Masters		Engineering, Other.	Emerging Technologies: Mechanical Science and Manufacturing			1	12	20	40	
Masters	14.9999	Media Engineering							4	8
Masters	15.0599	Environmental Control Technologies/Technicians, Other.		1	1	1	2	1	1	1
Masters		Construction Engineering Technology/Technician.	Economic Development: High-Wage/High Demand Jobs	24	17	26	31	33	32	39
Masters	16.0102	Linguistics.		4	4	7	' 3	12	10	14
Masters		Spanish Language and Literature.		9	4	6			8	
Masters		English Language and Literature, General.		7	14	3	3 3	12	12	
Masters		Creative Writing.		12		10			10	
Masters		Biology/Biological Sciences, General.	Emerging Technologies: Natural Science and Technology	13	9	8	15	14	15	
Masters		Applied Mathematics.	Emerging Technologies: Mechanical Science and Manufacturing	1	2		3	_	4	5
Masters		Statistics, General.	Emerging Technologies: Mechanical Science and Manufacturing		1	3	3 1	1	2	4
Masters		Parks, Recreation and Leisure Facilities Management.	ggg	2	2	8	3 3	4	15	20
Masters		Kinesiology and Exercise Science.		4	12				20	
Masters		Religion/Religious Studies.		6		5	_		10	
Masters		Chemistry, General.	Emerging Technologies: Natural Science and Technology	6		ç			6	
Masters		Geology/Earth Science, General.	Emerging Technologies: Natural Science and Technology	6		1	2		3	
Masters		Physics, General.	Emerging Technologies: Natural Science and Technology	9	2	2			3	5
Masters		Psychology, General.		16		10	17	30	30	
Masters		Criminal Justice/Law Enforcement Administration.		32	28	30			25	
Masters		Forensic Science and Technology.		1	2		' 8		9	
Masters		Public Administration.		42	35	57			85	
Masters		Social Work.		119	100	91			82	
Masters		Economics, General.		6	3	ç		_	10	
Masters		International Relations and Affairs.		5	8	11	4	7	10	
Masters		Political Science and Government, General.		1	5	5		6	7	
Masters		Sociology.		3	1	14	12	6	10	
Masters		Interior Design							8	15
Masters		Fine/Studio Arts, General.		7	2	2	2 4	2	7	9
Masters		Music, General.		11	11		13	15	17	20
Masters		Audiology/Audiologist and Speech-Language Pathology/Pathologist.		1		20			40	
Masters		Health/Health Care Administration/Management.	Critical Needs: Health Care	32	27	18			17	
Masters		Athletic Training/Trainer		1			<u> </u>	T -	12	24
Masters		Clinical Laboratory Science/Medical Technology/Technologist.	Critical Needs: Health Care	11	8		1		0	0
Masters		Nursing/Registered Nurse (RN, ASN, BSN, MSN).	Critical Needs: Health Care	59	50	50	50	91	132	187
Masters		Public Health, General (MPH, DPH).	Emerging Technologies: Medical Science and Health Care	45	41	50			70	
Masters		Occupational Therapy/Therapist.	Critical Needs: Health Care	8	4	10			51	
Masters		Physical Therapy/Therapist.	Critical Needs: Health Care	26						
Masters		Dietetics/Dietitian (RD).		13						
Masters		Business Administration and Management, General.	Economic Development: High-Wage/High Demand Jobs	191	330				508	
Masters		Accounting.	and the state of t	82	79				66	
Masters		Finance, General.		38					70	
Masters		Hospitality Administration/Management, General.		60					53	
Masters		Tourism and Travel Services Management.		55	10		6		22	
Masters		International Business/Trade/Commerce.		66					41	
Masters		Taxation.		69					45	
Masters		History, General.		4	5				8	
Advanced Maste		Curriculum and Instruction.	Economic Development: High-Wage/High Demand Jobs	†		1			6	
		Educational Leadership and Administration, General.	Economic Development: High-Wage/High Demand Jobs	2	6	3			6	

				FI	FIU ACTUAL DEGREES					JECTIONS
	CIP			2000-	2001-	2002-	2003-	2004-	2008-2009	2012-2013
Level	Code	CIP Title	Target Area	2001	2002	2003	2004	2005	(planned)	(planned)
Advanced Maste	42.1701	School Psychology.	Critical Needs: Education	12	12	18	15	12	16	20
Juris Doctorate	22.0101	Law							120	180
Doctorate		Environmental Science.	Emerging Technologies: Natural Science and Technology							10
Doctorate	11.0101	Computer and Information Sciences, General.	Emerging Technologies: Computer Science and Information Technology	4	1	1	3	5	7	8
Doctorate	13.0301	Curriculum and Instruction.	Economic Development: High-Wage/High Demand Jobs	11	5	12	13	11	17	25
Doctorate	13.0401	Educational Leadership and Administration, General.	Economic Development: High-Wage/High Demand Jobs	1	1	1	2	5	9	14
Doctorate		Higher Education/Higher Education Administration.		1	3	5	3	6	9	13
Doctorate		Special Education and Teaching, General.	Critical Needs: Education	1		1	2	1	2	3
Doctorate		Adult and Continuing Education and Teaching.		4	2	1	4	4	6	9
Doctorate	14.0501	Biomedical Engineering							10	14
Doctorate	14.0801	Civil Engineering, General.	Emerging Technologies: Design and Construction	3		4	7	4	7	12
Doctorate		Electrical, Electronics and Communications Engineering.	Emerging Technologies: Mechanical Science and Manufacturing	1	4	2	2	2	25	35
Doctorate	14.1801	Materials Engineering							4	6
Doctorate		Mechanical Engineering.	Emerging Technologies: Mechanical Science and Manufacturing	1	2		1		7	11
Doctorate		Industrial & Systems Engineering						1	5	5
Doctorate		Spanish Language and Literature.			2	5	3	3	4	5
Doctorate		Biology/Biological Sciences, General.	Emerging Technologies: Natural Science and Technology	8	1	3	7	4	6	10
Doctorate		Chemistry, General.	Emerging Technologies: Natural Science and Technology		1	1	3	1	5	8
Doctorate		Geology/Earth Science, General.	Emerging Technologies: Natural Science and Technology	4	3		1	0	2	4
Doctorate		Psychology, General.		11	9	11	4	13	14	16
Doctorate		Public Administration.		1	2	2	1	1	4	4
Doctorate		Social Work.		1	2	1	8	3	4	4
Doctorate		Economics, General.		2	3	2	1	1	3	5
Doctorate	45.0901	International Relations and Affairs.		2		1	1	3	6	9
Doctorate		Political Science and Government, General.					2	1	3	4
Doctorate		Sociology.		9	4	5	3	2	3	5
Doctorate	51.1608								2	8
Doctorate		Public Health, General (MPH, DPH).							10	15
Doctorate		Dietetics/Dietitian (RD).		1	4	1	2	3	4	4
Doctorate		Business Administration and Management, General.		2	3		2	2	8	7
Doctorate	54.0101	History, General.		1		1	3	2	4	7
Grand Total				5,304	5,873	6,375	6,790	6,637	8,056	9,708

NOTE: BOG Actual Counts include only First Majors and degrees reported on SDCF files, not those on late degree files. For these reasons, the counts will not match FIU Factbooks. SOURCE: FIU Office of Planning and Institutional Effectiveness 11-03-05

FLORIDA INTERNATIONAL UNIVERSITY

BOG/BOT Performance Accountability Report Graduation Rates

Enrollment Services November 2005: Quarterly Report

BOG GRADUATION TARGETS FOR FIU

(APPROVED BY FIU'S BOARD OF TRUSTEES JUNE 29,2005)

	Measure	One Gr	dustine	Rates				
Four-Year for FTIC	Performance Index	Peer Average	US Average (1997- 2001)	1998-2002 Cohoxt	1999-2003 Cohoxt	2000-2004 Cohoxt	2003-2007 Target	2009- 2013 Target
	18%	16%	34%	19%	21%	19%	20%	25%
Six-Year for FTIC	Performance Index	Peer Average	US average (1997- 2003)	1996-2002 Cohoxt	1997-2003 Cohoxt	1998-2004 Cohoxt	2001-2007 Target	2007 - 2013 Target
	45%	40%	56%	44%	47%	47%	48%	55%
A A-Transfer Two-Year	Performance Index	Peer Average	US Average	2000-2002 Cohoxt	2001-2003 Cohoxt	2002-2004 Cohoxt	2005-2007 Target	2011- 2013 Target
	33%			39%	36%	34%	35%	40%
A A-Transfer Four-Year	Performance Index	Peer Average	US Average	1998-2002 Cohoxt	1999-2003 Cohoxt	2000-2004 Cohoxt	2003-2007 Target	2009- 2013 Target
	72%			70%	73%	78%	78%	82%
Meast	1re Four. Mi Performance Index	nority B Peer Average	US Average	2001-2002	2002-2003	2003-2004	2006-2007 Target	2012- 2013 Target
Total Under-Represented Minority	66%			69%	67%	67%	67%	70%
Black, Non-Hispanic	14%			13%	13%	13%	13%	15%
Hispanic	52%			55%	54%	53%	54%	55%

Action Plan to Meet or Exceed Graduation Targets

Drop/Stopouts:

- · Identify those who have successfully transferred to another institution within the SUS.
- Review Financial Aid and other University records to identify those with financial and administrative issues
 that have potential resolution. Work with the student to bring resolution.
- Telecounsel students back into FIU with departing GPAs of 2.5 or above. Also use interviews to track reasons
 for withdrawal.

Insufficient Credits/Slow Progress to Degree:

- · Identify Financial Aid status and other factors contributing to slow progress.
- Coach students through email with messages tailored to various circumstances.

Low GPA:

- Analyze/drill down data to identify types of academic problems and correlations to SAT/ACT and high school GPA. Link to Undecided major and financial aid status.
- · Coach through email and refer students to tutoring, Learning Support Services, and online academic support.

Undecided Majors:

- Coach through email and refer students to Career Counseling Services. Include reminders of steps to intend
 and declare a major.
- · Telecounsel those with no major and credits earned over 60.

Late CLAST Completion:

- · Through the data base identify those who could have unfilled exemptions.
- · Coaching through email on next testing dates and online and on-campus tutoring available.

FTIC Four-Year Graduation Tracking

Cohort Year:: 2003 Report 10/05

Cohort Size:: 1503

Board Target:: 20% (301) graduated by the end of the 4th year

	Retained for Yr 2	Retained for Yr 3	Retained for Yr 4	Graduated in
	(Fall 2004)	(Fall 2005)	(Fall 2006)	4 years
Re-enrolled	1302	1048		
% of cohort	86.6%	69.7%		

Grad/still enrolled

Status of those still enrolled but not graduated as of Fall 2005 (credits include Fall)

	Total Group	On Track(72-87)	Fast Track (>87)	Off Track (<72 and/or <2.25)
Size	1048	309	305	484
% of cohort	69.7%	20.6%	20.3%	28.9%

Status of Board Target: 40.9% are currently rated as on track or fast track for 4 year graduation, 28.9% are enrolled but off track for four-year graduation. 30.3% have dropped or stopped out. Drawing back into FIU students who have dropped or stopped out will be vital to achieving the Board target. Phone contact will be used.

GradXPress FTIC 2003: Analysis and Action Report Cohort Size: 1503

		Anal	ysis					Acti	ion		
Attrited				#	% cohort	Em	ail	Telec	ounseling	M	ail
				455	30.3%	Target	Contacted	Target	Contacted	Target	Contac
GPA	< 2.0	2.0-2.99	<u>≥</u> 3.0								
	182	140	133								
GPA > 2.0				273		x				# not	
Transferred within SUS				TBD						phoned	
Total for Action	n Plan			273		x		273	11/10-23		
Message: Can	we help voi	u return to FIL	1?			I					
Undecided Message: Its ti	ime to chose	e/help sources		22	1.5%	22	11/1/05 All				
	ime to chose	e/help sources		22	1.5% 7.9%	22 118					
Message: Its ti		e/help sources					All				
Message: Its ti	p sources						All 11/2/05				
Message: Its ti GPA <2.25 Message: Help	p sources ut <72 credit	s		118	7.9%	118	AII 11/2/05 AII				

FTIC Six-Year Graduation Tracking

Cohort Year:: 2001 Report: 10/05 Cohort Size:: 1297

Board Target:: 48% (623) graduated by the end of the 6th year

Retained for Yr 2 Retained for Yr 3 Retained for Yr 4 Graduated 4 Yrs. Retained for Yr 5 (Fall 2002) (Fall 2003) (Fall 2004) (Prior to Fall 05) (Fall 2005) 314 457 % of cohort 87.0% 74.1%67.7% 24.2% 35.2% Grad./enrolled 59.4%

Status of those still enrolled but not graduated as of Oct 2005 Credits include Fall $05\,$

 Total Group
 On Track (80-100)
 Fast Track (>100)
 Off Track (<80 and/or <2.25)</th>

 Size
 457
 52
 321
 84

 % of cohort
 35.2%
 4%
 24.7%
 6.5%

Status of Board Target: Those graduated plus those on track or fast track comprise 52.9% of the total cohort. The Board goal is 48%; hence, the 6.5% off track and return of students who have dropped/stopped out will be vital to meeting targets. The four-year graduation rate for this group (24.2%) exceeds the current FIU Board target of 20% set for the 2003 FTIC cohort.

GradXPress FTIC 2001: Analysis and Action Report Cohort size: 1297

		Analys	is					Actio	on		
Attrited				#	% cohort	Em	ail	Tele	counseling	Mail	
				526	40.6%	Target	Contacted	Target	Contacted	Target	Contacted
GPA	< 2.0	2.0-2.99	<u>></u> 3.0								
	206	168	152								
GPA > 2.0				320							
Transferred within SUS				TBD							
Total for Action				320		x		320	11/10-23	# not	
Message: Can we h	elp you return to F	FIU?								phoned	
Still Enrolled but C	Off Track			84	6.5%						
Undecided				24	1.8%	24	11/1/05				
Message: Its time to	chose/help source	es					All				
GPA <2.25				42	3.2%	42	11/2/05				
Message: Help sour	rces						All				
GPA <u>></u> 2.25, but <80	credits			18	1.4%	18	11/3/05				
Message: Why incre	ease credits						All				
CLAST (on & off tra	ck)			211	16.3%	211	10/13/05				
Message: Do CLAS	T ASAP/help sour	rces					All				

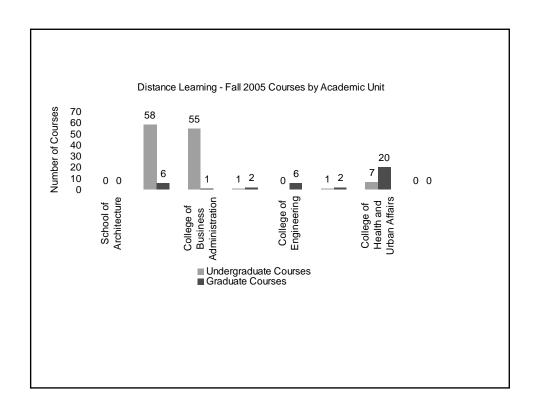
Florida International University Distance Learning

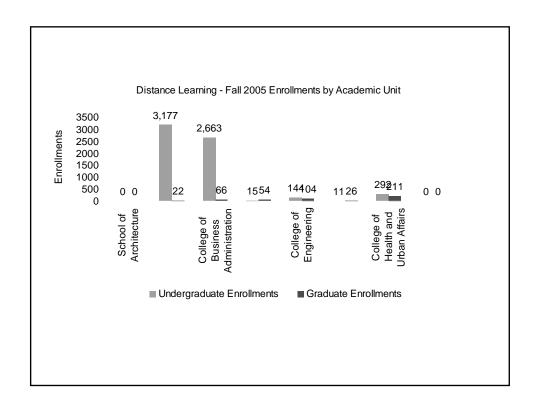
Delivery Methods

- Fully Online
 - WebCT, course management system
 - All content delivered via the Internet
 - Lectures delivered via streaming video or video CD
- Video Conferencing
 - Two way interactive video over IP using Internet2

Distance Learning Degree Programs

ACADEMIC UNIT	PROGRAM	
College of Business Administration	BBA International Business	Last 60 hours fully online
College of Business Administration	BBA Finance	Last 60 hours fully online
College of Engineering	Construction Management (Master Degree)	Fully online
College of Health and Urban Affairs	Occupational Therapy (Master Degree)	Fully online
College of Health and Urban Affairs	Public Health (Master Degree)	Fully online
College of Arts and Sciences	Forensic Science (Master Degree)	Fully online
College of Health and Urban Affairs	Gerontology (Graduate Certificate)	Fully online
School of Hospitality and Tourism Management	Hospitality Management (Executive Master Degree)	Fully online
School of Hospitality and Tourism Management	BS in Hospitality Management	Video Conferencing to St. Petersburg College
College of Health and Urban Affairs	Nurse Anesthesiology (Master Degree)	Video Conferencing to Jacksonville FL





Faculty Services

- University Technology Services (UTS)
 - Resource Center for Education Technology
 - Training lab for instructing faculty to use WEBCT located in GL 127.
 - Fully equipped faculty lab located in GL 150. This lab has all the hardware and software needed to design and develop courses.
 - Both areas are fully staffed to assist faculty and have extended hours.
 - Instructional designers available for consultation and hands on help.
 - Services are available for all FIU faculty.
 - Promotes direct faculty involvement in developing and maintaining the online courses.

Faculty Services

- College of Business Administration (CBA)
 - CBA Online
 - CBA maintains a department to facilitate online learning.
 - CBA operates its own WebCT servers.
 - Faculty members are assigned staff that develop and maintain their online courses.
 - CBA offers both fully online and hybrid courses.

Student Services

- Continuing and Professional Studies and UTS Coordinated Efforts
 - Informational websites
 - FIU sites, Florida Distance Learning Consortium, Southern Regional Educational Board
 - Information greeting e-mail to all online students.
 - Student assistance through the UTS Help Desk.
 - Walk-in assistance in GL 120 and GL 150.
 - Online Student evaluations.

Student Services

- CBA
 - Student assistance for all FIU students taking courses that are delivered via the CBA WebCT servers.
 - Information and assistance websites.
 - Online advising, online help desk.
 - Online links to support, tutorials and software.

The Florida International University BOARD OF TRUSTEES

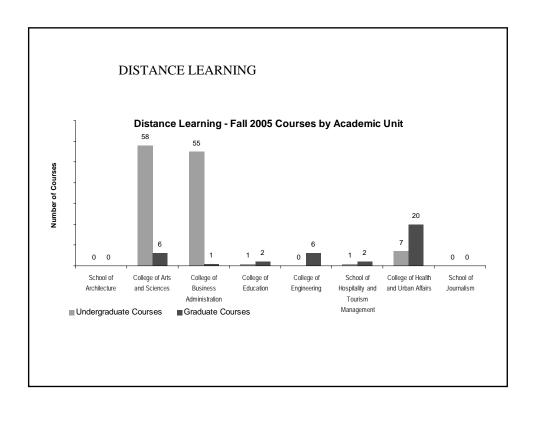
DISTANCE LEARNING

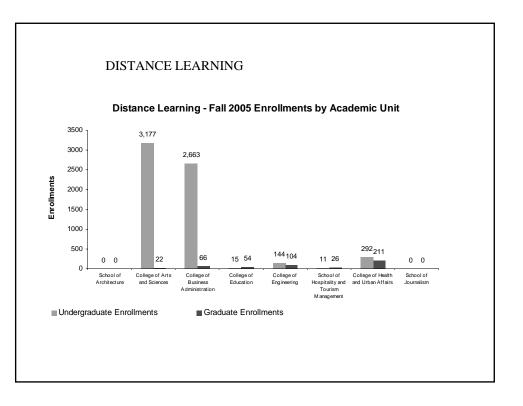
Distance Learning Delivery Methods

- Fully Online
 - WebCT, course management system
 - All content delivered via the Internet
 - Lectures delivered via streaming video or video CD
- Video Conferencing
 - Two way interactive video over IP using Internet2

Degree Programs

ACADEMIC UNIT	PROGRAM	
College of Business Administration	BBA International Business	Last 60 hours fully online
College of Business Administration	BBA Finance	Last 60 hours fully online
College of Engineering	Construction Management (Master Degree)	Fully online
College of Health and Urban Affairs	Occupational Therapy (Master Degree)	Fully online
College of Health and Urban Affairs	Public Health (Master Degree)	Fully online
College of Arts and Sciences	Forensic Science (Master Degree)	Fully online
College of Health and Urban Affairs	Gerontology (Graduate Certificate)	Fully online
School of Hospitality and Tourism Management	Hospitality Management (Executive Master Degree)	Fully online
School of Hospitality and Tourism Management	BS in Hospitality Management	Video Conferencing to St. Petersburg College
College of Health and Urban Affairs	Nurse Anesthesiology (Master Degree)	Video Conferencing to Jacksonville FL





Faculty Services

University Technology Services (UTS)

- Resource Center for Education Technology
 - Training lab for instructing faculty to use WEBCT located in GL 127.
 - Fully equipped faculty lab located in GL 150. This lab has all the hardware and software needed to design and develop courses.
 - Both areas are fully staffed to assist faculty and have extended hours.
 - Instructional designers available for consultation and hands on help.
 - Services are available for all FIU faculty.
 - Promotes direct faculty involvement in developing and maintaining the online courses.

Faculty Services

College of Business Administration (CBA)

- CBA Online
 - CBA maintains a department to facilitate online learning.
 - CBA operates its own WebCT servers.
 - Faculty members are assigned staff that develop and maintain their online courses.
 - · CBA offers both fully online and hybrid courses.

DISTANCE LEARNING

Student Services

Continuing and Professional Studies and UTS Coordinated Efforts

- Informational websites
 - FIU sites, Florida Distance Learning Consortium, Southern Regional Educational Board
- Information greeting e-mail to all online students.
- Student assistance through the UTS Help Desk.
- Walk-in assistance in GL 120 and GL 150.
- Online Student evaluations.

Student Services

CBA

Student assistance for all FIU students taking courses that are delivered via the CBA WebCT servers.

- Information and assistance websites.
- Online advising, online help desk.
- Online links to support, tutorials and software.

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES FINANCE AND AUDIT COMMITTEE

Monday, November 21, 2005 4:00 PM Florida International University GC Ballrooms University Park Campus Miami, FL

MEMBERSHIP

KIRK LANDON, *CHAIR*MIRIAM LÓPEZ, *VICE-CHAIR*ALBERT DOTSON
BRUCE HAUPTLI
ARMANDO GUERRA

AGENDA

I.	CALL	TO ORDER	KIRK LANDON
II.	APPR	OVAL OF MINUTES	KIRK LANDON
III.	Сна	R'S REMARKS	KIRK LANDON
IV.	ITEM	S FOR COMMITTEE REVIEW	
	A. Ac	TION ITEMS	
	1.	CEFP FOR PEOPLESOFT STORAGE SYSTEM	ALEX ZYNE
	B. Ri	EPORTS	
	2.	FINANCE AND PROPERTY CORPORATION	ALEX ZYNE
	3.	OFFICE OF INTERNAL AUDIT REPORT	TED GUBA
	4.	FINANCIAL REPORT	VIVIAN SANCHEZ
	5.	FINANCIAL STATEMENTS FISCAL YEAR 04-05, UN-AUDITED	Vivian Sanchez
	6.	UNIVERSITY COMPLIANCE REPORT	LEYDA BENITEZ
	7.	PEOPLESOFT PROJECT UPDATE	JOHN McGOWAN
	8.	REPORTS (INFORMATION ONLY) A. TREASURY REPORT B. FOUNDATION REPORT	
VI.	Отне	R BUSINESS (IF ANY)	Kirk Landon

VII. ADJOURNMENT

KIRK LANDON

THE FLORIDA INTERNATIONAL UNIVERSITY **BOARD OF TRUSTEES** FINANCE AND AUDIT COMMITTEE

21 NOVEMBER 2005			
SUBJECT: FINANCE AND AUDIT COMMITTEE MEETING MINUTES, 6 SEPTEMBER 2005			
PROPOSED COMMITTEE ACTION:			
Adopt the following Resolution:			
University Board of Trustees' I	of the meeting of the Florida International Finance and Audit Committee held on 6 nis Resolution as Exhibit "A," are hereby		
EXHIBITS/SUPPORTING DOCUMENTS:	■ EXHIBIT "A": 6 SEPTEMBER 2005 COMMITTEE MEETING MINUTES.		
FACILITATOR/PRESENTER:	■ Chairman Kirk Landon		

DRAFT

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES



FINANCE AND AUDIT COMMITTEE

MINUTES

6 SEPTEMBER 2005
GREEN LIBRARY CONFERENCE ROOM 220
UNIVERSITY PARK CAMPUS
MIAMI FLORIDA

I. Call to Order

The Florida International University Board of Trustees' Finance and Audit Committee meeting was called to order on 6 September 2005 at 8:32 a.m. in the library conference room, GL 220, University Park Campus, Miami, Florida.

The following attendance was recorded:

Present.

Excused

Kirk Landon, Chair

Miriam López

Albert Dotson

Bruce Hauptli

Trustee Alex Prado and Marcel Escoffier, representative from the Faculty Senate, were also present.

Casandra Roache took a silent roll.

II. Chair's Remarks

Trustee Landon welcomed Trustees and University staff and guests, noting that this was his first meeting as Committee Chair.

Foundation Report

University Treasurer, Alex Zyne, presented the Foundation report, noting that the Foundation financials remained strong.

CFO Update on Outstanding Financial Issues

University CFO Vivian Sanchez reported that there were no significant reconciliation or audit issues. She noted that glitches in the PatherSoft system were being methodically worked out and that how best to handle the implementation of the Human Resources module (by December 2006) were being investigated, including possible outsourcing.

Draft

Litigation Report

General Counsel Cristina Mendoza reported on significant pending litigation. Committee Chair Landon requested that in the future, the Committee be provided with a written litigation report.

Fiscal Compliance on Federal Projects

Vice President George Dambach reported since the restructuring of the Division of Research after his arrival, significant progress had been made in implementing standardized controls procedures for all key processes, including cost sharing, time and effort, and the implementation of a web-based reporting system for faculty. He added that an extensive training program for researchers and faculty was being implemented. VP Dambach reported that the University was now in compliance with federal regulations and would have no significant audit findings.

Consolidated Equipment Financing Program (CEFP) for Email System Purchase

Committee Chair Landon requested that the Committee members consider the two action items before them. University Treasurer, Alex Zyne, reported the first item was a Resolution to enable the purchase of an e-mail system for the university using the State's Consolidated Financing Equipment Program(CEFP). Vice President John McGowan noted seven systems were evaluated and that the system selected was fully bundled and ready for use and the change-over should incur few problems. Mr. Zyne noted that the action by the Board was necessary because Section 1.150-2 of the U.S. Treasury Regulations required the University to declare its reasonable official intent to reimburse prior expenditures for the Project with the proceeds of a subsequent tax-exempt financing.

With no further discussion, the Committee recommended the Board adopt the following Resolution:

WHEREAS, The Florida International University Board of Trustees (the "Board") has authorized capital expenditures aggregating approximately \$475,262.00 in connection with the project described in Exhibit "A" attached hereto (the "Project"); and

WHEREAS, funds for the Project will be provided on an interim basis from existing cash resources of the Board (the "Temporary Advances"); and

WHEREAS, it is reasonably expected that the Project will be financed on a long-term basis with the proceeds of a tax-exempt financing (the "Financing") to be entered into by the Board under applicable laws of the State of Florida; and

WHEREAS, Section 1.150-2 of the U.S. Treasury Regulations requires the University to declare its reasonable official intent to reimburse prior expenditures for the Project with the proceeds of a subsequent tax-exempt financing; and

WHEREAS, this Resolution is being adopted prior to or within 60 days after payment of the original expenditure for the Project;

THEREFORE BE IT RESOLVED that the Board hereby declares its official intent to use proceeds of the Financing to reimburse the University for Temporary Advances for the Project; and

FURTHER RESOLVED that the amount of the Financing will not exceed \$485,000.00 (which amount includes the capital expenditures described in Exhibit A, plus an allowance for financing costs); and

FURTHER RESOLVED that reimbursement from the proceeds of the Financing shall occur within 18 months following the later of (i) the date of the original expenditure for the Project or (ii) the date on which the Project is placed in service, but no later than three years after the date of the original expenditure for the Project;

FURTHER RESOLVED that this declaration is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the U.S. Treasury Regulations; and

FURTHER RESOLVED that this declaration does not bind the Board to make any expenditure, incur any indebtedness or proceed with the Project; and

FURHER RESOLVED that this Resolution shall take effect immediately upon its adoption.

University Internal Audit Plan, 2005-2006

Chairman Landon noted that as provided by the Charter of the Finance and Audit Committee in the Board's Operating Procedures, the next item required only Committee approval.

Director of Internal Audit, Ted Guba, presented the University's Audit plan for the current fiscal year, 2005-2006. Since the Audit Plan was lengthy Committee Chair Landon asked for all Trustees to review the audit plan again after the meeting and provide feedback to CFO Sanchez within 30 days. He added that if no comments were received before 6 October 2005, the plan would be implemented as submitted and adopted by the Committee on 6 September 2005. He also noted that progress on the audit plan and recommended revisions would be reviewed as a standing agenda item at each meeting.

With no further discussion, the Committee adopted the following Resolution:

WHEREAS the Operating Procedures of the Florida International University Board of Trustees' Finance and Audit Committee Charter ("the Charter") provides that the Committee shall review and approve the Office of Internal Audit's annual audit plan;

THEREFORE BE IT RESOLVED that the Florida International University Finance and Audit Committee adopt the 2005-2006 University Internal Audit Plan for the fiscal year ending June 30, 2006.

Draft

Committee Quorum

Chairman Landon requested that the Finance and Audit Committee quorum be changed from a majority of the Committee members, as stipulated in the Operating Procedures, to a quorum consisting of two members.

With no further discussion, the Committee recommended Board approval of the following Resolution:

WHEREAS the Operating Procedures of the Florida International University Board of Trustees (the "Board"), Article IV, "Amendment of Operating Procedures," provides that the Operating Procedures may be altered, amended or repealed by a two thirds vote of all members of the Board;

WHEREAS the charge to the Board's Administration and Compensation Committee has been amended to reflect additional duties;

THEREFORE BE IT RESOLVED that the Board hereby adopts the amendments to the Operating Procedures of the Florida International University Board of Trustees, Article III, "Committees," and attached to this Resolution as Exhibit "A."

University Compliance Program Report, 2004-2005

University Compliance Officer, Leyda Benitez, reported on the University's Compliance program noting the restructuring of universities policies and procedures accessibility through the implementation of a centralized repository system. VP Dambach noted that the Division of Sponsored Research was actively addressing all compliance initiatives. Trustee Landon requested that the Compliance report be a standing agenda item for each Committee meeting and that the report include an action plan indicating who was responsible for completing each item and the expected date of completion.

Approval of Minutes

Committee Chair Kirk Landon asked if there were any additions or corrections to the minutes of the 24 June 2005 Finance and Audit Committee meeting. Hearing none, the Committee adopted the following:

RESOLVED that the minutes of the meeting of the Finance and Audit Committee held on 24 June 2005, attached to this Resolution as Exhibit "B," are hereby approved.

Other Business

Trustee Hauptli announced that Faculty Senate member, Joel Barber, will be replacing Marcel Escoffier, as Faculty representative to the Committee.

Committee Chair Landon requested that CIO McGowan report on his relief trip to Mississippi over the Labor Day weekend. VP McGowan noted the terrific need for aid in the Mississippi Gulf area.

Committee Chair Landon requested that all attending the Finance and Audit Committee meetings be given 3x5 cards on which to write any questions or comments and submit them to the Chair

FIU Board of Trustees Finance and Audit Committee Minutes 6 September 2005 Page 5

Draft

anonymously. He noted that he would take time at each meeting to address any comments on the cards.

Committee Chair Landon thanked all Trustees for their participation and restated the goals of the Committee to ensure that all University finances and processes were in compliance and that appropriate and effective action plans were implemented to ensure that status. He added that all materials to be considered by the Committee must be submitted at least three working days before the Committee met.

VII. Adjournment

With no other business, Committee Chair Landon adjourned the meeting at 10:15 a.m.

Trustee Requests

There were no Trustee requests.

Exhibits attached: "A" and "B"

MEB/clr 09.08.05

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES FINANCE AND AUDIT COMMITTEE

21 NOVEMBER 2005

SUBJECT: CEFP FOR PEOPLESOFT STORAGE SYSTEM

PROPOSED COMMITTEE ACTION:

Recommend Board adoption of the following Resolution:

WHEREAS, The Florida International University Board of Trustees (the "BOT") has authorized capital expenditures aggregating approximately \$550,721.00 in connection with the project described in Exhibit "B" attached hereto (the "Project"); and

WHEREAS, funds for the Project will be provided on an interim basis from existing cash resources of the BOT (the "Temporary Advances"); and

WHEREAS, it is reasonably expected that the Project will be financed on a long-term basis with the proceeds of a tax-exempt financing (the "Financing") to be entered into by the BOT under applicable laws of the State of Florida; and

WHEREAS, Section 1.150-2 of the U.S. Treasury Regulations requires the University to declare its reasonable official intent to reimburse prior expenditures for the Project with the proceeds of a subsequent tax-exempt financing; and

WHEREAS, this Resolution is being adopted prior to or within 60 days after payment of the original expenditure for the Project,

THEREFORE BE IT RESOLVED that The BOT hereby declares its official intent to use proceeds of the Financing to reimburse the University for Temporary Advances for the Project, and

FURTHER RESOLVED that the amount of the Financing will not exceed \$555,000.00 (which amount includes the capital expenditures described in Exhibit "B" plus an allowance for financing costs);

FURTHER RESOLVED that the reimbursement from the proceeds of the Financing shall occur within 18 months following the later of (i) the date of the original expenditure for the Project or (ii) the date on which the Project is placed in service, but no later than three years after the date of the original expenditure for the Project;

FURTHER RESOLVED that this declaration is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the U.S. Treasury Regulations;

The Florida International University Board of Trustees Finance and Audit Committee 21 November 2005 Agenda Item 1 Page 2

FURTHER RESOLVED that this declaration does not bind the BOT to make any expenditure, incur any indebtedness or proceed with the Project.

BACKGROUND INFORMATION:

LEGAL AUTHORITY:

Section 1.150-2 of the U.S. Treasury Regulations requires the BOT to declare its reasonable official intent to reimburse prior expenditures for the Project with the proceeds of a subsequent tax-exempt financing.

EXHIBITS/SUPPORTING DOCUMENTS:

EXHIBIT "A" - DESCRIPTION OF

PROJECT EXPENSES

FACILITATOR/PRESENTER:

• ALEX ZYNE

The Florida International University Board of Trustees Finance and Audit Committee 21 November 2005 Agenda Item 1 Page 1

EXHIBIT A

DESCRIPTION OF PROJECT

General Description of Project

Estimated Capital Cost

Purchase DS8100 Enterprise Storage System to replace the PantherSoft	
Enterprise Storage System.	\$550,721.00

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES FINANCE AND AUDIT COMMITTEE

21 NOVEMBER 2005

SUBJECT: FINANCE AND PROPERTY CORPORATIONS			
PROPOSED COMMITTEE ACTION:			
None. Discussion Item			
EXHIBITS/SUPPORTING DOCUMENTS:	 None 		
FACILITATOR/PRESENTER:	 ALEX ZYNE 		

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES FINANCE AND AUDIT COMMITTEE

21 NOVEMBER 2005

SUBJECT: OFFICE OF INTERNAL AUDIT REPORTS			
PROPOSED COMMITTEE ACTION: None. Discussion Items.			
EXHIBITS/SUPPORTING DOCUMENTS:	INTERNAL AUDIT REPORTJUDO CLUB REPORTOPERATIONAL AUDIT		
FACILITATOR/PRESENTER:	■ TED GUBA		



Meeting of the Audit Committee

Office of Internal Audit

November 21, 2005

Audit Committee Meeting November 21, 2005

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STANDING AGENDA

The Standing Agenda is included for reference by the Committee to matters that should be addressed at various times during the year.

I. INDEPENDENT AUDITOR (STATE AUDITOR) MATTERS

- (a) Review of qualifications, performance and independence of the State Auditors.
- (b) Review of State Auditors' activities and findings since last update.
- (c) Meeting with representative from the Auditor General (State Auditors).

II. INTERNAL AUDIT MATTERS

- (a) Review of Internal Audit Department activities and findings since last update.
- (b) Review of organization, plan, scope and results of Internal Audit Function.
- (c) Periodic review of the performance of the Director of Internal Audit.

III. ACCOUNTING AND REPORTING PROCESS

- (a) Review key critical accounting policies and judgments made by management in connection with these accounting policies.
- (b) Review adequacy of the University's internal controls over financial reporting and address issues that have or may develop into significant deficiencies or material weaknesses.

IV. LEGAL, REGULATORY AND COMPLIANCE OVERSIGHT

- (a) Review risk assessment and risk management policies and procedures.
- (b) Review environmental-related matters, both in terms of regulatory and compliance issues and in terms of forward-looking policy.
- (c) Review of legal and other regulatory and compliance issues
- (d) Review of associate or other comments relating to accounting, internal control or audit matters.
- (e) Review of Audit Committee Charter.

V. EXECUTIVE SESSION OF THE AUDIT COMMITTEE

Florida International University Office of Internal Audit

MISSION STATEMENT

The mission of the Office of Internal Audit (OIA) at Florida International University is to provide audits, audit related services and non-criminal investigative services to the University departments and academic units in order to promote accountability, integrity and efficiency in the use of resources. To effectively accomplish this mission, the OIA strives to deliver its services in a competent and professional manner while maintaining the organizational independence necessary to provide objectivity in fact and appearance. The activities of the OIA shall be conducted in accordance with the Standards for the Professional Practice of Internal Auditing and Code of Ethics.

VALUES

The staff of OIA shall comply with the **State of Florida's Code of Ethics**, as well as the **Code of Ethics established by the Institute of Internal Auditors** for its members. In addition, the following values will be upheld by all OIA staff at all times.

- **Integrity** Be honest, objective, diligent and credible in all relationships, both as individuals and as a representative of the OIA.
- Excellence Uphold a high standard of service and commitment to quality in performing all projects.
- Service Maintain a commitment to carry out all responsibilities with an attitude of service toward University management.
- **Leadership** Provide noteworthy examples which emphasize high ethical and moral standards.
- **Sensitivity** Maintain a sincere, dignified and caring attitude, and treat all University personnel in a professional manner.



OFFICE OF INTERNAL AUDIT

November 3, 2005

MEMORANDUM

TO: Florida International University

Finance and Audit Committee Members:

Kirk Landon, Chair

Miriam Lopez, Vice-Chair

Albert Dotson Armando Guerra Bruce Hauptli

FROM: Ted Guba, Audit Director

SUBJECT: Audit Committee Letter

In connection with the meeting scheduled for November 21, 2005, we have prepared this package detailing the current status of the Office of Internal Audit, a copy of our Office's investigative report concerning the College of Education and the Auditor General's Operational Audit Report issued during this reporting period, and a summary on the current status of management's implementation of prior recommendations.

Jed Geta

In regard to the Office's staffing, effective September 5th an audit staff member resigned resulting in three vacant positions. Two candidates have verbally accepted positions with our Office. One has passed the CPA exam and has works for Delloitte and Touche, and the other has worked at FIU in various positions in University Technology Services. We are currently recruiting to fill a senior audit manager position and will then add an additional auditor. Also, we have created a new organizational structure which will accommodate the department's current needs.

Since the last meeting we have substantially completed all of the investigations and we have started the audit survey and planning stages for the scheduled sponsored research audits in this year's audit plan. Due to the staffing difficulties that we are experiencing this year, we will revisit the audit plan and make recommendations for any necessary adjustments prior to the next Audit Committee Meeting.

I am looking forward to seeing you on November 21 and if I can answer any questions prior to our meeting, please feel free to contact me at (305) 348-2465.

Florida International University Office of Internal Audit Special Projects/Investigations at October 31, 2005

<u>IN</u>	VESTIGATION/RESPONSIBLE EXECUTIVE	Target Date to Complete	Assigned Auditor
1.	Judo Club-College of Education-Dean Linda Blanton See Report No. 05/06-I-01 of this package for complete report.	Complete	Sanchez
2.	Custodial Department-North Campus-VP Rosa Jones Investigation into allegations completed. All allegations unsubstantiated. Management responses to recommendations outstanding.	11/30/05	Sanchez
3.	UTS-referred by State Attorney-Dr. John McGowan Investigation into allegations completed. All allegations unsubstantiated. Management responses to recommendations outstanding.	11/30/05	Cho
4.	Center for Urban Education-Foundation-Dean Linda Blanton After review with General Counsel it was decided not to initiate an investigation due to the general nature of the allegations. Also, Foundation disbursements will be reviewed in the future.	Complete	Sanchez
5.	College of Education-Dean Linda Blanton	Complete	Sanchez
	After review with General Counsel it was decided not to initiate an investigation due to similarities of allegations to a previously completed investigation in the College of Education.		
6.	Advancement-VP Howard Lipman Investigation into allegations completed. All allegations partially unsubstantiated. Management responses to recommendations outstanding.	11/30/05	Sanchez
<u>C</u>	omplaints – Received since last Audit Committee Meeting		
<i>7</i> .	Division of Advancement-VP Howard Lipman Referred to Human Resources for review since complaint was related to their area of expertise.	12/15/05	Sanchez

Florida International University Office of Internal Audit 2005 - 2006 Work Plan

AUDIT ACTIVITIES

Contracts and Grants

1. <u>Pre-award Controls</u>—Internal Clearance Forms, approvals, budget set-up, cost share, indirect cost rate.

Post-award Controls Audits:

- 2. Allowable Expenditures—Purchasing Cards, Property, Stipends
- 3. Compensation for Personal Services/Time and Effort—documentation, approvals.
- 4. Billing and Collections—complete and timely.
- 5. Suspense Accounts—timely clearing of accounts
- 6. Close-out Controls—funds and property transfers, reporting.

Other Audits

- 7. <u>PeopleSoft Financial Aid Process</u>—controls over awards, disbursements and collections (refunds for dropped classes).
- 8. <u>Departmental Level Financial Reporting</u>—ledger reconciliations, P-card process, property, purchasing, telephone procedures.
- 9. <u>Access Controls over Student Records Module</u>—security, access, and internal controls over residency classifications (proper revenue recognition and collection); and other areas.
- 10. <u>Access Controls over Financial Aid Module</u>—security, access, and internal controls over student eligibility, awards, and disbursements.

OTHER HIGH RISK AUDIT AREAS – POTENTIAL AUDITS

- 11. <u>Access Controls over Student Financial Module</u>—partially complete with last year's audit of Cashiering; complete review.
- 12. <u>Access Controls over Purchasing Module</u>—will determine scope after review of State Auditor General Information Technology Audit.
- 13. <u>Access Controls over Accounts Payable Module</u>—will determine scope after review of State Auditor General Information Technology Audit.
- 14. <u>Security and Controls over Oracle Database</u>—hire or outsource to complete; or defer. If outsourced, cost of approximately \$100,000.

Florida International University Office of Internal Audit 2005 - 2006 Work Plan

INVESTIGATION ACTIVITIES

- 1. Judo Club
- 2. Custodial Department-North Campus
- 3. UTS-referred by State Attorney
- 4. Center for Urban Education
- 5. College of Education
- 6. Advancement

Additional Complaints for 2005-2006

1. University Advancement

FOLLOW UP ACTIVITIES

<u>Note</u>: We will follow up on the current status of the implementation of recommendations prior to each committee meeting.

AUDIT RELATED SERVICES

- 1. Two Surprise Cash Counts
- 2. Risk Assessment and Work Plan
- 3. Quarterly Audit Committee Reports

OTHER ACTIVITIES

- 1. Coordination with Auditor General
- 2. Internal Quality Assurance Review -4^{th} quarter
- 3. Revision of Audit/Investigation Operations Manual
- 4. The Office's Web Site Update
- 5. Get Lean Hotline Monitoring
- 6. New Employee Mentoring
- 7. Training and Seminars for Staff



OFFICE OF INTERNAL AUDIT

October 5, 2005

MEMORANDUM

TO: Marcos Perez, Vice President of Administration

FROM: Ted Guba, Audit Director Led Guba, Audit Director

SUBJECT: Office of Internal Audit Organizational Structure

As we discussed, with the recent changes in the reporting structure, our current initiative is to create an organization structure and position definitions that are better aligned with the profession of internal auditing, the duties performed and provide for a better career growth path within the office.

Please provide your feedback on the attached administrative and professional position descriptions together with a proposed organization chart. As you can see, we are also proposing new auditor classes (Audit Supervisor, and Senior Audit Manager), and are requesting salary grade (SG) revisions to reflect current market salaries for professionals with the minimum qualifications described.

TITLE	PAY	PROPOSED	PAY	SALARY
	GRADE	CLASS	GRADE	RANGE
Assistant Audit Services/ Investigator Administrator	2	Staff Auditor	3	\$31,692-\$88,515
Internal Auditor/Investigator	2,3	Senior Auditor	4	\$37,373-\$104,685
Proposed	N/A	Audit Supervisor	5	\$43,687-\$124,110
Internal Auditor Investigator	4	Audit Manager	5	
Proposed	N/A	Senior Audit Manager	6	\$50,557-\$144,270
Inspector General	5	Audit Director	7	\$59,854-\$999,999

Thank you.

Florida International University Office of Internal Audit

Minimum Qualifications for New Auditor Classification Specifications

Staff Auditor

- Bachelor's degree and one year full-time, relevant experience.
- Appropriate education may substitute at an equivalent rate for the required experience.

Senior Auditor

- Bachelor's degree and two years full-time, relevant experience or a master's degree in an appropriate area of specialization.
- Applicable certifications such as CIA, CPA or CISA preferred.

Audit Supervisor

- Bachelor's degree in an appropriate area of specialization and four years full-time, relevant experience or Master's degree and two years full-time, relevant experience.
- CPA or CIA certification required.

Audit Manager

- Bachelor's degree in an appropriate area of specialization and six years full-time, relevant experience of Master's degree and four years full-time, relevant experience.
- CPA or CIA certification required.

Senior Audit Manager

- Bachelor's degree in an appropriate area of specialization and eight years full-time, relevant experience or Master's degree and six years full-time, relevant experience.
- State of Florida CPA or CIA certification required.

Audit Director

- Bachelor's degree in an appropriate area of specialization and ten years full-time, relevant experience or Master's degree and eight years full-time, relevant experience.
- State of Florida CPA or CIA certification required.

FLORIDA INTERNATIONAL UNIVERSITY

Administrative and Professional Position Description

TITLE: Staff Auditor	EFFECTIVE DATE:
MINIMUM SALARY:	PAY GRADE: 3

JOB SUMMARY:

TYPE OF WORK:

This is work performing one or more professional auditing functions under the supervision of a Senior Auditor, Audit Supervisor, or Audit Manager.

Assists in planning and conducting audits and other services, including the preparation of audit programs, review programs and evaluation of internal controls.

Performs audits of routine functions with appropriate supervision.

Prepares or assists in the preparation of oral and written presentations.

Develops recommendations for improvements in business procedures.

Conducts special cost and/or budgetary studies, analyzes findings, and prepares proposals concerning accounting improvements.

MINIMUM QUALIFICATIONS

A bachelor's degree in an appropriate area of specialization and one year of full-time, relevant experience. Appropriate education may substitute at an equivalent rate for the required experience.

Administrative and Professional Position Description

TITLE: Senior Auditor	EFFECTIVE DATE:
MINIMUM SALARY:	PAY GRADE: 4

JOB SUMMARY:

TYPE OF WORK:

Performs under the supervision of a Senior Audit Manager, Audit Manager, or Audit Supervisor in the Office of Internal Audit.

Responsible for performing the audit and investigative fieldwork and other duties necessary to implement the annual work plan.

Acts as auditor in charge for audits. Plans and performs these audits with supervision and may supervise a staff auditor on these audits. Responsible for preparing audit and review programs, evaluation of controls, testing, and communicating to University management the results through written and oral presentations.

Assists in performing complex audits.

Responsible for designing, developing, and conducting special studies; collects and analyzes data as appropriate.

Performs related duties, as deemed appropriate, in order to accomplish the responsibilities and functions of his/her areas.

MINIMUM QUALIFICATIONS

Bachelor's degree in an appropriate are of specialization and two years of appropriate experience; or a master's degree in an appropriate area of specialization and one year of appropriate experience.

Certified Public accountant (CPA), Certified Internal Auditor (CIA), or a Certified Information Systems Auditor (CISA) certificate preferred.

Administrative and Professional Position Description

TITLE: Audit Supervisor	EFFECTIVE DATE:
MINIMUM SALARY:	PAY GRADE: 5

JOB SUMMARY:

TYPE OF WORK

Performs under the supervision of the Audit Manager or the Senior Audit Manager in the Office of Internal Audit.

Responsible for assisting in the development and implementation of the annual work plan.

Responsible for assisting in planning and supervising audits, investigations, and other services.

May serve as liaison with other departments concerning services provided by the Office of Internal Audit.

Performs related duties, as deemed appropriate, in order to accomplish the responsibilities and objectives of the Office of Internal Audit.

Responsible for interpreting rules and policies of the Office of Internal Audit.

Acts as auditor in charge for more complex audits. Plans and performs these audits with minimal supervision and may supervise a staff auditor or another audit supervisor. Responsible for preparing audit and review programs, evaluation controls, conducting testing, and communicating to University management the results through written and oral presentations.

MINIMUM QUALIFICATIONS

Bachelor's degree in an appropriate area of specialization and four years of appropriate experience; or a master's degree in an appropriate are of specialization and two years of appropriate experience.

Certified Public Accountant (CPA), or a Certified Internal Auditor (CIA) certificate required.

Administrative and Professional Position Description

TITLE: Audit Manager	EFFECTIVE DATE:
MINIMUM SALARY:	PAY GRADE: 5

JOB SUMMARY:

TYPE OF WORK

Performs under the supervision of the Audit Director or the Senior Audit Manager in the Office of Internal Audit.

Responsible for assisting in the development and implementation of the annual work plan.

Responsible for planning and supervising the audits, investigations, or other services provided by the Office of Internal Audit.

Performs related duties, as deemed appropriate, in order to accomplish the responsibilities and objectives of the Office of Internal Audit.

Responsible for interpreting University policies and determining the effectiveness of policy implementation.

Acts as auditor in charge for complex audits. Plans and performs these audits with minimal supervision and may supervise a staff auditor, senior auditor or an audit supervisor. Responsible for preparing audit and review programs, evaluation controls, conducting testing, and communicating to University management the results through written and oral presentations.

May serve as liaison with other departments concerning services proved by the Office of Internal Audit.

MINIMUM QUALIFICATIONS

Bachelor's degree in an appropriate area of specialization and six years of appropriate experience; or a master's in an appropriate area of specialization and four years of appropriate experience.

Certification as Certified Public accountant (CPA), Certified Internal Auditor (CIA) certificate required.

Administrative and Professional Position Description

TITLE: Senior Audit Manager	EFFECTIVE DATE:
MINIMUM SALARY:	PAY GRADE: 6

JOB SUMMARY:

TYPE OF WORK:

Performs under the supervision of the Audit Director. Represents the Audit Director in resolving management and planning needs of the Office of Internal Audit.

Functions for the Audit Director in his/her absence, as required.

Responsible for assisting in planning and supervising audits, investigations, and other services.

Advises the Audit Director in the establishment of the Office of Internal Audit policies and procedures.

Responsible for reporting to the Audit Director, as appropriate, the status of the University audits, investigations, and other activities.

Responsible for interpreting University policies and determining the effectiveness of policy implementation.

Performs related duties, as deemed appropriate, in order to accomplish the responsibilities of his/her areas.

Responsible for implementing and directing internal quality assurance review programs.

MINIMUM QUALIFICATIONS

Bachelor's degree in an appropriate area of specialization and eight years of appropriate experience; or a master's degree in an appropriate area of specialization and six years of appropriate experience.

State of Florida Certified Public Accountant (CPA) or a Certified Internal Auditor (CIA) certificate required.

Administrative and Professional Position Description

TITLE: Audit Director	EFFECTIVE DATE:
MINIMUM SALARY:	PAY GRADE: 7

JOB SUMMARY:

TYPE OF WORK:

Responsible to the President of Florida International University and the Board of Trustees for directing the Office of the Internal Audit function to include the implementation of the annual work plan. Ensures that an appropriate balance is maintained between audit, investigative, and other accountability activities.

Responsible for developing annual audit plans based on periodic risk assessments and overseeing activities to accomplish the audit plan.

Responsible for reviewing and evaluating internal controls and University rules relating to the programs and operations to ensure fiscal accountability and compliance with appropriate regulations and directing the University's follow-up program of internal audit recommendations.

Initiates, conducts, supervises, and coordinates investigations designed to detect, deter, prevent, and eradicate fraud, waste, mismanagement, misconduct, and other abuses. Where appropriate, utilizes existing internal processes by referring complaints to designated offices for investigation.

Responsible for advising in the development of performance measures and standards, and assessing the reliability and validity of such information. Reviews actions taken by the University to improve major program performance, meet program standards, and ensure performance data are maintained and properly supported.

Responsible for reporting the results of all University internal audits and informing the President and the Board of Trustees Audit Committee of significant findings and deficiencies relating to programs and operations within the University.

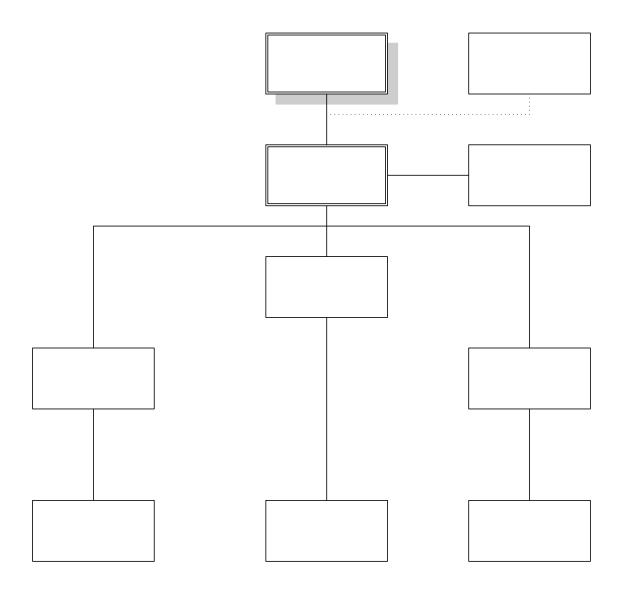
Responsible for ensuring effective coordination and cooperation between the Office of the Auditor General and other external auditors.

MINIMUM QUALIFICATIONS

Bachelor's degree in an appropriate area of specialization and ten years of appropriate experience; or a master's degree in an appropriate area of specialization and eight years of appropriate experience.

State of Florida Certified Public Accountant (CPA) or a Certified Internal Auditor (CIA) certificate required.

Current Organizational Chart



Florida International University Office of Internal Audit Department Administration

Ted Guba, CPA, CIA, CFE, CIG, Audit Director

Joined FIU in 1998 and has 30 years diversified experience in internal auditing and audit managements in the following additional environments: transportation, construction/engineering, publishing/communications and energy. He has a Bachelor of Science in Accounting from Boston College.

Pyong Cho, CPA, CIG, Audit Manager

Joined FIU in 1990 and has prior audit experience with the State of Florida's Office of the Auditor General and Department of Revenue. He has a Bachelor's degree in Accounting from FIU.

Manuel Sanchez, CPA, CIGI, Audit & Investigator Administrator

Joined FIU in 1996 and previously held financial positions with two corporations. Prior to that, he was Manager with KPMG, LLP and worked more than six years in Public Accounting. He has a Bachelor's degree in Accounting, and a Master of Science in Criminal Justice.

Florida International University Office of Internal Audit

Training and Seminars Update

The following is an update on both attended and planned seminars through the end of October 2005. All seminar topics are directly related to critical functions of the department.

Below is a recap of training hours for the current and prior fiscal years by auditor.

	<u>2005-2006</u>	<u>2004-2005</u>
Ted Guba	16 hours	60 hours
Pyong Cho	20 hours	36 hours
Manny Sanchez	22 hours	73 hours

DATE	ATTENDED SEMINARS	HOURS	AUDITOR
9/15-16/05	Association of Certified Fraud Examiners	16	Guba
7/10-13/05	IIA-Institute of Internal Auditors	20	Cho
9/17-23/05	Association of College & University Auditors	22	Sanchez
	PLANNED SEMINARS		
3/6-9/06	SUS Proposed Training at UF	20	Guba, Cho, & Sanchez
4/9-12/06	Association of College & University Auditors	22	Guba, & Cho
5/22-23/06	Association of Certified Fraud Examiners	16	Sanchez

Florida International University

Update on State of Florida Auditor General's Office Audits as of 11/3/05

The State of Florida Auditor General's Office currently has three audits in progress.

<u>Information Technology Audit</u>

- o *Scope:* Review IT controls as they relate to the implementation of the PeopleSoft Financials system, including the effectiveness of selected general and application IT controls.
- o Audit Period: August 2005 to January 2006.
- o *Status:* Auditors have requested documentation covering Network and Firewall, Active Directory, PeopleSoft Financials, Oracle. The auditors have visited the university twice and continue with their fieldwork off campus.
- o *Findings:* Report will be published in April or May of 2006.

Statewide Federal Awards Audit

- o *Scope:* Determine whether the University's schedule of expenditures of Federal Awards is fairly presented in all material respects in relation to the financial statements as a whole; determine compliance with applicable laws administrative rules, regulations, grantor restrictions, and other matters that may be reviewed in audit tests.
- o Audit Period: Fiscal year ended June 30, 2005.
- o *Status:* Auditors have requested documentation regarding Financial Aid, Perkins Loans, updated procedures for OSRA, and are finalizing the Schedule of Expenditures of Federal Awards (SEFA).
- o *Findings:* Fieldwork expected to continue through mid December. The audit will be submitted for review on January 2, 2006 to Tallahassee.

Financial Statement Audit

- O Scope: Determine whether the financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to determine whether the University has established and implemented a system of internal control to provide for the proper authorization of financial transactions.
- o Audit Period: Fiscal year ended June 30, 2005.
- o *Status:* The audit fieldwork is currently ongoing. The following areas are being reviewed: year end adjusting entries, cash, investments, fixed assets, current liabilities, long term liabilities, revenues, expenses and the direct support organization (Research Foundation).
- o *Findings:* Fieldwork expected to continue through the end of November.

FOLLOW-UP STATUS REPORT – OFFICE OF INTERNAL AUDIT

The following summarizes the current status of audit issues from prior internal audit reports as of October 31, 2005. (Note: Significant audit issues are highlighted with gray)

^{*}The due dates are either management's original or revised date of implementation.

Report	Audit Issue(s)	Responsible Executive/Director	Implementation Status	Due Date*
HCET	Distribution of Charges for	Rosenberg & Dambach/	Yes	
Report Issued: June 29, 1999	Compensation for Personal Services	Sands		
International Hurricane Center	Contracts and Grants Administration	Rosenberg & Dambach/	Yes	
Report Issued: Jan. 26, 2001	except for Interest Income & Investment	Leatherman	No	03/06
Computer Network Security	1. Security Policies and Standards	McGowan/Granto	Yes	
Report Issued: May 4, 2001	2. Security Risk Analysis		No	03/06
	3. Security Incidents		Yes	
	4. Firewall Protection		No	Pending Funding
	5. Privileged Accounts for IRM NT Domain	McGowan/Losada	No	12/06
	6. Security Awareness	McGowan/Granto	No	12/05
	7. Security Training		No	03/06
	8. Information Technology Resources	McGowan/Losada	No	Pending Funding
Facilities & Admin. Cost Rate	Reconciliation of Receipts	Rosenberg & Dambach/	Yes	
Report Issued: June 29, 2001	2. Rate Calculations and D/L Posting	OSRA Director	Yes	
Data Center Operations & IT	Disaster Recovery Plan	McGowan/Granto	No	04/06
Contingency Plan Report Issued: June 29, 2001				
Executive Master of Science in	Program Fee Authority	Rosenberg/De la Torre	Yes	
Taxation Program	2. Reconciliation of Collections		Yes	
Report Issued: June 28, 2002				
Master of Science in MIS	Departmental Ledger Reconciliations	Rosenberg/De la Torre	Yes	
Report Issued: Sept. 20, 2002				
Construction Costs – Cummings Report Issued: June 20, 2003	Construction Cost Reimbursement	Perez/Rodriguez	Yes	
Cost Distribution System for	1. Payroll Distribution System	Rosenberg & Dambach/	Yes	
HCET	2. Payroll Clearing Account	Sands	Yes	
Report Issued: June 30, 2003	Reconciliation			
,	3. Instruction and Research Activity Reports		Yes	
Construction Costs – Biltmore	Construction Cost Reimbursement	Perez/Rodriguez	Yes	
Report Issued: June 20, 2003	2. Access to Subcontractor Records		Yes	
Voice Services	Cost Recovery	McGowan/Losada	Yes	
Report Issued: June 30, 2004	,			
Southeast Environmental	1. Payroll Distribution System	Rosenberg & Dambach/	Yes	
Research Center (SERC)	2. Instruction and Research Activity	Jaffe	Yes	
Report Issued: June 30, 2004	Reports			
	3. Allocation of Leave Charges		Yes	
	4. Review of Telephone Bills		Yes	
	5. Property Accountability		No	12/07
	6. Review & Reconciliation of D/L's		No	03/06
	7. Operations Manual		Yes	
COE Partnerships in Academic Communities Program	University Wide Payroll Procedures	Sanchez/Alam	No	03/06
Report Issued: Nov. 24, 2004	2. Policy on Teaching of Relatives	Rosenberg/Blanton	Yes	
, , , ,	3. Department Ledger Reconciliation		No	11/05
College of Engineering-Dean's	1. Property Accountability	Rosenberg/Prasad	No	01/06
Office	2. Off-Campus Property Form	6	Yes	
Report Issued: Dec. 17, 2004	3. Review of Telephone Bills		Yes	
.,	4. Operations Manual		No	01/06

Report	Audit Issue(s)	Responsible Executive/Director	Implementation Status	Due Date
Frost Art Museum	Art Collection Records	Rosenberg/De la Grana	No	04/06
Report Issued: Jan. 28, 2005	2. Value of Donated Art Work		Yes	
•	3. Capitalization of Art Work		No	11/08
	4. Duplicate Expenditures		No	11/05
	5. Written Collection Procedures		No	09/06
Allegations Against the Art	Misuse of the State Grant	Rosenberg/De la Torre	No	12/05
Museum Director				
Report Issued: February 23, 2005				
School of Nursing	1. Property Conversion to PeopleSoft	Sanchez/Valdes	No	06/06
Report Issued: May 31, 2005	(Phase I due for 6/30/05 completed			
	and Phase II in progress)			
	2. Review of Telephone Bills	Rosenberg/Grossman	Yes	
	3. Department Ledger Reconciliation		Yes	
	4. Operations Manual		Yes	
Wolfsonian-FIU	1. Insurance Coverage	Rosenberg/Leff	Yes	
Report Issued: June 17, 2005	2. Repairs and Upgrades to Annex		No	Pending
	Building			Funding
	3. Analysis of Inventory Databases		No	02/06
	4. Cash Receipts Functions		No	12/05
	5. Expenditure Procedures		Yes	
	6. Gift Shop Inventory		No	12/05
	7. Information Technology		Yes	
	8. Background Checks		Yes	
	9. Facilities Employees' Time Cards	Perez/DiCiacco	Yes	
Wolfsonian-FIU Physical	Physical security related issues were	Rosenberg/Leff	No	Pending
Security of Museum & Annex considered to be confidential and				Funding
Report Issued: June 17, 2005	from the Florida Public Records Act			
	pursuant to Sections 119.071 and			
	281.301, F.S.			
Cashiering Function at the SF	1. Cash Over/Short Log	Sanchez/Bond	Yes	
Office	2. Cash Overages/Shortages Recording		Yes	
Report Issued: June 30, 2005	3. Cash on Hand Account		Yes	
	4. User Access Controls		Yes	
	5. Physical Security		No	12/05
	6. Operations Manual		No	12/05

FOLLOW-UP STATUS REPORT/OPERATIONAL AUDIT – STATE AUDITOR

The following summarizes the current status of audit issues from the State Auditor's Operational Audit issued during September 2005.

Report	Audit Issue	Responsible	Implementation	Due
		Executive/Director	Status	Date
Finding No. 1:	Written polices and procedures had not been	Sanchez/Bond	No	01/06
Written Policies and	developed for some areas of the University's			
Procedures	financial operations.			
Finding No. 5:	The University had not implemented adequate	Perez/Foster	No	03/06
Parking Citation	controls over parking citation receivables.			
Receivables				
Finding No. 11:	Vehicle usage logs were not always complete,	Perez/DiCiacco	Yes	
Vehicle Records	and did not include evidence of supervisory			
	review.			
Finding No. 12:	The University had not implemented adequate	Perez/DiCiacco	No	06/06
Monitoring Fuel Efficiency	procedures to assess the reasonableness of fuel			
of Vehicles	consumption of University vehicles.			
Finding No. 13:	The University had not provided for the	Perez/Brozic	No	12/05
Reconciliation of	reconciliation of total expense differences	Sanchez/Bond		
Construction Project	between the Facilities Management			
Records	Department's project ledgers and the general			
	ledger.			

Note: Management Responses to all audit issues are detailed on pages 22 to 36 by name of Audit Report.

Florida International University Management Responses to Audit Issues October 31, 2005

HCET

1. Audit Issue: Distribution of Charges for Compensation for Personal Services

Status: Implemented

Corrective Steps Taken:

New Policy and Procedure implementation and new time card system, new time and effort reporting system, policy for timely distribution of charges for personnel to appropriate account. Payroll clearing account distributed monthly to specific accounts.

International Hurricane Center

1. Audit Issue: Contracts and Grants Administration

Status: Implemented except for Interest Income and Investment

Corrective Steps Taken:

- New organization of Office of Sponsored Research Administration (OSRA) and formal procedure for T&C review by pre and post officers including legal review, instructions of T&C presented to department and PI. Training of PIs and department administrators done and continuing.
- Policy requires PI to approve charges on sub contracts, training done and continuing.
- Subcontracts are part of original awards and negotiated when projects established with sponsor approvals. Subsequent subcontracts are initiated following sponsor approval.

Action Plan to Complete:

Need new policy on institutional interest rate, need code on account and PS process to track and allocate interest.

Computer Network Security

1. Audit Issue: Security Policies and Standards

Status: Implemented

Corrective Steps Taken:

As of July 2005 the Official IT Security Policies are as follows:

The IT General Policy

FIU Acceptable Use Policy

Academic Affairs Section 11

FIU Code of Computing Practice

These policies only apply to all non-bargaining employees and students. No new policy can be developed for 3 years due to the bargaining process. There are many procedures and guidelines that are being developed by the IT Security Council. Drafts can be found here:

http://docushare.fiu.edu/docushare/dsweb/View/Collection-3022

2. Audit Issue: Security Risk Analysis

Status: Not Implemented

Action Plan to Complete:

We are in the development phase of a Risk Analysis survey that will be sent to all FIU departments. The IT Security Officer is working with the Director of Environmental Health & Safety and the Studio of Digital Arts to develop a web page where the survey will be conducted. After the survey is complete we will provide feedback to each department as to measures that must be taken to mitigate loss and access to valuable FIU resources. We are also in the process of hiring an external organization to conduct another external penetration test in 05/06.

3. Audit Issue: Security Incidents

Status: Implemented

Corrective Steps Taken:

The development of the security section for Remedy (the UTS Service Request System) is complete. This will provide an on-going reporting mechanism for all IT Security incidents. This development addressed properly classifying and documenting security incidents.

4. Audit Issue: Firewall Protection

Status: Not Implemented

Action Plan to Complete:

A funding plan has been identified but it is being reviewed by General Counsel.

5. Audit Issue: Privileged Accounts for IRM NT Domain

Status: Not Implemented

Action Plan to Complete:

The operator group already has restrictions in place that only allows its members to change or delete password on accounts with equal or less privileges than the operator group. Members of the operator group are not able to change passwords on administrative accounts nor do they have the ability to access restricted folders. Therefore, based on security best practices this group is setup for appropriate account management activities. UTS is in the early planning stages of a project to migrate the IRM NT domain to Active Directory. Once complete, this will give UTS even more granular controls over system privileges. The proposed completion date for this is: Dec. 2006, which is dependent on funding.

6. Audit Issue: Security Awareness

Status: Not Implemented

Action Plan to Complete:

The IT Security Office will continue to provide Security Awareness presentations for any FIU department or campus organization. Security Awareness documentation had been added to the Student Handbook, Orientation Guide, Housing Packet and Employee Handbook. We have also completed the IT Security Awareness web page, http://security.fiu.edu, where we have up-to-date information on current threats and IT security concerns for FIU. Finally the IT Security Office will be presenting an IT Security Awareness and Compliance Road Show due to roll out in December 05.

7. Audit Issue: Security Training

Status: Not Implemented

Action Plan to Complete:

The IT Security Office is facilitating free training from Microsoft and is developing internal training for system developers and administrators in the FIU community through the ITA committee. UTS is also receiving training through the Security Operational Team meetings. It is the intention of the IT Security Office to have a policy that will require all system administrators and developers attend annual security training in their areas of support. The policy and plan are being devised. A formal training program has not been developed.

8. Audit Issue: Information Technology Resources

Status: Not Implemented

Action Plan to Complete:

UTS agrees with the recommendation and as part of an IT Security Strategic Initiative, UTS submitted a proposal to implement an application (ZenWorks by Novel) that would enable the university to gather the additional information about IT assets recommended by this audit. However, at this time, funding for the application has not been secured. UTS does currently follow the guidelines established by Property Management and as such is in compliance with FIU policies with regard to asset management.

Facilities & Administrative Cost Rate

1. Audit Issue: Reconciliation of Receipts

Status: Implemented

Corrective Steps Taken:

OSRA receives checks, sends checks to Controller with deposit account information, 24 hour turn around in OSRA. Grant module of PS system will have tracking report capability to be implemented 2007, manual until implementation is complete.

2. Audit Issue: Rate Calculations and D/L Posting

Status: Implemented

Corrective Steps Taken:

Rate calculated automatically as last transaction prior to monthly close; rates are part of individual budgets, and posted prior to monthly close.

Data Center Operations/IT Contingency Plan

1. Audit Issue: Disaster Recovery Plan

Status: Not Implemented

Action Plan to Complete:

The following tasks need to be completed to close this recommendation:

- Complete testing of all critical applications.
- Review and complete the Disaster Recovery contingency plan.

Executive Master of Science in Taxation Program

1. **Audit Issue:** Program Fee Authority

Status: Implemented

Corrective Steps Taken:

The audit of this continuing education program was conducted prior to the significant changes the University has undergone due to devolution of authority to the local board of trustees pursuant to the educational code rewrite. The Board of Regents, whose approval for the course audited was required by the rules, was abolished. Under the educational code rewrite, full authority has been vested on the University to conduct continuing education courses such as the one that was the subject of this audit. Accordingly, the University is now vested with the authority to set fees for this course and the action plan submitted by the Provost to address the audit criticism is no longer applicable.

2. Audit Issue: Reconciliation of Collections

Status: Implemented

Corrective Steps Taken:

The proper segregation of duties is being managed by the Chapman Accounting & Program Support Office. The University Tuition and Fees, and the Added Value Fees are collected by the Student Financials Office. The Chapman Accounting & Program Support Office uses PantherSoft Student Administration queries to input receipts into the Peachtree Accounting System. These revenues are then reconciled against PantherSoft Financial reports on a monthly basis.

Master of Science in Management Information Systems Program

1. Audit Issue: Departmental Ledger Reconciliations

Status: Implemented

Corrective Steps Taken:

The duties of Departmental Ledger reconciliation are being managed by the Chapman Accounting & Program Support Office. Revenues from University Tuition and Fees, and the Added Value Fees are collected by the Student Financials Office. The Chapman Accounting & Program Support Office uses PantherSoft Student Administration queries to input receipts into the Peachtree Accounting System. Expenditures are processed using the PantherSoft Financials System and in conjunction with the University Controller's Office. The Chapman Accounting & Program Support Office uses PantherSoft Financials queries and internal documentation to input expenses into the Peachtree Accounting System. These revenues and expenditures are then reconciled against PantherSoft Financial reports on a monthly basis.

Construction Costs - Cummings

1. Audit Issue: Construction Cost Reimbursement

Status: Implemented

Corrective Steps Taken:

FIU and the CM have agreed upon a final settlement.

Cost Distribution System for HCET

1. Audit Issue: Payroll Distribution System

Status: Implemented

2. Audit Issue: Payroll Clearing Account Reconciliation

Status: Implemented

3. Audit Issue: Instruction and Research Activity

Status: Implemented

Corrective Steps Taken:

Time and effort system created and implemented to distribute payroll clearing account charges. University T&E implemented for accountability replacing I&R report for sponsored research compliance.

Construction Costs - Biltmore

1. Audit Issue: Construction Cost Reimbursement

Status: Implemented

Corrective Steps Taken:

FIU and the CM have agreed upon a final settlement.

2. Audit Issue: Access to Subcontractor Records

Status: Implemented

Corrective Steps Taken:

Based on the advice of the General Counsel, it has been determined to add language providing for access to subcontractors' accounting records for future projects.

Voice Services

1. Audit Issue: Cost Recovery

Status: Implemented

Corrective Steps Taken:

The UTS Business Office along with the Director of Enterprise Technology Support Services has performed a 10 year financial analysis of the telecomm auxiliary and found that the current prices charged to the university community is adequate to recover costs to ensure the financial integrity of the auxiliary. Before the beginning of each fiscal year, a review of all charges will be performed and adjustments to charges will be made to ensure that they are in line with associated costs.

Southeast Environmental Research Center (SERC)

1. Audit Issue: Payroll Distribution System

Status: Implemented

Corrective Steps Taken:

All charges in payroll clearing have been distributed to appropriate accounts or cleared; new payroll clearing account policy – draft policy in CG expect implementation by Jan 1; establishes stringent use of PCA and timelines for charge distribution and default fro failure to assign charges. PCA in SERC is current.

2. Audit Issue: Instruction and Research Activity Reports

Status: Implemented

Corrective Steps Taken:

Instruction and Research reports are a state system requirement and do not satisfy Federal T&E requirements from sponsored research; New Time and Effort reporting system created in Spring of 04, implemented in summer 04 and continues as compliant T&E reporting for all sponsored activities. Reporting is web based and reports are generated each semester, individuals have responsibility for authentication, accuracy and permanent record and OSRA maintains duplicate central file (per Federal requirements).

3. **Audit Issue:** Allocation of Leave Charges

Status: Implemented

Corrective Steps Taken:

- Manual system implemented with training, automatic system desirable, not in PS module currently.
- Requirement is for fair distribution to appropriate accounts for leave, policy is to distribute fairly as of most recent pay period. Implementation is departmental responsibility.

4. Audit Issue: Review of Telephone Bills

Status: Implemented

Corrective Steps Taken:

Telephone bills for each line distributed to departments for review and management.

5. **Audit Issue:** Property Accountability

Status: Not Implemented

Action Plan to Complete:

New inventory system, management and depreciation system needed, RFP out for project to create new system as part of F&A rate preparation. Implementation must be complete by December 2007. Action needed- a new system for inventory management and depreciation.

6. **Audit Issue:** Review and Reconciliation of Departmental Ledgers

Status: Not Implemented

Action Plan to Complete:

Procedure to review and reconcile monthly financial reports for the Center will be implemented by March 1, 2006.

7. Audit Issue: Operations Manual

Status: Implemented

<u>Corrective Steps Taken</u>:

P/P manual complete and available on web site for OSRA.

COE Partnerships in Academic Communities Program

1. Audit Issue: University Wide Payroll Procedures

Status: Not Implemented

Action Plan to Complete:

Train all employees with signature authority over time cards and payroll certification accounts on current University payroll procedures.

Action	Person Responsible	Target Completion Date
Identify/clarify who has signature	Maria Alam, Grace Ulla	November 30, 2005
authority in each unit		
Create content for training session	Grace Ulla	December 31, 2005
Create interactive design and support	Lisa Gunther	January 15, 2006
materials for training session		
Schedule dates/rooms	Lisa Gunther	January 15, 2006
Inform/invite required persons	Maria Alam	January 30, 2006
Coordinate program registrations	Lisa Gunther	January 30, 2006-March 31, 2006
Facilitate training program	Maria Alam, Grace Ulla	February 15, 2006-March 31, 2006
Ensure certification documents placed	Grace Ulla	March 31, 2006
in personnel files		

- After training, participants will be required to certify that they have read and understand University Policy 5.36, and that any identified deviations from the policy under their area of responsibility may result in disciplinary action, including termination.
- The signed document will be maintained in the personnel file.
- Additional employees assigned signature authority over payroll due to new hires, promotions, etc., will be required to attend the training and complete the certification document

2. Audit Issue: Policy on Teaching of Relatives

Status: Implemented

Corrective Steps Taken:

We added a statement on Teaching Family Members in the summer 2005 update of the College of Education's Policies and Procedures Manual. It is item 3.8 on page 76 of the Manual.

3. Audit Issue: Departmental Ledger Reconciliation

Status: Not Implemented

Action Plan to Complete:

Ledgers are not being reconciled monthly for all projects. Our College's Associate Dean for Research and Grants worked with OSRA to co-employ a post-awards staff member to help PIs with this effort. Unfortunately, OSRA asked the person to work full-time with them and we lost this part-time person. The Associate Dean will continue to remind PIs.

College of Engineering-Dean's Office

1. **Audit Issue:** Property Accountability

Status: Not Implemented Action Plan to Complete:

Pending Property Control Policies Manual for the University, which is currently being updated. Departments have been notified that responsibility for property accountability will be at their level.

2. Audit Issue: Off-Campus Property Form

Status: Implemented

Corrective Steps Taken:

Forms have been submitted to Property Control. Forms will be updated annually.

3. Audit Issue: Review of Telephone Bills

Status: Implemented

Corrective Steps Taken:

Reimbursement is collected for all non-business phone calls, even if less than \$1.00.

4. Audit Issue: Operations Manual

Status: Not Implemented

Action Plan to Complete:

Will use University Policies and Procedures Manual as guideline to create the College's internal manual.

Frost Art Museum

1. Audit Issue: Art Collection Records

Status: Not Implemented

Action Plan to Complete:

1.1 Inventory

45% of the offsite storage of the collection has been inventoried. Over 5,000 works of art are stored at our offsite collection storage facility. Due to limited staff and budget, the inventory process has slowed considerably, but we anticipate that it will be completed in the next six months – no later than April 2006.

1.2 Fair Market Value

There are numerous artworks without values assigned and many that have been assigned by donors. To correct this problem we would either need to consult with an outside art appraisal team to conduct a full appraisal of the collection, or assign staff members to research auction prices for similar objects. Either procedure would take several years to complete, requiring dedicated staff and resources. This should be finished, contingent on staff, by November 2008.

1.3 Environmental Health and Safety

We are working with Lee Koustefanou from Environmental Health and Safety and have provided him with an updated valuation for the collection. However, until we have a full appraisal, we can only estimate insurance on the values that we know. The valuation has been increased to \$11 million from approximately \$3 million. This is contingent upon fair market value and we estimate that it will be completed by November 2008.

1.4 Assignment of Accession Numbers

The assignment of accession numbers to the collection is being done in conjunction with the inventory. Most of the collection already had accession numbers, however, we are finding that there has been improper numbering and we are correcting this as we conduct the inventory. This will be completed by April 2006 after a full inventory of the collection has been completed. This is just an estimate.

2. Audit Issue: Value of Donated Art Work

Status: Implemented

Corrective Steps Taken:

For donations of artwork that exceed \$5,000, donors will be required to submit an appraisal from a certified art appraiser. This will be implemented whether the artwork was donated by a collector or an artist. We are strictly adhering to this policy as donations come in. This was implemented in March 2005 when the new Registrar began working at the Frost Art Museum.

3. Audit Issue: Capitalization of Art Work

Status: Not Implemented

Action Plan to Complete:

As we research the values of artworks, we will also research the dates the values were applied and then capitalize the values accordingly. This will be done in conjunction with the inventory and the research on fair market value. Completion of this is dependent on time, budget and human resources. This will be completed by November 2008.

4. Audit Issue: Duplicate Expenditures

Status: Not Implemented

Action Plan to Complete:

The duplicate payment for Fast signs, which was \$177 has been reimbursed. Everglades Lumber is in the process of reimbursing the museum for the duplicate payment of \$98. Since this was in 2004 and Everglades Lumber does not have their records on computer, it has taken more time than expected. We expect to be reimbursed by mid November.

5. Audit Issue: Written Collection Procedures

Status: Not Implemented

Action Plan to Complete:

The mission of the museum is being reevaluated and this is the basis for a collections policy. An appropriate collections policy cannot be written until the mission statement has been established. We already have procedures for accessions, deaccessions, and incoming and outgoing loans, and for conducting inventory. The Registrar will be writing this collections procedure after the inventory has been completed. Since she does not have support staff, she has not had adequate time to compose this document. This will be completed by September 2006.

Allegations Against the Frost Art Museum

1. Audit Issue: Misuse of the State Grant

Status: Not Implemented

Action Plan to Complete:

General Counsel is reviewing a letter to the Division of Cultural Affairs, Florida Department of State to address the issues raised in the allegations. Implementation of recommendations will be complete by December 1, 2005.

School of Nursing

1. **Audit Issue**: Property Conversion to PeopleSoft

Status: Not Implemented Action Plan to Complete:

Property Control has analyzed the project and has begun implementation. Reports were ordered to reflect the property located in the SAMAS accounts before conversion, as well as the applicable PeopleSoft Project ID's that most of the items should have been transferred into. A few Project ID's will have to be researched further. We have assigned personnel to process the transfers. The project will be completed by June 30, 2006 as scheduled. The \$80 million worth of land and buildings were moved to the new BBC Land and Buildings account prior to June 30, 2005. Also, the twelve items with a value in excess of \$50,000 each (approximately \$1.2 million total) were reassigned prior to June 30, 2005.

2. Audit Issue: Review of Telephone Bills

Status: Implemented

Corrective Steps Taken:

No comments.

3. Audit Issue: Departmental Ledger Reconciliation

Status: Implemented

Corrective Steps Taken:

The policy has been developed and monthly reconciliation process implemented.

4. Audit Issue: Operations Manual

Status: Implemented

Corrective Steps Taken:

No comments.

Wolfsonian-FIU

1. Audit Issue: Insurance Coverage

Status: Implemented

Corrective Steps Taken:

In consultation with Jennifer Mwaisela, EH&S, and informal consultation with other museums on valuation procedures, the Wolfsonian implemented a written internal policy that requires:

- Evaluation of the value of the collection each year based on items added, removed, increase/decrease in market price. The process will be documented with the basis of the valuation.
- Consult with EH&S to determine the appropriate level of insurance given exposures and budgetary constraints.

- Submit the coverage limits to the BOT with the appropriate justification via the Provost, Controller, or Vice President for Administration (Academic Affairs).
- Maintain or change coverage based on approval or recommendation of BOT.

The Wolfsonian's collection-wide coverage amount was based on an extrapolation from the value of the inaugural exhibit. That value was determined to reflect a representative range of items in terms of value. Most museums do not appraise every item in a collection: it would be prohibitive. Further, the insurance in such cases is not meant to cover catastrophic loss of a collection – the value of most of the materials is based on their historical, scholarly, or educational value rather than a commercial measure. A catastrophic loss would probably mean the closure of a museum. Individual items typically are appraised for insurance purposes if they are leaving the premise of the museum for loan or conservation.

This is consistent with practices in other accredited museums. We consulted industry references and other museums including the Smithsonian, the Guggenheim, and the Los Angeles County Museum of Art. All of the museums we consulted confirmed the difficulty of valuation, the importance of mitigating damage or loss on site through good security practiced, access controls, and facilities management (such as HVAC).

2. **Audit Issue**: Repairs and Upgrade to Annex Building

Status: Not Implemented

Action Plan to Complete:

Preliminary Cost Estimate received from FIU Facilities on January 11, 2005 for \$1,866,176. Wolfsonian will seek special grant funds in addition to any funds FIU and Facilities is able to commit to this need. The Annex will be studied for its use to develop a plan to renovate it as an open storage and study center in connection with general obligation bond funds from Miami-Dade County. While this plan is subject to the issuance of the contract from the county, this opportunity to reprogram the space will coincidentally allow also us to address issues raised in the audit. Additionally, the Wolfsonian sustained damage during Hurricane Wilma. FIU Facilities has reviewed the damage and will evaluate whether a claim can be made to FEMA.

3. Audit Issue: Analysis of Inventory Databases

Status: Not Implemented

Action Plan to Complete:

Ongoing update to collection and library records by Wolfsonian registrarial and library staff. Staff updating records now. Additional time required to complete update given limited staff resources and workload including traveling exhibits and loans. We are working toward the current December 1 deadline but request extension to February, 2006.

4. Audit Issue: Cash Receipts Functions

Status: Not Implemented

Action Plan to Complete:

Reviewed and revised internal policy and procedures as of June 22, 2005. With the approval of the Auditor, the Wolfsonian was granted permission to make deposits weekly rather than twice a week when open summer (reduced) hours as income from ticket sales and shop is reduced. Otherwise, deposits are now made twice a week. We have licensed the receivables component of Financial Edge to help with tracking income due and payable; this will be implemented by the December 31 target

date with related pre-numbered invoices. Request made to Auditor and to Controller for site visit and review of our updated practices to ensure compliance and best possible framework. Mr. Bond will visit as soon as possible. Policies reviewed with responsible staff in business and finance areas, shop and box staff. Internal policies and procedures reviewed and updated. Policy and Procedure 303 Wolfsonian-FIU Accounting Systems & Procedures for Deposits; 350 Business Activities – Cash Management – Museum Shop; 350 Business Activities – Cash Management – Ticketing and Box; 356 Ticket Categories and Pricing.

5. **Audit Issue**: Expenditures Procedures

Status: Implemented

Corrective Steps Taken:

Reviewed procedures to ensure expenses are charged to appropriate auxiliary accounts. Wolfsonian Policy and Procedure 302 Account Information; 303 Wolfsonian-FIU Accounting Systems & Procedures for Deposits.

6. **Audit Issue**: Gift Shop Inventory

Status: Not Implemented

Action Plan to Complete:

Consolidating shop inventory in new shop area as possible. All items are maintained in limited-access areas. Due to multiple hurricanes in 2004 and 2005, the construction of the new shop area has taken longer than expected making the full transfer difficult. We have limited space for storage of inventory but continue to consolidate items in designated secured, limited-access areas. Note that full inventory is done annually and was completed most recently in summer 2005. Continuing to consolidate shop inventory in new shop area. We continue to work towards the new target date.

(Note: Facilities staff has access to all areas but are asked per written policy to obtain escort from an authorize staff person as a formality for security of the collection in Annex or collections areas.)

7. **Audit Issue**: Information Technology

Status: Implemented

Corrective Steps Taken:

Written Assessment requested by Wolfsonian prior to audit and provided by UTS September 28, 2005. Certain improvements were initiated in the normal course of business by Wolfsonian IT staff prior to audit and review by UTS; in past year, Wolfsonian replaced outdated hardware and software (tape backup server and software, email server, file server). Key concern raised in audit related to security of sensitive data (eg credit card information). Firewall has always been in place at the software and server level. Data is monitored daily by on-site IT Systems Analyst and his assistant. We utilize software to track access and check unusual activity to secure data and systems from intrusion. Back up practices are state-of-the art and cost-effective; tapes are already backed-up every two to four weeks depending on the volume of change. Back up tapes are stored/rotated off site in FIU's Office of Environmental Health and Safety. Future actions will depend on costs, administrative feasibility, and turnaround time for support. Wolfsonian continues to work with UTS to identify ways to improve security and backup, ways to integrate as possible with UTS services.

8. Audit Issue: Background Checks

Status: Implemented

Corrective Steps Taken:

Consulted with FIU Human Resources and General Counsel who approved background checks for all new OPS and A&P. USPS hires may not be subjected to background checks to date. Written internal policy and procedure drafted; Wolfsonian Policy and Procedure 604 Security – Background Checks.

9. Audit Issue: Facilities Employees' Time Cards

Status: Implemented

Corrective Steps Taken:

Installed hand sensor time clock for time keeping. PC database produces time and attendance.

Wolfsonian-FIU Physical Security of Museum & Annex

Physical security related issues were considered to be confidential and exempt from the Florida Public Records Act pursuant to Sections 119.071 and 281.301, F.S.

Cashiering Function at the SF Office

1. Audit Issue: Cash Over/Short Log

Status: Implemented

Corrective Steps Taken:

Queries have been created and a log is being maintained to monitor the over/short activity by office, date and individual teller to ensure compliance and to correct all discrepancies.

2. Audit Issue: Cash Overages/Shortages Recording

Status: Implemented

Corrective Steps Taken:

General Accounting continues to work with Student Financials on a daily basis to analyze entries to the over / short general ledger account and make the necessary adjustments or corrections. The current over / short general ledger balance reflects the reconciled short amount of \$148.73.

3. Audit Issue: Cash on Hand Account

Status: Implemented

Corrective Steps Taken:

The Petty Cash Fund Outstanding List was reconciled to the general ledger as of 6/30/05 and continues to be reconciled on a monthly basis.

4. Audit Issue: User Access Controls

Status: Implemented

Corrective Steps Taken:

All users were updated according to the security access in relation to their job function.

5. Audit Issue: Physical Security

Status: Not Implemented

Action Plan to Complete:

The panic buttons were tested in June 2005 and were functioning properly. Periodic testing of the panic buttons will continue in the future. For the remainder of the items noted, management will consider the recommendations set forth and make the necessary changes by December 31, 2005.

6. **Audit Issue**: Operations Manual

Status: Not Implemented

Action Plan to Complete:

Procedures will be completed by December 31, 2005.

The State of Florida Auditor General's Operational Audit

Finding No. 1

Audit Issue: Written Policies and Procedures

Status: Not Implemented

Action Plan to Complete:

Each manager is developing detailed policies and procedures related to the investments, capital assets and financial reporting areas and will be submitting this information to the Associate Controller for review, testing and approval.

Finding No. 5

Audit Issue: Parking Citation Receivables

Status: Not Implemented

Action Plan to Complete:

Clarification: The \$3.7 million classified as "accounts receivable for parking citations at March 31, 2005" is actually a historical record of all uncollectible parking citations issued since 1988. This is a management information record not an amount to be considered for financial reporting purposes. The actual accounts receivable for parking citation balance as of October 15th is \$1.1 million and includes all citations posted to a faculty, staff, or student record as well as any citations that have an associated name and address dating back to 1/1/02.

New parking citation accounts system will be will be implemented by March 2006. Our department has also established contact with the Student Financials Director and the Controller's Office to establish a policy for the university. This new policy will also be implemented by March 2006.

Finding No. 11

Audit Issue: Vehicle Records

Status: Implemented

Corrective Steps Taken:

A new procedure for trip logs was sent to the university community on October 7, 2005 requesting all supervisors and department heads to review and sign all trip logs.

Finding No. 12

Audit Issue: Monitoring Fuel Efficiency of Vehicles

Status: Not Implemented

Action Plan to Complete:

All university vehicles will be fitted with a wireless transmitter system that computes mileage calculations automatically. Due to hurricane recovery and repairs, the procedure will be accomplished by June 30, 2006 in lieu of the projected date of January 2006.

Finding No. 13

Audit Issue: Reconciliation of Construction Project Records

Status: Not Implemented

Action Plan to Complete:

The Controller's Office is working with the Facilities Management Office in identifying any differences between PeopleSoft and the facilities records for each project.



OFFICE OF INTERNAL AUDIT

INVESTIGATION INTO ALLEGATIONS AGAINST

Report 05/06-I-01

AN ADJUNCT FACULTY MEMBER IN THE COLLEGE OF EDUCATION

TO: R. Kirk Landon, Chair, Finance & Audit Committee

FROM: Ted Guba, Audit Director Jed Guba,

DATE: October 21, 2005

EXECUTIVE SUMMARY

We have completed an investigation into four allegations against an adjunct faculty member in the College of Education. The complainants alleged that the adjunct faculty: (a) was improperly charging students for equipment and test fees, and requiring judo association membership with no accountability to the University; (b) had incorporated for profit without disclosure to the University; (c) was inappropriately using the FIU name for personal ventures; and (d) had possible conflicts of interest.

Our procedures included a review of the Student Organizations Council governing authority over clubs at the University; discussions with Campus Life and Human Resources employees; consultation with the General Counsel's staff; a review of relevant State of Florida, Department of State, Division of Corporations records; and other relevant procedures considered necessary in the circumstances.

The results of our investigation into the four allegations disclosed that the first allegation was partially substantiated, while allegations two through four were all substantiated.

As a result of our investigation, we issued seven recommendations discussed on pages five through nine of our report.

Investigation Conducted by: Manuel Sanchez

ORIGIN OF ALLEGATIONS

On November 4, 2004, we were notified of a complaint received by the University Provost's Office in which the complainants discussed allegations against the FIU Judo and Self-Defense Club (FIU Judo Club) and an adjunct faculty member in the College of Education (COE). While the complainants' allegations were numerous, the Provost's Office requested that we examine those against the adjunct faculty member as summarized below.

ALLEGATIONS

The allegations reviewed by this Office against the adjunct faculty indicated that he:

- 1. "May be improperly charging students for equipment and test fees, and requiring judo association membership with no accountability to the University";
- 2. "Has incorporated for profit without disclosure to the University";
- 3. "Inappropriately uses the FIU name for personal ventures";
- 4. "Has possible conflicts of interest."

BACKGROUND

The Campus Life Department assists the Student Organizations Council (SOC) to register student organizations, govern club activities, and allocate funds. More than 100 clubs and organizations are available for students to join. The FIU Judo Club is one of many athletic clubs operating at the University and was first registered in 1998. The Student Handbook requires all student organizations to have a faculty or staff advisor.

University funding for these clubs originates from Student Activity & Service fees which are managed by the Student Government Association (SGA). The SGA allocates funds to the SOC, and they distribute funds to clubs and organizations based on participation and attendance. For the 2003-2004 school year, the FIU Judo Club received \$718 from the SOC. In addition, \$150 was allocated during the Fall 2004 term to the FIU Judo Club.

METHODOLOGY

Our procedures included a review of SOC governing authority over clubs at the University; discussions with Campus Life and Human Resources employees; consultation with the General Counsel's staff; a review of relevant State of Florida, Department of State, Division of Corporations records; and other relevant procedures considered necessary in the circumstances.

RESULTS OF INVESTIGATION

Allegation No. 1: The adjunct faculty "May be improperly charging students for equipment and test fees, and requiring judo association membership with no accountability to the University".

Findings: The adjunct faculty taught two courses, PEM 1405-20, Judo Self Defense, and PET 3993-04, Competitive Judo I, with ten enrolled students during the Spring 2004 term. Our survey of these ten students resulted in two responses that indicated that the students were required to pay \$60 for a uniform (Judo Gi), and \$50 for a membership with United States Judo, Inc. (USJI), a tax-exempt 501(c) (3) corporation. The USJI was organized as the National Governing Body for Judo in the United States. Membership reportedly provides excess accident medical insurance coverage of \$25,000 with a \$2,500 deductible during sanctioned events. Although the course catalog did not include any mention of participation in sanctioned events requiring USJI membership, the adjunct faculty provided us with course syllabi that indicated USJI membership and a uniform (Gi) were course requirements.

The adjunct faculty member explained that the University's Director of Environmental Health & Safety (EH&S) "was always concerned about the issue of insurance", and that he explained to her that the USJI membership covered the students during any class event, which "satisfied her". However, the EH&S Director stated, "if these are for regular courses offered by the College of Education or any other University department -- we do not ask for insurance, nor would we want to select Judo from the host of potentially 'challenging' activities on which the University provides instruction. If Judo is being offered through outreach, or similar auxiliary program, then yes, waiver and proof of medical coverage is recommended." However, in such cases, the EH&S Director states, "The student provides proof to the program. The program is responsible to request the proof."

The two students stated that they paid for the uniform and USJI membership with either cash or check (made payable to "FIU Judo") directly to the adjunct faculty or a club member in class. It should be noted that we found no evidence to indicate the students were charged for test fees.

University Policy 16.10, *Collections Outside of the Cashier's Office*, states: "The sale of class materials and manuals shall be handled through the University Bookstore, or a lab fee may be assessed when applicable and upon approval of the University Provost." However, neither of the two courses reflected any additional fees in the University course catalog and we confirmed that students paid no additional fees upon registration.

Also, University Policy 16.10 states, "Collections outside of the Cashier's Office may be allowed where, due to location or the nature of the activity, the use of the University's Central Cashiering System would not be practical." None of the criteria outlined in the policy, including the approval by the Controller's Office, was in effect for the cash collections for uniforms and USJI memberships in the classrooms.

<u>Conclusion</u>: Partially Substantiated. Although there was no evidence that test fees were assessed, the adjunct faculty charged students for uniforms and USJI membership with no accountability to the University.

Recommendation No. 1

- 1.1 We recommend that the adjunct faculty be instructed not to charge additional fees. In the future, if additional fees are required, they should be established through the Registrar's Office and collected at the time a student registers. Any required equipment should be sold through the University Bookstore.
- **1.2** We recommend that the adjunct faculty member be instructed not to require University students to obtain USJI membership.

RESPONSE: (DEAN, COLLEGE OF EDUCATION)

- 1.1 This recommendation is no longer applicable. In September 2005, the decision was made not to renew the adjunct faculty's contract and he was released from all teaching duties at the University. However, we will ensure that any additional fees for Judo program courses are established through the Registrar's Office and collected at the time the student registers. In addition, any required equipment will be sold through the University Bookstore.

 Implementation date: Immediately.
- 1.2 This recommendation is no longer applicable. In September 2005, the decision was made not to renew the adjunct faculty's contract and he was released from all teaching duties at the University. However, we will ensure that Judo program courses do not require USJI membership.

Implementation date: Immediately.

Allegation No. 2: The adjunct faculty "Has incorporated for profit without disclosure to the University."

<u>Finding</u>: Our review of corporate records indicated that the adjunct faculty was:

• The registered agent for the active for-profit entity identified as the "Judo Club at F.I.U., Inc." It listed the adjunct faculty's personal residence as the mailing address from April 29, 2001 through the

most current registration dated April 15, 2004.

We also identified University payments to the Judo Club at F.I.U., Inc. during 2003-04 and 2004-05 totaling \$8,500. These payments were related to "set-up" and "take-down" services performed by the entity at the Golden Panther Arena (Pharmed Arena) and were authorized and approved by an Assistant Athletic Director – Athletics/Facilities.

- A director of an active for-profit entity by the name of "**Tamiami Judo and Aikido Club, Inc.**" This entity is associated with the University's Aikido Club and lists the adjunct faculty's personal residence as its business and mailing address. Other officers include the adjunct faculty's son (also a University employee), and his daughter, who is listed as an officer of the FIU Judo Club.
- Previously a director during his employment with the University of two other for-profit entities:
 - 1. "Tamiami Judo Club, Inc." and
 - 2. "South Dade Martial Art Center, Inc."
- Listed as the president/director of the not-for-profit entity "Florida Judo, Inc." since April 28, 2003.
- The registered agent and president/director of the not-for-profit entity "**Judo In Education Foundation, Inc.** from 2002 through September 30, 2004. In addition, the FIU Judo Club faculty advisor was listed as the vice president of this corporation.

A review of personnel files for the adjunct faculty, his son, and the faculty advisor of the FIU Judo Club indicated that there was no evidence that any had completed the "Outside Employment – Conflict of Interest" form for the named entities. Human Resources personnel indicated that adjunct faculty members, as well as the Other Personnel Services (OPS) classifications, are not provided with the Outside Employment form at the time of hire. In their opinion, these University positions are considered to be their outside activities. However, University Policy No. 9.39, *Outside Employment, Conflict of Interest or Activity, and Financial Interest,* establishes guidelines and defines the responsibility of University employees concerning outside employment or activity, and/or financial interest as they relate to conflict of interest, and does not distinguish between a full-time employee, an adjunct faculty, or OPS employee. The policy states, in part, as follows:

A University employee may undertake outside employment or activity, and have a financial interest, provided it does not interfere with the full performance of the employee's assigned duties and responsibilities, and does not constitute a conflict of interest.

No employee of the University shall have or hold any employment or contractual relationship with any business entity or agency which is subject to the regulation of, or is doing business with, the University. Nor an employee of the University have or hold any employment or contractual relationship that would create a continuing or recurring conflict between the employee's private interests and the performance of the employee's duties or that would impede the full and faithful discharge of the employee's duties.

No employee of the University, acting in a private capacity, shall rent, lease, or sell any realty, goods, or services to the University.

<u>Conclusion</u>: **Substantiated.** The adjunct faculty did not disclose his outside activities, including incorporating for profit, as required by University Policy 9.39.

Recommendation No. 2

- **2.1** We recommend that the adjunct faculty, his son, and the faculty advisor complete the Outside Employment Conflict of Interest form.
- **2.2** We recommend that University Athletics no longer conduct business with the Judo Club at F.I.U., Inc., and the FIU Judo Club if any of their directors are University employees.
- **2.3** We recommend that Human Resources ensure that all new employees, whether full-time employees, adjunct faculties, or OPS, complete the Outside Employment Conflict of Interest form when hired.
- **2.4** We recommend that Human Resources remind University employees to complete Outside Employment Conflict of Interest forms on a yearly basis.

RESPONSE: (DEAN, COLLEGE OF EDUCATION)

- 2.1 In September 2005, the decision was made not to renew the adjunct faculty's contract and he was released from all teaching duties at the University. However, we will ensure that the adjunct faculty's son and the faculty advisor complete the Outside Employment Conflict of Interest form.
 - Implementation date: Immediately.

(ATHLETICS)

2.2 Intercollegiate Athletics concurs with the recommendation and will ensure that Athletics no longer conducts business with either entity, as long as University employees serve as its officers and/or directors. In addition, prior to conducting business with any FIU club, Athletics will check with the University Human Resources department to

ensure that the directors are not University employees. Implementation date: Immediately.

(HUMAN RESOURCES)

2.3 We concur with the recommendation. All new employees will be required to complete the Outside Employment/Conflict of Interest form.

Implementation date: January 1, 2006.

(HUMAN RESOURCES)

2.4 We concur with the recommendation. On a yearly basis, Human Resources will inform all University employees of the need to either complete or update the forms if they meet the reporting requirements. Implementation date: January 1, 2006.

Allegation No. 3: The adjunct faculty "Inappropriately uses the FIU name for personal ventures;" and

Allegation No. 4: "Has possible conflicts of interest."

<u>Findings</u>: Our review indicated that the FIU Judo Club's website (http://www.fiujudo.com) was copyrighted and owned by the Judo Club at F.I.U. Inc., the for-profit entity registered on March 31, 2000 by the adjunct faculty. The website included the FIU sports logo; and identified itself as "Florida International University - Judo and Self Defense".

We also noted that the Florida Judo, Inc. website referenced two affiliated clubs using the FIU name: "F.I.U./Fairlawn Judo" and "F.I.U./Sylvania Heights Judo". There is no affiliation between these two clubs and the University.

In the opinion of the Office of the General Counsel, "Use of the tradename 'FIU' or any trademarks (which the logo represents) of the university is authorized only pursuant to a signed Licensing Agreement between the Licensee and the [FIU] Foundation." As such, the use of the University's trade name or trademarks without prior approval from the University is prohibited.

During our investigation, we learned that the USA Judo Board of Directors consists of voting delegates representing a number of different membership groups, including a group named, "state governing bodies". In Florida, this group is headed by Florida Judo, Inc. and its president, the adjunct faculty member. Each member is entitled to a number of votes, depending on the number of registered members. As noted in allegation No. 1, students are charged unnecessarily for USJI membership which increases the number of registered members.

Our investigation also indicated that the adjunct faculty was to receive compensation through a COE Center for Urban Education and Innovation

grant with the county. The "FIU Judo Program" was noted as one of the partners on this grant. We noted that the grant award included \$8,000 for 160 USJI memberships for tournament competitions.

<u>Conclusion</u>: Substantiated as to Allegation No. 3 and No. 4. The FIU trade name and or trademark are inappropriately used by entities associated with the adjunct faculty resulting in a potential conflict of interest by the adjunct faculty.

Since the adjunct faculty member requires USJI membership from each student and grant participant, and his company is on the USA Judo Board of Directors, a potential conflict of interest exits since votes are determined by the number of registered members in the USJI. However, recommendation 1.2 will eliminate the conflict if he no longer requires students to obtain USJI memberships.

Recommendation No. 3

We recommend that the University take action to ensure that the FIU Judo Club, Judo Club at F.I.U. Inc., and all of the adjunct faculty's affiliated clubs are prohibited from using the University's trade name and/or trademarks.

RESPONSE: (OFFICE OF THE GENERAL COUNSEL)

Based on the findings in the report, we concur with the recommendation and will issue a cease and desist letter to the corporation and affiliated entities, and will take further actions as necessary.

Implementation date: Immediately.

SEPTEMBER 2005 REPORT NO. 2006-036



AUDITOR GENERAL

WILLIAM O. MONROE, CPA



FLORIDA INTERNATIONAL UNIVERSITY

Operational Audit

SUMMARY

The operational audit for the period January 1, 2004, through December 31, 2004, and selected transactions through March 31, 2005, disclosed the following:

<u>Finding No. 1:</u> Written policies and procedures had not been developed for some areas of the University's financial operations.

<u>Finding No. 2:</u> The Board of Trustees did not receive interim financial reports for use in monitoring the University's financial position.

<u>Finding No. 3:</u> Bank accounts were not reconciled timely after the University implemented its new accounting system on July 1, 2004.

Finding No. 4: Contrary to Sections 717.117 and 717.119, Florida Statutes, the University did not report or remit approximately \$108,000 of unclaimed intangible personal property (staledated checks outstanding for over one year) to the Florida Department of Financial Services. Also, the December 2004 bank reconciliation disclosed approximately \$93,000 of stale-dated checks outstanding for over six months.

<u>Finding No. 5:</u> The University had not implemented adequate controls over parking citation receivables.

Finding No. 6: Our test of the University's tangible personal property records disclosed 16 items that could not be located during our physical inspection, and 8 items that were at locations different than those shown in the

property records. In addition, an accurate listing of property custodians was not maintained.

Finding No. 7: Our test of tangible personal property deletions disclosed ten instances in which survey forms, used to document the reasons for deletions, were not properly completed.

<u>Finding No. 8:</u> The University's controls over Legal Studies Institute collections needed improvement.

Finding No. 9: Supporting documentation for some campus concession funds expense payments did not evidence how the payments served the interests of higher education.

<u>Finding No. 10:</u> Purchasing card accounts for five former employees were not timely cancelled upon termination, and purchases were charged to the cards of two of these former employees after their last dates of employment.

<u>Finding No. 11:</u> Vehicle usage logs were not always complete, and did not include evidence of supervisory review.

<u>Finding No. 12:</u> The University had not implemented adequate procedures to assess the reasonableness of fuel consumption of University vehicles.

Finding No. 13: The University had not provided for the reconciliation of total expense differences between the Facilities Management Department's project ledgers and the general ledger.

<u>Finding No. 14:</u> Background checks and fingerprinting were not required for employees

with direct access to information technology resources.

Finding No. 15: Two employees did not submit required sabbatical leave reports, and 16 employees did not submit these reports in a timely manner.

<u>Finding No. 16:</u> Personnel files did not include documentation justifying salary increases granted to seven employees.

<u>Finding No. 17:</u> University records did not document, and we could not determine upon audit, the propriety of bonuses granted to two employees.

BACKGROUND

The University is a separate public instrumentality that is part of a State university system of public The University Board of Trustees (Trustees) consists of 13 members. The Governor appoints 6 citizen members and the Board of Governors appoints 5 citizen members. members are confirmed by the Florida Senate and serve staggered terms of five years. The chair of the faculty senate and the president of the student body of the University also are members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provides governance in accordance with State law, State Board of Education rules, and Board of Governors' directives. The Trustees select the University President and the State Board of Education ratifies the candidate The University President serves as the executive officer and the corporate secretary of the Trustees and is responsible for administering the policies prescribed by the Trustees for the University.

The President during the audit period was Dr. Modesto A. Maidique.

The results of our financial audit of the University for the fiscal year ended June 30, 2004, are presented in our report No. 2005-149.

An examination of expenditures of Federal awards administered by the University under contract and grant agreements to finance specific programs and projects is included in our Statewide audit of Federal awards administered by the State of Florida. The results of that audit for the fiscal year ended June 30, 2004, are presented in our report No. 2005-158.

FINDINGS AND RECOMMENDATIONS

The University commenced a multi-year project, commonly referred to as Enterprise Resource Planning (ERP), during the 2000-01 fiscal year to replace the University's legacy systems (FLAIR) with new web-based systems. The new systems are intended to provide real-time information and improve University business processes.

The University purchased software applications for financials, and human student administration, resources management systems, which the University named the PantherSoft project. The student administration system is comprised of four main modules: admissions, financial aid, student financials, and student records. These modules went "live" during the 2003-04 and 2004-05 fiscal years. The financials system includes modules such as the general ledger, purchasing, accounts payable, management, and travel and expenses, which went "live" on July 1, 2004. The University used consulting firms for the implementation and training of the student administration and financials systems. University personnel indicated that requests for proposals will be issued in the near future to seek a consulting firm for implementation of the human resources management system. Additionally, software applications were acquired for portal (web access) and enterprise reporting. Project costs from inception through January 31, 2005, totaled approximately \$35.7 million.

Finding No. 1: Written Policies and Procedures

The University had developed written procedures for various business functions including budgets, accounts payable, revenues/collections, payroll, travel, purchasing, disbursements, and grants administration.

However, internal controls over financial operations would be enhanced if written polices and procedures were developed for areas of financial operations such as investments, capital assets, and financial reporting. Written procedures serve not only to document the duties of key business services and personnel, but also to communicate management's commitment to a strong system of internal control. In addition, written procedures are necessary to ensure appropriate training of new staff and to assist in the efficient implementation of changes in key business services and personnel.

Recommendation: The University should continue its efforts in developing comprehensive written policies and procedures for its financial operations.

Finding No. 2: Financial Information Provided to the Board

The University's Board of Trustees did not receive interim financial reports that provided the financial position of the University's fund types or information such as comparisons of financial results with budget estimates and cash flow projections. In the absence of financial information that clearly presents the financial position of the University, Board members may have a limited understanding of the University's finances, which could lead to instances of financial mismanagement, including not authorizing purchases when funds are available, authorizing purchases when funds are not available, and not timely identifying or correcting critical budget shortfalls.

Financial information that provides practical and understandable statements of summary financial information, such as cash position; total revenues and expenses by fund; projected and revised FTE counts, and the effects of such revisions; and current anticipated ending net asset amounts, would improve the Board's ability to monitor the financial position of the University, and provide additional information for financial decision making.

Recommendation: The University should provide the Board with key summary financial information for monitoring the University's overall financial position.

Finding No. 3: Bank Reconciliations

Effective internal control procedures require that the University prepare timely reconciliations of bank account balances with general ledger balances to assure that recorded cash transactions are in agreement with bank records, and to permit the prompt detection and correction of unrecorded or improperly recorded cash transactions or bank errors.

Bank reconciliations were not completed timely after the University implemented its new accounting system on July 1, 2004. Bank reconciliations for December 2004 for the student financials and accounts payable disbursement accounts were not completed until March 2005. In addition, the bank reconciliation for December 2004 for the concentration account was not completed until May 2005. University personnel informed us that the delays resulted from time spent resolving errors and unidentified differences generated by the accounting system. When bank accounts are not promptly reconciled, there is little assurance that errors or fraud, should it occur, will be promptly detected by University personnel, and University management's ability to rely on the accuracy of financial reports prepared from the accounting system is limited.

Recommendation: The University should ensure the timely preparation of bank reconciliations.

Finding No. 4: Stale-Dated Checks

Sections 717.113 and 717.115, Florida Statutes, provide that intangible property that remain unclaimed by owners for more than one year after becoming payable or distributed are presumed

unclaimed. In addition, Sections 717.117, and 717.119, Florida Statutes, require that any governmental agency holding funds or other property presumed unclaimed report and deliver such property to the Florida Department of Financial Services (FDFS) before May 1 of each year for the preceding calendar year.

Our review of the December 2004 concentration account bank reconciliation disclosed a number of unclaimed outstanding checks (which constitute intangible property as contemplated by Chapter 717, Florida Statutes), totaling approximately \$108,000, that were issued more than one year prior to the bank statement date. Contrary to the above-noted law, these unclaimed outstanding checks were not reported or remitted to FDFS by May 1, 2005.

Our review of the December 2004 concentration account bank reconciliation also disclosed stale-dated checks (i.e., checks outstanding for more than six months) totaling approximately \$93,000.

Recommendation: The University should provide for the timely reporting and remitting of unclaimed intangible property to the FDFS. In should addition, the University consider transferring stale-dated checks to an unclaimed account to enhance the property reconciliation process and as a preparatory step to remitting the unclaimed property to the FDFS.

Finding No. 5: Parking Citation Receivables

According to the Department of Parking and Traffic (Department) records, accounts receivable for parking citations totaled approximately \$3.7 million at March 31, 2005. Our review of the University's records and controls related to parking citation receivables disclosed internal control weaknesses, as discussed below.

The amount of parking citation receivables recorded in the Department's records was not, of record, reconciled to the receivables recorded in the University's general ledger control account.

Reconciliations of subsidiary records to general ledger control accounts provide additional assurances that errors or fraud, should it occur, will be timely detected and provide evidence that all Department receivables are recorded for financial statement purposes.

The University did not use an outside collection agency to assist in collecting delinquent accounts receivable. In addition, our test of 30 parking citations (12 issued to students and 18 issued to visitors) disclosed the following:

- ➤ For 12 (67 percent) of the visitor citations tested, the citation did not contain relevant account information (such as name and address) necessary for collection. In the absence of identifying information, the University's collection efforts are limited for those citations.
- ➤ For 4 (22 percent) of the visitor citations tested, the citation notices or collection letters were not sent to the visitor. Lack of appropriate collection efforts decreases the University's ability to collect outstanding citations.
- ➤ University procedures require that academic holds be placed on the records of students for nonpayment of any obligation. For 3 (25 percent) of the student citations tested, with unpaid parking citations, academic holds were not placed on the student's record. Subsequent to our inquiries, academic holds were placed on the records for two of the students. The other student was still under investigation for a lost decal.

Recommendation: The University should ensure that the amount of parking citation receivables recorded in the Department's subsidiary records is reconciled to the receivables recorded in the University's general ledger. Also, to facilitate collection of receivables, the University should ensure that citations include sufficient identifying information, send citation

notices and collection letters when required, and timely place academic holds on students' records for nonpayment of obligations. In addition, the University should consider using a collection agency for delinquent accounts.

Finding No. 6: Tangible Personal Property Records

To ensure proper accountability and safeguarding of tangible personal property, the University should maintain an adequate record of each property item. The University's Property Control Manual requires the Property Control Department to establish guidelines and procedures governing the accountability, control, transfer, and ultimate disposal of tangible personal property. The Property Control Department is to be notified in writing when property items are transferred.

The University reported tangible personal property of approximately \$113 million at June 30, 2004. We selected 30 items from the property records for physical observation and noted 16 instances in which items, with a cost value of approximately \$79,000, could not be located for physical inspection (a similar finding was noted in our report No. 2004-030). The unlocated items included computers, printers, projectors, and a large screen monitor. In response to our inquiry, we were advised on August 3, 2005, that 5 of the items had subsequently been located; 1 of the items had been reported as stolen; and University personnel were still attempting to locate or determine the disposition of the remaining 10 items.

We also selected 28 items during our physical observation to test the accuracy of the information shown for the items on the property records. In 8 instances, the items were at locations different than those shown in the property records (a similar finding was noted in our report No. 2004-030).

The University's Property Control Manual requires each department's accountable officer (property custodian) to have custodial accountability for all University property assigned to the department and to verify the department's inventory report listing. The accountable officer is responsible for locating items not found during physical inventories. The Manual also requires that an accurate current listing of all department accountable officers be maintained. However, our tests of ten accountable officers, as included in the property records dated January 25, 2005, disclosed four instances in which the individual was no longer employed by the University. The termination dates ranged from June 30, 2003, to January 6, 2005.

Failure to maintain accurate tangible personal property records, including an updated record of property custodians, limits accountability and increases the risk that property items may become lost, stolen, or otherwise not properly accounted for.

Recommendation: If University personnel cannot locate the missing property items disclosed by our test, missing property reports should be filed with the appropriate law enforcement agency. In addition, the University should ensure that property records accurately reflect property item locations and property custodians.

Finding No. 7: Property Deletions

According to University records, approximately \$7.4 million of tangible personal property was deleted from the property records for the 2003-04 fiscal year. The University's Property Control Manual requires the property custodian to complete a survey form to request the deletion of property items. The survey form requires the custodian to explain the reason for the requested deletion. If the reason is inventory shortage (i.e., missing property items), a statement explaining the circumstances is also required, including the corrective action that will be taken to prevent the shortage again. If the reason is that property is to be declared surplus because it is obsolete, inoperative, unserviceable, or serves no economical or efficient function, the department's

property custodian must submit a memo to the Property Control Department describing the property items to be declared surplus. The Campus Services Department then moves the property items to the surplus warehouse for storage, and the items are removed from the department's property records and transferred to the surplus account.

As similarly noted in our report No. 2004-030, our test of 30 tangible personal property items deleted from the property records disclosed 10 items, with a value of approximately \$40,000, for which the survey forms were not properly completed, as follows:

- ➤ The survey forms for 4 property items indicated that the items were deleted from the property records due to inventory shortage. However, the survey forms did not document the corrective action that would be taken to prevent the shortage again.
- The survey forms for 6 property items indicated that the items were being deleted because they had been declared surplus. However, the items remained in the custodian's departmental account number and there was no documentation evidencing that the property custodians had sent the required memos to the Property Control Department requesting that these items be declared surplus property. For 3 of the 6 property items, the survey forms disclosed that the items were last seen on July 2001, October 2002, and January 2003, respectively. For the other three items, the survey forms did not disclose the date they were last seen.

Properly completed survey forms and adequate procedures for transferring property items to the surplus account would reduce the risk of misappropriation of such items.

Recommendation: The University should strengthen its procedures to ensure that property custodians fully complete survey forms, sufficient documentation is maintained for surplus items, and items are timely transferred to the surplus account.

Finding No. 8: Legal Studies Institute Collections

The Legal Studies Institute (LSI), within the College of Continuing and Professional Studies (CAPS), offers noncredit courses in the field of law, such as paralegal and legal secretary. LSI collections totaled approximately \$406,000 for the 2004 calendar year. Most of the collections consisted of course fees that were received at the University Park (UP) campus.

Our review and test of the University's controls over LSI collections disclosed the following internal control weaknesses:

- Pre-numbered receipts were not issued to document collections. Pre-numbered receipts issued at the point of collection provide a means of establishing accountability for collections and verifying that all recorded collections are subsequently deposited into the University's accounts.
- Checks were not restrictively endorsed immediately upon receipt to limit negotiability in case of loss or theft.
- The collections made at the UP campus were kept overnight inside a locked cabinet. We observed that the cabinet was located in a readily accessible area and was open during the day. The collections were transferred to the CAPS business office (Biscayne Bay campus) for deposit either by a CAPS staff member or through inter-campus mail. The risk that overnight and in-transit collections may be lost or stolen would be reduced by remitting collections to the UP Student Financials Office for deposit.

Transfers of collections among employees were not evidenced by signed transfer documents. Transfer documents would fix the responsibilities for collections and provide accountability should moneys become lost or stolen.

➤ Our tests of 30 receipts disclosed 20 instances in which the collections were remitted to the Biscayne Bay campus Student Financials Office for deposit from three to six workdays after the date of collection. University Policy 16.10 requires that all moneys be deposited within 48 hours of collection. Remitting collections to the Student Financials Office in a timely manner would decrease the risk that collections may be lost or stolen.

Recommendation: The University should enhance its procedures to ensure that Legal Studies Institute personnel are utilizing prenumbered receipts, restrictively endorsing checks upon receipt, properly securing collections prior deposit, documenting responsibility of funds, and timely remitting transfers collections to the Student Financials Office of the campus where they are received.

Finding No. 9: Campus Concession Funds

Chancellor's Memorandum CM-D-32.00 requires that the University establish and maintain procedures to ensure that concession funds expenses serve a university purpose, and document the description and purpose of such expenses.

University Policy 5.8 requires that concession funds expenses be for purposes that further the interest of higher education. The Policy specifically identifies items that are not allowed to be paid with concession funds, including parties held exclusively for staff and the University as social gatherings. Staff meetings, awards, and special morale affairs may be approved when a detailed statement of the benefit to higher education is provided. The Policy also requires that

each voucher paid from concession funds include sufficient detailed information evidencing how the expense served the interests of higher education, including the number, and types, of participants attending events paid from campus concession funds.

The University spent approximately \$499,000 from campus concession funds during the period January 2004 through March 2005. Our review of 20 expense payments during this period disclosed 14 instances in which supporting documentation did not evidence how the payments served the interests of higher education. Some examples are as follows:

- ➤ Human Resources spent \$4,420 for catering for the retiree and employee service award reception.
- ➤ Student Affairs spent \$1,993 for a retirement reception for employees with 30 years of service.
- Registrar and Records Department spent \$550 for a Thanksgiving lunch to boost employee morale.
- ➤ Controller's Office spent \$809 for breakfast for 80 people.
- ➤ College of Arts and Sciences spent \$508 for catering service for 100 people attending a meeting.

Recommendation: The University, as required by University Policy 5.8, should ensure that concession funds expense payments are supported by sufficiently detailed documentation evidencing that the expenses served the interests of higher education.

President's Response and Auditor Clarification

The President, in response to this finding, stated that in all the cases, the events served to benefit higher education by either rewarding employees or boosting employee morale. However, contrary to University Policy 5.8, payment vouchers supporting the concession fund payments referred

to in the finding did not include sufficiently detailed information evidencing how these expenses served the interests of higher education.

Finding No. 10: Purchasing Card Program

The University administers a purchasing card program in which it issued credit cards to personnel to procure certain goods and services. The purchasing card gives individuals the convenience of purchasing items without using the standard purchase order process. The University issued purchasing cards to approximately 700 employees as of December 31, 2004, and paid purchasing card charges totaling approximately \$7.2 million during the 2004 calendar year.

The University appointed the Purchasing Director as the purchasing card administrator and developed a Purchasing Card User Manual that addressed procedures and controls over the purchasing card program. Employees leaving the University are required to return their purchasing card to the purchasing card administrator. The purchasing cards are to be destroyed and the accounts cancelled immediately upon termination of employment.

Purchasing card accounts for 5 of 23 former employees tested were not cancelled in a timely manner. The delays ranged from 18 to 154 days after the individual's termination date (a similar finding was noted in our report No. 2004-030). Purchases totaling \$554 and \$772, respectively, were charged to the cards of two of the terminated employees after their last dates of employment. University personnel are attempting to determine the nature of the charges and whether the University should pursue recovering these amounts from the terminated employees. When purchasing card accounts for terminated employees are not timely cancelled, there is an increased risk that unauthorized purchases may be made.

The Recommendation: University should ensure that purchasing card accounts terminated employees are timely cancelled. addition, if it is determined that charges made by the terminated employees did not serve a public University the should seek purpose, reimbursement from the former employees.

Finding No. 11: Vehicle Records

According to University records, there were 185 University-owned vehicles as of December 31, 2004. University Policy 11.3 states that University-owned vehicles are not to be used for personal use. Vehicle trip logs are to be maintained up-to-date and properly completed by the user department detailing each trip taken. The University's vehicle trip log provides preprinted areas to document the driver's name, destination and purpose of the trip, date, time, and mileage.

We selected ten vehicles used for off-campus travel to review compliance with University policies and procedures relating to vehicle usage. Logs were not prepared for two vehicles that were used at the Wolfsonian Museum. The logs for the other eight vehicles did not evidence supervisory review (trip logs did not provide a pre-printed area where the supervisors could document their review and approval) and, in some instances, failed to document the driver's name, destination, purpose, and dates of the trip. We also noted gaps between the ending mileage recorded for one trip and the beginning mileage recorded for the next trip. In one instance, the log showed a mileage gap of 150 miles. Similar findings were noted in our report No. 2004-030.

Accurate vehicle trip logs serve to document that vehicle use is for University purposes. Timely supervisory review of these records would further ensure the accuracy of the records.

Recommendation: University personnel should properly and completely maintain vehicle trip logs, and vehicle trip logs should include evidence of review by supervisory personnel.

Finding No. 12: Monitoring Fuel Efficiency of Vehicles

According to University records, gasoline and diesel fuel expenses totaled approximately \$111,000 during the 2004 calendar year. The University's computerized fuel system requires the vehicle operator to use a key and a password, and to enter odometer readings into the system, before fuel pumps become operational. The fuel system generates several reports that provide management vehicle fuel usage information such as, transaction date, vehicle operator, odometer reading, and fuel quantity for each provision of fuel.

Fuel system reports did not provide a calculation of miles per gallon for each given vehicle, nor did they evidence supervisory review as to the reasonableness of fuel consumption. We selected ten vehicles to determine the reasonableness of fuel consumption by calculating miles per gallon, using the odometer readings shown on the fuel system reports for the 2004 calendar year. For three of the vehicles tested, we noted errors in odometer readings that distorted our calculation of miles driven between refueling transactions. For example, the fuel report for a vehicle showed 1,420 miles driven between refueling, with an average of 158 miles per gallon. Similar findings were noted in our report No. 2004-030.

The University uses exception reports generated by its computerized fuel system to monitor the reasonableness of fuel consumption. The reports compare the quantity of fuel dispensed to the maximum number of gallons (fuel capacity) established for each vehicle. The reports are to be reviewed daily by management and discrepancies forwarded to the appropriate department heads for follow-up. Although these procedures provide some

measure of control over fuel consumption, its effectiveness is limited in that the reports would not detect instances of unauthorized fueling that are kept within the vehicle's maximum fuel capacity. In addition, there was no document evidencing that the exceptions noted were subsequently resolved with department heads.

Under these circumstances, the University has limited assurance of the reasonableness of fuel consumption and there is increased risk of unauthorized use of University fuel.

Recommendation: To provide for adequate monitoring of fuel consumption of University vehicles, the University should minimize and correct significant errors in odometer readings, establish fuel efficiency parameters (e.g., miles per gallon) for all vehicles, and periodically reconcile these parameters to actual miles per gallon. In addition, University records should document the resolution of miles per gallon readings that fall outside established parameters and document the resolution of exceptions noted in fuel exception reports.

Finding No. 13: Reconciliation of Construction Project Records

The Facilities Management Department (Facilities Department) administers the University's construction projects, and maintains detailed project ledgers to monitor the expenses and available balances for each project by funding source. We compared total expense amounts maintained for five construction projects in the Facilities Department with those maintained in the PantherSoft accounting system. Our comparison between these records disclosed the following differences for four of the projects, as of March 31, 2005:

Project	Project Ledgers		General Ledger		Difference	
BR 821	\$	35,028,324	\$	37,177,218	\$	(2,148,894)
BR 850		15,427,904		15,916,275		(488,371)
BR 888		5,418,613		5,473,950		(55,337)
BR 891		12,939,072		13,785,402		(846,330)

As similarly noted in our report No. 2004-030, University personnel had not, of record, reconciled these differences. Absent a timely reconciliation and resolution of differences between Facilities Department project ledgers and the PantherSoft accounting system, there is an increased risk that construction expenses may be charged to improper projects or funding sources. In addition, the lack of timely reconciliations limits management's ability to properly monitor available budget balances of construction projects.

Recommendation: The University should provide for the timely reconciliation of differences between the Facilities Department's project ledgers and the PantherSoft accounting system.

Finding No. 14: Background Checks and Fingerprinting

Although not specific to universities, Florida Statutes provide for criminal history record checks for employees filling certain positions. For example, Section 110.1127(1), Florida Statutes, requires that persons occupying certain State employment positions, because of the special trust or responsibility or sensitive location of those positions, be subject to a security background check, including fingerprinting, as a condition of employment.

University Policy 9.52 requires background checks and fingerprinting as a condition of employment for certain designated positions. However, background checks and fingerprinting were not required for employees in the University Technology Services (UTS) – Administrative Software Unit with direct access to information technology resources (a similar

finding was noted in our report No. 2004-030). Subsequent to our inquiry, University personnel indicated that background checks and fingerprinting would be required as a condition of employment for certain UTS positions.

Recommendation: University Policy 9.52 should be revised to require background checks and fingerprinting of UTS employees with direct access to information technology resources.

Finding No. 15: Sabbatical Leave Reports

The University's Academic Affairs Policy 5.73, Faculty Sabbatical Leave, indicates that an employee on a sabbatical must provide a written report of the employee's accomplishments during the sabbatical to the President or representative within 30 days upon returning from the sabbatical leave. Our review of 24 employees who were awarded sabbaticals during the 2003-04 academic year, disclosed 2 employees who did not provide a sabbatical report upon returning from their sabbatical leave, and 16 employees who filed their reports 16 to 273 days late.

Delays in providing sabbatical reports limits management's ability to timely assess the results accomplished during the sabbatical to determine its impact on the University and the work expected to be produced by the employee.

Recommendation: The University should ensure that employees file their sabbatical leave reports timely.

Finding No. 16: Salary Increases

University records indicated that during the 2003-04 fiscal year, salaries for employees classified as Administrative and Professional (A & P) totaled approximately \$43.2 million. The University's compensation policies and procedures provide, in part, that special salary increases may be granted if warranted by market conditions or internal salary

inequity, and require that justification for salary increases be properly documented.

Our review of salary increases granted to 19 A & P employees disclosed instances in which the justification for the increases was not documented in the personnel files. A similar finding was noted in our report No. 2004-030. The details of these instances are as follows:

- The University granted a \$9,000 (9 percent) annual salary increase to an employee to counter-offer an outside job offer. However, the personnel file did not include written confirmation of the outside job offer.
- Five employees in the same department were granted 12 percent salary increases based on market conditions. The annual salary increases for these employees ranged from approximately \$6,100 to \$8,000. However, the personnel files did not document a reasonable expectation that these employees could receive an offer of employment at higher salaries, such as a market analysis.
- ➤ One employee was granted an annual salary increase of \$25,000 (22 percent) based on a salary inequity in comparison with other employees in similar positions. However, the University did not document in the personnel file a comparison with the other employees' salaries or consideration of other relevant factors, such as educational background, level of responsibility, and work experience.

While these salary increases may be justified, when the increases are not properly documented, the University has limited assurance that the employees met the prescribed criteria for the given increase. In addition, salary increases granted under the above circumstances may also have a negative effect on employee morale.

Recommendation: The University should adequately document in employees' personnel files justification for special salary increases in accordance with established policies and procedures.

President's Response and Auditor Clarification

The President, in response to the salary increase granted to an employee to counter-offer an outside job offer as discussed in the first bullet of this finding, stated that the Salary Request Form documented that the verbal outside job offer was verified and approved by the Provost. However, contrary to the University's compensation policies and procedures, the personnel file did not evidence a written confirmation of the counter-offer, nor was there sufficiently detailed information available regarding the particulars of the outside job offer.

Finding No. 17: Bonus Payments

State Board of Education (SBE) Rule 6C-5.915(6)(e), Florida Administrative Code, provides that a University may make lump-sum payments to employees to recognize: (1) the successful completion of a special project or assignment which is in addition to the employee's regularly assigned duties or (2) a documented significant increase in productivity or productivity goal achievement. The amount of the lump-sum payment may not exceed the greater of ten percent of the employee's annual base salary or \$3,000 (before taxes).

We reviewed bonus payments granted to 15 employees during the 2004 calendar year. For 2 employees who received bonus payments of \$4,000 and \$10,000, respectively, University records did not document that the employees had completed a special project or assignment, or achieved a significant increase in productivity or a productivity goal. As such, the University, in these instances, had not demonstrated, of record, the propriety of these bonuses. In addition, our calculations indicated that

the \$10,000 bonus was \$3,370 above the maximum amount allowed by the SBE Rule.

Recommendation: The University should ensure that bonus payments are made in accordance with SBE Rule 6C-5.915(6)(e), Florida Administrative Code.

President's Response and Auditor Clarification

The President, in response to this finding, indicated that Rule 6C-5.915(6)(e), Florida Administrative Code, no longer applies to the University, and, therefore, documentation as to the basis for these bonuses was not required. Rule 6C-5.915(6)(e), Florida Administrative Code, is a former State Board of Education Rule adopted by the Board of Governors (BOG) in January 2003. We are unaware of any authority for the University to make this Rule non-applicable to the University or to otherwise modify this Rule. Accordingly, until such time as the BOG takes action to make this Rule non-applicable to the University, University policies and procedures must comply with the Rule. Further, regardless of the applicability of Rule 6C-5.915(6)(e), Florida Administrative Code, the University has a responsibility to document the public purposes of expenditures of University moneys and, as such, should have documented, of record, the justification and basis for these employee bonuses.

SCOPE, OBJECTIVES, AND METHODOLOGY

The objectives of this operational audit were to obtain an understanding and make overall judgments as to whether University management controls promoted and encouraged compliance with applicable laws, administrative rules, and other guidelines; the economic and efficient operation of the University; the reliability of financial records and reports; and the safeguarding of assets. Specifically, we reviewed management controls and administration of accounting records and management reporting, cash, receivables, capital assets, decentralized collections,

campus concession funds, purchasing card program, enterprise resource plan system procurement and implementation, travel and vehicle usage, construction projects, employee compensation, and non-Federal grants and contracts for the period January 1, 2004, through December 31, 2004, and selected transactions through March 31, 2005.

PRIOR AUDIT FINDINGS

As part of our current audit, we determined that the University had substantially corrected the deficiencies noted in our report No. 2004-030, except as noted in finding Nos. 6, 7, 10, 11, 12, 13, 14, and 16 of this report.

AUTHORITY

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

William O. Monroe, CPA

William O. Momore

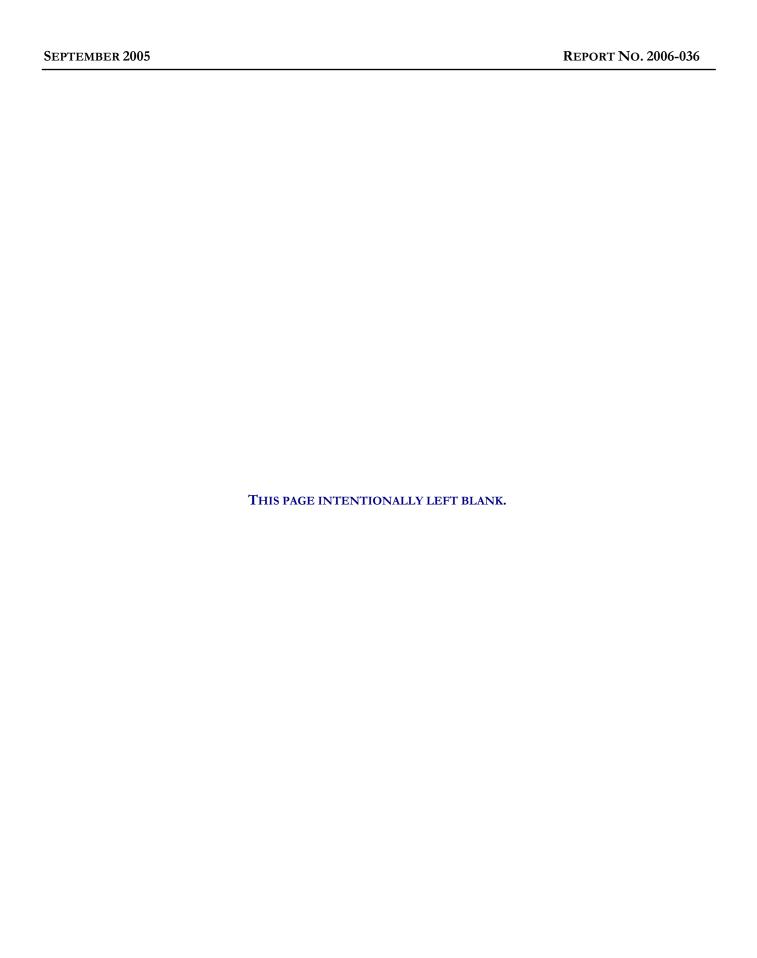
Auditor General

AUDITEE RESPONSE

The University's response is included as Exhibit 2.

This audit was made in accordance with applicable *Government Auditing Standards* issued by the Comptroller General of the United States. This audit was coordinated by Marilyn E. Tolley, CPA, and supervised by Agustin Silva, CPA. Please address inquiries regarding this report to Ted J. Sauerbeck, CPA, Audit Manager, via e-mail at tedsauerbeck@aud.state.fl.us or by telephone at (850) 487-4468.

This report, as well as other audit reports prepared by the Auditor General, can be obtained on our Web site at www.state.fl.us/audgen; by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.



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EXHIBIT – 1 FLORIDA INTERNATIONAL UNIVERSITY'S BOARD OF TRUSTEES

Members of the University's Board of Trustees who served during the audit period are listed below:

Board Member

Adolfo Henriques, Chair David R. Parker, Vice Chair Betsy S. Atkins Rafael A. Calderon to 09-01-04 Albert E. Dotson, Sr. Marcel Escoffier to 07-30-04 (1) Patricia Frost Bruce Hauptli from 08-01-04 (1) Robert Kirkwood Landon from 02-04-05 Miriam Lopez Sergio Pino Claudia Puig Jorge Rosario from 05-01-04 (2) Clayton Solomon to 04-30-04 (2) Rosa Sugrañes Herbert A. Wertheim

Notes: (1) Faculty senate chair.

(2) Student body president.

EXHIBIT – 2 FLORIDA INTERNATIONAL UNIVERSITY'S RESPONSE



Florida International University

Office of the President

September 9, 2005

William O. Monroe, CPA Auditor General G74 Claude Pepper Building 111 West Madison Street Tallahassee, Florida 32399-1450

Dear Mr. Monroe,

The following is a statement of explanation concerning all of the findings, including actual and proposed corrective actions regarding Florida International University's preliminary and tentative findings and recommendations associated with the Florida International University Operational Audit for the period January 1, 2004, through December 31, 2004 and selected transactions through March 31, 2005.

Sincerely,

Modesto A. Maidique

President

University Park Campus, Miami, Florida 33199 • (305) 348-2111 • Fax: (305) 348-3660

Equal Opportunity/Equal Access Employer and Institution

Finding No.1: Written Policies and Procedures

Recommendation:

Written policies and procedures had not been developed for some areas of the University's financial operations.

Response:

The Controller's Office has adopted and utilizes the Financial Statements Policy Manual that is prepared by the Interinstitutional Committee on Finance and Accounting, of which FIU is a member, as its policies for financial reporting. Detailed procedures for each account classification will now be prepared as part of an ongoing project with significant procedures documented by January 2006. An investment policy was approved by the Board of Trustees in June of 2005. Procedures related this policy are being developed. Policies and procedures for the capital assets area are currently being drafted and will be finalized by January 2006.

Finding No. 2: Financial Information Provided to the Board

Recommendation:

The Board of Trustees did not receive interim financial reports for use in monitoring the University's financial position.

Response:

While we concur with the recommendation of providing financial information to the Board, we feel we have already complied with the spirit of this recommendation. It is important to note that the University was in the midst of the PeopleSoft implementation and as such great efforts were being made in verifying, reconciling and analyzing financial data. Management needed to ensure that any financial information that would be provided to the Board would be accurate.

The following are some examples of how key financial information was provided to the Board to allow them to monitor the University's overall financial position. In November of 2004 the Chairperson of the Finance and Audit Committee reviewed the fiscal year 2003-04 financial statements to provide input on a format that would be useful for analysis. This detailed format was presented at the January 2005 meeting. In addition, at the Board meeting on March 7, 2005 preliminary financial statements for fiscal year 2004-05 were reviewed by the Board Chair and the Chairperson of the Finance and Audit Committee. At the Board meeting on June 29, 2005 the full budget was reviewed and approved by the Board. We intend to continue to provide financial information to the Board.

Finding No. 3: Bank Reconciliations

Recommendation:

Bank accounts were not reconciled timely after the University implemented its new accounting system on July 1, 2004.

Response:

It should be noted that reconciliations were completed timely but due to operating with the new PantherSoft Financials system there were significant reconciling items which demanded further analysis. We did not provide these reconciliations, which we considered to be in draft form, until we were comfortable with the reconciling items and the resolution thereof. Since the completion of this audit, significant progress has been made and the bank reconciliations are being completed in timely manner. All significant reconciling items have been resolved and/or recorded.

Finding No. 4: Stale-Dated Checks

Recommendation:

Contrary to Sections 717.117 and 717.119, Florida Statutes, the University did not report or remit approximately \$108,000 of unclaimed intangible personal property (stale-dated checks outstanding for over one year) to the Florida Department of Financial Services. Also, the December 2004 bank reconciliation disclosed approximately \$93,000 of stale-dated checks outstanding for over six months.

Response:

On June 29, 2005 the University filed a supplemental report with the Florida Department of Financial Services to remit the unclaimed property as of that date. Of the \$108,000 of stale dated checks, approximately \$19,229 was remitted to the State, \$49,834 was returned to students and the difference had already been cashed.

We believe this finding resulted from the conversion to the new PeopleSoft Financials, since we were in the process of familiarizing ourselves with the system. Given our greater understanding of the system, procedures for handling stale dated checks have since been developed and have been implemented to ensure that unclaimed checks are identified and can be remitted on a timely basis to the Florida Department of Financial Services.

Finding No. 5: Parking Citation Receivables

Recommendation:

The University had not implemented adequate controls over parking citation receivables.

Response:

The Parking and Transportation Department is in the process of obtaining a new software system, Power Park Flex by T2 Systems that will allow the University to reconcile receivables. This new system should be fully installed and operational by January 9, 2006. The system will allow the University to have much more comprehensive and direct communication with PantherSoft and as such will allow for more information to be provided on the receivables. Furthermore, a collection policy will be established and implemented by January of 2006.

Finding No. 6: Tangible Personal Property Records

Recommendation:

Our test of the University's tangible personal property records disclosed 16 items that could not be located during our physical inspection, and 8 items that were at locations different than those shown in the property records. In addition, an accurate listing of property custodians was not maintained.

Response:

The Property Office, through University-wide correspondence, will continue to instruct department project leaders to notify them in a timely manner of property that is moved. On an annual basis the Property Office, conducts a physical inventory and sends out notifications regarding the inventoried property. This notification will include a reminder to the department to notify the Controller's Office of any change to the accountable officer information. In addition, on an annual basis the Controller's Office will compare the PeopleSoft department ID/manager ID file to the Human Resources file for active employees and make any necessary changes to the accountable officer information.

Nine of the sixteen items mentioned in the report were not located but have now been documented for write-off. A Report of Survey form has been completed for these items, which includes a statement of the corrective action that will be taken to prevent future losses or shortages. Six items were found in different locations (moved without authorization), and one was found in the correct location (room had been locked).

Finding No. 7: Property Deletions

Recommendation:

Our test of tangible personal property deletions disclosed ten instances in which survey forms, used to document the reasons for deletions, were not properly completed.

Response:

The Property Control procedures have been strengthened to make sure there is a statement (attached memo to the Report of Survey form) of what corrective action will be taken by the department/accountable officer to prevent the reoccurrence of such theft/loss or inventory shortage. This statement/memo will be attached to the Report of Survey required prior to removing property from the Master Property File.

The items that had been declared surplus were never transferred by the user departments to the Surplus Warehouse. They had to be written off when the user error was noted.

Finding No. 8: Legal Studies Institute

Recommendation:

The University's controls over Legal Studies Institute collections needed improvement.

Response:

The following changes have been implemented in the department to comply with the cash collection policy and to address these findings. Any time the checks change possession that person will initial the check log to indicate possession of checks has changed. Prenumbered receipts are given to all customers that pay for LSI classes in person. All checks are currently being restrictively endorsed immediately upon receipt.

Checks are no longer sent via interoffice mail to the Biscayne Bay Campus for deposit. Checks are collected at University Park and deposited at the UP Student Financial's Office the same day.

Finding No. 9: Concession Funds

Recommendation:

Supporting documentation for some campus concession funds expense payments did not evidence how the payments served the interests of higher education.

Response:

For two of the examples cited in the report the supporting documentation did include a statement describing the benefit to higher education as required by University Policy. In all cases cited, the events served the interest of higher education since they were functions held to either reward employees or boost employee morale. We deem these employee incentives to benefit higher education because our employees are essential in serving the interests of our students, which in turn contribute to the goals of our University as an institution of higher learning.

Finding No. 10: Purchasing Card

Recommendation:

Purchasing card accounts for five former employees were not timely cancelled upon termination, and purchases were charged to the cards of two of these former employees after their last dates of employment.

Response:

A policy was recently adopted that requires all employees separating from the University to comply with the Exit Review Program which includes the completion of the Exit Review Questionnaire and the Separation Clearance Form. The Separation Clearance Form serves to ensure that property, including any purchasing card issued to an employee is returned to the University. Periodically, via University wide correspondence the Human Resources Office will remind employees and supervisors of their responsibility to complete these forms as part of their separation from the University.

The Purchasing Department also receives a bi-weekly report from Human Resources that contains the names of terminated employees. Purchasing reviews this list and verifies that employees have cancelled their purchasing cards.

Purchasing will continue to instruct and remind cardholders of their responsibility to notify Purchasing Services to cancel their purchasing cards prior to their termination date. Purchasing will also communicate to all cardholders that the use of the purchasing card after their termination of employment constitutes fraudulent use of the card and outline the consequences and remedies the University can take as indicated in their signed cardholder agreement.

In addition, University policy requires that as part of obtaining a purchasing card, all employees must attend a mandatory training session. Specifically, the training outlines the steps that employees need to follow in the event that they leave the University or are terminated. Among these procedures, the cardholder needs to submit the "Cardholder Termination/Transfer Form" on which the destroyed card is affixed.

Of the five employees noted, two had not been terminated but had transferred to other departments. Of the purchases noted on two cards after the employees' termination date, all items were confirmed to have been received and were departmental related charges. Therefore, reimbursement from these former employees is not required.

Finding No.11: Vehicle Logs

Recommendation:

Vehicle usage logs were not always complete, and did not include evidence of supervisory review.

Response:

Vehicle logs are the responsibility of the individual department that maintains the operation of the vehicle. Each department's management has the responsibility of monitoring the trip logs for accuracy. The Division of Administration will confirm this understanding of the responsibility of the department's management to monitor the trip logs for accuracy via a memorandum sent to each department. The trip logs will be modified to allow for a pre-printed area where the supervisors could document their review and approval by October 1, 2005.

With regards to the two specific vehicles cited for the Wolfsonian. The director of the department has created a departmental policy to ensure compliance effective immediately. Each vehicle driver is asked to sign a statement acknowledging that they are aware and understand the procedure. The department is also collecting the logs on a monthly basis.

Finding No.12: Fuel Consumption

Recommendation:

The University had not implemented adequate procedures to assess the reasonableness of fuel consumption of University vehicles.

Response:

The University will minimize and correct significant errors in odometer readings, establish fuel efficiency parameters for all vehicles, and determine a method for periodically reconciling these parameters to actual miles per gallon by January 2006.

To ensure University records document the resolution of miles per gallon readings that fall outside of established parameters, Facilities Management has installed an electronic dispensing system complete with software that maintains a database of all university vehicles. The system has a dual mode of operation.

Mode #1: Works with a key issued to a vehicle along with a pin number issued to the user. The key is inserted at the pump, pin entered along with vehicle mileage. The system will query the database concerning the particular vehicle, calculate miles/gallon before turning on the pump. If the miles/gallon falls below an established threshold, the pump remains inoperative. All fuel dispersed to the vehicle is added to the database. 90% of all university vehicles use Mode #1.

Mode #2: New facilities vehicles are fitted with a wireless transmitter system coupled with the vehicles onboard computer. A vehicle ID is transmitted to the database where mileage calculations are automatically made. Again, if the mileage calculation falls beneath the threshold, the pump remains inoperative. Mode #2 is a very comprehensive system that eliminates operator input.

In both modes, any discrepancy with the amount of fuel used is forwarded by the Vehicles Superintendent to the Supervisor of the vehicles department to reconcile the fuel exceptions report. A signed copy of the fuel exception report is then kept on file.

Finding No.13: Facilities Management Project Ledgers

Recommendation:

The University had not provided for the reconciliation of total expense differences between the Facilities Management Department's project ledgers and the general ledger.

Response:

Facilities Management acknowledges that the official record of the University is the PantherSoft general ledger. It has been a continued effort between the PantherSoft technical staff, the Controller's Office, and Facilities Management to reconcile these reports in their entirety. Facilities Management accounting staff continues to reconcile with the PantherSoft system within the limits of its security restrictions. However, there are still corrections to be made that require the participation and security authorizations of both the Controller's Office and PantherSoft staff in order to accomplish this goal. Facilities Management will work together with the Controller's Office to assure proper reconciliation of construction project records at the project level by December 31, 2005. By September 30, 2005 the construction funds will be reconciled at the fund level for purposes of the financial statements for the fiscal year ended June 30, 2005.

Finding No.14: Background Checks and Fingerprinting

Recommendation:

Background checks and fingerprinting were not required for employees with direct access to information technology resources.

Response:

Position descriptions have been updated to require background checks and fingerprinting for employees with direct access to information technology resources for UTS as well as employees in other areas of the University.

A new policy named "Pre-Employment Requirements" was adopted by the Board of Trustees effective July 1, 2005 which covers Background Checks and Fingerprinting for all University employees and will be applied to all appropriate positions as new individuals are hired.

Finding No.15: Sabbatical Leave

Recommendation:

Two employees did not submit required sabbatical leave reports, and 16 employees did not submit these reports in a timely manner.

Response:

The requirement for a timely report will be stressed more explicitly in the original sabbatical award letters from the Provost. A follow-up reminder will be sent by the Office of the Provost to any faculty who does not submit the report within 30 days.

In addition, effective immediately, the Vice Provost, has been assigned to follow up and review all sabbatical reports.

Finding No.16: Salary Increases

Recommendation:

Personnel files did not include documentation justifying salary increases granted to seven employees.

Response:

With regards to the one employee where the annual salary increase to counter-offer an outside job offer, the Salary Request Form did document that the verbal offer was verified and approved by the Provost. This documentation already exists in the employee's personnel file.

The employee actions related to the five employees in the same department that were granted salary increases have been reviewed and adequate documentation has been included in their respective personnel files.

The employee action related to a salary increase based on a salary inequity has been reviewed and adequate documentation has been included in their personnel file.

Controls have been implemented to ascertain that all salary actions are appropriately documented in accordance with established procedures and placed in the employee's personnel files.

Finding No.17: Employee Bonuses

Recommendation:

University records did not document, and we could not determine upon audit, the propriety of bonuses granted to two employees.

Response:

These bonuses were not awarded under Rule 6C-5.915(6)(e), Florida Administrative Code, they were awarded under the Cash Award and Bonus Guidelines established and approved by Human Resources and Academic Affairs on November 8, 2000, for the College of Business Administration for rewarding outstanding performance, therefore no documentation was required. A copy of the guidelines has been placed in the employee's personnel file as back-up documentation. Since Rule 6C-5.915(6)(e), Florida Administrative Code, no longer applies to Florida International University, new policies have been established and approved by the Board of Trustees addressing bonuses and additional compensation.

cc: Maria Alam, Executive Director, Human Resources
James Bond, Controller
Ted Guba, Audit Director
Arthur Herriott, Executive Vice Provost
Aime Martinez, Associate Controller
Marcos Perez, Vice President, Administration
Vivian Sanchez, CFO and Vice President for Human Resources
Orlando Valdes, Associate Director, Purchasing

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THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES FINANCE AND AUDIT COMMITTEE

21 NOVEMBER 2005

SUBJECT: FINANCIAL REPORT	
PROPOSED COMMITTEE ACTION:	
None. Discussion Item.	
EXHIBITS/SUPPORTING DOCUMENTS:	 None
FACILITATOR/PRESENTER:	 VIVIAN SANCHEZ

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES FINANCE AND AUDIT COMMITTEE

21 NOVEMBER 2005

SUBJECT: FINANCIAL STATEMENTS FISCAL YEAR 04-05			
PROPOSED COMMITTEE ACTION: None. Discussion Item.			
EXHIBITS/SUPPORTING DOCUMENTS:	■ The Florida International University Financial Statement, 2004 - 2005		
FACILITATOR/PRESENTER:	 VIVIAN SANCHEZ 		



The Florida International University

Financial Statement 2004-2005

FLORIDA INTERNATIONAL UNIVERSITY A COMPONENT UNIT OF THE STATE OF FLORIDA STATEMENT OF NET ASSETS AS OF JUNE 30, 2005

	University	Component Units	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 764,932	\$ 9,066,331	
Investments with State	86,217,762	24,147,779	
Accounts Receivable, Net	38,685,870	14,849,942	
Due From State	91,192,803		
Due From Component Units/University	341,193	9,625,000	
Notes Receivable, Net	434,000		
Inventories	1,760,850		
Other Assets	585,406	316,874	
Total Current Assets	219,982,816	58,005,926	
Noncurrent Assets:	0.404.047	0.004.557	
Restricted Cash and Cash Equivalents	3,124,347	6,091,557	
Restricted Investments with State	29,946,800	00 004 440	
Other Restricted Investments	-	60,664,418	
Loans and Notes Receivable, Net	2,151,964	40.050.440	
Depreciable Capital Assets, Net	411,749,103	12,259,143	
Land and Other Nondepreciable Capital Assets	69,385,141	702,500	
Other Assets	869,828	135,076	
Total Noncurrent Assets	517,227,183	79,852,694	
TOTAL ASSETS	\$ 737,209,999	\$ 137,858,620	
LIABILITIES Current Liabilities:			
Accounts Payable	\$ 2,232,270	\$ 157,946	
Accrued Salaries and Wages	9,484,323		
Construction Contracts Payable	3,414,315		
Deferred Revenue	33,502,653	274,823	
Deposits Payable	10,066,047		
Due to State	698,741		
Due to Component Units/University	9,625,000	341,193	
Long Term Liabilities - Current Portion:			
Bonds and Revenue Certificates Payable	4,932,565		
Notes Payable	340,229	2,655,656	
Capital Leases Payable	1,904,564		
Compensated Absences Payable	1,195,916	0.400.040	
Total Current Liabilities	77,396,623	3,429,618	
Noncurrent Liabilities:			
Bonds and Revenue Certificates Payable	138,091,842		
Notes Payable	1,280,522	18,565,000	
Capital Leases Payable	1,328,856	, ,	
Compensated Absences Payable	24,337,025		
Total Noncurrent Liabilities	165,038,245	18,565,000	
TOTAL LIABILITIES	\$ 242,434,868	\$ 21,994,618	
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	408,009,864		
Restricted:			
Nonexpendable:			
Endowment		72,239,199	
Expendable:			
Endowment			
Loans Conital Projects	2,387,396		
Capital Projects	3,627,076		
Debt Service	1,786,092	05 000 500	
Other Restricted Net Assets	908,692	25,023,506	
Unrestricted	78,056,011	18,601,297	
Total Net Assets	494,775,131	115,864,002	
TOTAL LIABILITIES AND NET ASSETS	\$ 737,209,999	\$ 137,858,620	

The accompanying notes to the financial statements are an integral part of this statement.

FLORIDA INTERNATIONAL UNIVERSITY A COMPONENT UNIT OF THE STATE OF FLORIDA STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE PERIOD ENDING JUNE 30, 2005

	University	Component Units	
REVENUES			
Operating Revenues:			
Student Tuition and Fees, Net of Scholarship Allowances of			
\$44,276,843	\$ 98,496,925	\$	
Federal Grants and Contracts	81,990,193		
State and Local Grants and Contracts	8,607,173		
Nongovernmental Grants and Contracts	3,465,876		
Sales and Services of Educational Departments	3,274,523		
Sales and Services of Auxiliary Enterprises	50,582,527		
Gifts and Donations	-	13,191,635	
Interest on Loans Receivable	14,718		
Other Operating Revenues	20,565,463	2,734,951	
Total Operating Revenues	266,997,398	15,926,586	
EXPENSES			
Operating Expenses:			
Compensation and Employee Benefits	282,751,107		
Services and Supplies	99,315,533		
Utilities	16,705,936		
Scholarships and Fellowships	22,685,598		
Depreciation Expense	24,963,808		
Other Operating Expenses	, ,	10,009,656	
Total Operating Expenses	446,421,982	10,009,656	
Operating Income (Loss)	(179,424,584)	5,916,930	
operating moonie (2000)	(170, 121,001)	0,010,000	
NONOPERATING REVENUES (EXPENSES)			
State Appropriations	176,471,345		
Investment Income	4,137,148	1,750,451	
Unrealized Gains and Losses	410,408	, ,	
Other Nonoperating Revenue	176,965		
Interest on Asset-Related Debt	(7,406,483)		
Other Nonoperating Expenses	(9,037,284)		
Net Unrealized Gains on Investments	-	6,513,887	
Net Nonoperating Revenues (Expenses)	164,752,099	8,264,338	
The state of the s	,	-,,,	
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(14,672,485)	14,181,268	
moomo (2000) 201010 Cino. Notonidos, Exponeso, Camo, et 20000	(11,072,100)	11,101,200	
Capital Appropriations	50,041,848		
Capital Grants, Contracts and Donations	2,549,302		
Total Other Revenues	52,591,150		
Increase in Net Assets	37,918,665	14,181,268	
Restated Net Assets, Beginning of Year	456,856,466	101,682,734	
Net Assets, End of Year	\$ 494,775,131	\$ 115,864,002	

The accompanying notes to the financial statements are an integral part of this statement.

FLORIDA INTERNATIONAL UNIVERSITY A COMPONENT UNIT OF THE STATE OF FLORIDA STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2005

University

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees	\$ 100,222,845
Grants and Contracts	88,678,740
Sales and Services of Educational Departments	3,274,523
Sales and Services of Auxiliary Enterprises	49,375,300
Interest on Loans Receivable	4,347
Other Operating Receipts	15,207,473
Payments to Employees	(279,718,643)
Payments to Suppliers for Goods and Services	(130,117,295)
Payments for Scholarships and Fellowships	(22,685,598)
Net Loans Issued to Students	(40,419)
Net Cash Provided (Used) by Operating Activities	 (175,798,727)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Appropriations	176,471,345
Operating Subsidies and Transfers	9,256,569
Funds Held for Others	7,995,279
Other Expenses	(301,966)
Net Cash Provided (Used) by Noncapital Financing Activities	193,421,227
CASH FLOWS FROM CAPITAL AND RELATED FINANCING	
Proceeds from Capital Debt and New Lease Obligation	36,524,761
Capital Grants and Contracts	2,049,302
Capital Appropriations	24,185,834
Capital Subsidies and Transfers	(8,009,651)
Other Receipts for Capital Projects	(8,013,598)
Purchases of Capital Assets	(62,510,007)
Principal Paid on Capital Debt and Leases	(8,643,292)
Interest Paid on Capital Debt and Leases	(6,909,566)
Net Cash Provided (Used) by Capital and Related Financing Activities	(31,326,217)
CASH FLOWS FROM INVESTING ACTIVITIES	
Net Change in Investments	799,583
Investment Income	3,790,907
Net Cash Provided (Used) by Investing Activities	4,590,490
Net Increase (Decrease) in Cash and Cash Equivalents Cash and Cash Equivalents, Beginning of Year	(9,113,227) 13,002,506
Cash and Cash Equivalents, End of Year	\$ 3,889,279
RECONCILIATION OF NET OPERATING REVENUES	 -,,
Operating Income (Loss) Operating Activities	\$ (179,424,584)
Depreciation Expense	24,963,808
Changes in Assets and Liabilities:	,000,000
Receivables, Net	(9,570,376)
Inventories	(1,256,214)
Loans and Notes Receivable, Net	(40,419)
Other Assets	(280,506)
Accounts Payable	(12,559,106)
Salaries and Wages Payable	1,306,801
Deposits Payable	(663,794)
Compensated Absences	 1,725,663
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (175,798,727)

SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL FINANCING ACTIVITIES

The University acquired data processing equipment totaling \$240,749 through capital leases.

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The accompanying notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Florida International University are described below to enhance the usefulness of the financial statements.

Reporting Entity. The University is a separate public instrumentality that is part of a State university system of public universities. A constitutional amendment effective January 7, 2003, created a board of governors to be responsible for the management of the State university system. A separate board of trustees shall administer each public university.

The University Board of Trustees (Trustees) consists of thirteen members. The Governor appoints six citizen members and the Board of Governors appoints five citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The chair of the faculty senate and the president of the student body of the University also are members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provides governance in accordance with Florida law, State Board of Education rules, and the Board of Governors. The Trustees select the University President and the State Board of Education must ratify the candidate selected. The University President serves as the executive officer and the corporate secretary of the Trustees and is responsible for administering the policies prescribed by the Trustees for the University.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600. Application of these criteria determines potential component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading or incomplete. Based on the application of these criteria, the University is a component unit of the State of Florida and its financial balances and activities included in these financial statements are reported in the State's Comprehensive Annual Financial Report by discrete presentation.

<u>Discretely Presented Component Unit</u>. Based on the application of the criteria for determining component units, the following organizations are included within the University's reporting entity as discretely presented component units:

Florida International University Foundation, Inc.

The purpose of the Florida International University Foundation, Inc., is to encourage, solicit, receive and administer gifts and bequests of property and funds for the advancement of Florida International University and its objectives.

Florida International University Research Foundation, Inc.

The Research Foundation was established on November 25, 1997. The purposes of the Research Foundation include the promotion and encouragement of, and assistance to, the research and training activities of faculty, staff, and students of Florida International University through income from contracts, grants, and other sources, including, but not limited to, income derived from or related to the development and commercialization of University work products.

The University further categorizes these component units as a direct-support organization.

<u>Direct-Support Organization</u>. The University's direct-support organizations, as provided for in Section 1004.28, Florida Statutes, and State Board of Education Rule 6C-9.011, Florida Administrative Code, are considered component units of the University and therefore the latest audited financial statements of this organization are included in the financial statements of the University by discrete presentation. These are separate, not-for-profit corporations organized and operated exclusively to assist the University to achieve excellence by providing supplemental resources from private gifts and bequests, and valuable education support services. The Statute authorizes these organizations to receive, hold, invest and administer property and to make expenditures to or for the benefit of the University. An independent certified public accountant conducts an annual audit of each organization's financial statements. The audited financial statements are submitted to the Auditor General and the University Board of Trustees. Additional information on the University's component units, including copies of audit reports, is available by contacting the University Controller's Office.

Basis of Presentation.. The University's accounting policies conform to generally accepted accounting principles applicable to public colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The National Association of College and University Business Officers (NACUBO) also provides the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB).

In November 1999, the GASB issued Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities. This Statement includes public colleges and universities within the financial reporting guidelines of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. GASB Statement

No. 35 allows public colleges and universities the option of reporting as a special-purpose government engaged in only business-type activities, engaged in only governmental activities, or engaged in both governmental and business-type activities. The University has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entity-wide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
 - Statement of Net Assets
 - Statement of Revenues, Expenses, and Changes in Net Assets
 - Statement of Cash Flows
 - Notes to Financial Statements

Basis of Accounting. Basis of accounting refers to when revenues, expenses, and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. University financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-type transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met.

Interdepartmental transactions of auxiliary service departments have been accounted for as reductions of expenses not revenues of those departments.

The University's principal operating activities consist of instruction, research, and public service. Operating revenues and expenses generally include all fiscal transactions directly related to these activities plus administration, operation and maintenance of capital assets, and depreciation on capital assets. Non-operating revenues include State appropriations, investment income, and funding for capital construction projects. Interest on asset-related debts is a non-operating expense.

The University follows FASB statements and interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

The Statement of Net Assets is presented in a classified format to distinguish between current and non-current assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, grants, etc., it is the University's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

The Statement of Revenues, Expenses, and Changes in Net Assets is presented by major sources and is reported net of tuition discounts and scholarship allowances. Tuition scholarship discounts and allowances are the differences between the stated charge for goods and services provided by the University and the amount that is actually paid by the student or third party making payment on behalf of the student. The University applied "The Alternate Method" as prescribed in "NACUBO Advisory Report 2000-05" to determine the net tuition discounts and allowances reported in the statement of revenues, expenses, and changes in net assets. Under this method, the University computes these amounts by allocating the cash payments to students, excluding payments for services, on a ratio of total aid to the aid not considered to be third-party aid.

The statement of cash flows is presented using the direct method, and is in compliance with GASB Statement No. 9, Reporting Cash Flow for Proprietary and Non-expendable Trust Funds.

<u>Capital Assets</u>. University capital assets consist of land, buildings, infrastructure and other improvements, furniture and equipment, property under capital leases, library resources, works of art and historical treasures, construction in progress, and other capital assets. These assets are capitalized and recorded at cost at the date of acquisition or at appraised value at the date received in the case of gifts or purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of \$1,000 for all equipment items. Depreciation is computed on the straight-line basis over the estimated useful life of the related assets.

The following ranges of estimated useful lives were used to determine depreciation expense:

- ➤ Buildings and Improvements 20 to 50 Years, Depending on Construction
- ➤ Infrastructure and Other Improvements 15 Years
- ➤ Furniture and Equipment 3 to 20 Years
- ➤ Library Resources 10 Years
- ➤ Property Under Capital Leases 5 Years

2. CASH AND CASH EQUIVALENTS

The amount reported as cash and cash equivalents consists of cash on hand, cash in demand accounts, and cash held in the State Board of Administration and State Treasury. Cash in demand accounts are held in banks qualified as a public depository in accordance with the provisions of Chapter 280, Florida Statutes. All such accounts are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. Cash and cash equivalents that are

externally restricted to make debt service payments, maintain sinking or reserve funds, and to purchase or construct capital or other restricted assets are classified as restricted.

3. INVESTMENTS

The University participates in investment pools through the State Treasury and the State Board of Administration in accordance with the provisions of Sections 17.61 and 215.49, Florida Statutes. The investments conform to guidelines provided in Section 215.47, Florida Statutes, and are reported at the market value of \$116,164,562.

Generally accepted accounting principles require the classification of credit risk of investments into the following three categories:

- ➤ Risk Category 1 Insured or registered, or securities held by the entity or its agent in the entity's name.
- ➤ Risk Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.
- ➤ Risk Category 3 Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

University investments in the investment pools managed by the State Treasury and the State Board of Administration cannot be categorized because the University's investments are not evidenced by specific, identifiable investment securities. The State Treasury Investment Pool is rated by Standard and Poors. The current rating is AA-f. The effective duration of the State Treasury Investment Pool is 2.22 years as of June 30, 2005. Additional disclosures on the State Treasury Investment Pool can be found in note 2 of the State of Florida Comprehensive Annual Financial Report.

Investments held by the University's component unit included equity, debt, Federal agency securities, limited partnerships, and mutual funds. These investments are presented on the financial statements at fair value of \$84,812,198, and are not classified as to risk category.

4. RECEIVABLES

Accounts Receivable. Accounts receivables reported in the statement of net assets represent amounts for student fees and various student services provided by the University, various auxiliary services provided to students and third parties, grant reimbursements due from third parties, and interest accrued on investments. Accounts receivable are reported net of an allowance of \$7,282,516.

<u>Loans and Notes Receivable.</u> Loans and notes receivable represent all amounts owed on promissory notes from debtors, including student loans made under the Federal Perkins Loan Program and other loan programs. Loans and notes receivable are reported net of an allowance for uncollectible loans and notes of \$1,232,237.

<u>Allowance for Uncollectible Receivables.</u> The University provides allowances for uncollectible accounts and loans and notes receivable based upon management's best estimate of uncollectible accounts and notes at fiscal year-end, considering type, age, collection history of receivables, and any other factors as considered appropriate.

5. DUE FROM STATE

As of June 30, 2005, the amount reported as Due From State is \$91,192,803 and is comprised of the following amounts:

Source	Amount
Public Education Capital Outlay	\$ 61,469,507
FIU Housing Revenue Bonds, Series 2004A	26,985,691
Capital Facilities Matching	1,498,987
Capital Improvement Trust Fund	1,238,618
Total	\$ 91,192,803

6. INVENTORIES

Inventories have been categorized into the following two types:

- Departmental Inventories Those inventories maintained by departments and not available for resale. Departmental inventories are comprised of such items as classroom and laboratory supplies, teaching materials, and office supply items, which are consumed in the teaching and work process. These inventories are normally expensed when purchased and, therefore, are not reported on the statement of net assets.
- Merchandise Inventories Those inventories maintained which are available for resale to individuals and other University departments, and are not expensed at the time of purchase. These inventories are reported on the statement of net assets, and are valued at cost using either the average cost method or the last invoice cost, which approximates the first-in, first-out method of inventory valuation.

7. CAPITAL ASSETS

The activity of the University's major classes of capital assets for the 2004-05 fiscal year is presented in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	
Nondepreciable Capital Assets:					
Land	\$ 28,402,805	\$ -	\$ -	\$ 28,402,805	
Construction in Progress	51,717,417	-	13,449,614	38,267,803	
Works of Art and Historical Treasures	2,653,982	60,551		2,714,533	
Total Nondepreciable Capital Assets	\$ 82,774,204	\$ 60,551	\$ 13,449,614	\$ 69,385,141	
Depreciable Capital Assets:					
Buildings	\$ 369,788,420	\$ 52,874,074	\$ 21,052	\$ 422,641,442	
Infrastructure and Other Improvements	10,063,920	13,608	-	10,077,528	
Furniture and Equipment	113,202,890	8,454,919	3,465,980	118,191,829	
Property Under Capital Leases	9,248,513	240,749	-	9,489,262	
Library Resources	71,716,644	5,978,622	1,414	77,693,852	
Other Capital Assets	1,699,309	211,634	8,285	1,902,658	
Total Depreciable Capital Assets	575,719,696	67,773,606	3,496,731	639,996,571	
Less Accumulated Depreciation:					
Buildings	\$ 89,210,529	\$ 7,504,948	\$ -	\$ 96,715,477	
Infrastructure and Other Improvements	7,897,006	670,928	-	8,567,934	
Furniture and Equipment	79,648,862	10,437,276	3,422,154	86,663,984	
Property Under Capital Leases	3,702,540	1,853,715	-	5,556,255	
Library Resources	24,992,208	4,305,753	-	29,297,961	
Other Capital Assets	1,254,669	191,188		1,445,857	
Total Accumulated Depreciation	206,705,814	24,963,808	3,422,154	228,247,468	
Total Depreciable Capital Assets, Net	369,013,882	42,809,798	74,577	411,749,103	
Total Capital Assets, Net	\$ 451,788,086	\$ 42,870,349	\$ 13,524,191	\$ 481,134,244	

8. DUE TO/FROM COMPONENT UNITS/UNIVERSITY

The transaction described below is a related party transaction. On May 3, 2005 the University entered into an agreement with the FIU Research Foundation, Inc. whereas, the Research Foundation authorized the issuance of a promissory note in an aggregate principal amount not to exceed \$10,000,000, plus interest, to finance (i) the payment of amounts due under the Settlement Agreement dated February 10, 2005 between the FIU Board of Trustees (the "Board") and the United States Department of Justice related to the University's Hemispheric Center for Environmental Technology (ii) certain costs relating to the financing, all pursuant to a note purchase agreement entered into by the FIU Research Foundation. The amount outstanding on the note as of June 30, 2005 is \$9,625,000 (see note 10). The Board agreed to budget and apply from available revenues such amounts which, when taken together with other funds of the FIU Research Foundation, Inc. will enable the Research Foundation to pay debt service on the notes in accordance

with their terms in each year that the notes are outstanding. The Board acknowledges that its agreement to budget and apply shall continue until the notes are paid in full.

9. DEFERRED REVENUES

Deferred revenues include amounts received prior to the end of the fiscal year but related to subsequent accounting periods. As of June 30, 2005, the University reported \$33,502,653 of deferred revenues relating to Public Education Capital Outlay and Capital Improvement Trust Fund allocations.

10. LONG-TERM LIABILITIES

Long-term liabilities of the University include bonds and revenue certificates, notes, capital leases, and compensated absences. The following table presents the University's long-term liabilities activity for the fiscal year ended June 30, 2005:

	Beginning Balance Additions		Additions Reductions		Additions Reductions Balance		Additions		Additions		Additions		O		dditions Reductions		Current Portion
Bonds and Revenue Certificates Notes Payable	\$ 92,757,946 20,754,288	\$	55,392,403 1,620,751	\$	5,125,942 20,754,288	\$ 143,024,407 1,620,751	\$ 4,932,565 340,229										
Compensated Absences Capital Leases Liability	23,807,278 5,130,561		1,725,663 240,748		2,137,889	25,532,941 3,233,420	1,195,916 1,904,564										
TOTAL:	\$ 142,450,073	\$	58,979,565	\$	28,018,119	\$ 173,411,519	\$ 8,373,274										

Bonds and Revenue Certificates Payable. Bonds and revenue certificates were issued to construct University facilities, including parking garages, student housing, and academic and student service facilities. Bonds and revenue certificates outstanding, which include both term and serial bonds, are secured by a pledge of housing rental revenues, traffic and parking fees, and various student fee assessments. The building fee and capital improvement fee, collected as a part of tuition and remitted to the State Board of Education, is used to retire the revenue certificates for the academic and student service facilities.

On November 17, 2004, the Division of Bond Finance of the State Board of Administration of Florida (the "Division") on behalf of the University, issued FIU Housing Facility Revenue Bonds, Series 2004A. The amount of the issue totaled \$53,915,000. The Division authorized \$36,500,000 for the purpose of financing the construction of a new student housing facility on the University Park Campus. The bonds are secured by the revenues of the housing system at the University, and may additionally be secured by other revenues that are determined to be necessary and legally available. Proceeds of the bonds and other legally available monies shall be used for the project.

The Division also authorized the prepayment of the University's loan related to the outstanding \$19,860,000 Dade County Educational Facilities Authority Revenue and Revenue Refunding Bonds, Series 1993. Proceeds of the bonds were used to pay the costs of issuance of such bonds, to provide for capitalized interest, to provide for a municipal bond insurance policy, to fund a reserve account and provide debt service insurance.

A summary of pertinent information related to the University's bond indebtedness is presented in the following table:

Type and Series	I	Amount of Original Issue		Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
Student Housing and Parking:						
1995	\$	7,780,000	\$	5,202,210	4.8 - 5.375	2016
1998	Ψ	26,525,000	Ψ	23,870,539	4.3 - 6.3	2028
1999		7,530,000		6,081,832	4.6 - 5.625	2019
2000		14,605,000		13,330,740	4.4 - 5.75	2025
2002		22,915,000		20,820,642	2.6 - 4.6	2022
2004-A		53,915,000		53,785,978	3 - 5	2034
Academic and Student Services		,,		20,100,10		
Facilities:						
1997	\$	2,936,719	\$	2,273,021	5.05 - 5.63	2022
1997-A	"	4,360,924	"	3,909,173	4.63 - 5.10	2016
1998		5,643,367		4,559,714	4.0 - 5.0	2023
2001		5,566,922		5,018,438	4.0 - 5.0	2026
2003-A		5,049,124		4,172,120	3.0 - 5.0	2013
Total Bonds and Revenue Certificates Payable	\$	156,827,056	\$	143,024,407		

Principal and interest requirements on the bonded debt outstanding as of June 30, 2005, are presented in the following table:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	4,922,052	6,622,616	11,544,668
2007	5,771,725	6,412,195	12,183,920
2008	6,036,573	6,144,963	12,181,536
2009	6,323,713	5,864,758	12,188,471
2010	6,606,146	5,575,346	12,181,492
2011-2015	36,916,891	22,984,700	59,901,591
2016-2020	30,188,186	14,463,221	44,651,407
2021-2025	24,244,863	7,987,324	32,232,187
2026-2030	13,302,451	3,379,853	16,682,304
2031-2035	7,965,000	915,975	8,880,975
subtotal	142,277,600	80,350,951	222,628,551
Plus, Unamortized Premium	1,939,589		1,939,589
Less, Unamortized Discount	1,060,484		1,060,484
Less, Amount deferred on refunding	132,298		132,298
Total	\$ 143,024,407	\$ 80,350,951	\$ 223,375,358

Notes Payable - University.

The University entered into an equipment financing agreement with the Department of Financial Services in the amount of \$1,801,200 to be used for the purchase of equipment. The interest rate is 3.22% and it matures on December 9, 2009. The note requires 4 quarterly principal and interest installments of \$97,084. Annual requirements to amortize the notes payable as of June 30, 2005, are shown in the following table:

Fiscal Year Ending			
June 30,	Principal	Interest	Total
2006	340,229	48,107	388,336
2007	351,317	37,019	388,336
2008	362,767	25,569	388,336
2009	374,590	13,746	388,336
2010	191,848	2,320	194,168
Total	\$ 1,620,751	\$ 126,761	1,747,512

Notes Payable - FIU Foundation, Inc.

On January 20, 2000, the Miami-Dade County Educational Facilities Authority (the "Authority") issued \$13,000,000 tax-exempt revenue bonds (Florida International University Foundation Project – Series 1999). These bonds are payable from and secured by a pledge of payments to be made to the Authority under a loan agreement dated December 1, 1999, between the FIU Foundation, Inc. (the "Foundation") and the Authority. The bonds were also paid from an irrevocable letter of credit issued by a commercial bank. The Foundation will finance the payments to the Authority under the loan agreement with lease payments received from the University under an operating lease. Of the \$13,000,000 principal amount, \$6,500,000 are fixed term bonds issued at a fixed rate of 5.03 percent under a 10 year interest rate swap agreement with a commercial bank, and the remaining \$6,500,000 are variable term bonds issued at a variable rate, with final maturity of May 1, 2022. The bond proceeds are being used to acquire, construct and equip a multi-function support complex located on the University Park campus and to pay issuance costs. As of June 30, 2005, the outstanding principal balance due under this note payable was \$11,620,000.

On December 1, 1999, the Foundation entered into a letter of credit agreement with a commercial bank that permitted the Foundation to borrow through February 15, 2005, up to \$13,000,000, bearing interest at the prime rate plus 2 percent. The Foundation must pay an annual commitment fee of 0.45 percent on the unused portion of the commitment. Borrowings under the financing agreement mature 90 days after the date of the borrowing.

Under the letter of credit agreement and loan agreement noted above, the Foundation is obligated under debt covenants. The aggregate maturities of the notes payable, as of June 30, 2005, are shown in the following table:

Fiscal Year Ending June 30	 Amount
2006	\$ 450,000
2007	470,000
2008	495,000
2009	520,000
2010	550,000
Thereafter	 8,710,000
Total	\$ 11,195,000

Notes Payable - FIU Research Foundation, Inc.

The FIU Research Foundation, Inc. entered into a note purchase and loan agreement on June 1, 2005 with a Bank in the amount of \$9,625,000. The terms of the loans include a taxable term loan ("Facility A") in the amount of \$1,670,000 and a tax-exempt, bank-qualified term loan ("Facility B") in the amount of \$7,955,000. The FIU Board of Trustees has agreed to budget and apply available revenues, which when taken together with other funds of the Issuer, will be sufficient to pay debt service on the loan (see Note 8). The loan shall mature and all indebtedness outstanding shall be paid in full on or before June 30, 2010. The interest rate on Facility A and B is variable per annum. The aggregate maturities of the notes payable is listed below:

Fiscal Year E	nding			
June 30,		Principal	Interest	Total
	2006	1,805,000	288,149	2,093,149
	2007	1,865,000	227,656	2,092,656
	2008	1,925,000	167,815	2,092,815
	2009	1,985,000	105,182	2,090,182
	2010	2,045,000	41,071	2,086,071
		9,625,000	829,873	10,454,873

<u>Capital Leases Payable</u>. The University has acquired data processing equipment totaling \$9,489,262 under capital leases. Principal and interest requirements on the capital leases outstanding as of June 30, 2005, are presented in the following table:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	1,904,564	96,962	2,001,526
2007	914,615	30,055	944,670
2008	414,242	5,335	419,577
Total	\$ 3,233,421	\$ 132,352	\$ 3,365,773

The stated interest rates range from 2.25 to 4.83 percent.

Compensated Absences Liability. Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to State Board of Education Rule 6C-5.920, Florida Administrative Code, and pursuant to bargaining agreements between the Florida Board of Education and the United Faculty of Florida. Leave earned is accrued to the credit of the employee, and records are kept on each employee's unpaid (unused) leave balance. GASB Statement No. 16 requires that the University accrue a liability in the statement of net assets for employees' vested right to receive compensation for future absences when certain conditions are met, whereas appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. Consequently, the recording of the liability for compensated absences, without the corresponding recognition of such future resources, results in the appearance of a reduced ability to meet current obligations. At June 30, 2005, the total estimated liability for annual and sick leave, which includes the University's share of the Florida Retirement System and FICA contributions, was \$14,772,344 and \$10,760,597, respectively. The current portion of the compensated absences liability is based on actual payouts over the last three years, calculated as a percentage of those years' total compensated absences liability. The University's total net assets balance at June 30, 2005, of \$494,775,131 would have been \$520,308,072 had the liability for compensated absences not been applied against it.

11. OPERATING LEASE COMMITMENT

The operating lease commitment described below is a related party transaction. On December 1, 1999, the former Board of Regents of the State University System of the State of Florida for and on behalf of the University entered into a ground lease agreement with the Florida International University Foundation, Inc. (Foundation). Under this agreement, the Foundation leases from the University the grounds on which a multi-function support complex facility was built on the University Park campus. The consideration required to be paid by the Foundation is \$10 annually. The ground lease will expire on December 31, 2024, or on the date the Foundation makes its final payment under a letter of credit agreement related to the financing of the facility. On December 1, 1999, the former Board of Regents on behalf of the University also entered into a 20 year operating lease agreement with the Foundation for the multi-function support complex facility. Under the terms of the operating lease, the University will pay the Foundation rent in the amount equal to all amounts due and payable by the Foundation under the letter of credit agreement, if any, and loan agreement related to the financing of the facility. The payments also include any costs of operating and maintaining the facility. The lease will terminate on the date on which all amounts due and owing by the Foundation under the letter of credit agreement are paid in full.

The facility under the above operating lease is not recorded as an asset on the statement of net assets; however, the operational lease payments are recorded as expenses in the statement of revenues, expenses, and changes in net assets when paid or incurred. The following schedule by years presents management's best estimate of future minimum rental payments for this non-cancelable operating lease as of June 30, 2005:

Fiscal Year Ending June 30		Amount
2006	\$	1,575,000
2007		1,575,000
2008		1,638,000
2009		1,638,000
2010-2014		8,321,040
2015-2019		8,653,882
2020-2023		5,314,983
Total Remaining Commitment	\$	28,715,905

12. FUNCTIONAL DISTRIBUTION OF OPERATING EXPENSES

The functional classification (instruction, research, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. For example, activities of academic departments for which the primary departmental function is instruction may include some activities other than direct instruction such as research and public service. However, when the primary mission of the department consists of instructional program elements, all expenses of the department are reported under the instruction classification. The operating expenses on the statement of revenues, expenses, and changes in net assets are presented in the natural classifications. The following table presents those same expenses in functional classifications as recommended by NACUBO:

Functional Classification	Amount
Instruction	\$ 114,982,899
Research	67,959,219
Academic Support	60,588,993
Auxiliary Operations	60,155,281
Institutional Support	52,497,440
Depreciation Expenses	24,963,808
Operation and Maintenance of Plant	24,521,740
Student Services	18,611,007
Scholarships and Fellowships	15,743,173
Public Services	6,095,072
Loan Operating Expenses	303,350
Total Operating Expenses	\$ 446,421,982

13. CONSTRUCTION COMMITMENTS

A summary of major construction commitments (\$3 million or more) at June 30, 2005, is presented in the following table:

	Current				Commitment		
Project Name	Commitment		Commitment Expenses		Balance		
Lakeview Housing	\$	35,256,240	\$	3,795,561	\$	31,460,679	
Law School Building		31,374,112		4,578,178		26,795,934	
Graduate School of Business		18,545,993		604,416		17,941,577	
Marine Biology Bldg.		13,157,400		7,948,395		5,209,005	
Art Museum		12,768,335		3,487,737		9,280,598	
University Park Central Utility Plant		8,982,630		3,679,263		5,303,367	
Health & Life Sciences Expansion - Phase II		7,591,479		6,619,005		972,474	
Wolfe University Center		4,427,872		500,840		3,927,032	
Utilities/Infrastructure Improvements		4,143,386		146,584		3,996,802	
Health Care & Wellness Center Expansion		3,000,000		2,902,553		97,447	
	\$	139,247,447	\$	34,262,532	\$	104,984,915	

14. RETIREMENT PLANS

Florida Retirement System. Most employees working in regularly established positions of the University are covered by the Florida Retirement System, a State-administered, cost-sharing, multiple-employer, public employee defined benefit retirement plan (Plan). Plan provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein plan eligibility, contributions, and benefits are defined and described in detail. Participating employers include all State departments, counties, district school boards, universities and community colleges. Many municipalities and special districts have elected to be participating employers. Essentially, all regular employees of participating employers are eligible to enroll as members of the Plan.

The Florida Legislature has reduced the vesting period from 10 to 6 years of service. Any member employed in a regularly established position on July 1, 2001, with a total of 6 or more years of creditable service will be considered vested. Former members who are not employed with a participating Plan employer on July 1, 2001, must return to covered employment for one year to become eligible for the six-year vesting provision. An exception to this one-year requirement applies to former members who are within one year of vesting under the pre-2001 vesting requirements. These members will only be required to work the lesser of one year or the amount of time it would have taken to vest in their class of membership prior to July 1, 2001. All members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military service. The Plan also includes an early retirement

provision, but imposes a penalty for each year a member retires before the specified retirement age. The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments, as well as supplements for certain employees to cover social security benefits lost by virtue of retirement system membership.

A Deferred Retirement Option Program (DROP), subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly retirement benefit payments while continuing employment with a Florida Retirement System employer. An employee may participate in the DROP for a period not to exceed 60 months after the participation election date. During DROP participation, the deferred monthly benefit accruing on behalf of the participant, plus interest compounded monthly, is held in the Florida Retirement System Trust Fund. Upon termination of employment, the participant receives the total DROP benefits and begins to receive previously determined retirement benefits.

The Plan's financial statements and other supplemental information are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services in Tallahassee, Florida. An annual report on the Plan, which includes its financial statements, required supplemental information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement in Tallahassee, Florida.

The State of Florida establishes contribution rates for Plan members. The following table presents the contribution rates for the employer during the 2004-05 fiscal year:

	Percent of Gross Salary					
	Employee	Employer				
Class or Plan		(A)				
Florida Retirement System, Regular	0.00	7.39				
Florida Retirement System, Senior Management Servi	0.00	9.37				
Florida Retirement System, Special Risk	0.00	9.92				
Teacher's Retirement System, Plan E	6.25	11.35				
Deferred Retirement Option Program - Applicable to						
Members from All of the Above Classes or Plan	0.00	9.11				
Florida Retirement System, Reemployed Retiree	(B)	(B)				

- Notes: (A) Employer rates include 1.11 percent for the post-employment health insur supplement and .08 percent for administrative costs of the Public Emplo Optional Retirement Program.
 - (B) Contribution rates are dependent upon retirement class or plan in which reemployed.

The University's liability for participation in the Plan is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the University.

The University's total contributions made to the Plan (none from employees) for fiscal years ended June 30, 2003, June 30, 2004 and June 30, 2005 totaled \$4,441,483, \$5,412,463, and \$5,423,372 respectively, which were equal to the required contributions for each fiscal year.

State University System Optional Retirement Program. Pursuant to Section 121.35, Florida Statutes, the Florida Legislature created an Optional Retirement Program (ORP) for eligible State University System faculty and administrators. The program, which became effective July 1, 1984, was expanded in 1988 to include the State University System Executive Service. The Program is designed to aid the University system in recruiting employees by offering more portability to employees not expected to remain in the Florida Retirement System for six or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program rather than the Florida Retirement System, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes on behalf of the participant an amount equal to 10.43 percent of the participant's gross monthly compensation. A small amount remains in the Optional Retirement Program Trust Fund for program administrative costs. The remaining contribution is invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement. The participant may contribute by salary deduction an amount not to exceed the percentage contributed by the University to the participant's annuity account.

There were 1,248 University participants during the 2004-05 fiscal year. Required contributions made to the Program totaled \$11,163,065, including \$4,215,398 from employee contributions.

Public Employee Optional Retirement Program. Pursuant to Section 121.4501, Florida Statutes, effective June 1, 2002, the Florida Legislature created a Public Employee Optional Retirement Program (PEORP), also known as the Florida Retirement System (FRS) Investment Program. The PEORP is a defined contribution plan, sponsored by the State of Florida, available as an option to the FRS, and is self-directed by the employee. University employees already participating in the State University System Optional Retirement Program or the DROP are not eligible to participate in this program. With each pay period, the University contributes a percentage (same as FRS Rate) of the participating employees' earnings to an annuity plan. Pension benefits are determined by the dollars in the account at the time of retirement.

There were 141 University participants during the 2004-05 fiscal year. Required contributions made to the PEORP totaled \$324,847.

15. POST-EMPLOYMENT BENEFITS

Pursuant to Section 112.363, Florida Statutes, the Florida Legislature established the Retiree Health Insurance Subsidy (HIS) to assist retirees of all State-administered retirement systems in paying health insurance costs. During the 2004-05 fiscal year, the HIS program was funded by required contributions consisting of 1.11 percent assessed against the payroll for all active employees covered in State-administered retirement systems. This assessment is included in the Florida Retirement System contribution rates presented in note 15.

Eligible retirees, spouses, or financial dependents under any State-administered retirement system must provide proof of health insurance coverage, which can include Medicare. During the 2004-05 fiscal year, participants received an extra \$5 per month for each year of creditable service completed at the time of retirement; however, no eligible retiree or beneficiary may receive a subsidy payment of more than \$150 or less than \$30. If contributions fail to provide full subsidy benefits to all participants, the subsidy payments may be reduced or canceled.

16. RISK MANAGEMENT PROGRAMS

State Self-Insurance Fund. In accordance with a program for central insurance purchases adopted by the Florida Cabinet in 1969, the Department of Management Services has authority to purchase insurance on behalf of all State agencies. This authority was granted with the enactment of Section 287.022, Florida Statutes. Other actions by the Legislature have resulted in the development of State self-insurance funds providing hazard insurance for property and casualty insurance for State employees workers' compensation, general liability, and fleet automotive liability. The University participates in these programs. Property losses in excess of \$2 million are commercially insured up to \$200 million per loss event. Payments on tort claims are limited to \$100,000 per person and \$200,000 per occurrence as set by Section 768.28, Florida Statutes. Calculations of premiums consider the cash needs of the program and the amount of risk exposure for each participant. There have been no significant reductions in insurance coverage from the prior year coverage. Settlements have not exceeded insurance coverage during the past three years.

University employees may obtain health care services through participation in the State's group health insurance plan or through membership in a health maintenance organization plan under contract with the State. The State's risk financing activities associated with State group health insurance, such as risk of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund. It is the practice of the State not to purchase commercial coverage for the risk of loss covered by this Fund. Additional information on the State's group health insurance plan, including the actuarial report, is available from the Florida Department of Management Services, Division of State Group Insurance in Tallahassee, Florida.

17. CONTINGENT LIABILITIES

The University is involved in several pending and threatened legal actions. The range of potential loss from all such claims and actions, as estimated by the University's attorney and management, should not materially affect future operations and the financial condition of the University.

18. COMPONENT UNITS

The University has two component units as detailed in the summary of significant accounting policies. The following table is a summary of the most recent available audited component unit financial statements:

	FIU Foundation, Inc. June 30, 2005		Four	U Research ndation, Inc. ne 30, 2005	Total		
Condensed Statement of Net Assets							
Assets							
Current Assets	\$	48,380,926	\$	9,625,000	\$	58,005,926	
Non Current Assets:							
Capital Assets, Net of Depreciation		12,259,143				12,259,143	
Other		67,593,551				67,593,551	
Total Assets	\$	128,233,620	\$	9,625,000	\$	137,858,620	
Liabilities							
Current Liabilities	\$	1,624,618	\$	1,805,000	\$	3,429,618	
Non-Current Liabilities	"	10,745,000	"	7,820,000	"	18,565,000	
Total Liabilities	\$	12,369,618	\$	9,625,000	\$	21,994,618	
Net Assets							
Restricted for Non Expendable		72,239,199				72,239,199	
Restricted for Expendable		25,023,506				25,023,506	
Unrestricted		18,601,297				18,601,297	
Total Net Assets	\$	115,864,002	\$	_	\$	115,864,002	
Condensed Statement of Revenues, Expenses, and Changes in Net Assets							
Operating Revenue	\$	15,926,586			\$	15,926,586	
Less Operating Expenses		10,009,656				10,009,656	
Total Operating Income(Loss)		5,916,930				5,916,930	
Non-Operating Revenues (Expenses)		8,264,338				8,264,338	
Change in Net Assets		14,181,268				14,181,268	
Net Assets, Beginning of Year		101,682,734				101,682,734	
Net Assets, End of Year	\$	115,864,002			\$	115,864,002	

19. SEGMENT INFORMATION

A segment is an identifiable activity (or grouping of activities), that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of the debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. The requirement for separate reporting should be imposed by a third party (i.e., accounting and reporting set forth in bond indenture). The University reports two segments. The

housing facility provides on-campus living accommodations for students and the parking operations provides on-campus parking for faculty, staff, students, and visitors. The following is condensed financial information for the 2004-05 fiscal year for the segments:

Condensed Statement of Net Assets

	Housing	Parking		
Assets	 			
Current Assets	\$ 46,201,212	\$	6,710,453	
Capital Assets, Net	59,099,118		40,833,883	
Other Noncurrent Assets	581,551		2,558,387	
Total Assets	\$ 105,881,881	\$	50,102,723	
Liabilities				
Current Liabilities	\$ 2,765,829	\$	1,828,781	
Noncurrent Liabilities	88,953,128		30,571,520	
Total Liabilities	 91,718,957		32,400,301	
Net Assets				
Restricted	(1,596,968)		2,433,830	
Unrestricted	13,459,904		6,574,890	
Invested in Capital Assets, Net of Related Debt	2,299,988		8,693,702	
Total Net Assets	 14,162,924		17,702,422	
Total Liabilities and Net Assets	\$ 105,881,881	\$	50,102,723	

Condensed Statement of Revenues, Expenses and Changes in Net Assets

		Housing	Parking		
Operating Revenues (Expenses):					
Operating Revenues	\$	17,529,358	\$	6,921,788	
Depreciation Expense		(1,604,396)		(513,690)	
Other Operating Expenses		(6,045,185)		(2,556,887)	
Net Operating Income		9,879,777		3,851,211	
Nonoperating Revenues (Expenses):					
Investment Income		424,256		361,989	
Interest on Asset Related Debt		(4,602,224)		(1,472,382)	
Other Non Operating Revenues (Expenses)		(571,307)		1,012,067	
Net Nonoperating Revenues (Expenses)		(4,749,275)		(98,326)	
Income Before Transfers		5,130,502		3,752,885	
Transfers in (out)		(2,089,383)		1,173,439	
Increase (Decrease) in Net Assets		3,041,119		4,926,324	
Beginning Net Assets	<u></u>	11,121,805		12,776,098	
Ending Net Assets	\$	14,162,924	\$	17,702,422	

Condensed Statement of Cash Flows

	 Housing	Parking		
Net Cash Provided (Used) By:	 			
Operating Activities	\$ 7,729,835	\$	4,192,937	
Capital and Related Fnancing Activities	(7,279,951)		(5,868,045)	
Investing Activities	 (347,861)		2,416,492	
Net Increase in Cash and Cash Equivalents	 102,023		741,384	
Cash and Cash Equivalents, Beginning of Year	95,000		39,300	
Cash and Cash Equivalents, End of Year	\$ 197,023	\$	780,684	

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES FINANCE AND AUDIT COMMITTEE

21 NOVEMBER 2005

Subject: University Compliance Office	E REPORT
PROPOSED COMMITTEE ACTION:	
None. Discussion Item.	
EXHIBITS/SUPPORTING DOCUMENTS:	 UNIVERSITY COMPLIANCE OFFICE PROJECTS REPORT, 1 NOVEMBER 2005
FACILITATOR/PRESENTER:	 Leyda Benitez

FLORIDA INTERNATIONAL UNIVERSITY UNIVERSITY COMPLIANCE OFFICE PROJECTS-AT-A-GLANCE REPORT **November 1, 2005**

Prepared by: Leyda Benitez University Compliance Officer

COMPLIANCE PROJECT NAME	RESPONSIBLE DIRECTOR	DEPARTMENT/ DIVISION	TARGET DATE	ACTION / CORRECTIVE ACTION STEPS
Assess conflict of interests disclosure process for the University	Kelsey Downum Kenneth Johnson Maria Alam Iliana Ricelli	Office of Sponsored Research Administration (OSRA) Academic Affairs Human Resources Human Resources	4/06	 Assessment done. Action plan to strengthen process for disclosure of conflict of interests will be developed.
Create Controlled Substances Safety Manual and applicable procedures to guide University community regarding applicable federal and state laws and regulations for their safe handling	Surendra Dua Iliana Ricelli Orlando Valdes	Environmental, Health & Safety (EHS) Human Resources Purchasing	12/05	 Review has been completed. Must create processes to coordinate efforts of EHS, Human Resources and Purchasing.
Develop an effective clearance procedure for employees who are terminating/separating from employment with the University	Maria Alam Iliana Ricelli Kenneth Johnson Martha Castiello Jennifer Mwaisela	Human Resources Human Resources Academic Affairs Information Technology EHS	2/06	Need to create a termination clearance process that effectively addresses environmental, health, safety and security concerns.
Review feasibility, advisability and need to conduct criminal background checks	Maria Alam Iliana Ricelli Kenneth Johnson Adriana Mceachern	Human Resources Human Resources Academic Affairs College of Education	1/06	 Recommendation to be made to the President's staff based on legal requirements for criminal background checks. Creation of an action plan to comply with Jessica Lunsford Act requirements.
Develop effective IT security policies and procedures	Cheryl Granto	Information Technology	1/06	Develop and implement IT security policies and procedures to safeguard the University's information technology resources and data.
Enact property control policies and procedures for sponsored programs that are compliant with federal and state regulations and guidelines	Orlando Valdes David Fletcher Justo Torres	Purchasing Property Control OSRA	1/06	 Property control policies for sponsored programs have been updated and approved. Policies need to be rolled out to University community.
Time and Effort Reporting Certification	Kelsey Downum	OSRA	Ongoing	 Time and effort certification process takes place three times per year; at the conclusion of each Fall, Spring and Summer Terms. For the 2004 Fall term, five individuals have not yet certified their effort. For the 2005 Spring term, thirty

				three individuals have yet to certify their effort.
Review grant between FIU and the Miami-Dade Early Learning Coalition in light of The Miami Herald articles and ongoing State of Florida Agency for Workforce Innovation's Office of Inspector General investigation	Linda Blanton Mark Shermis Charles Bleiker Isis Carbajal de García Kelsey Downum Patricia Alvarez	College of Education College of Education College of Education Office of the General Counsel (OGC) OSRA OSRA	11/05	This matter has been referred to Office of the General Counsel for further handling.
Create export control policies, procedures and compliance plan for the University	Kelsey Downum Diana Oliva Eddie Serrano Maggie Barreto	OSRA OSRA OSC	1/06	 University needs to develop comprehensive export controls compliance plan before entering into any contract or grant containing specific export controls requirements or restrictions. Interim steps taken: Export control questions added to OSRA's Internal Clearance Form. Draft export control policy undergoing review. Initial awareness and education provided by OSRA to faculty and administrative staff.
Review, update and centralize University policies and procedures	Sherry Carrillo Martha Castiello Helen Ellison Yolande Flores Cheryl Granto Kenneth Johnson Sue Lynch Khaleel Seecharan Charlie Tardivo Felecia Townsend Robert Yunk Alex Zyne	FIU Libraries Information Technology Student Affairs Advancement Information Technology Academic Affairs Enrollment Office of the President OSRA Administration Studio of Digital Arts Business and Finance	12/05	Approximately 700 policies have been submitted and are undergoing review by University Compliance Officer and Office of the General Counsel.
Privacy: Compliance with requirements of Gramm- Leach-Bliley Act and regulations	Cheryl Granto Mercedes Murciano Isis Carbajal de Garcia	Information Technology Student Financials OGC	12/05	Assessment done.Implement action plan.
Privacy: Compliance with HIPAA regulations	Robert Dollinger Cheryl Granto Maggie Barreto	University Health Services Information Technology OGC	1/06	Assessment done.Implement action plan.
Implement University- Wide Compliance Program	Mark B. Rosenberg	Academic Affairs	6/06	 University-Wide Compliance Program designed (1/05). University-Wide Compliance Program presented to: Academic Deans (Fall 2004) President's Staff (4/05) Faculty Senate Steering Committee (4/05) Board of Trustees (9/05)

	 Top areas of compliance concerns presented to the President's Staff (4/05). Next steps: Meet with Provost to prioritize compliance risk assessment areas and plan for the dedication and commitment of necessary personnel time.
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THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES FINANCE AND AUDIT COMMITTEE

21 NOVEMBER 2005

SUBJECT: PEOPLESOFT UPDATE	
Proposed Committee Action: None. Discussion Item.	
EXHIBITS/SUPPORTING DOCUMENTS:	None
FACILITATOR/PRESENTER:	■ JOHN McGowan

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES FINANCE AND AUDIT COMMITTEE

21 NOVEMBER 2005

TREASURY REPORT
 FOUNDATION REPORT
None



BOARD OF TRUSTEES TREASURY REPORT

November 21, 2005

The first official University Investment Committee meeting was held on August 1, 2005. In attendance, were Kirk Landon, Chair for the BOT Finance & Audit Committee, Vivian A. Sanchez, CFO and Vice President for Human Resources, Dr. William Welch, Department Chair and Professor for Finance, College of Business Administration and Alexander G. Zyne, University Treasurer. In addition to the committee members, Mr. Marc Friedberg, Vice President for Wilshire Consulting Group and Mr. Edward Vasquez representing the Department of Purchasing were in attendance.

INVESTMENT STRUCTURE

The meeting began with Mr. Marc Friedberg presenting the recommended investment structure implementation and time table based on our Investment Policy Statement (IPS), which was approved June 29, 2005 by the Board of Trustees. Mr. Friedberg went through the approved FIU Operating Fund portfolio. It was decided that \$110M would be the base for investment of Operating Funds.

In addition, Mr. Friedberg segregated the \$110M into the three pools and quantified what the exposure would be for the combined pools for each one of the investment asset classes.

The implementation recommendation was made and accepted by the Investment Committee. It would effectively have two passive managers, and potentially as many as seven active managers.

	Total	\$	# of Managers	
	Combined Pool			
				Manager Type
% of Total	100%	\$ 110,000		
Cash Equivalents	16%	\$ 17,600		
Short -Int. Fixed Income	24%	\$ 26,400	1	SPIA
Fixed Income (Inv. Grade)	24%	\$ 26,400	1	Active (Potentially 2)
TIPS	6%	\$ 6,600	1	Passive
High Yield	6%	\$ 6,600	1	Active
Total Fixed Income	76%	\$ 83,600	4	
Absolute Return	6%	\$ 6,600	1	Fund-of-Fund
<u>REITS</u>	6%	\$ 6,600	1	Active
U.S Equity	9%	\$ 9,900	2	1 Active Small Cap / 1 Passive Large Cap
International Equity	3%	\$ 3,300	1	1 Active
Total Equity	12%	\$ 13,200	3	
	_	Total Managers	9	6 Active

INVITATION TO NEGOTIATE

The last item of business was the decision for the procurement process for the selection of the investment managers. It was decided that an Invitation to Negotiate (ITN) Proposal would be developed to submit to all potential active investment managers for each asset class. The procurement process would be open to all managers for select asset classes.

The ITN was developed and submitted for proposals on September 6, 2005 and all proposals were due back to the University on September 27th. The ITN process was successful with 58 investment managers submitting proposals for the potential 6 active investment asset class slots. The investment classes are, Core Fixed Income, High Yield Fixed Income, Real Estate Investment Trusts (REITs), Small Cap Core U.S. Equity, International Equity (EAFE), and Hedge Fund (Fund to Fund).

SCORING, SELECTION and PRESENTATION PROCESS

The Division of Wilshire Analytics has performed the scoring of each of these managers based on qualitative and quantitative information including, Organization, Information, Portfolio Construction, Forecasting, Implementation and Attribution, as well as other factors. With the exception of the Hedge Fund Managers, two highest scoring investment managers have been selected for the presentation process for each asset class. It was decided that the Hedge fund pool would require three managers selected for presentations. It is expected that all presentations could be performed within a two full day window and that schedule is in the process of formation. A decision by the Committee is expected to be made at the end of the presentations for each asset investment class.

Alex Zyne University Treasurer

Florida International University Foundation, Inc.

Preliminary Financial Statements Recap Through Period Ended September 30, 2005

(In Thousands of Dollars)

	2005-06	2005-06			2005-06		2004-05	2004-05
	3-month	3-month			Annual		3-month	Total Year
	<u>Actuals</u>	Budget	Variance		Budget		<u>Actuals</u>	<u>Actuals</u>
RECEIPTS:								
Contributions:								
University-Wide Scholarships/Programs	\$111	\$115	(\$4)		\$270		\$113	\$272
Endowments	\$1,605	\$1,633	(\$28)		\$3,100	Ш	\$5,970	\$9,467
Building Funds	\$17	\$50	(\$33)	[1]	\$2,500		\$148	\$2,542
Colleges, Schools, Centers	\$1,249	\$1,100	\$149		\$3,500	П	\$969	\$3,971
Athletics Operations	\$173	\$225	(\$52)	[2]	\$997		\$205	\$690
Alumni Membership	\$33	\$41	(\$8)	[3]	\$185		\$11	\$144
Annual Fund	\$92	\$96	(\$4)	*	\$380		\$96	\$345
TOTAL CONTRIBUTIONS	\$3,280	\$3,260	\$20		\$10,932		\$7,512	\$17,431
Other Revenues:		7					* 1	
MARC Building - Rental Income	\$394	\$394	\$0		\$1,575		\$79	\$1,671
Estimated Investment Returns	\$4,044	\$1,173	\$2,871	[4]	\$7,000		\$195	\$8,376
TOTAL RECEIPTS	\$7,718	\$4,827	\$2,891		\$19,507		\$7,786	\$27,478
EXPENDITURES:			, ,					
Operational								
Annual Fund	\$60	\$89	\$29	*	\$380		\$140	\$360
Administrative Operating Fund	\$209	\$386	\$177	*	\$1,188		\$134	\$871
Total Operational Expenses	\$269	\$475	\$206		\$1,568		\$274	\$1,231
University Programs								
University-Wide Scholarships/Programs	\$221	\$180	(\$41)	[5]	\$280		\$116	\$339
Building Funds	\$13	\$3,317	\$3,304	[6]	\$3,317		\$0	\$445
Colleges, Schools, Centers	\$1,396	\$1,300	(\$96)		\$5,000		\$487	\$5,628
MARC Building	\$124	\$194	\$70	[7]	\$775		\$98	\$757
Athletics	\$55	\$173	\$118	[8]	\$735		\$6	\$1,004
Alumni Programs	\$56	\$67	\$11		\$200		\$10	\$121
General Reserve	\$5	\$8	\$3	*	\$55		\$4	\$20
Total University Program Expenses	\$1,870	\$5,239	\$3,369	-	\$10,362		\$721	\$8,314
TOTAL EXPENSES	\$2,139	\$5,714	\$3,575		\$11,930		\$995	\$9,545
Excess of Receipts over Expenses	\$5,579	(\$887)	\$6,466		\$7,577		\$6,791	\$17,933

NOTES:

- [1] A \$40,000 gift in support of the College of Business Administration Building Complex expected in September has not yet been received.
- [2] Several pledge payments scheduled for receipt in September were received after October 1st.
- [3] Revenues from the two direct mail membership solicitations are still in the process of being collected.
- [4] Upon the recommendation of Consulting Services Group, a 7% investment gain was budgeted for fiscal year 2005-06.
- [5] A scholarship was erroneously awarded twice. The Foundation is in the process of collecting \$25,000 back from the University.
- [6] Facilities State matching funds for the Art Museum, College of Law, Hospitality Management, and Graduate School of Business were requested in January 2005 and expected in September 2005. They have not yet been received.
- [7] The Foundation has not yet been billed by the university for its portion of MARC utility expenses for the first quarter of the fiscal year.
- [8] Football-related expenses have been incurred by the University, however, the Foundation has not yet been billed.

^{*} Detail provided on following page.

Florida International University Foundation, Inc. Preliminary Performance Summary as of September 30, 2005

	Market	%	Target	Current Month	Trailing 3 Months	Calendar YTD 2005	Fiscal YTD	Trailing 1 Year	Trailing 3 Year	Trailing 5 Year	Since Investment
Fund/Manager/Inception Date	<u>Value</u>	Allocation	Allocation	(8/05-9/05)	(6/05-9/05)	(12/04-9/05)	(6/05-9/05)	(9/04-9/05)	(9/02-9/05)	(9/00-9/05)	Inception
Total Fund (6/30/00)	\$104,315,995	100.0%	100.0%	1.2%	4.0%	5.4%	4.0% 2.7%	13.4%	13.6%	2.4% 1.0%	2.7%
Total Fund Composite +/- Benchmark				0.5% 0.7%	2.7% 1.3%	3.6% 1.8%	1.3%	10.8% 2.5%	12.8% 0.7%	1.0%	1.0% 1.7%
Total Equity Accounts (6/30/00)	\$52,658,435	50.5%	50.0%	2.1%	6.6%	7.3%	6.6%	21.2%	22.9%	0.8%	1.2%
Total Equity Composite				1.4%	5.1%	4.9%	5.1%	17.3%	20.6%	-2.3%	-2.5%
+/- Benchmark	005 505 400	25.407	27.00/	0.8%	1.5%	2.4%	1.5%	3.9%	2.3%	3.2%	3.7%
Total Fixed Income Accounts (6/30/00) Total Fixed Income Composite	\$27,527,109	26.4%	25.0%	-0.5% -0.4%	0.0% 0.1%	2.4% 2.0%	0.0% 0.1%	3.5% 2.7%	4.3% 3.5%	6.4% 5.9%	6.5% 6.1%
+/- Benchmark				-0.1%	0.0%	0.4%	0.0%	0.8%	0.8%	0.6%	0.4%
Total Alternative Investments (3/1/02)	\$24,130,451	23.1%	25.0%	1.1%	3.3%	5.1%	3.3%	9.8%	8.5%	N/A	7.9%
Total Alternative Composite				-0.5%	0.6%	2.2%	0.6% 2.7%	5.6%	9.5%	N/A	5.0%
+/- Benchmark				1.6%	2.7%	2.9%	2.770	4.2%	-1.0%	n/a	2.8%
Domestic Equity Managed Accounts TCW Large Growth (5/1/01)	\$10,409,309	10.0%	12.5%	1.1%	5.1%	-1.4%	5.1%	9.8%	23.3%	-4.7%	1.7%
Russell 1000 Growth Index				0.5%	4.0%	2.2%	4.0%	11.6%	14.7%	-8.6%	-2.2%
+/- Benchmark				0.7%	1.1%	-3.6%	1.1%	-1.8%	8.6%	4.0%	3.8%
Armstrong Shaw Large Cap Value (6/1/01)	\$12,914,611	12.4%	12.5%	0.3%	1.4%	5.4%	1.4%	17.4%	18.5%	7.2%	3.3%
Russell 1000 Value				1.4%	3.9%	5.7%	3.9% -2.5%	16.7% 0.7%	20.5%	5.8%	5.6%
+/- Benchmark				-1.1%	-2.5%	-0.3%		0.770	-2.0%	1.4%	-2.3%
Advisory Research Small Cap Value (6/1/01) Russell 2000 Value	\$10,630,736	10.2%	7.5%	3.0% -0.2%	7.4% 3.1%	19.2% 4.0%	7.4% 3.1%	34.3% 17.8%	29.7% 24.9%	21.0% 15.2%	19.1% 13.5%
+/- Benchmark				3.1%	4.3%	15.2%	4.3%	16.6%	4.8%	5.8%	5.6%
V 1 1 0 10 0 0 T 1 40 (0 (0)	AT 220 050	= 00/		4.50/	0.00/	2.70/	0.007	47.70/	25.00/	42.20/	42.007
Ironbridge Small Cap Core Equity (12/2/03) Russell 2000 Small Cap Index	\$7,320,959	7.0%	7.5%	1.7% 0.3%	8.0% 4.7%	3.7% 3.4%	8.0% 4.7%	17.5% 18.0%	26.8% 24.1%	<i>13.2%</i> 6.5%	13.0% 12.1%
+/- Benchmark				1.3%	3.3%	0.3%	3.3%	-0.4%	2.7%	6.8%	0.9%
International Equity Managed Accounts											
Julius Baer International Equity Fund (12/2/03) MSCI EAFE Index	\$5,964,793	5.7%	5.0%	4.8% 4.5%	13.9% 10.4%	13.9% 9.5%	13.9% 10.4%	34.1% 26.3%	26.6% 25.1%	8.4% 3.6%	24.4% 20.0%
+/- Benchmark				0.3%	3.5%	4.4%	3.5%	7.8%	1.5%	4.8%	4.4%
DICT. C. IVI A (CIA/OI)	ef 410 027	F 00/	5.00/	4.00/	44.00/	C 70/	11 00/	24.40/	20.00/	7.40/	0.10/
ING International Value A (6/1/01) MSCI EAFE Index	\$5,418,027	5.2%	5.0%	4.9% 4.5%	11.8% 10.4%	6.7% 9.5%	11.8% 10.4%	24.1% 26.3%	28.0% 25.1%	7.4% 3.6%	9.1% 7.5%
+/- Benchmark				0.4%	1.4%	-2.8%	1.4%	-2.2%	2.9%	3.9%	1.6%
Core Fixed Income Managed Accounts											
Seneca Enhanced Core Fixed (6/1/01) Lehman Brothers Aggregate Index	\$8,807,818	8.4%	10.0%	-1.0% -1.0%	-0.5% -0.7%	1.7% 1.8%	-0.5% -0.7%	2.8% 2.8%	5.1% 4.0%	<i>6.8%</i> 6.6%	6.0% 5.9%
+/- Benchmark				0.1%	0.2%	-0.1%	0.2%	0.0%	1.2%	0.2%	0.1%
Hillowick Accet Management (6/1/01)	\$4,818,087	4.6%	10.0%	-1.8%	-1.6%	3.1%	-1.6%	4.2%	4.0%	7.8%	7.0%
Hillswick Asset Management (6/1/01) Lehman Brothers Aggregate Index	φ4,010,007	4.076	10.076	-1.0%	-0.7%	1.8%	-0.7%	2.8%	4.0%	6.6%	5.9%
+/- Benchmark				-0.8%	-0.9%	1.2%	-0.9%	1.4%	0.1%	1.2%	1.1%
Alternative Investments	AT 404 F00	= 40/		4.00/	4.007	c 00/	4.007	40.70/	c =0/	4 507	- 40/
Austin Capital All Seasons Fund (3/1/02) S&P 500 Index	\$7,406,582	7.1%	7.5%	1.3% 0.8%	4.2% 3.6%	6.0% 2.8%	4.2% 3.6%	10.5% 12.3%	6.5% 16.7%	<i>4.6%</i> -1.5%	5.4% 4.8%
+/- Benchmark				0.5%	0.6%	3.2%	0.6%	-1.8%	-10.2%	6.1%	0.6%
Crystal Associates Topaz Fund (3/1/02)	\$9,495,034	9.1%	10.0%	1.3%	2.9%	4.8%	2.9%	10.0%	10.0%	9.9%	9.9%
Lehman Brothers Aggregate Index	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			-1.0%	-0.7%	1.8%	-0.7%	2.8%	4.0%	6.6%	5.2%
+/- Benchmark				2.3%	3.6%	3.0%	3.6%	7.2%	6.1%	3.3%	4.8%
Ironwood Partners (03/01/04)	\$7,228,836	6.9%	7.5%	0.6%	3.1%	4.5%	3.1%	8.8%	10.5%	9.1%	6.8%
Lehman Brothers Aggregate Index				-1.0%	-0.7%	1.8%	-0.7%	2.8%	4.0%	6.6%	0.8%
+/- Benchmark				1.6%	3.8%	2.7%	3.8%	6.0%	6.5%	2.5%	6.1%
Common Fund & Gift Annuity Accounts Common Fund Short Term Bond (6/1/85)	\$2,596,480	2.5%	N/A	0.2%	0.8%	2.1%	0.8%	2.9%	1.9%	2.8%	5.4%
90 Day T-Bills	+=,570,100	,	,	0.3%	0.8%	2.0%	0.8%	2.5%	1.6%	2.4%	4.8%
+/- Benchmark				0.0%	0.0%	0.1%	0.0%	0.3%	0.3%	0.5%	0.5%
SunTrust Balanced Annuity Account (10/22/03)	\$634,519	0.6%	N/A	-0.5%	1.1%	1.1%	1.1%	6.6%	N/A	N/A	6.9%
70% Lehman Aggregate / 30% S&P 500				-0.5%	0.6%	2.2%	0.6%	5.7%	N/A	N/A	6.2%
+/- Benchmark				0.0%	0.5%	-1.1%	0.5%	1.0%	n/a	n/a	0.7%
State of Florida Treasurer Fund (4/1/03)	\$10,670,205	10.2%	5.0%	0.3%	0.9%	2.6%	0.9%	3.4%	N/A	N/A	3.5%
90 day T-bill +/- Benchmark				0.3% 0.0%	0.8% 0.1%	2.0% 0.6%	0.8% 0.1%	2.5% 0.9%	1.6% n/a	2.4% n/a	1.6% 1.8%
Total Common Fund & Annuity	\$13,901,204			0.070	J.170	5.070	3.170	3.270	n/ w	11/10	070
Total Common Land & Amounty	ψ13,701,404										

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES ADMINISTRATION AND ATHLETICS COMMITTEE

Tuesday, November 22, 2005 8:00 AM Florida International University GC Ballrooms University Park Campus Miami, FL

MEMBERSHIP

ALBERT DOTSON, CHAIR
PATRICIA FROST, VICE CHAIR
BETSY ATKINS
CLAUDIA PUIG
ALEX PRADO

AGENDA

I. CALL TO ORDER

VII. ADJOURNMENT

II. APPROVAL OF MINUTES ALBERT DOTSON III. CHAIR'S REMARKS **ALBERT DOTSON** IV. ITEMS FOR COMMITTEE REVIEW **A. ACTION ITEMS** (NO ACTION ITEMS) B. REPORTS AND UPDATES 1. HUMAN RESOURCES & LABOR REPORT MARK ROSENBERG/ VIVIAN SANCHEZ 2. ATHLETICS ASSOCIATION OF THE FIU FOUNDATION MARCOS PEREZ 3. ATHLETIC FACILITIES UPDATE MARCOS PEREZ VI. OTHER BUSINESS (IF ANY) **ALBERT DOTSON**

ALBERT DOTSON

ALBERT DOTSON

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES ADMINISTRATION AND ATHLETICS COMMITTEE

21 NOVEMBER 2005

SUBJECT:	ADMINISTRATION AND	ATHLETICS	COMMITTEE I	MEETING N	AINUTES, 6
	SEPTEMBER 2005				

PROPOSED COMMITTEE ACTION:

Adopt the following Resolution:

RESOLVED that the minutes of the meeting of the Florida International University Board of Trustees' Administration and Athletics Committee held on 6 September 2005, attached to this Resolution as Exhibit "A," are hereby approved.

EXHIBITS/SUPPORTING DOCUMENTS:

■ EXHIBIT "A": 6 SEPTEMBER 2005 ADMINISTRATION AND ATHLETICS COMMITTEE MEETING MINUTES.

FACILITATOR/PRESENTER:

■ CHAIRMAN ALBERT DOTSON

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES



ADMINISTRATION AND ATHLETICS COMMITTEE MINUTES MONDAY, 6 SEPTEMBER 2005 GL 220 MIAMI, FL 33199

I. CALL TO ORDER

The Florida International University Board of Trustees' Administration and Compensation Committee meeting was called to order on Monday, 6 September 2005 by Chairman Albert Dotson at 1:40 pm, in the Green Library Conference Room 220, Miami, Florida.

The following attendance was recorded:

Present:
Albert Dotson, Chairperson
Patricia Frost, Vice Chair
Claudia Puig
Alex Prado

Excused:
Betsy Atkins

A silent roll was taken by Casandra Roache.

II. APPROVAL OF MINUTES

Committee Chair Albert Dotson asked if there were any additions or corrections to the minutes of the 17 May 2005, Administration and Compensation Committee meeting. Hearing none, the Committee adopted the following:

RESOLVED that the minutes of the 17 May 2005 meeting of the Administration and Compensation Committee held on, attached to this Resolution as Exhibit "A," are hereby approved.

The Florida International University Board of Trustees Administration and Compensation Committee Minutes 6 September 2005 Page 2

III. CHAIRMAN'S REMARKS

Chairman Dotson welcomed all present to the first session of the newly restructured Board of Trustees Committee. He noted the changes reflect the continued evolution of FIU as the Committee assumes expanded responsibilities for athletics. Committee Chair Dotson welcomed Trustee Alex Prado as a new member of the Committee and thanked all Trustees for their commitment to the work of the Committee.

Chairman Dotson welcomed President Maidique to the meeting and noted that the University's newly-hired Chief of Police, Bill King, was in attendance. He added that Chief King brings strong university experience from Wayne State University where he served as Chief of Police and overall law enforcement knowledge through his more than 25 years with the Michigan State Police.

Chairman Dotson also noted that the impact of Hurricane Katrina was felt on campus during the beginning of classes, a very busy time for students, faculty and staff. He thanked the entire FIU team for their efforts in ensuring classes began as planned.

IV. ITEMS FOR COMMITTEE ACTION AND REVIEW

Operating Procedures

Chairman Dotson requested consideration of the amendment to the Board's Operating Procedures reflecting the change in the Committee's responsibilities and addressing the name change.

Without further discussion, the Committee recommended Board adoption of the following Resolution:

WHEREAS the Operating Procedures of the Florida International University Board of Trustees (the "Board"), Article IV, "Amendment of Operating Procedures," provides that the Operating Procedures may be altered, amended or repealed by a two thirds vote of all members of the Board;

WHEREAS the charge to the Board's Administration and Compensation Committee has been amended to reflect additional duties;

THEREFORE BE IT RESOLVED that the Board hereby adopts the amendments to the Operating Procedures of the Florida International University Board of Trustees, Article III, "Committees," and attached to this Resolution as Exhibit "B."

Athletics Update

University Athletic Director Rick Mello introduced coaches in the Athletics department. Mello also reported on the progress of the Athletics teams. AD Mello presented an overview of the University Athletics program. He noted that the University had signed with sports giant Adidas as sponsor for FIU athletic teams.

The Florida International University Board of Trustees Administration and Compensation Committee Minutes 6 September 2005 Page 3

Human Resources Report

University CFO and Vice President of Human Resources Vivian Sanchez reported that labor negotiations with FIU faculty (UFF) was progressing. She added that AFSCME declared impasse and all parties awaited the appointment of a Special Master to begin the next steps in the process. She reported that collective bargaining with the Nurses' union continued in good faith.. CFO Sanchez reported that the Human Resources component of PeopleSoft would transition by December 2006.

President's Management Review, 2004-2005

President Maidique presented an overview of the Management Review Report for 2004-2005 noting the full version was included in the agenda packet.

University Goals 2005-2006

President Maidique presented an overview of the University's Goals for 2005-2006.

After discussion, the Committee recommended the Board adopt the following Resolution:

BE IT RESOLVED, that the Florida International University Board of Trustees adopts the President's Objectives including the University Goals for the 2005-2006 fiscal year as set forth by President Maidique, and attached to this Resolution as Exhibit "B."

President Maidique reported on the stellar performance of FIU alumni in State licenture exam passage rates for nurses. He noted FIU was first in the State with 97% passage rate. Chairman Dotson recommended a Resolution be adopted by the Board commending Director of Nursing Divina Grossman and her team for their exemplary work in training these students. The Committee adopted the Resolution to be presented for full Board approval at the Board's 19 September meeting.

Consultant's Evaluation Report and Committee Discussion

Chairman Dotson asked members of the Administration who wished to leave to do so. The Chairman reported on the findings of the A.T. Kearney consultant hired by the Board to conduct a survey of Trustees for use as part of the annual President's review and the Committee discussed the President's performance with him.

Chairman Dotson requested that the Committee amend the Resolution, as attached hereto, The amendment was adopted.

After discussion, the Committee recommended the Board adopt the following Resolution:

WHEREAS, the Florida International University Board of Trustees ("the Board") has been statutorily charged with annually evaluating the University President; and

The Florida International University Board of Trustees Administration and Compensation Committee Minutes 6 September 2005 Page 4

WHEREAS, the Board conducted the performance evaluation of President Modesto A. Maidique for the 2004-2005 fiscal year; and

WHEREAS, the Board must submit the evaluation to the Florida Board of Governors for review;

THEREFORE, BE IT RESOLVED, that the Board grants a "Superior" performance rating to President Modesto A. Maidique in his leadership of Florida International University during fiscal year 2004-2005, including the achievement of the employment equity program goals as established by F.S. 1012.95;

BE IT FURTHER RESOLVED, that the Board authorizes Vivian Sanchez, Vice President for Human Resources, to submit the evaluation of the president to the Florida Board of Governors;

BE IT FURTHER RESOLVED, that the Vice President for Human Resources takes all actions necessary to give effect to this Resolution.

VI. OTHER BUSINESS

Chairman Dotson thanked all Trustees for taking part in the President's evaluation, noting that each Trustee had provided valuable feedback. He added that the Committee's fiduciary responsibility had been fulfilled to the letter of the law.

ADJOURNMENT

With no other business, the meeting of the Florida International University Board of Trustees' Administration and Compensation Committee was adjourned on Monday, 8 September 2005, at 3:40 p.m.

Attachments: Exhibits "A" and "B".

Trustee requests:

There were no Trustee requests.

MEB/clr 09/09/05

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES ADMINISTRATION AND COMPENSATION COMMITTEE

22 NOVEMBER 2005

SUBJECT: HUMAN RESOURCES & LABOR REPORT					
PROPOSED COMMITTEE ACTION: None. Discussion Item.					
EXHIBITS/SUPPORTING DOCUMENTS:	 Human Resources Update, 22 November 2005 				
FACILITATOR/PRESENTER:	Mark RosenbergVivian Sanchez				



HUMAN RESOURCES UPDATE

Administration & Athletics Committee November 22, 2005

Hurricane Emergency Assistance Loans

In order to offer support to our employees during the difficulties of a hurricane, FIU created a financial assistance program. Loans will be provided by the University Credit Union to help employees obtain funds to pay for the costs of hurricane damages. The employees are responsible for repayment of the borrowed money while the FIU Foundation, Inc. will provide a guarantee for these loans.

Program Specifics: Employees who have suffered hurricane related damages can apply for loans of \$2,500 to \$5,000. The terms of the loan will be for 36 months with a fixed interest rate of 6.75% and will be repaid through payroll deductions. Employees in benefit earning positions that are out-of-unit and in-unit with the exception of SEIU can apply through the Office of Human Resources. We are currently exploring the possibility of extending this benefit to SEIU.

Status: As of November 7, 2005, 46 employees applied for loans totaling \$180,800. We have already approved 32 loans resulting in an exposure of \$145,800 and are in pending additional information from the remaining applications. The need depicted by most employees includes roof repairs, car damage and fence destruction.

Human Resources PeopleSoft

FIU embarked on establishing an integrated student, financial and human resources system over three years ago. The student and financial modules have been implemented while the human resources module has been pending the stabilization of these systems prior to its roll-out. The State of Florida though requires that FIU transfer payroll operations to the university with a maximum allowable date for this transition of January 1, 2007. In order to comply with the State's requirement we must begin our transition to PeopleSoft Human Resources by year-end 2005.

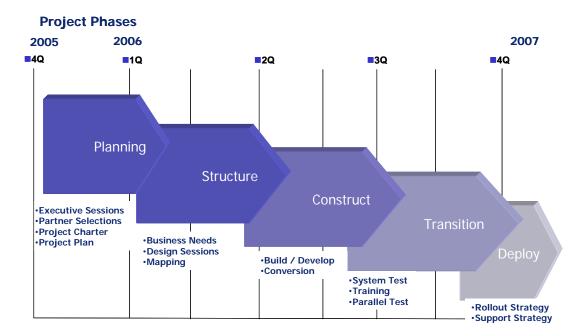
The Process. We researched different operating models that considered how best to provide our existing services to employees as well as the new activities transferring from the State. We spoke with multiple vendors and identified benchmark institutions to design the best structure that would ensure both a successful transition and an effective operation at a financially prudent level. The differing operating models allowed us to separate the human resources activities that would take place within the university (In-House Solution), with a third party (Complete Business

Process Outsource Solution) or a combination of both (In-House Solution/Partial Outsource). These options were assessed independently of the technology solution.

Status: FIU believes it should pursue a hybrid implementation - continue providing its existing services in-house and outsource to a third party the activities currently undertaken by the State. We determined that if the university was to assume new activities, our personnel would increase significantly, new capabilities that are not currently present would need to be developed and the technology implementation risk would be even greater. This could result in a more complicated transition with higher costs and extreme employee frustration.

Though full outsourcing was explored, the incremental benefits when compared to the fees that would be charged by vendors made this option unfeasible.





Collective Bargaining

AFSCME: The Public Employees Relations Commission (PERC) Hearing to address the Unfair Labor Practice filed by AFSCME took place on Thursday, November 3, 2005 in Tallahassee. A decision will be rendered by the PERC Officer within the next 30-60 days. Regarding the overall contract, we are at impasse with AFSCME. A Special Master has been selected and we are waiting for a hearing date to be scheduled.

SEIU: Negotiations are still underway with the Nurses Union. Additional meetings are currently in process of scheduling.

UFF: The Administration and UFF were working together towards achieving consensus on a contract. A three month period to negotiate policies had been delineated and concluded on October 24, 2005. Due to Hurricane Wilma, the last two work sessions were cancelled. UFF has requested an extension to finalize the negotiations of these policies.

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES ADMINISTRATION AND COMPENSATION COMMITTEE

22 NOVEMBER 2005

SUBJECT: ATHLETICS ASSOCIATION OF THE FIU FOUNDATION				
PROPOSED COMMITTEE ACTION: None. Discussion Item.				
EXHIBITS/SUPPORTING DOCUMENTS:	 ATHLETICS ASSOCIATION, EXECUTIVE SUMMARY 			
FACILITATOR/PRESENTER:	 Marcos Perez 			



ATHLETIC ASSOCIATION

Mission: Establish an Athletic Association that will focus on increasing awareness,

revenue and community support of the Florida International University Athletics Program; leverage the decision already taken to compete in the Division 1A level; serve as a tool to enhance marketing, recruiting,

growth, loyalty, and campus life for the university.

Situation Summary: Florida International University has been competing at the Division 1 level

since 1986. In 1999, the university began playing football. Five years later, FIU announced its decision to transition to Division 1A, the highest level of intercollegiate athletics. In the transition plan, several areas were identified as prerequisites to the transition including expanding the stadium, improving the facilities, and increasing operating revenue.

Background: Division 1A universities utilize varying forms of an Athletic Association

(also known as a Foundation or Booster Club) to engage the community in

generating program support, increased revenue, sponsorships, and awareness. The university benchmarked several peer institutions

(University of Florida, University of South Florida, University of Central Florida, University of Miami, Florida Atlantic University, University of

Louisville) to determine the best model to implement at FIU.

Model: PHASE I (November 2005)

The current FIU Board of Directors Athletics Committee will be transitioned to an Athletic Association. The FIU Athletic Association will support an Executive Director to staff the Association as well as an appointed chairman. Together, the volunteer (chair) and staff (Executive

Director) will recruit a volunteer board (number of members to be

determined) which will develop a marketing/promotions/fundraising plan and establish measurable goals in key areas. The FIU Athletic Association will operate under the Bylaws of the Board of Directors and will rely on the staff of the Foundation for money management, legal representation, and administrative support. The FIU Athletic Association will give final

direction on disbursement of resources that are generated by the

Association.

PHASE II (TBD)

Transition the FIU Athletic Association into its own 5013C Corporation to

allow for greater financial flexibility.

Timing: November, 2005: Hire Executive Director/Appoint Chair

December, 2005: Prepare Plan/Recruit Board

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES ADMINISTRATION AND COMPENSATION COMMITTEE

22 NOVEMBER 2005

SUBJECT: ATHLETICS FACILITIES UPDATE					
PROPOSED COMMITTEE ACTION: None. Discussion Item.					
EXHIBITS/SUPPORTING DOCUMENTS:	 ATHLETICS FACILITIES UPDATE 				
FACILITATOR/PRESENTER:	 Marcos Perez 				



ATHLETICS FACILITIES UPDATE

Background: Florida International University's transition to Division 1A Athletics

included a prerequisite of an expansion and upgrade to the athletics facilities. The two areas that will be impacted in this plan are the training

room and the football stadium and offices.

Current Status: The transition to Division 1A is now complete, placing FIU among the

elite 119 institutions competing at this level. The expansion of the football stadium at this time is necessary to provide the additional capacity needed for the 2007 season. The FIU home opener versus University of Maryland in September of 2007 is the beginning of the successful scheduling of

premier programs traveling to FIU that season.

Model: The existing location of the FIU stadium will house the new 24,000 seat

stadium, maximizing the current field and infrastructure. The stadium will include 16 luxury suites which will double as graduate classrooms. All football offices, locker rooms, restroom facilities, and concessions areas will be upgraded. The estimated cost of the project is \$ 25,000,000.

Funding Options: The options to fund the stadium will be completed by December 2005 and

include the use of private funding, guarantee game money, ticket/

sponsorship revenue, and other sources. There will be no Education and

General (E&G) funds used for this project.

Key Issues: Home games scheduled for the 2006 season need to be moved to an

alternate location.

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES GOVERNMENTAL RELATIONS COMMITTEE

Tuesday, November 22 2005 9:15 a.m.

FLORIDA INTERNATIONAL UNIVERSITY

MEMBERSHIP

Miriam López, Chair Sergio Pino, Vice Chair Claudia Puig , Vice Chair Armando Guerra Bruce Hauptli Alex Prado

AGENDA

I. CALL TO ORDER MIRIAM LÓPEZ II. APPROVAL OF MINUTES MIRIAM LÓPEZ III. CHAIR'S REMARKS MIRIAM LÓPEZ IV. ITEMS FOR COMMITTEE REVIEW A. ACTION ITEM 1. 2006 STATE LEGISLATIVE PRIORITIES PAUL GALLAGHER MICHELLE PALACIO **B.** REPORTS (No ACTION REQUIRED) 2. FEDERAL LEGISLATIVE REPORT SUSAN MOYA GEORGE DAMBACH V. **OTHER BUSINESS** (IF ANY) MIRIAM LÓPEZ VI. MIRIAM LÓPEZ **ADJOURNMENT**

THE FLORIDA INTERNATIONAL UNIVERSITY **BOARD OF TRUSTEES** GOVERNMENTAL RELATIONS COMMITTEE

22 November 2005				
SUBJECT: GOVERNMENTAL RELATIONS MINUTES, 16 MAY 2005				
PROPOSED COMMITTEE ACTION:				
Adopt the following Resolution:				
RESOLVED that the minutes of the meeting of the Florida International University Board of Trustees' Governmental Relations Committee held on 16 May 2005, attached to this Resolution as Exhibit "A," are hereby approved.				
EXHIBITS/SUPPORTING DOCUMENTS:	■ EXHIBIT "A": 16 MAY 2005 GOVERNMENTAL RELATIONS COMMITTEE MEETING MINUTES.			
FACILITATOR/PRESENTER:	■ CHAIRWOMAN MIRIAM LÓPEZ			

DRAFT

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES



GOVERNMENTAL RELATIONS COMMITTEE

MINUTES 16 May 2005 Via Conference Call

I. Call to Order

The Florida International University Board of Trustees' Governmental Relations Committee meeting was called to order on Monday, 16 May 2005, by Chair Miriam Lopez at 11:01 a.m., via conference call.

The following attendance was recorded:

Present.

Miriam López, *Chair* Sergio Pino, *Vice-Chair* Alex Prado Bruce Hauptli Excused:

Claudia Puig, Vice Chair

Trustees Betsy Atkins and Albert Dotson also participated in the meeting. Casandra Roache took a silent roll.

II. Approval of Minutes

Committee Chair Miriam Lopez asked if there were any additions or corrections to the minutes of the 31 January 2005, Governmental Relations Committee meeting. Hearing none, the Committee adopted the following:

RESOLVED that the minutes of the meeting of the Governmental Relations Committee, held on 31 January 2005, and attached to this Resolution as Exhibit "A," are hereby approved.

III. Chair's Remarks

Committee Chair Lopez welcomed all Trustees and guests to the meeting. She welcomed Trustee Bruce Hauptli who is recovering from recent knee surgery and expressed appreciation for Trustee Sergio Pino's active role in Tallahassee. Chair Lopez commended President Maidique for his work in securing legislative approval of a 3.6% across-the-board raise for Florida state employees.

The Florida International University Board of Trustees Governmental relations Committee Minutes 16 May 2005 Page 2

IV. Reports to the Committee

1. FIU Day at the Capitol - Tallahassee

VP Steve Sauls reported that FIU Day at the Capitol 2005 was a success and FIU had the opportunity to interact with many members of the legislation. He added that plans were well underway for the third annual FIU Day at the Capitol, scheduled for 8 March 2006, in Tallahassee, during the 2007 legislative session.

2. Proposed State Priorites, 2005-2006

VP Steve Sauls reported on the results of the legislative session, including FIU's excellent performance in securing PECO funding. He noted that Debbi Gallay and President Maidique were instrumental in gaining legislative approval for a 3.6% raise for all State employees. VP Sauls added that Debbi Gallay's role was a key factor in securing raises for State employees for the past three years. Trustee Lopez thanked Fausto Gomez for his important role in promoting FIU issues. She also thanked community leader and former BOT chairman Armando Codina, all Trustees who worked to promote FIU issues, and the entire Tallahassee team for their dedication.

3. Proposed Federal Priorities, 2005-2006

VP Sauls reported on the status of the Trustee-approved Federal priorities. He noted the work of Susan Moya in securing the support of 120 members of Congress for one of our federal priorities. He added that in about one week, Student Trustee, Alex Prado, would lead a team of students to Washington, D.C., to meet with legislators. VP Sauls also recognized the hard work of FIU's D.C. delegation.

VI. Other Business

Trustee Lopez thanked Steve Sauls, Susan Moya, Fausto Gomez, Debbie Gallay, and Michelle Palacio for a job well done in both Tallahassee and D.C. She also congratulated Anitere Flores on her inaugural year as part of the Dade delegation in Tallahassee.

VII. Adjournment

With no other business, Chair Lopez adjourned the meeting at 11:34 a.m.

Trustee Requests

1. Steve Sauls will facilitate Trustee correspondence thanking appropriate members of the Legislature for their support during the 2005 session.

Attachments: Exhibit "A"

CLR/clr 5.16.2005

FACILITATORS/PRESENTERS:

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES GOVERNMENTAL RELATIONS COMMITTEE MEETING

22 NOVEMBER 2005

SUBJECT: 2006 STATE LEGISLATIVE PRIORITIES	
PROPOSED COMMITTEE ACTION: Recommend Board adoption of the following Resolution: RESOLVED that the Florida International University Board of Trustees adopt the State Legislative Priorities for 2006 as outlined and attached to this Resolution as Exhibit "B."	
EXMIDIT B.	
EXHIBITS/SUPPORTING DOCUMENTS: EXHIBIT "B" – BOT STATE PRIORITIES, 2006	

■ CHAIRWOMAN MIRIAM LOPEZ



Priorities for the 2006 Legislative Session

March 7 - May 5, 2006

I. ENROLLMENT GROWTH

FIU asks the Legislature to support the Board of Governors request to fund an additional 7,454 FTEs. This requires \$77 million in funding. Of that, \$9.2 million will be allocated to FIU. The funding of enrollment is required to maintain access to universities especially in light of continued success in raising the high school graduation rate around the state.

II. FACULTY SALARIES

FIU competes nationally to attract quality faculty to our campus. Faculty salaries continue to be one of the highest priorities for the Board of Governors. The FIU Board of Trustees pledges to work with the state Legislature on increases that will allow FIU to compensate faculty on a competitive basis. FIU urges our legislative delegation to pursue policies and funding that will ensure FIU's faculty is compensated adequately.

III. FIXED CAPITAL OUTLAY PROJECTS

The Board of Governors has requested \$136 million from the Public Education Capital Outlay Trust Fund for university projects. Of that, \$9.7 million is allocated to FIU for deferred maintenance and completion of the molecular biology and social science buildings. The molecular biology building will support FIU's science programs and would serve as an important step in the further development of FIU's medical education initiative.

A tremendous demand placed on the state Legislature for public school construction due to the class size amendment leaves the state facing dramatically reduced funds available for the universities. FIU urges the Legislature to pledge other available non-recurring dollars to support university capital outlay projects.

IV. MAJOR GIFTS MATCHING PROGRAM

FIU asks the Legislature to support the Board of Governor's request of \$51 million to fund the matching gifts program. The Matching gifts program is a powerful incentive that FIU has been able to use to encourage large donations which enhance the universities' ability to attract recognized scholars, provide scholarships, and enable the improvement of our libraries. The Challenge and Courtelis Grant programs will help leverage the Wertheim gift of 20 million to raise funds for the medical school.

V. ENHANCEMENT FUNDS

The Board of Governors budget requests \$40.2 million in enhancement funds for universities to be able to meet the state's critical needs in nursing, teaching, and engineering. FIU's portion of this money is \$3.4 million to address the Nursing shortage, \$1 million for Teacher Education and \$1.7 million for our Engineering programs. These funds will be a boon for FIU and all of Miami-Dade County. In addition, the Board of Governors has recognized FIU's Life Sciences and made a recommendation of \$4.9 million.

VI. FIU MEDICAL SCHOOL

FIU continues its strong lobbying efforts for the creation of a medical school at the University Park Campus. Specifically, during the 2006 Session the Board of Trustees is urged to ask the Legislature for an increase in the funds for the FIU/USF medical school partnership, and to fully fund the completion of our Molecular Biology building. Every decision made by the Board of Trustees and every one of the above stated priorities is linked to the universities' strategic priorities including the ultimate creation of a medical school at FIU. We will continue to pursue authorization from the Board of Governors for the creation of an M.D. degree, and continue to explore funding from the Legislature for the planning of an FIU Medical School.

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES GOVERNMENTAL RELATIONS COMMITTEE MEETING

22 NOVEMBER 2005

SUBJECT: FEDERAL LEGISLATIVE REPORT	
PROPOSED COMMITTEE ACTION: None. Discussion Item.	
EXHIBITS/SUPPORTING DOCUMENTS:	 Report on FY '06 Federal Relations Priorities, November 2005
FACILITATORS/PRESENTERS:	 Geroge Dambach . Susan Moya

Report on FY '06 BOT Federal Relations Priorities November 2005

None of the five appropriations bills in which FIU has an interest has been completed. It appears likely that all of the 12 appropriations measures will go forward as separate bills this year, and all are about go to Conference. Congressional leaders plan to get all completed by the targeted November 18th adjournment date, or early December.

To date, we have received \$6.5 million in earmarks in the House, a little more if our share of multi-university SUS projects are included. All but one proposal - obesity (not a BOT priority) - are still in play, despite the extreme pressure by conservative Republicans to reduce the budget. Everything now hinges on how we do in Conference.

1) Florida Hurricane Alliance (Continuation)

Description

The Florida Hurricane Alliance is a multi-university research initiative, led by FIU's International Hurricane Research Center, with the single goal of reducing the cost of hurricanes to federal, state, and local governments, as well as to businesses and households by as much as 50 percent. The Alliance's focus is on three areas: basic and applied research, infrastructure development, and education and outreach.

Status: Active

FIU and eight additional Florida public research universities are seeking \$7.5 million in support of hurricane research in FY '06. The requested funds are to continue and build upon this important project, which received \$3.75 million in congressional funding in FY '04, and \$3.25 million in FY '05.

2) Bio/Nano Electronic Devices and Sensors (Continuation):

Work undertaken by FIU in the area of bio/nano electronic devices and sensors has the ability to significantly improve our nation's warfare technological base and help the U.S. Air Force's Office of Scientific Research build and sustain the Air Force's effectiveness.

Status: Active. \$3 million earmark in House bill.

FIU received a \$3 million earmark in the House FY '06 Department of Defense Appropriation. Outcome will be decided in conference, where our goal is to get the full \$3 million retained in the final bill. FIU received a \$3 million earmark for this project in FY '05.

3) Western Hemisphere Information Exchange Program (Continuation)

WHIX currently supports the Department of the Army's International Activities Plan and NORTHCOM's and SOUTHCOM's security cooperation goals. In FY '05 the project received a

\$2.5 million earmark. The FY '06 funding request would enable FIU to augment and accelerate its agreement with the Army.

Status: Active. \$2.5 million earmark in House bill.

FIU received a \$2.5 million earmark in the House FY '06 Department of Defense Appropriation. FIU's goal is to retain the \$2.5 million through conference.

4) National Center for Transportation Needs of Special Populations (TRANSPO)(Continuation):

FIU's goal is to establish a permanent center for researching, collecting and disseminating information about the unique transportation needs of special populations due to their physical, physiological, language, social-economic and cultural barriers. In FY '04 and FY '05, FIU received a total of \$1 million in earmarks for this research.

Status: Active.

FIU has received earmarks for this project for the past two fiscal years. It is seeking \$1.5 million in FY '06 to continue work with the Federal Transit Administration on improving coordination of specialized transportation services, and conducting additional research identified by the FTA, including the evacuation of special populations during hurricanes.

5) Western Hemisphere Energy Cooperation (New):

FIU's goal is to get both an earmark for its Center for Energy and Technology of the Americas (CETA), as well as get language included in the comprehensive energy bill to establish a Western Hemisphere Energy Cooperation program modeled after CETA.

Status: Active. Authorization language obtained; \$1 million earmark for CETA in House bill.

The comprehensive energy bill, now law, contains language authorizing \$36 million over 3 years for a new program modeled after FIU's CETA. The House Energy and Water Appropriation contains a \$1 million earmark for CETA. FIU's goal is to retain the \$1 million through conference.

6) GlobalNetBienestar (GlobalNetWellness)(New)

The project, in partnership with the Miami-Dade school system, will create a web-based health information resource that will be available 24/7/365, easily accessible, confidential, anonymous and timely, providing information in Spanish and Creole.

Status: Active.

FIU is seeking \$1.5 million for the project, where earmarks historically are not awarded until conference.

SAVE THE DATE

March 8, 2006

"FIU Day at the Capitol"

- President Maidique will be hosting the fourth annual "FIU day at the Capitol" on March 8, 2006.
- This event will provide an opportunity for FIU Trustees to meet with key legislators to lobby FIU issues.



- Through the FIU office of Governmental Relations, we expect to schedule meetings with the Governor, the Speaker of the House, the President of the Senate, and other key legislators.
- Tentatively, the schedule for the day would be as follows:

March 8, Depart Miami 9:00 a.m.

Arrive Tallahassee 10:30 a.m.

Strategy Lunch 11:30 a.m.

Meetings with legislators 1:30 p.m. - 5:00 p.m.

Reception 5:30 p.m. - 7:00 p.m.

Private dinner 7:30 p.m. – 9:00 p.m.

March 9, Depart Tallahassee 8:25 a.m.

Arrive Miami 9:55 a.m.

- As you know, because the State Legislature is in session in March, flights to

 Tallahassee and hotel rooms will be at a premium. Therefore, if you will be able to

 join President Maidique on Wednesday, March 8th, 2006 please contact us as soon
 as possible so we may make the necessary arrangements for your trip.
- A full briefing for Trustees will be scheduled prior to the Tallahassee trip
- We trust that you will be able to participate in this important day!

For more information, please contact:

Dr. Paul Gallagher Michelle Palacio Mayra Beers 305.348.1444 305.348.3505 305.348.6495

Paul.Gallagher@fiu.edu Michelle.Palacio@fiu.edu Mayra.Beers@fiu.edu

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES FULL BOARD MEETING

Tuesday, 22 November 2005 10:00 a.m. Florida International University University Park Campus Graham University Center Ballrooms Miami, FL

AGENDA

I. CALL TO ORDER CHAIRMAN DAVID PARKER II. CHAIRMAN'S REMARKS CHAIRMAN DAVID PARKER III. REQUESTS TO ADDRESS THE BOARD CHAIRMAN DAVID PARKER IV. FIU FOUNDATION REPORT **CARLOS MIGOYA** V. ITEMS FOR BOARD CONSIDERATION A. ACTION ITEMS CHAIRMAN DAVID PARKER 1. CONSENT AGENDA (ADOPT) ■ MINUTES 9.19.2005 FINANCE AND AUDIT CEFP FOR PEOPLESOFT STORAGE SYSTEM GOVERNMENTAL RELATIONS 2006 STATE LEGISLATIVE PRIORITIES COMMITTEE STATUS REPORTS **ALBERT DOTSON ADMINISTRATION AND ATHLETICS** (INCLUDED UNDER COMMITTEE AGENDA) ACADEMIC POLICY AND STUDENT AFFAIRS HERBERT WERTHEIM (INCLUDED UNDER COMMITTEE AGENDA) FINANCE AND AUDIT COMMITTEE KIRK LANDON (INCLUDED UNDER COMMITTEE AGENDA) MIRIAM LÓPEZ **GOVERNMENTAL RELATIONS** (INCLUDED UNDER COMMITTEE AGENDA)

VII. OTHER BUSINESS (IF ANY)

VIII. ADJOURNMENT

CHAIRMAN DAVID PARKER

CHAIRMAN DAVID PARKER

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES BOARD MEETING

22 NOVEMBER 2005

SUBJECT: CONSENT AGENDA		

PROPOSED BOARD ACTION:

ADOPT THE FOLLOWING RESOLUTION:

RESOLVED, that the following matters included in the Consent Agenda are hereby approved:

- A. MINUTES 9.19.05 (EXHIBIT "A")
- B. CEFP FOR PEOPLESOFT STORAGE SYSTEM (EXHIBIT "B")
- C. 2006 STATE LEGISLATIVE PRIORITIESURE AS A CONDITION OF EMPLOYMENT (EXHIBIT "C")

FURTHER RESOLVED that Exhibits "A," "B," and "C" are attached to this Resolution and made part of the minutes for this meeting.

EXHIBITS/SUPPORTING DOCUMENTS:

- EXHIBIT "A" Board of Trustees
 - Minutes 09.19.05
- Exhibit ""B" Description of CEFP Project Expenses
- Exhibit "C" Board of Trustees
 State Priorities, 2006
- FACILITATOR/PRESENTER: NONE

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES BOARD MEETING

19 SEPTEMBER 2005		
SUBJECT: MINUTES, 19 SEPTEMBER 2005		
PROPOSED BOARD ACTION:		
ADOPT THE FOLLOWING RESOLUTION	N:	
	neeting of the Florida International University er 2005, attached to this Resolution as Exhibit	
EXHIBITS/SUPPORTING DOCUMENTS:	■ EXHIBIT "A" – MINUTES, 19 SEPTEMBER 2005	
FACILITATOR/PRESENTER:	None	



THE FLORIDA INTERNATIONAL BOARD OF TRUSTEES BOARD MEETING

MINUTES

MONDAY, 19 September 2005
University Park Ballrooms
FLORIDA INTERNATIONAL UNIVERSITY
MIAMI, FLORIDA

I. CALL TO ORDER

Chairman David Parker convened the meeting of The Florida International University Board of Trustees at 9:05 a.m., on 19 September 2005, at University Park, Graham Center Ballrooms, Miami, Florida.

The following attendance was recorded:

PRESENT:

David Parker Albert Dotson, Sr. Bruce Hauptli Claudia Puig Alex Prado Rosa Sugrañes Modesto Maidique

EXCUSED:

Patricia Frost Miriam López Sergio Pino Herbert Wertheim

Attendance was recorded by Casandra Roache.

II. CHAIRMAN'S REMARKS:

Chairman Parker welcomed all Trustees and Guests. He welcomed members of the Foundation Board of Directors, Mickey Wolfson and Joan Peven Smith.

Chairman Parker introduced and welcomed new Trustee Armando Guerra, Founder and President of Sedano's Stores. He announced that Trustee Guerra had agreed to serve on the Board's Finance and Audit Committee and also on the Academic Policy and Student Affairs Committee. Trustee Guerra noted he had long admired the work FIU was doing for the South Florida community and for the State and he looked forward to contributing to that work. Trustee Claudia Puig welcomed Trustee Guerra and stated it was a privilege to have him serve on the Board.

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES MINUTES 19 SEPTEMBER 2005 PAGE 2

Chairman Parker appointed Trustee Kirk Landon, Chairman of the Board's Finance and Audit Committee as Board Treasurer.

Chairman Parker provided a university report on a number of issues including relief efforts after Hurricane Katrina. He noted approximately 150 displaced students enrolled at FIU under special circumstances and commended faculty and staff on their efforts to accommodate the students. In addition, Chairman Parker reported that the Fall 2005 freshman class was the largest in the history of FIU. He added that the College of Business Administration's undergraduate international business program was once again ranked 7th in the U.S., according to U.S. News & World Report's 2006 "America's Best Colleges" annual survey and that School of Nursing graduates from the 2004-2005 academic year led the state with a 97 percent pass rate on the RN licensing exam. He congratulated School of Nursing Dean Divina Grossman and her faculty for their part in preparing students.

Chairman Parker also reported the opening of the \$8.9 million Recreation Complex at University Park that includes more than 50,000 square feet. He also congratulated the Athletics staff for their work in recruiting of scholar-athletes.

III. REQUESTS TO ADDRESS THE BOARD

There were no requests to address the Board.

IV. FIU Foundation Report

Vice President Howard Lipman reported on behalf of Foundation Chairman Carlos Migoya.

V. ITEMS FOR BOARD CONSIDERATION:

A. ACTION ITEMS

1. Consent Agenda:

Chairman Parker asked for comments on any items included in the Consent Agenda. Hearing none, the Board adopted the following Resolution:

RESOLVED, that the following matters included in the Consent Agenda are hereby approved:

- a. Minutes 6.29.05 (Exhibit "A")
- b. Honorary Degree Recipients (Exhibit "B")
- c. Tenure as a Condition of Employment (Exhibit "C")
- d. Revisions to M.D. Program Proposal (Exhibit "D")
- e. Operating Procedures-Amendment to Committee Charter (Exhibit E")
- f. Consolidated Equipment Financing Program (CEFP) for Email System Purchase (Exhibit "F")
- g. Re-adoption of Tuition Fees Schedule Rules as University Regulations under New BOG Procedure (Exhibit "G")
- h. Re-adoption of University Personnel Rules as University Regulations under New BOG Procedure (Exhibit "H")
- i. Expansion of Definition in Policies for Non-Bargaining Employees (Exhibit "I")

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES MINUTES 19 SEPTEMBER 2005 PAGE 3

FURTHER RESOLVED that Exhibits "A," "B," "C," "D," "E," "F," "G," "H," and "T" are attached to this Resolution and made part of the minutes for this meeting.

B. OTHER ACTION ITEMS

2. President's Management Review

Trustee Dotson thanked the Trustees for their 100 percent participation in the survey conducted by A.T. Kearney Consultants which formed part of the performance review process for President Maidique for the 2004-2005 fiscal year.

President Maidique presented an overview of his accomplishments and challenges for FY 2004-2005. After discussion, the Board adopted the following Resolution:

WHEREAS, the Florida International University Board of Trustees ("the Board") has been statutorily charged with annually evaluating the University President; and

WHEREAS, the Board conducted the performance evaluation of President Modesto A. Maidique for the 2004-2005 fiscal year; and

WHEREAS, the Board must submit the evaluation to the Florida Board of Governors for review;

THEREFORE, BE IT RESOLVED, that the Board grants a "Superior" performance rating to President Modesto A. Maidique in his leadership of Florida International University during fiscal year 2004-2005, including the achievement of the employment equity program goals as established by F.S. 1012.95;

BE IT FURTHER RESOLVED, that the Board authorizes Vivian Sanchez, Vice President for Human Resources, to submit the evaluation of the president to the Florida Board of Governors;

BE IT FURTHER RESOLVED, that the Vice President for Human Resources takes all actions necessary to give effect to this Resolution.

3. President's Goals

As requested, President Maidique presented the University Goals for FY 2005-2006 for adoption. After discussion, the Board adopted the following Resolution:

BE IT RESOLVED, that the Florida International University Board of Trustees adopts the President's Objectives including the University Goals for the 2005-2006 fiscal year as set forth by President Maidique, and attached to this Resolution as Exhibit "I."

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES MINUTES 19 SEPTEMBER 2005 PAGE 4

V. Committee Status Reports

Chairman David Parker requested that each Committee Chair present a status report on the ongoing work of the Committee.

Finance and Audit Committee Chair Kirk Landon, Governmental Relations Committee Chair Miriam López, and Administration and Compensation Committee Chair Albert Dotson reported on items heard by their respective Committees. In the absence of Herbert Wertheim, Provost Mark Rosenberg presented the Academic Policy and Student Affairs Report.

VI. OTHER BUSINESS:

Trustee Lopez announced that FIU Day at the Capitol 2006 will be held on Wednesday, 8 March 2006 and asked all Trustees to Save the Date.

Trustee Sugranes announced that the Greater Miami Chamber of Commerce had convened a task force, chaired by former FIU Board Chairman Armando Codina, that would look at ways to prepare Miami-Dade County for a Category 5 Hurricane. She requested an FIU delegate for the task force. President Maidique recommended Dr. Stephen Latherman, Director of the International Hurricane Center.

Chairman Parker requested Trustee feedback on changes to accommodate a two-day meeting schedule be submitted to Mayra Beers, c/o the Board office.

President Maidique invited all Trustees to events during Faculty Convocation week to be held the last week in September. He invited Trustees to other upcoming events.

VII. ADJOURNMENT:

Since there was no other business to come before the Board, the meeting of the Florida International University Board of Trustees was adjourned on Monday, 19 September 2005, at 10:48 a.m.

MEB/meb 09.29.05

David Parker

Chairman

FIU Board of Trustees

Modesto A. Maidique Corporate Secretary FIU Board of Trustees

Attachments: Exhibits "A", "B", "C", "D," E,""G," "H," and "I."

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES FULL BOARD MEETING

22 NOVEMBER 2005

SUBJECT: CEFP FOR PEOPLESOFT STORAGE SYSTEM

PROPOSED BOARD ACTION:

Adopt the following Resolution:

WHEREAS, The Florida International University Board of Trustees (the "BOT") has authorized capital expenditures aggregating approximately \$550,721.00 in connection with the project described in Exhibit "B" attached hereto (the "Project"); and

WHEREAS, funds for the Project will be provided on an interim basis from existing cash resources of the BOT (the "Temporary Advances"); and

WHEREAS, it is reasonably expected that the Project will be financed on a long-term basis with the proceeds of a tax-exempt financing (the "Financing") to be entered into by the BOT under applicable laws of the State of Florida; and

WHEREAS, Section 1.150-2 of the U.S. Treasury Regulations requires the University to declare its reasonable official intent to reimburse prior expenditures for the Project with the proceeds of a subsequent tax-exempt financing; and

WHEREAS, this Resolution is being adopted prior to or within 60 days after payment of the original expenditure for the Project,

THEREFORE BE IT RESOLVED that The BOT hereby declares its official intent to use proceeds of the Financing to reimburse the University for Temporary Advances for the Project, and

FURTHER RESOLVED that the amount of the Financing will not exceed \$555,000.00 (which amount includes the capital expenditures described in Exhibit "B" plus an allowance for financing costs);

FURTHER RESOLVED that the reimbursement from the proceeds of the Financing shall occur within 18 months following the later of (i) the date of the original expenditure for the Project or (ii) the date on which the Project is placed in service, but no later than three years after the date of the original expenditure for the Project;

FURTHER RESOLVED that this declaration is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the U.S. Treasury Regulations;

The Florida International University Board of Trustees Full Board Meeting 22 November 2005 Consent Agenda Item 1b Page 2

FURTHER RESOLVED that this declaration does not bind the BOT to make any expenditure, incur any indebtedness or proceed with the Project.

BACKGROUND INFORMATION:

LEGAL AUTHORITY:

Section 1.150-2 of the U.S. Treasury Regulations requires the BOT to declare its reasonable official intent to reimburse prior expenditures for the Project with the proceeds of a subsequent tax-exempt financing.

EXHIBITS/SUPPORTING DOCUMENTS:

 EXHIBIT "B" - DESCRIPTION OF CEFP PROJECT EXPENSES

FACILITATOR/PRESENTER:

None

The Florida International University Board of Trustees Full Board Meeting 22 November 2005 Consent Agenda Item 1 Page 1

EXHIBIT B

DESCRIPTION OF PROJECT

General Description of Project

Estimated Capital Cost

Purchase DS8100 Enterprise Storage System to replace the PantherSoft	
Enterprise Storage System.	\$550,721.00

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES FULL BOARD MEETING

22 NOVEMBER 2005

SUBJECT: 2006 STATE LEGISLATIVE PRIORITIES		
PROPOSED BOARD ACTION:		
Adopt the following Resolution:		
RESOLVED that the Florida International University Board of Trustees adopt the State Legislative Priorities for 2006 as outlined and attached to this Resolution as Exhibit "C."		
EXHIBITS/SUPPORTING DOCUMENTS:	■ EXHIBIT "C" – BOT STATE PRIORITIES, 2006	
FACILITATORS/PRESENTERS:	None	



Priorities for the 2006 Legislative Session

March 7 - May 5, 2006

I. ENROLLMENT GROWTH

FIU asks the Legislature to support the Board of Governors request to fund an additional 7,454 FTEs. This requires \$77 million in funding. Of that, \$9.2 million will be allocated to FIU. The funding of enrollment is required to maintain access to universities especially in light of continued success in raising the high school graduation rate around the state.

II. FACULTY SALARIES

FIU competes nationally to attract quality faculty to our campus. Faculty salaries continue to be one of the highest priorities for the Board of Governors. The FIU Board of Trustees pledges to work with the state Legislature on increases that will allow FIU to compensate faculty on a competitive basis. FIU urges our legislative delegation to pursue policies and funding that will ensure FIU's faculty is compensated adequately.

III. FIXED CAPITAL OUTLAY PROJECTS

The Board of Governors has requested \$136 million from the Public Education Capital Outlay Trust Fund for university projects. Of that, \$9.7 million is allocated to FIU for deferred maintenance and completion of the molecular biology and social science buildings. The molecular biology building will support FIU's science programs and would serve as an important step in the further development of FIU's medical education initiative.

A tremendous demand placed on the state Legislature for public school construction due to the class size amendment leaves the state facing dramatically reduced funds available for the universities. FIU urges the Legislature to pledge other available non-recurring dollars to support university capital outlay projects.

IV. MAJOR GIFTS MATCHING PROGRAM

FIU asks the Legislature to support the Board of Governor's request of \$51 million to fund the matching gifts program. The Matching gifts program is a powerful incentive that FIU has been able to use to encourage large donations which enhance the universities' ability to attract recognized scholars, provide scholarships, and enable the improvement of our libraries. The Challenge and Courtelis Grant programs will help leverage the Wertheim gift of 20 million to raise funds for the medical school.

V. ENHANCEMENT FUNDS

The Board of Governors budget requests \$40.2 million in enhancement funds for universities to be able to meet the state's critical needs in nursing, teaching, and engineering. FIU's portion of this money is \$3.4 million to address the Nursing shortage, \$1 million for Teacher Education and \$1.7 million for our Engineering programs. These funds will be a boon for FIU and all of Miami-Dade County. In addition, the Board of Governors has recognized FIU's Life Sciences and made a recommendation of \$4.9 million.

VI. FIU MEDICAL SCHOOL

FIU continues its strong lobbying efforts for the creation of a medical school at the University Park Campus. Specifically, during the 2006 Session the Board of Trustees is urged to ask the Legislature for an increase in the funds for the FIU/USF medical school partnership, and to fully fund the completion of our Molecular Biology building. Every decision made by the Board of Trustees and every one of the above stated priorities is linked to the universities' strategic priorities including the ultimate creation of a medical school at FIU. We will continue to pursue authorization from the Board of Governors for the creation of an M.D. degree, and continue to explore funding from the Legislature for the planning of an FIU Medical School.