Audit Committees Workshop

March 18, 2015
www.flbog.edu

AUDIT AND COMPLIANCE COMMITTEE
TWO-YEAR PLAN

1. Charter Documents
   • AACC Charter
   • OIGC Charter

2. PBF – Data Integrity
   • Audits
   • Certifications
   • Corrective Action Plans

3. System Synergy
   • BOT and BOG Collaboration/Teamwork
   • Workshop
WORKSHOP GOALS

• Synergy (Teamwork & Collaboration)
• Alignment (OIGC/CAE/BOT/BOG)
• Educate and Inform
• Debate Issues
• Identify Strengths
• Identify Opportunities
• Return on Investment

WORKSHOP AGENDA TOPICS

Background:

• Governance
• Pulse of the Profession

Discussion Topics:

1. Compliance and Ethics
2. OIGC Roles, Powers and Duties
3. Complaints Against Chief Audit Executives and Staff
4. Audit Coverage, Follow-up, and Escalation
5. Risk Assessment
6. Risk Management
7. Offices of the Chief Audit Executive
8. Fraud
9. Hotlines
10. Whistle-blower’s Act
11. Quality Assurance (Time Permitting)
12. Shared Services (Time Permitting)
Governance is the combination of processes and structures implemented by the board to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives.

Governance in the public sector:

- Accountability
- Transparency
- Integrity
- Standards Setting
- Ethics
- Risk Management

FLORIDA HIGHER EDUCATION GOVERNANCE

- Board of Governors
  - Constitutional
  - 12 State Universities
  - Strategic Plan
  - Information Systems
  - Articulation
  - STEM Plan

- State Board of Education
  - Statutory
  - K-12
  - 28 Colleges

- Independent Colleges and Universities of Florida
  - 31 Institutions
STATE UNIVERSITY SYSTEM OF FLORIDA
GOVERNANCE STRUCTURE

Board of Governors – Operate, Regulate, and Control
Audit and Compliance Committee
Chancellor
Inspector General

Board of Trustees - Administer
Audit Committee
President
Chief Audit Executive

Legislature
Joint Legislative Audit Committee
Auditor General/OPPAGA

THE THREE LINES OF DEFENSE MODEL

Governing Body / Board / Audit Committee
Senior Management

1st Line of Defense
Management Controls
Internal Control Measures

2nd Line of Defense
Financial Control
Security
Risk Management
Quality
Inspection
Compliance

3rd Line of Defense
Internal Audit
External audit
Regulator
Statement of Principles for Offices of Inspector General

The public expects inspectors general to:
• Hold government officials accountable for efficient, cost-effective government operations
• Prevent, detect, identify, expose and eliminate fraud, waste, corruption, illegal acts and abuse.

This public expectation is best served by inspectors general when they follow the basic principles:

<table>
<thead>
<tr>
<th>Integrity</th>
<th>Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objectivity</td>
<td>Honesty</td>
</tr>
<tr>
<td>Independence</td>
<td>Fairness</td>
</tr>
<tr>
<td>Confidentiality</td>
<td>Forthrightness</td>
</tr>
<tr>
<td>Professionalism</td>
<td>Public accountability</td>
</tr>
<tr>
<td>Competence</td>
<td>Respect for others and themselves</td>
</tr>
<tr>
<td>Courage</td>
<td></td>
</tr>
</tbody>
</table>

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
Results suggest that alignment of stakeholder expectations, and matching skills and capabilities to these expectations, helps internal audit enhance the value delivered to the organization.
“By failing to prepare, you are preparing to fail.”

-Benjamin Franklin

“There is no more enduring challenge for internal auditors than achieving and maintaining alignment with the expectations of our key stakeholders.”

Richard Chambers, President and CEO of the IIA, February 2015
Maturity Model

- Non-Existent
- Initial (ad hoc)
- Managed
- Optimized
THE THREE LINES OF DEFENSE MODEL

1st Line of Defense
Management Controls
Internal Control Measures

2nd Line of Defense
Financial Control
Security
Risk Management
Quality
Inspection
Compliance

3rd Line of Defense
Internal Audit

Established – 2013
Meetings
Charter
First in-person Meeting
Participation
AACC Presentation
Draft Regulation
### UNIVERSITY COMPLIANCE PROGRAMS

#### All SUS Institutions compliance functions

<table>
<thead>
<tr>
<th>University</th>
<th>Office</th>
<th>Incumbent</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAMU</td>
<td>Chief Audit Executive (CAE)</td>
<td>Rick Givens, VP and CAE</td>
<td>?</td>
</tr>
<tr>
<td>FAU</td>
<td>Decentralized</td>
<td>--</td>
<td>?</td>
</tr>
<tr>
<td>FGCU</td>
<td>General Counsel</td>
<td>Vee Leonard, GC</td>
<td>?</td>
</tr>
<tr>
<td>FIU</td>
<td>Chief Compliance Officer (CCO)</td>
<td>Karyn Boston, CCO</td>
<td>?</td>
</tr>
<tr>
<td>FPU</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>FSU</td>
<td>CAE</td>
<td>Sam McCall, CAE</td>
<td>?</td>
</tr>
<tr>
<td>NCF</td>
<td>CAE</td>
<td>John Martin, VP Fin. &amp; Admin.</td>
<td>?</td>
</tr>
<tr>
<td>UCF</td>
<td>CCO</td>
<td>Rhonda Bishop, CCO</td>
<td>?</td>
</tr>
<tr>
<td>UF</td>
<td>Decentralized</td>
<td>--</td>
<td>?</td>
</tr>
<tr>
<td>UNF</td>
<td>CCO</td>
<td>Joann Campbell, CCO</td>
<td>?</td>
</tr>
<tr>
<td>USF</td>
<td>CAE</td>
<td>Jeff Muir, CCO</td>
<td>?</td>
</tr>
<tr>
<td>UWF</td>
<td>CAE</td>
<td>Matt Packard, Compliance Specialist</td>
<td>?</td>
</tr>
</tbody>
</table>

#### COMPLIANCE AND ETHICS PROGRAM MATURITY MODEL

- **Non-Existent**
- **Initial (ad hoc)**
- **Managed**
- **Optimized**
Authority: Board of Governors

- Require University Compliance and Ethics Programs
  - Consistent with U.S. Sentencing Guidelines – 7 Elements
    1. Establish infrastructure
    2. Compliance and ethics oversight
    3. Avoid delegation of authority to unethical individuals
    4. Communicate and educate
    5. Monitor and audit
    6. Consistent enforcement and discipline
    7. Incident response and prevention
  - Chief Compliance Officer
  - BOT committee responsible for compliance matters

Considerations
- Federal Sentencing Guidelines
- Chief Compliance Officer
- Reporting Structure
- Board of Trustees Committee
- SUS Compliance and Ethics Consortium Participation
- Professional Affiliations and Certifications

Discussion
Kristina Marasia (OPS Student Assistant), Melanie Yopp (Investigations and Audit Specialist), Lori Clark (Audit and Compliance Specialist), and Joseph Maleszewski (Inspector General and Director of Compliance)

- Established - 2007
- Using Existing Resources
- Duties:

An Office of Inspector General shall be organized using existing resources and funds to promote accountability, efficiency, and effectiveness and to detect fraud and abuse within state universities.

- s. 20.155(5), F.S.

- Duties included compliance matters
Authority: Section 20.155, Florida Statutes

• Powers and Duties
  
  o Promote:
    ▪ Accountability
    ▪ Efficiency
    ▪ Effectiveness
  
  o Detect:
    ▪ Fraud
    ▪ Abuse
  
  o Agency Inspector General

Authority: Section 20.155, Florida Statutes

• Allegations
  o Waste
  o Fraud
  o Financial Mismanagement

• BOG Determinations – Is a BOT “Unwilling or Unable?”

• BOT “Unable” – Specific Circumstances

• OIGC recommendation to BOG for action
Considerations

• Role of OIGC
  o Promote Accountability, Efficiency and Effectiveness
  o Detect Fraud and Abuse
• Allegations of Waste, Fraud or Financial Mismanagement
• Circumstances when a BOT is “Unwilling or Unable”

Discussion
COMPLAINTS AGAINST CAE AND STAFF

“Who investigates complaints against CAE and/or CAE staff?”

CAE Survey Responses

<table>
<thead>
<tr>
<th>University</th>
<th>CAE</th>
<th>CAE Staff member</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAMU</td>
<td>BOT / AC</td>
<td></td>
</tr>
<tr>
<td>FAU</td>
<td>President / BOT</td>
<td>CAE</td>
</tr>
<tr>
<td>FGCU</td>
<td>President</td>
<td>CAE</td>
</tr>
<tr>
<td>FIU</td>
<td>General Counsel (GC)</td>
<td></td>
</tr>
<tr>
<td>FSU</td>
<td>President / AC</td>
<td>CAE / GC / BOT AC</td>
</tr>
<tr>
<td>NCF</td>
<td>BOT AC</td>
<td></td>
</tr>
<tr>
<td>UCF</td>
<td>GC / OIGC BOG</td>
<td></td>
</tr>
<tr>
<td>UF</td>
<td>President</td>
<td></td>
</tr>
<tr>
<td>UNF</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>USF</td>
<td>GC (possible referral)</td>
<td></td>
</tr>
<tr>
<td>UWF</td>
<td>President / BOT</td>
<td>CAE</td>
</tr>
</tbody>
</table>

Considerations

- Current Practice
- Independence
- Objectivity
- Type of Complaint

Discussion
AUDIT COVERAGE

Auditor General - Financial Statement Audit
FYs 2010-11 through 2012-13

• Financial Statements – Fairly Presented
• Internal Controls
• Noncompliance
• Additional Matter
AG OPERATIONAL AUDIT SCOPE

- IT policies and procedures
- IT access privileges and separation of duties
- IT access – deactivation of employees
- IT logging and monitoring
- IT authentication controls
- IT data loss prevention
- IT logical access controls & user authentication
- IT security incident response
- Board and committee meetings
- Textbook affordability
- Identity theft prevention program (Red Flags Rule)
- Internal audit function (inspector general)
- Fund equity controls
- Investments
- Student receivables
- Florida residency determination and tuition
- Tuition differential fees
- Auxiliary operations contract compliance

- Terminal pay
- Severance pay
- Related-party transactions
- Journal entries
- Direct-support organizations
- Fraud policy and related procedures
- SSN requirements
- Conflicts of interest
- Annual physical inventory of property
- Distance learning fees
- Royalty fees
- Dual enrollment programs
- Construction administration
- Earmarked capital project resources
- Transient student admission
- Cash collection procedures
- Rebate revenues
- Grant administration

AUDIT COVERAGE

Operational Report Findings (FY 6/30/11- 6/30/14)

- Expenses, Disbursements & P-Cards 7%
- Other 9%
- Information Technology 22%
- Administrative Management & Board Policies 14%
- Personnel & Payroll 13%
- Royalties, Tuition & Fees 10%
- Construction Administration & Contract Monitoring 9%
- Procurement of Goods & Services 9%
- Cash Collections/Mgt. & Receivables 7%
AUDIT COVERAGE

Auditor General - Federal Awards Audits

Student Financial Assistance Findings

35 Total - FYs 2010-11 to 2012-13

AUDIT COVERAGE

Auditor General - Federal Awards Audits

Research & Development Findings

17 Total - FYs 2010-11 to 2012-13
AUDIT COVERAGE

Auditor General - IT Audits of NWRDC

• 4 Audits

• 15 Audit Findings
  o 13 - IT Operations
  o 2 - Cost Allocation Processes

OPPAGA Reports by SUS Category
January 2010 - January 2015
Support Organizations/Plans - FY 2012-13

- 73 Financial Statement Audits – Fairly Presented
- 3 AUP: Intercollegiate Athletics
  - Material Weakness - Student Fees $65,000
  - Exception - Ticket Sales and Student Fees $200,000
  - Exception - Student Fees $147,000
- 5 of 73 Audits: I/C over Financial Reporting
  - Intercollegiate Athletics: Material Weakness – Accounts Receivable and Reconciliations
  - Foundation: Material Weakness – Segregation of Duties; Significant Deficiency – Untimely Reconciliations
  - Law Center: Material Weakness – Accounting system conversion
  - Florida Seed Production Foundation: Significant Deficiency – Disbursements
  - Nursing Faculty Practice: Management Letter – Update billing system codes and properly document patient income
- 1 of 73 Audits: Compliance Issue
  - Florida Seed Production Foundation: Travel-related compliance issue

University CAEs – Internal Audit Findings by Category
CYs 2012 – 2014

![Graph showing internal audit findings by category for CYs 2012 to 2014.](image-url)
RECAP AUDIT COVERAGE

- **University – Financial**
  - Fairly Stated
  - Internal Controls
  - Compliance

- **Federal Awards**
  - Student Financial Assistance
  - Research and Development

- **Support Organizations/Plans – Financial**
  - Fairly Stated
  - Internal Controls
  - Compliance

- **OPPAGA – Nursing**

COMMON/PERSISTENT AUDIT FINDINGS
AG AND CAE OPERATIONAL AUDITS

- IT Security – User Authentication
- Textbook Affordability
- Tuition Differential
- Remuneration Administrative Employees
- Severance Payments
- Residency for Tuition Purposes
- DSO – Line of Credit
- P-Card
- Cash Collections
- Contracting and Procurement
- Construction
- Vehicle Fuel Consumption – Vehicle Usage Logs
- IT Disaster Recovery
IIA Performance Standard 2500:
The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.

- Corrective Action Plans
- Periodic Follow-up
- Escalation of Issues
- Acceptance of Risk

Authority: Section 1008.322, Florida Statutes
- Joint Legislative Auditing Committee (JLAC)
  - Request written statement
  - Appear before JLAC
  - Refer to BOG to proceed under Section 1008.322, F.S.
- BOG Oversight and Enforcement Authority
  - Chancellor authority to investigative noncompliance
  - Order compliance
  - Noncompliance
    - Withhold funds
    - Declare ineligible for grants
    - Periodic reporting
    - Recommend action to Legislature
Considerations

- Audit Trends
- Role of AG/JLAC
- BOG Oversight and Enforcement Authority

Discussion
CAEs indicated they:

- Conduct periodic risk assessments
- Solicit stakeholder input (alignment)
- Understand the strategic direction of their university
RISK ASSESSMENT MATURITY MODEL

Non-Existent | Initial (ad hoc) | Managed | Optimized

UNIVERSITY RISKS AND AUDIT COVERAGE

AG Operational
University CAE
AG Financial
CPA
OPPAGA
Federal Auditors
Considerations

• Audit Coverage
• Risk Types
• Risk Appetite
• System-wide Risks
• Fraud Risks
• Are there risks we are not auditing?

Discussion
## THE THREE LINES OF DEFENSE MODEL

### University Committees

<table>
<thead>
<tr>
<th>University</th>
<th>Committees</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAMU</td>
<td>Academic Affairs, Audit &amp; Compliance</td>
</tr>
<tr>
<td>FAU</td>
<td>Academic &amp; Student Affairs, Audit &amp; Finance</td>
</tr>
<tr>
<td>FGCU</td>
<td>Academic, Student &amp; Faculty Affairs, Audit</td>
</tr>
<tr>
<td>FIU</td>
<td>Academic Policy &amp; Student Affairs, Finance &amp; Administration, Governance</td>
</tr>
<tr>
<td>FPU</td>
<td>Academic &amp; Student Affairs, Audit &amp; Compliance, Governance</td>
</tr>
<tr>
<td>FSU</td>
<td>Academic Affairs, Finance, Business &amp; Audit, Student Affairs, Governance</td>
</tr>
<tr>
<td>NCF</td>
<td>Academic Affairs, Audit, Finance, Facilities*, &amp; Administration, Student Affairs, Governance</td>
</tr>
<tr>
<td>UCF</td>
<td>Educational Programs, Audit, Review, Compliance &amp; Ethics, Finance &amp; Facilities</td>
</tr>
<tr>
<td>UF</td>
<td>Educational Policy &amp; Strategy, Audit &amp; Operations, Finance &amp; Facilities, Governance</td>
</tr>
<tr>
<td>UNF</td>
<td>Academic Affairs, Finance &amp; Audit, Student Life &amp; Facilities</td>
</tr>
<tr>
<td>USF</td>
<td>Academics &amp; Campus Environment, Finance &amp; Audit, Research, Innovation, Engagement &amp; Job Creation</td>
</tr>
<tr>
<td>UWF</td>
<td>Academic Affairs, Audit &amp; Operations, Finance &amp; Facilities, Student Affairs, Executive</td>
</tr>
</tbody>
</table>
• Risk Management Programs
• Role of Internal Audit?

2120 – Risk Management
The internal audit activity **MUST** evaluate the effectiveness and contribute to the improvement of risk management processes.
Considerations

• University Risk Management Programs
• Role of Internal Audit
• Board of Trustees Responsibilities
• Risk Appetite

Discussion
OFFICE OF CHIEF AUDIT EXECUTIVE
MATURITY MODEL

Assurance Provider

Problem Solver

Insight Generator

Trusted Advisor

CAE MISSION

• Audit
• Investigations
• Compliance (4 out of 11)
• Whistle-blower’s Act
• Special Projects
PROFESSIONAL STANDARDS

- **Audit** –
  - IIA - Red Book
  - GAO - Yellow Book
  - ISACA – IS Audit and Assurance

- **Investigations** –
  - Green Book
  - ACFE – Code of Professional Standards

CAE QUALIFICATIONS

- BA or MA in relevant area
- More than 5 years of experience
- Professional Certification – CPA or CIA

<table>
<thead>
<tr>
<th>Degrees</th>
<th>Certifications</th>
<th>Professional Affiliations</th>
</tr>
</thead>
<tbody>
<tr>
<td>All have BAs:</td>
<td>8 CPAs</td>
<td>ACFE</td>
</tr>
<tr>
<td>1 MBA</td>
<td>4 CIAs</td>
<td>ACUA</td>
</tr>
<tr>
<td>2 MPAs</td>
<td>2 CIGs</td>
<td>AGA</td>
</tr>
<tr>
<td>2 MSs</td>
<td>2 CGFM</td>
<td>AHIA</td>
</tr>
<tr>
<td>1 PhD</td>
<td>1 each: CCEP, CCSA, CFM, CGAP, CGMA &amp; CISA</td>
<td>AICPA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>AIG</td>
</tr>
<tr>
<td></td>
<td></td>
<td>FICPA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>IIA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ISACA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SCCE</td>
</tr>
</tbody>
</table>
• CAE Appointment and Removal
• Qualifications
• Reporting Structure
• Resources
• Management
  o Hire staff
  o Manage budget
  o Reporting
• Scope Limitations

UNIVERSITY CHIEF AUDIT EXECUTIVE SURVEY

Office Resources:
• System Total: $8 Million
• University Average: $800,000
• 27% Report Insufficient Resources
• CAE Priorities for Resources:
  o Staffing
  o Salaries – Retain Staff
  o Training
  o Audit Software
  o Compliance
  o Hotline
RATIO: AUDIT STAFF TO UNIVERSITY STAFF

Fall Term 2014*

- FAMU: 234
- FAU: 1,044
- FGCU: 491
- FIU: 660
- FSU: 598
- NC: 280
- UCF: 863
- UF: 1,379
- UNF: 532
- USF: 785
- UWF: 326

*Does not include FPU.

RATIO: AUDIT TO UNIVERSITY EXPENDITURES

Fiscal Year 2013-2014*

- FAMU: 0.62
- FAU: 0.12
- FGCU: 0.22
- FIU: 0.17
- FSU: 0.23
- NC: 0.26
- UCF: 0.19
- UF: 0.14
- UNF: 0.17
- USF: 0.24
- UWF: 0.28

* Does not include FPU.
## CAE IT AUDIT STAFF SUMMARY

<table>
<thead>
<tr>
<th>University</th>
<th>Position</th>
<th># of FTEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAMU</td>
<td>Staff Auditor – IT</td>
<td>1</td>
</tr>
<tr>
<td>FIU</td>
<td>Information Systems Audit Manager</td>
<td>1</td>
</tr>
<tr>
<td>FSU</td>
<td>Staff Auditor – IT</td>
<td>1</td>
</tr>
<tr>
<td>UCF</td>
<td>IT Auditor</td>
<td>Vacancy</td>
</tr>
<tr>
<td>UF</td>
<td>Manager – IT Audit</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Staff Auditor – IT</td>
<td>Vacancy</td>
</tr>
<tr>
<td>UNF</td>
<td>Staff Auditor – IT</td>
<td>1</td>
</tr>
<tr>
<td>USF</td>
<td>Assistant Director – Audit/IT</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Senior IT Auditor</td>
<td>2</td>
</tr>
</tbody>
</table>

Total: 10 IT FTEs

## CAE v. ACUA AVERAGE SALARIES

<table>
<thead>
<tr>
<th>CAE / IG Job Titles</th>
<th>ACUA Job Titles</th>
<th>CAE Salaries</th>
<th>ACUA Salaries</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director of Audit/Investigations</td>
<td>Associate Director</td>
<td>$87,388</td>
<td>$106,682</td>
<td>($19,294)</td>
</tr>
<tr>
<td>Audit Manager</td>
<td>Manager/Supervisor</td>
<td>$78,205</td>
<td>$86,653</td>
<td>($8,448)</td>
</tr>
<tr>
<td>Senior Auditor/Investigator</td>
<td>Experienced Auditor</td>
<td>$63,838</td>
<td>$67,010</td>
<td>($3,172)</td>
</tr>
<tr>
<td>Staff Auditor/Investigator</td>
<td>Entry-Level Auditor</td>
<td>$54,774</td>
<td>$48,436</td>
<td>$6,338</td>
</tr>
<tr>
<td>IT Manager</td>
<td>IT Manager</td>
<td>$89,929</td>
<td>$102,247</td>
<td>($12,318)</td>
</tr>
<tr>
<td>Senior IT Auditor</td>
<td>Experience IT Auditor</td>
<td>$72,201</td>
<td>$78,117</td>
<td>($5,916)</td>
</tr>
<tr>
<td>IT Auditor</td>
<td>Entry Level IT Auditor</td>
<td>$54,750</td>
<td>$53,615</td>
<td>$1,135</td>
</tr>
<tr>
<td>Administrative Assistant</td>
<td>Administrative/Clerical</td>
<td>$44,077</td>
<td>$45,193</td>
<td>($1,116)</td>
</tr>
</tbody>
</table>
REGULATION DEVELOPMENT – CHIEF AUDIT EXECUTIVES

• Charters – BOT & CAE Office

• Duties and Responsibilities
  o Audits and Investigations
  o Promote economy and efficiency
  o Prevent and detect fraud and abuse

• Professional Standards
  o Office – AIG General Principles and Standards for Offices of Inspectors General
  o Audits – IIA, GAGAS, ISACA
  o Investigations - AIG Quality Standards for Investigations

• Resources
  • Provide training & outreach – fraud awareness, risk management, controls
  • Continuing professional development
  • Annual Report
  • Complaints against CAEs and their staff
  • State University Audit Council

AUDITS:

• CAE Qualifications

• Independence
  o Appointment and Removal
  o Reporting – Administratively to President & Functionally to BOT
  o Access to information and people
  o Scope limitations
  o Audit Reports

• Follow-up on AG and CAE findings and recommendations

• Acceptance of Risk

• Periodic risk assessments and audit plans

• Quality assurance and improvement program
Investigations:

- Cooperation with official investigations
- Whistle-blower’s Act determination and investigation
- Violations of criminal law – report expeditiously to law enforcement
- Complaint tracking, referral and disposition
- Freedom from interference with investigations
- Investigative reports

Considerations

- Investment in CAE
- Resourcing – Staffing & Budgets
- Independence
- Prepared (Qualified, Educated, Experienced, Certified)
- IG Equivalent Positions
- Regulation

Discussion
“Most universities often are fraud victims because of their unique control environments. An atmosphere of openness and collegiality, and faculty members who don’t want to be controlled, can lead to a lack of segregation of duties and independent oversight.”
The COST of FRAUD

- 5% of annual revenue to fraud
  - 1,483 cases = over $3 billion in losses
  - Potential $3.7 trillion worldwide loss

- 22% of frauds > $1 million

- Hidden costs:
  - Productivity
  - Reputational damage
  - Related business
  - Investigation and remediation

- 58% of entities had not recovered losses
Three categories of occupational frauds:
1. Asset misappropriations
2. Corruption
3. Financial statement fraud

- Misappropriation – most common = 85% of all fraud
- Most common fraud schemes in education:
  - 36.30% Corruption
  - 33.80% Billing
  - 31.30% Expense Reimbursements
  - 20.00% Skimming
  - 16.30% Cash on Hand
  - 16.30% Payroll

Frauds in Higher Education - six-figure occupational fraud losses:

- Bethany College, WV, > $500,000 cashier’s office employee charged
- Harrisburg Area CC, PA, $228,000 VP plead guilty used institutional funds for personal purchases
- Georgetown, D.C., about $390,000 administrator embezzled

Source: Anne Rawland Gabriel, University Business, January 2014 (UB, 2014)
SUS FRAUD EXAMPLES

2012 - University Events Director arrested on 8 Counts of Fraudulent Claims
  - Submitted false info regarding per diem and travel expenses

2013 - Former University Student Gets 2 Years in Prison for Identity Theft
  - Redirected financial aid refunds
  - Aggravated ID theft and access device fraud

2014 - Former University Dean & Student Government Association (SGA) Coordinator of Accounting & Budgets
  - Arrested for Stealing money from SGA
  - Admitted to stealing from fees paid for out of town games
  - Three counts grand theft and 11 counts fraudulent claims

Considerations
- Tone at the top
- How much fraud do we have?
- How do you prefer fraud to surface?
- All fraud is committed by those we trust.
- System fraud policy
- University fraud policies
- Fraud risk assessments

"There's none deceived but he that trusts"
- Benjamin Franklin

Discussion
“Organizations with hotlines were much more likely to catch fraud by a tip, which our data shows is the most effective way to detect fraud. These organizations also experienced frauds that were 41% less costly, and they detected frauds 50% more quickly.”

Source: ACFE 2014 Report to the Nations
COMPLAINT HOTLINE AND TRACKING SYSTEM

- 7 Universities (58%) have hotlines
- 5 use EthicsPoint (Navex)
- 1 uses The Network
- 1 in-house web-based system

**All track complaint dispositions:**
  - 9 use in-house systems
  - 2 use off-the-shelf systems (Navex and TeamMate)
• Student Complaints
• OIGC Complaints
• University Complaints
• Ethics Complaints
• Florida Commission on Human Relations
• CFO Get Lean Hotline
• Whistle-blower’s Hotline
• USDOE – Office of Civil Rights
• USDOE – OIG

http://www.flbog.edu/contact/complaint/

Considerations
• Governors CIG WB Hotline
• OIGC Complaints Page
• Management of Hotlines

Discussion
Sections 112.3187-112.31895, F.S. - “Whistle-blower’s Act”

“Any violation or suspected violation of any federal, state, or local law, rule, or regulation committed by an employee or agent of an agency or independent contractor which creates and presents a substantial and specific danger to the public’s health, safety or welfare”

“Any act or suspected act of gross mismanagement, malfeasance, misfeasance, gross waste of public funds, suspected or actual Medicaid fraud or abuse, or gross neglect of duty committed by an employee or agent of an agency or independent contractor.”

Subsection 112.3187(5)(a), F.S.
• Appoint IG for purposes of Whistle-blower’s Act – make determinations and conduct the investigations
• Protection for WB
• Confidentiality
  o WB Identity,
  o Active Investigative Information
• Investigative Timeframes
  o Determinations (20 days)
  o Investigations (60 days)
• Governors CIG – WB Hotline
• WB Response – 20 days
• Referral to LE if Criminal

• All Chief Audit Executives
• 6 Universities General Counsels
• 2 University Presidents
Considerations

- BOT Appointment of IG for purposes of WB Act
- Determinations and Investigations
- Placement/Independence
- Timeframes
- Confidentiality

Discussion
IIA Attribute Standard 1300 – QAIP

- Internal Assessments
  - Ongoing
  - Periodic self-assessments
- External Assessments (every 5 years)
- Management Action Plan
- Reporting – Senior Management & Board
- Use of “Conforms with the ISPPIA”
- Disclosure of Nonconformance

QUALITY ASSESSMENT REVIEW

- External QAR
  - 10 of the 11 have had a QAR within the required 5 years
  - All 11 received a Generally Conform (GC) finding
  - Opportunities for improvement

- Internal QAR
CAEs conducting joint investigations with university, local, state and/or federal law enforcement agencies:

- 64% (7) universities do
- 36% (4) universities do not
Considerations
• Quality Assurance and Improvement Program (QAIP)
• Internal Quality Assessment
• External Quality Assurance Review – Every 5 Years
• Self-Assessment with External Validation
• LE Partner Accreditation

Discussion
The State University System is working together to save

Florida’s 12 universities are poised to find big cost savings on contracts after buying a spend analytics tool designed to help them negotiate collectively. The tool provides a comprehensive view into system-wide spending and assists in leveraging the size of the State University System to secure better contracts on products from computers to car rentals.

Why should you care? The purchase of a spend analytics tool is one of many State University System efforts to enhance efficiency and ensure the best possible use of taxpayer dollars. The State University System even found savings on the purchase of the software itself, which cost $244,490--$600,000 less than if the universities had purchased spend analytics software independently.

Bottom line? The State University System of Florida provides a good return on investment.

---

1. Education and Training

2. SUS Staff Expertise
   a. IT Audits
   b. Quality Assessment Reviews

3. Information Sharing
   a. Reports and Findings
   b. Audit Expertise
   c. Audit Plans and Risk Assessments

4. Resources
   a. Third-party Hotline
   b. System-wide Audit Management Software
   c. Electronic Work Papers
Considerations

- Training and Development
- Quality Assessment Reviews
- Information Sharing
- ACUA Resources
- CAE Collaboration via SUAC
- Software
  - Audit Management
  - Working Papers
  - Computers Assisted Audit Techniques

Discussion

Wrap Up!
WRAP-UP!

Background:

- Governance
- Pulse of the Profession

Discussion Topics:

1. Compliance and Ethics
2. OIGC Roles, Powers and Duties
3. Complaints Against Chief Audit Executives and Staff
4. Audit Coverage, Follow-up, and Escalation
5. Risk Assessment
6. Risk Management
7. Offices of the Chief Audit Executive
8. Fraud
9. Hotlines
10. Whistle-blower’s Act
11. Quality Assurance (Time Permitting)
12. Shared Services (Time Permitting)
Audit and Compliance Committee Meeting

March 18, 2015
www.flbog.edu

AUDIT AND COMPLIANCE COMMITTEE TWO-YEAR PLAN

1. Charter Documents
   • AACC Charter
   • OIGC Charter

2. PBF – Data Integrity
   • Audits
   • Certifications
   • Corrective Action Plans

3. System Synergy
   • BOT & BOG Collaboration/Teamwork
   • Workshop
Audit Committees Workshop

- Held this morning
- Participants
- Collaboration
- Regulations
  - Compliance and Ethics
  - OIGC
  - Offices of Chief Audit Executive
  - Board Oversight and Enforcement Authority

AUDIT AND COMPLIANCE COMMITTEE
TWO-YEAR PLAN

1. Charter Documents
   - AACC Charter
   - OIGC Charter

2. PBF – Data Integrity
   - Audits
   - Certifications
   - Corrective Action Plans

3. System Synergy
   - BOT & BOG Collaboration/Teamwork
   - Workshop
• Audit Requirement
• Provides assurance that university data submitted for PBF decision-making is reliable, accurate, and complete
• Audit Guidance:
  o Due - March 2015
  o Minimum Audit Requirements
  o Institute of Internal Auditors - ISPPIA
  o Audit Scope

Minimum Objectives:
• Data Administrator
• Processes
• Documentation, Policies, and Procedures
• System Access Controls
• Testing of Data Accuracy
• Data Administrator’s Certification
• Data Consistency
• Timely Submissions
Corrective Action Plans
- Due – 30 days
- Board of Governor Approval

Certification
- 11 representations
- Executed by University President and BOT Chair
- Audit – Basis for Certification

AUDIT RESULTS
- 10 of 11 – Submitted Audits
- All 10 Concluded:
  - Controls Adequate
  - Basis of Certification
- Corrective Action Plans (CAP)
  - 8 Universities Developed CAP
  - 3 Universities Completed CAP
<table>
<thead>
<tr>
<th>UNIV.</th>
<th>CONCLUSIONS</th>
<th>OBSERVED ISSUES</th>
<th>ACTION PLAN</th>
<th>CERTIFICATION</th>
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<tr>
<td>FAMU</td>
<td>Controls Adequate Basis for Certification</td>
<td>Policies and Procedures • Documentation of Awarded Degrees in iRattler • Access Controls • Timeliness of Submissions</td>
<td>Completion Date: June 2015</td>
<td>Modified Representations: 8. Timely Sub. 9. Certification</td>
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<td>FIU</td>
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<td>Policies and Procedures • Timeliness of Submissions • Access Controls • Reporting – multiple admission dates</td>
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<td>FSU</td>
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<tr>
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<td>--</td>
<td>Report expected: 3/17/15</td>
<td>--</td>
<td>Unmodified Certification</td>
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<tr>
<td>USF</td>
<td>Controls Adequate Basis for Certification</td>
<td>Data Administrator Position Description • Password Standards • Server Security • Data Submission Errors • Enhance Graduate Students and Postdoctorates in Science and Engineering (GSS) Survey</td>
<td>Completed: February 2015</td>
<td>Unmodified Certification</td>
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<td>UWF</td>
<td>Controls Adequate Basis for Certification</td>
<td>Policies and Procedures</td>
<td>Completion Date: March 2015</td>
<td>Unmodified Certification</td>
</tr>
</tbody>
</table>

**CERTIFICATIONS**

- Data Integrity Certifications
  - 9 Universities submitted “Unmodified”
  - 2 Universities submitted “Modified”
    - Timeliness of Data Submissions
    - Data Administrator Certification

- Impact of “Modified” representations
Challenge

- Public colleges and universities need a systematic way to share early plans for future academic degree programs.
Purpose

• The APPRiSe web tool was developed to serve as a method to allow state colleges and universities to share information regarding new bachelor’s degrees in order to:
  – Provide notice early in the development process, and
  – Avoid unnecessary duplication of other college and university academic degree programs.

APPRiSe Users

• Each institution will have two users.
  – Users are administrators at each institution who play a major role in program approval.

• Appropriate staff at the Board of Governors and Florida College System will also have access.
A Place for APPRiSe in the Academic Program Development Process

Florida College System
- Colleges enter a “Prospective Program” 1 Year prior to the Letter of Intent.

State University System
- Universities enter a “Prospective Program” 1 Year prior to a proposal going to the University Board of Trustees.
**60 Day Comment Period**

- **A Prospective Program is entered into APPRiSe**
- An email is sent to all Users on the Contact List
- An email is sent to all Users on the Contact List, noting 10 days are left to comment
- When the Prospective Program has been posted for 50 days
- When the comment period ends for a Prospective Program
- An email is sent to all Users on the Contact List

**THE APPRiSe WEB TOOL**
Adding a Prospective Program

Home Page – Viewing Prospective Programs
Prospective Program List

Academic Program Pre-proposal Recognition System

<table>
<thead>
<tr>
<th>Program Name</th>
<th>Program Level</th>
<th>CIF Code</th>
<th>Anticipated Start Term</th>
<th>Close Date</th>
<th>Status</th>
<th>Institution Name</th>
<th>Institution Type</th>
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<td>Medical APL</td>
<td>Seminars</td>
<td>SS 10</td>
<td>FALL 2016</td>
<td>29-APR-16</td>
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<td>UNIVERSITY</td>
<td>BOARD OF CONSERVES</td>
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<td>SS 12</td>
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<td>UNIVERSITY</td>
<td>BOARD OF CONSERVES</td>
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</tbody>
</table>

Please note that all information collected by this application is public record.
Next Steps

- Pilot Testing of Institutional Users
  - Monday, February 23\textsuperscript{rd} through Friday, March 16\textsuperscript{th}
  - No glitches reported - ready to roll-out
Questions
Mission / Goals

1. Position Florida as the national leader in cybersecurity
2. Create thousands of new high-paying jobs in the state’s cybersecurity industry
3. Serve as a statewide facilitator for cybersecurity
4. Enhance Florida’s cybersecurity workforce, including reintegrating military veterans by utilizing their specialized skills and training
5. Act as a cybersecurity clearinghouse for statewide business and higher education
6. Attract new financial, healthcare, transportation, utility, and defense entities to Florida

* HB 5101: 1004.444, Florida Statutes
Phase I Goals

A. Expanding existing and delivering new online degree, certificate, and professional certification programs, in partnership with Florida businesses to rapidly accelerate workforce development

B. Building a coordinated statewide cybersecurity network

C. Coordinating and capitalizing on university-based talent pool to successfully compete for federal and industry funding for cybersecurity research

D. Promoting cybersecurity education and consumer protection programs for Floridians and Florida companies through public information and workshops

*BOG Report – December 2013 (page 13)

Expanding Workforce Development

Accomplishes:
• Mission goals one and three
• Phase One goal A

FC2 staff also
• Worked with USF staff to help the university earn the designation as a National Center for Academic Excellence in Information Assurance/Cybersecurity by the National Security Agency (NSA) and Department of Homeland Security (DHS).
Building a Statewide Cybersecurity Network

Accomplishes:
- Mission goals two, four and six
- Phase One goal B

FC2 staff also:
- Partnered with Raymond James to create a new internship program
- Worked with a Swedish cybersecurity firm to open their first Florida office.
- Worked with industry partners to lay the foundation for the FC² Cyber Academy to train returning veterans and others for jobs in the cybersecurity field.

Prepared by: Florida Department of Economic Opportunity, Bureau of Labor Market Statistics
Goal to enhance Florida’s Workforce outlined in BOG Report – December 2013 (page 10)

Coordinating Cybersecurity Research

Accomplishes:
- Mission goals one and five
- Phase One goal C

FC2 staff also
- Generated more than $530,000 in grants, sponsorships and matching research dollars.
- Awarded $500,000 for 12 seed grants for cybersecurity research to faculty from ten different SUS universities.

Promoting Cybersecurity Outreach

Accomplishes:
• Mission goals one and five
• Phase One goal D

FC2 staff also
• Hosted six community events and conferences with more than 1,500 attendees from more than 20 states and five countries.

Additional Progress

• Space has been built out for FC2 staff, students and faculty.
• Infrastructure is in place:
  • Service Stack
  • Range Donation
  • Dynamic Analysis Software and Threat Intelligence Feed Donation
  • SUS Shared Portal
• Faculty Hiring
  • 11 new tenured faculty lines
  • Two full-time faculty already hired and on board + 2 offers pending

The Center will “offer consumer and corporate education programs” 2014-15 Goal listed in BOG Report – December 2013 (page 10)
Board of Advisors Update

FC2 is working with former Vice Admiral Mike McConnell to create a Board of Advisors for the Florida Center for Cybersecurity. Mr. McConnell has agreed to be the Chairman.

Mr. McConnell:
- retired from the Navy in 1996 as a Vice Admiral
- is a Senior Executive Advisor and former Vice Chairman of Booz Allen Hamilton
- is the former Director of National Intelligence
- served from 1992 to 1996 as the Director of the National Security Agency
FLORIDA POLYTECHNIC UNIVERSITY

Update to the Select Committee on Florida Polytechnic University

Randy K. Avent
19 March 2015

Statutory Requirements

<table>
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<tr>
<th>CRITERIA</th>
<th>ISSUES</th>
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<td>STEM ACADEMIC PROGRAMS</td>
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<td>STUDENT ENROLLMENT</td>
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<td>ADMINISTRATIVE CAPABILITY</td>
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<td>FACILITIES &amp; CONSTRUCTION</td>
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<td><strong>TOTAL</strong></td>
<td><strong>20</strong></td>
<td><strong>13</strong></td>
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</table>

Legend: Not making progress, Making progress, Completed
Academics

- **Academic Programs**
  - 54 courses offered, 129 sections (Spring 2015)
  - 51 faculty, 30 additional hires planned

- **Enrollment**
  - Fall 2014: 540 (518/22) students
  - Spring 2015: 553 (522/31) students
  - 200% increase in inquiries for Fall 2015

- **Retention**
  - Fall to Spring persistence was 97.4%

Research

- **Student projects**
  - “Hackathon” competition to build prototypes of student ideas
  - Cyber “Capture-the-Flag” event

- **Funded research**
  - 89 industry partners with 23 interested in research
  - Over $5M in industry funded research
Accreditation

- INSTITUTIONAL - Application Submitted to SACSSOC - December 2014  
  - Awaiting SACSCOC action

- DISCIPLINE SPECIFIC - ABET accreditation being developed in parallel

- Discipline-specific certifications being pursued

Summary

- Making strong progress on completing accreditation

- Fall 2014 focus on developing responsive programs and services to achieve mandated student enrollment

- Spring 2015 focus on growing and building research infrastructure and capabilities

- Established sound financial growth, stability and administrative practices
Energy Report Summary

Chris Kinsley, Assistant Vice Chancellor, Finance & Facilities
January 21, 2015

www.flbog.edu

System Total Utility Cost

15% DECREASE
(from 07-08)

Dollars

- 2007-08
- 2008-09
- 2009-10
- 2010-11
- 2011-12
- 2012-13
- 2013-14
Energy Report Summary

Campus Gross Square Footage

2007-08
65,592,897 sq. ft.

2014-15
75,788,982 sq. ft.

15% INCREASE

www.flbog.edu
System Total Annual Energy Consumption

kBTU/yr

<table>
<thead>
<tr>
<th>Year</th>
<th>Consumption</th>
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<td>2013-14</td>
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<td>2008-09</td>
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</tr>
<tr>
<td>2007-08</td>
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</table>

4% INCREASE

We are becoming more efficient!!

EPI

kBTU/sqft

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<tr>
<th>Year</th>
<th>EPI</th>
<th>kBTU/sqft</th>
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<tbody>
<tr>
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<tr>
<td>2013-14</td>
<td>98</td>
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</table>

10% DECREASE
2014 Completed Major Facilities

Chris Kinsley, Finance and Facilities Assistant Vice Chancellor
January 21, 2015

www.flbog.edu

Florida Gulf Coast University - Eagle Hall, Resident Housing

| Square Footage     | 170,109 GSF  
|                   | 137,724 NSF  |
| Facility Providers | Manhattan Construction  
|                   | HKS Architects  
|                   | Johnson Engineering |
| Academic Programs Served | Student Residences  
|                   | Advising Suite  
|                   | Classroom |
| ROI                | 18 solar panels to reduce energy usage  
|                   | 100% occupancy in first semester |
| Project Cost       | $30,000,000  
|                   | Bonds |

www.flbog.edu
University of North Florida - Osprey Clubhouse and Pool

**Square Footage**
- 22,125 GSF
- 8,593 NSF

**Facility Providers**
- Baker Barrios Architects, Inc.
- Ajax Building Corp.

**Academic Programs Served**
- English Language Program
- Living and Learning Programs

**ROI**
- 500 students per day visit the facility to access student services, attend study sessions, and to participate in programmed events and activities

**Project Cost**
- $7,989,639
- Auxiliary

---

Florida State University - Keen Building Envelope Renovation, Mechanical Improvements and Plaza Improvements

**Square Footage**
- 80,918 GSF
- 55,150 NSF

**Facility Providers**
- Hicks Nation Architects
- Albritton Williams, Inc.

**Academic Programs Served**
- Physics Department

**ROI**
- Energy efficient roof and envelope replacement
- Low E glazing system/curtain wall and use of reflected light
- Use of local materials

**Project Cost**
- $3,170,000
- University Funds
2014 Completed Major Facilities

Florida State University - Testing and Scanning Center, ODL/ISPA Renovation/Relocation

| Square Footage | 18,500 GSF  
|                | 13,455 NSF |
| Facility Providers | Lewis+Whitlock 
|                    | Rippee Construction |
| Academic Programs Served | All Academic Programs |
| ROI               | Project Cost               |
| LED lighting with motion sensors | $2,058,853  
| Use of energy efficient computer equipment | University Funds |

Florida State University - Film School Renovation and Digital Studio Expansion University Center

| Square Footage | 21,129 GSF  
|                | 14,987 NSF |
| Facility Providers | Gilchrist, Ross & Crowe 
|                    | Mad Dog Construction |
| Academic Programs Served | College of Motion Picture 
| and Recording Arts |
| ROI               | Project Cost               |
| Low flow water fixtures | $3,055,932  
| General room lighting with motion sensors | University Funds |
2014 Completed Major Facilities

Florida State University - Thagard Building Renovation

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<td>CARE (Center for Academic Retention and Enhancement)</td>
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<thead>
<tr>
<th>ROI</th>
<th>Project Cost</th>
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<tr>
<td>LED lighting with motion sensors</td>
<td>$3,350,000 University Funds/Student Affairs Funding</td>
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<tr>
<td>Energy efficient mechanical systems</td>
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Florida A&M University - FAMU Village (800 Bed Dormitory)

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<th>318,183 GSF 244,722 NSF</th>
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<tr>
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<table>
<thead>
<tr>
<th>ROI</th>
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<tbody>
<tr>
<td>Housing $422,095 is savings in operating costs from closed dorms</td>
<td>$44,000,000 Bond Housing</td>
</tr>
<tr>
<td>Increased in overall occupancy rate from 86.7% to 93.75% from 2013 to 2014</td>
<td>$3,000,000 Housing R&amp;R</td>
</tr>
<tr>
<td>$1,200,000 Technology Fee</td>
<td></td>
</tr>
<tr>
<td>$3,998,284.45 Auxiliary TF</td>
<td></td>
</tr>
<tr>
<td>$52,198,284.45</td>
<td></td>
</tr>
</tbody>
</table>

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### University of Florida - 380 Heavener Hall

<table>
<thead>
<tr>
<th>Square Footage</th>
<th>Facility Providers</th>
<th>Academic Programs Served</th>
</tr>
</thead>
<tbody>
<tr>
<td>56,000 GSF, 48,902 NSF</td>
<td>Schenkel &amp; Schultz, Inc., Ajax Building Corp.</td>
<td>College of Business (Undergraduate Studies)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ROI</th>
<th>Project Cost</th>
</tr>
</thead>
</table>
| • 41% predicted energy savings  
• Approximately 30% indoor water use reduction and point-of-use water heaters  
• 100% reclaimed water use for irrigation  
• Approximately 85% of construction waste recycled | $22,650,000 Donor Funds UF Funds |

### University of West Florida - Bldg 76 Renovation Completion (Ph3/3)

<table>
<thead>
<tr>
<th>Square Footage</th>
<th>Facility Providers</th>
<th>Academic Programs Served</th>
</tr>
</thead>
</table>
| 22,793 GSF, 11,280 NSF | Caldwell and Associates Architects, Morette Company | Accounting and Finance Management and MIS  
Marketing and Economics  
MBA |

<table>
<thead>
<tr>
<th>ROI</th>
<th>Project Cost</th>
</tr>
</thead>
</table>
| • Toilet rooms retrofitted to current accessibility requirements  
• New fire sprinkler system installed  
• Exterior doors and windows have been replaced with impact-rated openings | $2,986,350 PECO (13-14 appropriation) |
### Florida International University - Academic Health Center 5

<table>
<thead>
<tr>
<th>Square Footage</th>
<th>121,465 GSF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>74,642 NSF</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Facility Providers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perkins+Will</td>
</tr>
<tr>
<td>Skanska USA Building, Inc.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Academic Programs Served</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robert Stempel College of Public Health and Social Work, Arts and Sciences Earth and the Environment</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ROI</th>
<th>Project Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>• First building at FIU to use chilled beams for its air distribution system</td>
<td>$38,300,000</td>
</tr>
<tr>
<td>• Water reduction by harvesting condensate water from the HVAC units for plumbing fixtures</td>
<td>PECO $ 7,863,143 Research Overhead $46,163,143</td>
</tr>
</tbody>
</table>

### Florida International University - Management and New Growth Opportunities (MANGO) - Mixed-Use Building

<table>
<thead>
<tr>
<th>Square Footage</th>
<th>107,912 GSF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>72,793 NSF</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Facility Providers</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOK Architects</td>
</tr>
<tr>
<td>Arellano Construction</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Academic Programs Served</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Services College of Business FIU Online</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ROI</th>
<th>Project Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Water efficient</td>
<td>$36,053,641</td>
</tr>
<tr>
<td>• Optimized energy performance and enhanced commissioning</td>
<td>Auxiliary</td>
</tr>
<tr>
<td>• Maximizes both indoor environmental quality and regional priority credits</td>
<td></td>
</tr>
</tbody>
</table>
Florida Polytechnic University - Innovation, Science and Technology Building

<table>
<thead>
<tr>
<th>Square Footage</th>
<th>175,023 GSF 108,640 NSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility Providers</td>
<td>Festina Lente LLC, Skanska USA Building, Inc.</td>
</tr>
<tr>
<td>Academic Programs Served</td>
<td>College of Engineering and Innovation and Technology</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ROI</th>
<th>Project Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>High wind design for systems and building envelope</td>
<td>$77,105,061 PECO/CYFWD/DONATION</td>
</tr>
<tr>
<td>State of the art fibre-fed Information Technology</td>
<td></td>
</tr>
</tbody>
</table>

Florida Polytechnic University - Housing Utilities and Integration, Developer Housing

<table>
<thead>
<tr>
<th>Square Footage</th>
<th>90,000 GSF 64,000 NSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility Providers</td>
<td>PHQ Architects, Summit Contractors (CM)</td>
</tr>
<tr>
<td>Academic Programs Served</td>
<td>Housing  Student Affairs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ROI</th>
<th>Project Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas hot water for energy conservation</td>
<td>$1,274,501.25 Florida Poly</td>
</tr>
<tr>
<td>Operable windows for natural ventilation</td>
<td>$12,000,000 Estimated Developer Costs</td>
</tr>
</tbody>
</table>
University of Central Florida - Dr. Phillips Center for the Performing Arts

Square Footage
- 252,000 GSF
- N/A NSF

Facility Providers
- Barton Myers Architects
- HKS Architects
- Baker Barrios Architects
- Balfour Beatty Construction
- PCL

Academic Programs Served
- Performing Arts

ROI
- UCF paid 3% of total project costs

Project Cost
- $15,000,000 PECO
- $485,000,000 Bonds
- $500,000,000

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Fall 2016
On-campus Student Housing

March 19, 2015

On-campus Housing Need

- Additional on-campus demand of 674 beds for Fall 2016 identified by housing study
- Lack of housing near campus
- Students living on campus perform better academically
- Access to high-quality academic support
Need for Public-Private Partnership

- No access to bonding
- No DSO revenue for construction
- No occupancy history to support other financing methods
- Florida Poly not yet accredited
- Developer assumes all risk
- Eliminates financial risk to the university

Procurement Process

- Invitation to Negotiate issued October 30, 2014
- Vestcor Communities selected from five proposals
- Board of Trustees approved February 2, 2015
- Intent to Award issued February 2, 2015
- Submitted to BOG February 2, 2015
Project Description

- **543 beds**
  - 488 (90%) semi-suite rooms
  - 36 (7%) full-suite rooms
  - 19 Resident Assistant and Resident Director rooms

- **Five-story facility, consistent architecture**

- **Amenities**
  - Swimming pool
  - Volleyball courts
  - 1,500 sf space for Florida Poly exclusive use

Location on University Master Plan
Ground Lease Agreement Terms

- **Florida Poly**
  - No financial responsibility
  - No university guarantees
  - No limit on university development of future on-campus housing

- **Developer**
  - Covers all cost over-runs
  - Pays for temporary housing and transportation if needed
  - Shares cost of parking and chilled water system expansion

- **Payment and performance bonds required from general contractor**

- **University land leased for 39 years**

- **Future option to purchase at predetermined pricing**
Operating Agreement Terms

- **Florida Poly approves annual budget**
  - Rental rates
  - Marketing plan
  - Operating plan

- **Room rental rates are set by contract for Fall 2016**

- **2.25% cap on annual rental rate increases**

- **Third party manager**
  - Must meet Florida Poly performance standards
  - Can be replaced by the university at any time

---

Summary

- **Additional on-campus demand of 674 additional beds for Fall 2016**

- **Five-story facility, 543 beds with 90% semi-suite rooms**

- **Public-Private Partnership is only financing option**

- **University land leased for 39 years**

- **Future option to purchase at predetermined pricing**

- **Room rental rates are set by contract for Fall 2016**

- **2.25% cap on annual rental rate increases**

- **August student move in requires construction begin April 2015**
A consortium of major research universities launched in 2014
Membership by invitation only
Its objective: greater control & influence over the digital learning ecosystem
Governance: board of directors drawn from founding members + CEO
Organization: a not-for-profit service operation hosted by Internet2
CURRENT MEMBERS

University of Wisconsin, Madison  
University of Michigan  
Indiana University  
Oregon State University  
Colorado State University  
University of Florida  
Ohio State University  
Penn State University  
University of Minnesota  
University of Iowa

PRIMARY GOALS FOR UNIZIN

- Acquire a common LMS
- Acquire or create a repository for digital learning objects
- Acquire/create/develop Learning Analytics
- Member institutions may nominate their system for "associate" membership for an annual fee of $100,000 per system. Associate membership does not qualify for Board representation, but they do enjoy the benefits of Unizin "products" and services
POTENTIAL BENEFITS to SUS

- Access to the Canvas LMS at the Unizin price
- Access to tools under development, including a Digital Objects Repository and Learning Analytics
- Membership in a consortium of large public universities that intends to secure its niche in the evolving digital ecosystem
- The potential for cooperative relationships to “share” digital instruction within and across the consortium
Status of Committee Priorities

Dr. Nancy McKee, Associate Vice Chancellor
March 19, 2015

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Common, Opt-in Learning Management System

- Development and Implementation of ITN Process
  - Inclusive Evaluation Committee is being established
  - Negotiations should be completed in September.
  - Goal is to have a Master Agreement with tiered pricing that institutions could opt into.
Strategic Plan for Online Education

- *Task Force on Strategic Planning for Online Education* has met several times and has established three workgroups - Access, Affordability, and Quality – which have also been meeting.

- Goal is to bring a recommended strategic plan to the Committee in November, 2015.

Metrics for Online Education

- *Workgroup on Metrics for Online Education*
  
  - Developing definition of “Online Program”
    
    ✔ Developing survey for universities to create an inventory of online programs
  
  - Initial discussions of other metrics for online education
Program and Course Offerings

- Shared Programs
  - Complete Florida Cost Study recognized the potential to create efficiencies while building high quality courses and program
  - Beginning stages of conversation for Complete Florida institutions to develop a shared program
  - Charge to Task Force for Strategic Planning for Online Education includes outlining strategies for reducing costs and achieving efficiencies, such as joint development of online programs

Faculty Training

- Lead institution selected to use a train-the-trainer approach for professional development of staff responsible for training faculty who teach online courses.
- Board’s Legislative Budget Request ($198,000) being considered by legislative appropriations committees.