MEMORANDUM

TO: BOT Finance, Business, and Audit Committee Members

FROM: John Carnaghi

DATE: October 29, 2012

SUBJECT: Finance, Business, and Audit Committee Meeting

The Board of Trustees Finance, Business, and Audit Committee is scheduled to meet from 10:00 a.m. to 11:30 p.m. on October 29, 2012 in room 5700 of the FSU Health and Wellness Center. Items to be discussed at the meeting include:

1. Inspector General Services 2011 - 2012 Annual Report
   Martha Little Information only

   Martha Little Consent Agenda at Full Board

3. Request for Approval for New Charter for Inspector General Services
   Martha Little Consent Agenda at Full Board

4. 2012 Florida Equity Report Overview
   Joyce Ingram Consent Agenda at Full Board

5. Request for Approval of Actions Proposed for Inactive FSU Card Accounts
   John Carnaghi Consent Agenda at Full Board

6. Request for Approval of Seminole Boosters Student Housing Facility Project
   John Carnaghi Consent Agenda at Full Board

7. Request for Approval of Revisions to FY 2013-14 Fixed Capital Outlay Budget Request
   John Carnaghi Action Item at Full Board

8. DHHS Audit Update
   Ralph Alvarez Information only (No materials)

9. Housing Facilities Update
   Allison Crume Information only* (No materials)

We look forward to seeing you on the 29th.

JRC/gg

*To be presented at both Student Affairs and Finance, Business & Audit Committees
MEMORANDUM

TO:        President Eric J. Barron
FROM:      John Carnaghi
DATE:      October 29, 2012
           Information only


JRC/gg
Attachment
THE FLORIDA STATE UNIVERSITY

Office of Inspector General Services

Annual Report

2011-2012
Office of Inspector General Services

Martha D. Little, CPA
Chief Audit Officer

Kitty J. Aggelis, CIA, CGAP
Director of Audits/Investigations

Trevor Phillips, CIA, CFE, CGAP
Director of Investigations/Audits

Jeffrey L. Caines, CIA, CFE, CGAP
Senior Auditor/Investigator

Janice L. Foley, CPA, CISA, CFE
Senior Auditor/Investigator

Brian Langston, CIGI
Senior Auditor/Investigator

Daniel Leggett, CIA, CGAP
Senior Auditor/Investigator

Mary M. McColloough, CIA, CGAP
Senior Auditor/Investigator

Carolyn Williams-Lawyer, CISA
Information Technology Auditor

April W. Ulrich
Administrative Assistant

Integration Statute

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Message from the Chief Audit Officer (CAO)


The year was one of transitions as we changed our organizational structure and our name, hired two new employees due to retirements, reemphasized our focus on fraud detection by implementing a new third-party complaint reporting system in a cooperative effort with Human Resources, and appointed a new CAO. In addition, it was time for our five-year Quality Assessment Peer Review, which we passed with flying colors, meeting all the required Standards of the Institute of Internal Auditors and its Code of Ethics. This was a tribute to everyone’s hard work over the last five years and a testament to the practices developed and implemented by our prior CAO, David P. Coury, (who is now enjoying his retirement).

As we look to the challenges that lie ahead, we are mindful that our effectiveness is directly tied to the support we receive from the President, his executive leadership team, and the Board of Trustees. We are most appreciative of their trust in our work and their support and respect for our independence and integrity.

The IGS staff is committed and dedicated to the quality of their work. They are true professionals in every respect and it is a pleasure to work with them. I appreciate all they do for Florida State University and for the Office. It is a privilege to work with them all and to serve the University. We look forward to the challenges of the coming year.

Martha D. Little

Mission and Purpose

The IGS provides a systematic and disciplined approach to assist members of the University community with the effective discharge of their responsibilities. This facilitation is intended to reduce the risks to the University’s resources and reputation, as well as enhance the University’s efficiency and effectiveness. The IGS accomplishes these goals primarily by providing audits, consulting services, and investigations.

Audits

Internal audits are conducted in conformance with The International Standards for the Professional Practice of Internal Auditing. The audits are generally carried out in accordance with an annual Work Plan approved by the President and the Board of Trustees. The IGS takes a facilitative approach to our audits by actively engaging with our University colleagues in developing action plans in response to audit observations. The following audits were on our work plan and were completed during 2011-2012. Many of the resulting planned actions either have been implemented or significant progress on them has been made.

Golf Course Auxiliary

We performed an audit of selected operations and related controls at the Don Veller Seminole Golf Course (Golf Course).

During the audit, we determined:

- Internal controls over cash collections were well developed;
- Detailed written policies and procedures guiding Golf Course financial operations were in place and were being followed;
- All purchases reviewed were allowable under federal/state rules and regulations,
and University policies and procedures; and

- Golf Course management and staff actively have been seeking opportunities to strengthen internal controls, including hiring a consultant to review controls and make recommendations for improvement.

- We also identified opportunities to strengthen operations, some of which were not unique to the Golf Course but were related to general Business Services activities.

Overall, we concluded, the Golf Course maintained an adequate system of internal controls. In our opinion, however, disclosing to the Auxiliary Service Board interdepartmental transfers between Business Services’ auxiliaries would strengthen financial transparency.

**Facilities Purchasing**

As requested by the Associate Vice President for Facilities, we audited the purchasing operations under the administration of Facilities Financial Services (Facilities).

During the audit, we determined:

- The procedures related to Purchasing Card (P-card) purchases were well-controlled;

- Incompatible duties within the purchasing process were appropriately separated; and

- The internal controls governing the AiM Assetworks Enterprise Management System (AiM) appeared adequate.

We concluded that, overall, the purchasing function in Facilities had effective controls; P-card use was consistent with applicable laws, rules, and University policies and procedures; and it appeared to be cost effective and efficient to retain the purchasing function within Facilities.

However, increased communication between the University’s central administrative offices and the Facilities fiscal operations, including the purchasing function, will likely strengthen controls and enhance compliance with University policies, rules, and regulations.

**Panama City Campus**

The IGS performed a comprehensive audit of The Florida State University Panama City Campus (PCC).

During the audit, we determined:

- Overall, the processes regarding property inventory appeared to be adequate and the procedures related to inventory were well-controlled; and

- The internal controls over the Information Technology functions appeared adequate.

There were, however, several areas identified where operations could be strengthened, including account reconciliations, signed agreements, P-card transactions, cash handling, and others.

Completion of the Planned Actions agreed to by management will help ensure that the Panama City Campus maintains an effective system of internal controls and has procedures in place to help ensure compliance with University policies and procedures. In some cases, corrective measures had already begun at the time the audit was issued.

**Sponsored Research Computer Security**

We audited the general computer security and controls related to the University’s Sponsored Research Projects. We were not conducting an audit of computer security related to Classified or
Export Controlled projects. The primary objective of the audit was to determine if security and controls are adequate to ensure that confidential and sensitive information is appropriately safeguarded.

The results of the audit indicated that:

- A clear understanding of data management or security responsibilities had not been established for confidential and sensitive research data;
- There were not adequate controls in place to ensure that the Principle Investigator or other researchers properly cleansed computing devices before transfer or disposal;
- There were not adequate controls in place to ensure that privately owned personal computing devices had adequate security;
- Procedures were generally in place to safeguard paper or hard-copy documents collected for projects; and
- Procedures were generally in place to ensure that data is being de-identified prior to transfer to another person.

In our opinion, there were opportunities to strengthen the security and controls over Sponsored Research computer security that will significantly enhance the level of assurance that unauthorized access to confidential or sensitive information can be prevented or minimized.

**Dissertation Deposits Auxiliary**

We completed an audit of the Dissertation Deposits Auxiliary (Auxiliary) for the fiscal year ended June 30, 2011, with select transactions through October 20, 2011.

We determined that:

- The Auxiliary’s reconciliation process could be strengthened;
- Revenues were not correctly categorized in the University’s Online Management of Networked Information (OMNI) system; and
- Some individuals had system access that was not needed.

Overall, we concluded the Auxiliary was operating in accordance with its mission statement; however, stronger controls and oversight could better ensure compliance with University policies and procedures, and good business practices. The Auxiliary was properly classified in compliance with University policy. The Auxiliary’s rates subsequent to September 2010 were generally in accordance with the rates charged by ProQuest, the electronic publisher the University uses to publish its graduate students’ dissertations/theses.

**In Progress**

Audits in progress at fiscal year-end were:

- Group Travel and
- Payroll.

Bryan Hall
Follow-up Activity

In conformance with the *International Standards for the Professional Practice of Internal Auditing*, the IGS follows up on audit observations and other significant issues to determine if reported planned actions have been taken in response to our observations. Follow-up is performed every six months and all observations are followed up on until final resolution. Beginning in fiscal year 2011-12, we began submitting a summary report to the University President with the results of our biannual follow-up activities.

Consulting Engagements

Consulting services are a more informal way for the Office to perform evaluations and share collective knowledge, expertise, and insight into a myriad of University services and functions.

Some consulting services are requested in advance by University administrators and are included as part of the IGS annual Work Plan. However, the IGS also receives a substantial number of ad hoc requests for these services during the year, which necessitates a re-prioritizing of projects on our Work Plan. The IGS remains committed to providing the University community with proactive assistance on virtually any matter of interest or concern whereby such assistance can help management meet its goals and objectives.

The following major consulting engagements were completed during 2011-2012.

Foundation Bank Reconciliations

As requested by the Associate Vice President for Budget, Planning, and Financial Services, and in accordance with our Annual Work Plan for 2011-12, the IGS reviewed the bank reconciliation process implemented by the Florida State University Foundation (Foundation).

We concluded that the Foundation has developed and implemented a thorough and timely methodology for reconciling its general ledger cash balances to its banking transactions. This reconciliation includes identifying the deposit related to each individual cash receipt, identifying each cleared and each outstanding check, identifying adjusting journal entries, and reconciling the bank balance to the general ledger cash balance.

Campus Solutions

The Campus Solutions implementation project is a multi-year, multi-million dollar initiative to implement the PeopleSoft student system. The project team comprises numerous individuals from many different departments and units across campus.

The IGS allocated substantial amounts of staff hours for four individuals to the Campus Solutions project, in addition to their other IGS responsibilities/projects. We serve in an advisory capacity only, with our primary objective to help ensure the system is implemented with adequate security and controls. One of the four individuals also assists with periodic Quality Assurance Reviews of the overall project, and serves on the project’s Steering Committee in a non-voting capacity.

American Recovery and Reinvestment Act (ARRA)

In accordance with our 2011-12 Annual Work Plan, we reviewed the University’s administration of its ARRA funds during fiscal year 2010-2011.

We reviewed Requests to Spend ARRA Stimulus Funds Forms to help ensure requests met ARRA eligibility criteria. Additionally, we reviewed external vendor payment requests and invoices for four high-dollar ARRA projects approved during 2010-2011. Our review of the documentation for these projects verified the funds expended were for services and material as cited on the Request Forms, which had been preapproved for the specific projects.
P-Card Continuous Review
Throughout the year, we continuously review Purchasing Card transactions in the University’s OMNI Financials system as well as information received directly from vendors. We work to complement the efforts of the University central offices of Purchasing and Accounts Payable, using data mining techniques to search for fraud, waste, and abuse.

University Fundraising
At the request of the University’s Board of Trustees’ Finance and Business Committee, we reviewed the University’s report of pledges and gifts received from January 15, 2010, through March 2, 2012.

The primary objective of our review was to determine if the pledges and gifts were recorded and counted in accordance with the University’s policies and procedures. We concluded that, overall, gifts and pledges were properly recorded and counted.

Academic Administrator’s Leave Payout
At the ad hoc request of the Provost’s Office, the IGS conducted a review of an academic administrator’s leave records to determine what should have been the administrator’s correct leave payout amount and to identify any funds disbursed in error.

We concluded that errors occurred during the process of determining the leave payout, which resulted in too much money being paid to the administrator. The IGS recommended that existing University policies and procedures be followed concerning the entering of an employee’s time into OMNI by persons other than themselves. We also recommended signatures on all leave audits, indicating their completion.

Faculty Leave Processes/Payouts
At the request of the Provost, and supplemental to our review of an Academic Administrator’s leave payout, the IGS performed a comprehensive review of faculty time and leave entry processes within the Provost’s Division of Academic Affairs (Division) and the Office of Human Resources (HR), including leave records and payouts.

We recommended that:

• Faculty, like most other University employees, should be responsible for accurately and timely inputting their own leave in OMNI at the end of every pay period, except where hard-copy timesheets are necessary due to extraordinary circumstances;

• Departments should be encouraged to be judicious in their approval of annual leave rollovers, and responsibility should be communicated to faculty for accurately recording leave when vacation and University business occur together;

• The Division and department management should be made aware of employees who report taking minimal or no leave for extended periods of time (e.g., one year), should encourage the use of regular vacations, and should ensure that the reporting accurately reflects the faculty members’ work time;

• Information on compensated absences balances payable should be provided to individual departments to focus their attention on the financial impact of any unrecorded leave;

• Audits of faculty members’ hard-copy timesheets should be brought up to date and documented in the employees’ files. Where hard-copy timesheets are used, audits should be conducted on an annual basis, at a minimum, and documented in the employees’ files; and
Guidance on maintaining faculty leave records should be reviewed for consistency and updated as needed.

Improvements to Grade Integrity

In July 2008, at the request of the Provost, we released an audit of security over student grades, which included the identification of control weaknesses related to a database outside of the control of the University Registrar’s Office. We conducted follow-up review to determine the extent to which planned mitigating controls had been implemented.

We determined that the database had been replaced by a new system that strengthened controls; however, further database development would be required to adequately mitigate the remaining risks. Subsequent to this recent follow up, it was brought to our attention that the implementation of the new Campus Solutions student system should address these concerns. The need for the development of any additional controls over this database should be reevaluated subsequent to the Campus Solutions implementation.

Consulting Research and Assistance

In addition to these individual completed consulting projects, the IGS provided considerable staff hours in a variety of areas through general research and consultation assistance to University related persons and entities in response to their requests.

Consulting projects in progress at fiscal year-end included the following reviews:

- Response to Federal Department of Health and Human Services (DHHS) Audit Findings;
- College of Law Business Practices;
- University Monitoring of OMNI Access for Higher Risk Central Offices and ERP Security Roles;
- Auxiliary Rate Schedules and (HR/PR) system when they are no longer valid; and
- The absence of complete and unified policies and procedures for managing the various types of courtesy appointments throughout the University.

Planned corrective actions resulting from this review included HR working with the Office of Faculty Development and Advancement to enhance policies and procedures for courtesy appointments, e.g., clarifying the appropriate use of the various types of courtesy appointments and courtesy job codes, and providing details on the appointment process to hire a new courtesy appointment. Additionally, HR and Enterprise Resource Planning (ERP) staff planned to create a mass reappointment process for courtesy appointments that would force departments to annually reevaluate their active courtesy appointments. Finally, HR and ERP staff planned to leverage new PeopleSoft functionality to avoid relying on SSNs.

In Progress

Consulting projects in progress at fiscal year-end included the following reviews:

- Response to Federal Department of Health and Human Services (DHHS) Audit Findings;
- College of Law Business Practices;
- University Monitoring of OMNI Access for Higher Risk Central Offices and ERP Security Roles;
- Auxiliary Rate Schedules and
Methodologies;

- Construction Manager (CM) Subcontract Bidding/Purchasing Procedures; and
- Direct Support Organizations’ Financial Reports.

These ongoing and carry-over projects had significant staff hours expended during the fiscal year towards their completion.

**Complaints/Investigations**

The IGS receives complaints and allegations from internal and external sources via telephone, written correspondence, direct referrals from University offices and state agencies, and the University’s new EthicsPoint Hotline. The EthicsPoint Hotline was launched on February 15, 2012, and the system functionally reported 12 hotline complaints for the attention of IGS by the end of June. Of the 12 complaints for IGS review, two were converted into full-scale investigations for which the field work has been completed; seven were otherwise closed due to insufficient information from the complainant, lack of merit, or resolution without the need for further investigation; and three remain active.

During 2011-2012, approximately 20 percent of our direct effort was expended on follow-up of complaints and conducting general investigations. Including the applicable reports from the Hotline, eleven full-scale investigations were initiated during the year, and six were open at fiscal year-end.

<table>
<thead>
<tr>
<th>Completed Investigations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
</tr>
<tr>
<td>Abuse of Time</td>
</tr>
<tr>
<td>Misappropriation of Funds</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

**Sexual Harassment Investigations**

The IGS is no longer responsible for investigating allegations of sexual harassment within the University community. On September 1, 2011, this responsibility was shifted to the Office of Human Resources.

Before the transfer, we completed one sexual harassment investigation, and none were open at fiscal year-end.
Direct Services

Each year, the IGS conducts a risk assessment of University activities and services. The risk assessment process includes interviews with the University President, Vice Presidents, and other key administrators. Feedback received through these interviews contributes significantly to the successful development of our annual Work Plan.

The annual Work Plan contains a detailed schedule of projects planned for the year. Estimated hours are allocated to each project in an effort to optimize utilization of IGS staff.

Our direct service level of effort for 2011-2012 was 65 percent, somewhat less than our normal goal of at least 70 percent for each year. We anticipated the lower percentage in our plan, to accommodate a Quality Assessment Review (QAR), in accordance with our professional standards. Our professional standards require we have a QAR at least every five years. The QAR included a self-assessment of our operations by IGS staff, supplemented by a site visit by a team of our peers in the internal audit function of other national Universities. Our slight drop in direct service level of effort is attributable to greater administrative staff hours expended on our QAR, as expected, accommodating internal organizational structure changes and hirings with the retirement of our Coordinator of Sexual Harassment Resolutions and our former Chief Audit Officer, as well as the implementation of our new EthicsPoint Hotline—all of these major changes/efforts occurring during the fiscal year 2011-12. Our goal for the current year is 72 percent direct service level.

The two graphs that follow show the planned versus actual direct effort for fiscal year 2011-2012 and an eight-year trend of direct effort for fiscal years 2004-2005 through 2011-2012.
Training to the University Community

The IGS is keenly aware of the importance of training and its benefits to the University and to its employees’ professional development. As such, we are fully committed to this essential component of our services.

During fiscal year 2011-12, the IGS continued to provide training to the University’s employees,
including those outside Tallahassee at the Ringling Museum of Art in Sarasota, in the following areas:

- Ethics;
- Internal controls,
- Fraud awareness, prevention, and detection; and
- Other topics of interest to the requesting entity.

Additionally, the IGS offers presentations to academic classes at the request of instructors. This fiscal year, several of our staff members were guest speakers in a graduate course in the College of Business.

**Professional Activities and Certifications**

The IGS is proud of the experience and professionalism of its staff. During 2011-2012, we continued our commitment to external organizations that support higher education and internal auditing activities. IGS staff members belong to a number of professional organizations including the:

- Association of College and University Auditors;
- Institute of Internal Auditors;
- Association of Government Accountants;
- Association of Inspectors General;
- Association of Certified Fraud Examiners; and
- Information Systems Audit and Control Association.

**Certifications**

Our staff maintains various professional certifications demonstrating their continued commitment to the internal audit profession. During the year, one staff member earned her Certified Fraud Examiner certification to add to her other professional certifications. Current certifications held by staff include:

- Certified Internal Auditor;
- Certified Public Accountant;
- Certified Fraud Examiner;
- Certified Information Systems Auditor;
- Certified Inspector General Investigator; and
- Certified Government Auditing Professional.

In addition to professional certifications, advanced degrees held by staff include:

- Master of Business Administration;
- Master of Science – Library Science;
- Master of Arts – Spanish; and
Post-Project Surveys

Upon completing our audits and major consulting engagements, the IGS provides the individuals with whom we worked most closely on our projects the opportunity to evaluate our services through post-project surveys. These survey results provide the IGS with valuable feedback and are intended to help us improve our operations.

Our University colleagues evaluate us on a scale from 1 to 5 (with 5 being the most favorable) in several categories, and provide an overall rating as to the value provided by the engagement. The compiled results of the surveys received for projects completed during 2011-2012 are indicated in the following chart:

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>AVERAGE RATING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professionalism</td>
<td>5.0</td>
</tr>
<tr>
<td>Relations of Staff</td>
<td>5.0</td>
</tr>
<tr>
<td>Communications</td>
<td>5.0</td>
</tr>
<tr>
<td>Technical Knowledge</td>
<td>4.67</td>
</tr>
<tr>
<td>Helpfulness</td>
<td>4.67</td>
</tr>
<tr>
<td>Report was Unbiased</td>
<td>4.0</td>
</tr>
<tr>
<td>Report Issued Timely</td>
<td>4.6</td>
</tr>
<tr>
<td>Clear and Accurate Report</td>
<td>4.4</td>
</tr>
<tr>
<td>Overall Provided Value</td>
<td>4.4</td>
</tr>
</tbody>
</table>

We recognize there is always room to improve our services as we continually strive for excellence.

Upcoming Year

For 2012-2013, again we have committed considerable resources to the Campus Solutions implementation.

We look forward to working with our colleagues as we implement our 2012-13 Work Plan and to the many challenges the new fiscal year will likely bring.

The chart below reflects our expected allocation of personnel resources during 2012-2013.

Allocation of Time for 2012-13
### Florida State University
Office of Inspector General Services
2012-13 Work Plan

#### A. DIRECT SERVICES

<table>
<thead>
<tr>
<th>Audits</th>
<th>Hours Allocated</th>
<th>Percentage of Effort</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Group Travel</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>* Payroll</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>* Research Computer Security</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Background Checks incl faculty new hires</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>P-Card Expenditures - Forc. /Amazon/ E-bay/ Pay Pal/ Local Restaurants, etc.</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>International Wires</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>Property under $5,000 control procedures</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>Software Licensing</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>Audit Follow-up</td>
<td>300</td>
<td></td>
</tr>
</tbody>
</table>

**Total Audit Hours**: 3300 18%

#### Consulting Services

<table>
<thead>
<tr>
<th>Services</th>
<th>Hours Allocated</th>
<th>Percentage of Effort</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Construction – Subcontracting</td>
<td>300</td>
<td></td>
</tr>
<tr>
<td>* OMNI Security</td>
<td>250</td>
<td></td>
</tr>
<tr>
<td>Aux Rate Development - Ongoing</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>Business Services Auxiliary Performance</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Campus Solutions - Ongoing</td>
<td>2500</td>
<td></td>
</tr>
<tr>
<td>President’s Fundraising - Yearly Project</td>
<td>350</td>
<td></td>
</tr>
<tr>
<td>DSO Financial Report Review - Yearly Project</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Civic Center</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Sponsored Research Terminal Leave Payouts</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>College Town Project</td>
<td>300</td>
<td></td>
</tr>
<tr>
<td>Athletics Expenditures</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td>E&amp;G Transfers to DSOs</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Consulting project on Foundation Scholarships</td>
<td>300</td>
<td></td>
</tr>
<tr>
<td>PSAudit Management</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Distance Learning and Financial Aid</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Academic Business Operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>College of Law</td>
<td>250</td>
<td></td>
</tr>
</tbody>
</table>

**Total Consulting Services**: 6350 35%

#### Investigations

| General                                      | 2300           |                      |

**Total Investigations**: 2300 13%

#### Contingency

| Contingency                                  | 1100           |                      |

**Total Direct Service Hours**: 13,050 72%

#### B. INDIRECT SUPPORT

| Administration                               | 1750           |                      |

**Total Indirect Support Hours**: 1750 10%

#### C. OTHER

| Staff Development Training                    | 400            |                      |
| Holidays and Leave                            | 3000           |                      |

**Total Other**: 3400 19%

| Total Hours Allocated                        | 18,200         | 100%                |
| Total Anticipated Available Hours            | 18,200         |                     |
| Difference                                  | 0              |                     |

* Prior-year Carryover
MEMORANDUM

TO: President Eric J. Barron
FROM: John Carnaghi
DATE: October 29, 2012
SUBJECT: Inspector General Services Work Plan for 2012 - 2013 Request for Approval

The 2012 – 2013 Inspector General Work Plan is attached.

The Work Plan consists of two documents. The first is a pie chart intended to quickly show our estimated allocation of effort. The second document provides a detailed breakdown of our audit and consulting projects. The Work Plan was based upon a risk assessment, which included interviews with you, the provost, the vice presidents, and other key administrators.

The Work Plan will be presented to the Finance and Business Committee for their approval and it will be on the Board’s Consent Agenda. Thank you.

JRC/ml

Attachment
The Florida State University
Office of Inspector General Services

WORK PLAN

2012-2013
August 23, 2012

Dr. Eric J. Barron  
President  
Florida State University  
211 Westcott Building  
Tallahassee, FL 32306-1470

Dear President Barron:

We are presenting, for your approval, the 2012-13 Work Plan for the Office of Inspector General Services. Many of the planned projects are already underway.

The attached Work Plan consists of two documents. The first is a pie chart intended to quickly show you our proposed allocation of effort. The second document provides a detailed breakdown of our proposed audit and consulting projects.

Our Work Plan was established based upon a risk assessment, which included soliciting input from you, the Board of Trustees Finance, Business and Audit Committee Chair, the Provost, the vice presidents, and other key administrators. Our risk assessment included identifying the entire population of the University’s auditable units/issues. To help us identify areas for projects, we applied different weighted criterions against those units/issues including identifying areas of the highest risk. Using this priority listing, we then determined what could be accomplished during the year, based upon available personnel resources in the Office. We then assigned estimated hours to each of the areas selected for review.

You will see that we are devoting considerable resources to the Campus Solutions implementation. Our office was heavily involved in the previous PeopleSoft implementations for Financials and Human Resources and our perspective has been welcomed by project management on this implementation as well.

We appreciate your support and are looking forward to the new fiscal year and the many challenges it will likely bring. Thank you.

Respectfully submitted,

[Signature]

Martha D. Little  
Chief Audit Officer

Approved:

[Signature]  
Eric J. Barron  
President  
8-23-12

Phone: (850) 644-6031  •  FAX: (850) 644-2576  •  www.auditservices.fsu.edu
### A. DIRECT SERVICES

#### Audits

<table>
<thead>
<tr>
<th>Description</th>
<th>Hours Allocated</th>
<th>Percentage of Effort</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Group Travel</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>*Payroll</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>*Research Computer Security</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Background Checks incl faculty new hires</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>P-Card Expenditures - Forced / Amazon/ E-bay / Pay Pal / Local Restaurants, etc.</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>International Wires</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>Property under $5,000 control procedures</td>
<td>500</td>
<td></td>
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<tr>
<td>Software Licensing</td>
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<tr>
<td><strong>Audit Follow-up</strong></td>
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<tr>
<td><strong>Total Audit Hours</strong></td>
<td>3300</td>
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#### Consulting Services

<table>
<thead>
<tr>
<th>Description</th>
<th>Hours Allocated</th>
<th>Percentage of Effort</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Construction – Subcontracting</td>
<td>300</td>
<td></td>
</tr>
<tr>
<td>*OMNI Security</td>
<td>250</td>
<td></td>
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<tr>
<td>Aux Rate Development - Ongoing</td>
<td>500</td>
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<tr>
<td>Business Services Auxiliary Performance</td>
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<td></td>
</tr>
<tr>
<td>Campus Solutions - Ongoing</td>
<td>2500</td>
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<tr>
<td>President’s Fundraising - Yearly Project</td>
<td>350</td>
<td></td>
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<tr>
<td>DSO Financial Report Review - Yearly Project</td>
<td>100</td>
<td></td>
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<tr>
<td>Civic Center</td>
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<td></td>
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<tr>
<td>Sponsored Research Terminal Leave Payouts</td>
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<tr>
<td>College Town Project</td>
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<tr>
<td>Athletics Expenditures</td>
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<td></td>
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<tr>
<td>E&amp;G Transfers to DSOs</td>
<td>200</td>
<td></td>
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<tr>
<td>Consulting project on Foundation Scholarships</td>
<td>300</td>
<td></td>
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<tr>
<td>PSAudit Management</td>
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<td></td>
</tr>
<tr>
<td>Distance Learning and Financial Aid</td>
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<tr>
<td><strong>Academic Business Operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>College of Law*</td>
<td>250</td>
<td></td>
</tr>
<tr>
<td><strong>Total Consulting Services</strong></td>
<td>6350</td>
<td>35%</td>
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#### Investigations

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<th>Description</th>
<th>Hours Allocated</th>
<th>Percentage of Effort</th>
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</thead>
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<tr>
<td><strong>General</strong></td>
<td>2300</td>
<td>13%</td>
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<td><strong>Total Investigations</strong></td>
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<td><strong>Contingency</strong></td>
<td>1100</td>
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<td><strong>Total Direct Service Hours</strong></td>
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<td>72%</td>
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### B. INDIRECT SUPPORT

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<tr>
<td>Administration</td>
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<td><strong>Total Indirect Support Hours</strong></td>
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### C. OTHER

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</tr>
</thead>
<tbody>
<tr>
<td>Staff Development Training</td>
<td>400</td>
</tr>
<tr>
<td>Holidays and Leave</td>
<td>3000</td>
</tr>
<tr>
<td><strong>Total Other</strong></td>
<td><strong>3400</strong></td>
</tr>
<tr>
<td>Total Hours Allocated</td>
<td><strong>18,200</strong></td>
</tr>
<tr>
<td>Total Anticipated Available Hours</td>
<td><strong>18,200</strong></td>
</tr>
<tr>
<td><strong>Difference</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

* Prior-year Carryover
MEMORANDUM

TO: President Eric J. Barron
FROM: John Carnaghi
DATE: October 29, 2012
SUBJECT: New Charter for Inspector General Services Request for Approval

The Charter for Inspector General Services, as recently approved by you, is attached for the Finance, Business & Audit Committee's review. The International Standards for the Professional Practice of Internal Auditing require that we adopt a Charter identifying our purpose, authority, and responsibility. In our recent Quality Assurance Review it was recommended that this Charter be reviewed by the Committee so that recommendations for changes could be made and submitted for approval by the University President and the Chair of the Committee.

I recommend your approval of the Charter for Inspector General Services.

JRC/gg

Attachments
Florida State University  
Office of Inspector General Services  
Charter

Mission and Purpose  
The Office of Inspector General Services (OIGS) provides a systematic and disciplined approach to assist members of the University with the effective discharge of their responsibilities. This facilitation is intended to help:

☐ Reduce the risk to the University’s resources and its reputation; and
☐ Enhance the University’s efficiency and effectiveness.

The OIGS, headed by the Chief Audit Officer (CAO), provides a central point for coordinating and carrying out activities that promote accountability, integrity, and efficiency.

Independence  
The CAO is appointed by and reports directly to the University President. In addition, the CAO has an indirect reporting relationship to the Chair of the Board of Trustee’s (Board’s) Finance, Business & Audit Committee. This dual reporting relationship promotes independence and objectivity in all of the work performed by the OIGS. The OIGS shall have no direct authority or responsibility over the activities it reviews.

Authority and Scope of Work  
The OIGS shall have unrestricted access to all records, data, information, and personnel of the University and its direct support organizations deemed necessary to carry out its duties and responsibilities. The OIGS will carry out its duties and responsibilities in a manner that will help ensure the significant:

☐ Risks are appropriately identified and managed;
☐ Assets and resources are properly controlled;
☐ Financial and operational information is accurate and reliable;
☐ State and Federal laws, rules, and regulations are upheld; and
☐ Programs and operations are efficient and effective.

Duties and Responsibilities  
☐ Provide audits and consulting services, in accordance with a risk-based work plan, recommended by the President and approved by the Board’s Finance, Business & Audit Committee
☐ Investigate allegations of fraud, waste, abuse, and other wrongdoing
☐ Investigate complaints received under the State’s Whistle-blower law
☐ Assist the University police with criminal financial investigations
☐ Monitor the disposition of planned corrective actions that result from significant observations or recommendations of the OIGS
☐ Keep the President, management, and the Board’s Finance, Business & Audit Committee apprised of the significant results of the activities of the OIGS
☐ Provide training to the University community on matters for which the OIGS has expertise
☐ Ensure effective coordination and cooperation with external auditors with a view toward avoiding any duplication of effort
☐ Maintain a proper balance among audits, investigations, consulting services, and other activities of the OIGS

Professional Standards  
The activities of the OIGS shall be conducted in accordance with the International Standards for the Professional Practice of Internal Auditing. With the adoption of these standards, the OIGS prescribes to the Code of Ethics promulgated by the Institute of Internal Auditors. The OIGS is further committed and prescribes to the guiding principles of integrity, fairness, and objectivity.

Approved:  
President  
Date: ___/___/___
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Independence
The Board of Trustee’s (Board’s) Finance, Business & Audit Committee will review and make recommendations to the University President regarding potential hiring and termination of the CAO, and will annually review the OIGS Charter, staffing, and organizational structure and make recommendation for approval by the University President and the Chair of the FB&A Committee. The CAO will report, is appointed by and reports directly to the University President, with In addition, the CAO has an indirect reporting relationship to the Chair of the Board of Trustee’s (Board’s) Finance, Business & Audit Committee and unrestricted access to the Board. —The CAO will meet quarterly with the President and annually with the Chair of the Board’s FB&A Committee. This dual reporting relationship promotes independence and objectivity in all of the work performed by the OIGS. The OIGS shall have no direct authority or responsibility over the activities it reviews.

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- Assist the University police with criminal financial investigations
- Monitor and report to the University President on the disposition of planned corrective actions that result from significant observations or recommendations of the OIGS
- Keep the President, management, and the Board’s Finance, Business & Audit Committee apprised of the significant results of the activities of the OIGS
- Provide training to the University community on matters for which the OIGS has expertise
- Ensure effective coordination and cooperation with external auditors with a view toward avoiding any duplication of effort
- Maintain a proper balance among audits, investigations, consulting services, and other activities of the OIGS
- Serve as the University’s Ethics Officer for compliance with the Federal Sentencing Guidelines

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Approved: ____________________________ Date: ___________________
President
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- Investigate allegations of fraud, waste, abuse, and other wrongdoing
- Investigate complaints received under the State’s Whistle-blower law
- Assist the University police with criminal financial investigations
- Monitor and report to the University President on the disposition of planned corrective actions that result from OIGS projects
- Keep the President, management, and the Board’s Finance, Business & Audit Committee apprised of the significant results of the activities of the OIGS
- Provide training to the University community on matters for which the OIGS has expertise
- Ensure effective coordination and cooperation with external auditors with a view toward avoiding any duplication of effort
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Approved: ___________________________ Date: ________________

President
MEMORANDUM

TO: Finance, Business and Audit Committee

FROM: John Carnaghi

DATE: October 29, 2012

SUBJECT: 2012 Florida Equity Report
           Information Item

The Florida Educational Equity Act (FEEA), Section 1000.05, Florida Statutes, and other state and federal legislation mandate that students and employees should not be discriminated against on the basis of race, ethnicity, national origin, gender, disability or marital status. In addition, the statutory guidelines of the Equity Accountability Program (EAP) Report, FS 1012.95 require that each state University maintain an annual equity plan for appropriate representation of women and minorities in senior level faculty and administrative positions.

For the purposes of this Report, three major areas are addressed: Enrollment, Gender Equity in Athletics, and Employment.

The Florida Educational Equity Act Report (also known as the Equity Report) must be submitted to the Board of Governors, through the Human Resources - Office of Equal Opportunity and Compliance, by June 30th of each year. This year, the BOT delegated approval of this report to the President at the June meeting.

As an informational item, Renisha Gibbs will provide an overview of the report that was approved by the President and submitted to the BOG on June 30th.

JRC/rg

Attachment
Executive Summary

2012

FLORIDA EQUITY REPORT

Enrollment
Gender Equity in Athletics
Employment

Prepared by the Office of Equal Opportunity & Compliance
Introduction:

The annual Florida Equity Report from each state public university encompasses enrollment, sex equity in athletics, and employment as required by regulations. Each parameter was selected to identify, measure, and enhance the progress toward appropriate representation. The Enrollment and Employment reports focus on Females and members of four race/ethnic protected classes: Black, Non-Hispanic; Hispanic; Asian/Pacific Islander¹; and American Indian/Alaska Native.² The report guidelines represent elements of the reports that must be completed, at a minimum. Each university is expected to utilize whatever additional measurements and goals needed to describe progress to achieve equity.

The Florida State University (University or FSU) hereby adheres to the state mandated requirement and submits its 2012 Equity Reports: Educational Equity Act Report pursuant to §1000.05, Florida Statutes and the State University System of Florida, Board of Governors, Regulation 2.003 Equity and Access.

Certification of Annual Approval Date by the University’s Governing Board. Renisha Gibbs, Director of Human Resources, Equal Opportunity and Compliance (EOC), Employee/Labor Relations, and Satellite Operations reviewed the components of the Florida Equity Report with members of top management of the University in preparation for the University’s Board of Trustees meeting. President Eric J. Barron’s signature acknowledges not only receipt of the reported results and plans, but also indicates to others that he supports implementation of the plans contained in this report.

¹ In regards to 2010 Enrollment and Employment data, Asian/Pacific Islander has been separated into Asian and Native Hawaiian/Other Pacific Islander.
² IPEDS terminology for protected classes was utilized.
PART I. Executive Summary/Description of Plan Development

A. Executive Summary
Florida Statutes §§1005.05 and 1012.95 and Regulation 2.003 require each Florida Public University to submit an annual Florida Equity Report to the State Board of Governors. The report consists of status updates and assessments of gender/racial equities for enrollment, athletics, and employment. Renisha Gibbs, Director of Human Resources, Office of Equal Opportunity and Compliance (EOC), Employee/Labor Relations, and Satellite Operations, is responsible for coordinating and submitting the report to the University President for the Board of Trustees’ approval by June 30th of each year. What follows is a synopsis of the reported data for the 2011-2012 fiscal year as submitted by key campus individuals and departments.

PART III: Enrollment
Analysis of enrollment statistics included a review of protected group performance in the following areas: First Time in College (FTIC) and transfer enrollment; undergraduate retention and graduation rates; and bachelor’s, master’s, doctoral, and professional degrees awarded.

Minority FTIC enrollment, with the exception of Hispanics, experienced a slight decrease in both the short and long term; however, due to the increase in Hispanic representation, Total Minorities saw an increase in the short and long term. Black and Asian FTIC enrollment continues to be areas for improvement. Transfer student enrollment of Blacks, Asians, and Females are also areas that require attention.

The aggressive steps Undergraduate Studies implemented to increase the retention rate of students has paid off. Every protected group reported a minimum retention rate of 92.0%, increasing the minimum retention rate across the board by 2.2% from last year. The 2010/2011 methods and strategies executed by Undergraduate Studies continue to yield success for Minorities and Females as both groups report a growth over the previous year.

The graduation rate goal of 70% was met or surpassed by Total Minorities, Blacks, American Indian/Alaskan Natives, Two or More, and Females. These groups, with the exception of Total Minorities, also graduated at a rate higher than the University average of 73.6%. The two areas of improvement for the future are Hispanics and Asians, which saw a 10.8% decrease from the previous year's graduation rate.

For bachelor's and master's degrees awarded data are trending similarly. Both degree categories saw a decrease in Female representation, but this is not an area marked for attention, as any Females outreach would negatively impact Male representation as there is a disparity between degrees awarded to Females versus Males. Unfortunately, Blacks continue to see a decrease in representation of bachelor’s and master’s degrees awarded and this is an area where attention needs to be focused to ensure improvement.
For doctoral degrees awarded all protected groups saw a decrease in the short term. Several groups, however, saw long term increases. American Indian/Alaskan Natives and Hispanics experienced a slight increase in the long term, while Females saw a 4.5% increase in the long term. Total Minorities, Blacks, and Asians represent an opportunity for improvement for both the short and long term.

Finally, professional degrees awarded showed a slight improvement for Asians and Hispanics, but due to their low representation, Total Minorities continues to be an area of improvement. Additionally, Females is a new area for attention, due to a 2.3% decrease in the short term and a 1.7% decrease in the long term. Overall, there continues to be a struggle with Minority and Female representation in first professional degrees awarded. In the effort to recruit Minorities and Females, strong recruitment efforts should be enlisted to overcome the hurdles of competing with other Florida universities offering professional degrees and the high cost of out-of-state tuition.

PART IV: Athletics
The Athletics department is committed to sex equity by providing opportunities for intercollegiate competition to both Male and Female students without the elimination of either men’s or women’s athletic programs. FSU fully funds the maximum number of allowable athletic scholarships for both genders without any limitation on in-state and out-of-state ratios. Through the University, Athletics will provide improvements in all areas of their programs that affect Female student-athletes; focusing on improving or adding facilities that benefit women’s sports.

University undergraduate enrollment for Males is 45.2% and Females is 54.80%, while the participation rate in Athletics for Males is 48.8% and for Females is 51.2%. This represents a decrease of -0.2% for Female enrollment, but an increase of 2.7% in Female participation, when compared to last year’s rates. The ratio of Female student-athletes participation to Female University Undergraduates is increasing, so while this area is still an opportunity for improvement, there has been a positive gain toward equity.

PART V: Employment
In accordance with the Board of Governor’s regulations, a two-part comparison analysis was conducted utilizing the average percentage representation of a sampling of other Research University – Very High Research Activity Institutions and a summary of FSU’s Affirmative Action Plan (AAP), extracting data for the targeted categories reviewed. The AAP provided a more complete picture of diversity as the IPEDS sampling could not take into account geographic recruitment limitations as a factor of FSU’s faculty and staff demographics.

Comparing the Florida Equity summary and the AAP summary analyses, revealed that the methodological differences of these two reports generated differences in areas of concern. Most notably, Blacks on the Florida Equity summary are meeting or exceeding the average percentage representation of other Research University – Very High Research Activity Institutions, while in the AAP, Blacks are showing as an area of
attention for all report categories. Total Minorities and Females appear as areas of decreased representation in both reports, but not to the same degree. The Florida Equity summary shows areas for improvement in all areas of Total Minorities, while the AAP summary does not. Conversely, the AAP summary shows areas for improvement in all areas for Females, while the Florida Equity summary does not.

While on the surface there appear to be conflicting results between the two summaries, the underlying detailed data analysis supports that FSU is trending positive in our activities to create a more diversified staff and faculty, though there are definitely opportunities for improvement, particularly for Blacks. The Office of Equal Opportunity and Compliance (EOC) continues to actively monitor and utilize initiatives proposed by its Diversity and Inclusion Action Plan, the Provost’s Underrepresented/Minority Faculty Recruitment Program, and Affirmative Action Plan outreach designed to diversify our faculty and staff.

To best develop tenure representation of Females and Minorities, heavy weight should be placed at an earlier stage of the tenure process for our tenure-tracked faculty members. Frequent workshops and mentoring opportunities should be increased to assist tenure-tracked faculty members’ in developing and preparing their binder materials (assignment of responsibilities, research, evaluations, publications, and other information used in support of their consideration for tenure) shortly after their arrival to the University, rather than waiting until they are on the cusp of being considered for tenure.

Through EOC, the University will continue its commitment to a policy of non-discrimination and to communicating this commitment, both within the organization and to the community in which we work and educate. The University is mindful of the fact that continued achievements in the area of equal employment opportunity and affirmative action are important. As a result, we have included additional action-oriented plans and programs for recruitment, communication, and reporting to ensure that our compliance is in good stead.

B. Description of Plan Development
The completion of this plan was a collaborative effort led by the Office of Equal Opportunity and Compliance (EOC), in Human Resources. The population of the referenced tables was completed by the Office of Institutional Research utilizing the Integrated Postsecondary Education Data System (IPEDS). The accompanying narratives, self-studies, and statistical analyses were provided, in part, by the appropriate departmental administrators under the direction of EOC. Specifically, Part III of the report, Academic Program Reviews, was prepared by the Office of Admissions, Undergraduate Studies, and Graduate Studies, and EOC prepared the Student Services and compilation of accolades sections. Part IV of the report, Equity in Intercollegiate Athletics, was compiled by the University’s Department of Athletics. Part V, Employment Representation, and Part VI, Areas of Improvement/Achievement, was prepared by EOC. The University’s Office of the Dean of the Faculties contributed to faculty reporting requirements as required by Part VII, Protected-Class Representation.
in the Tenure Process, and Part VIII, Promotion and Tenure Committee Composition. Lastly, through the partnership of EOC and the Office of the Provost and Executive Vice President for Academic Affairs, the University provided its Budgetary Incentive Plan and concluding remarks to this report under Part IX (Other requirements)

Methodology

-PART III – Academic Program Review
Because of the lack of information to benchmark Academic Programs against and thereby establish a normative standard to measure diversity, a determination was made to analyze the areas for review in Part III by focusing on change in percentage representation of each protected group and comparing current reported data against the most recent prior year and five years prior data to discover trending. Utilizing this structure allows the analyses to account for changes in the reviewed population from year-to-year where raw numerical data are unable to account for these differences. By analyzing the total representation percentage against the total population, the expectation is that the protected category percentage should remain steady or increase positively in relation to the non-protected grouping within the total population under review, unless the increases would be markedly harmful to another group (e.g., continued Female representation increases to a degree that Male representation is significantly below a reasonable limit).

-PART V – Employment Representation
In Employment Representation, the benchmark stipulated by the BOG guidelines is Research University – Very High Research Activity Institutions. These data are provided by FSU's Office of Institutional Research, extracted from data provided through IPEDS, and compiled based on average percent representation as the universities encompassed under this categorization are very diverse in size and location. In order to facilitate a cross comparison, percentage representation within the population under review was used for FSU's data. The differences between these figures were computed using the current year against the most recent prior year and five years prior dataset. These differences were then compared as a one-year trend (current year to last year) and five-year trending against the current year.

Additionally, because of the limitations and assumptions of using the average representation of Research University – Very High Research Activity Institutions, a comparison of these results is conducted against data extracted from FSU's Affirmative Action Plan.

Using both of these areas of comparison provides a more robust picture of employment representation at The Florida State University.

-PART VII - Protected-class Representation in the Tenure Process
Analysis of Protected-class Representation in the Tenure Process is based on building a comparative ratio of percentage representation of those who applied against those who succeeded in being awarded tenure, along with comparing current year data against the most recent prior year.
MEMORANDUM

TO: President Barron
FROM: John Carnaghi
DATE: October 29, 2012
SUBJECT: Actions Proposed for Inactive FSU Card Accounts
Request for Approval

Since the inception of the FSU Card in the mid-1990s, there has been no organized plan for a systematic method of attrition regarding stored value accounts that are present on the card. Our research shows that universities throughout the country have established policies that define when an account has become inactive (dormant) and specify an inactivity charge to reduce the outstanding card balance to zero. The inactive card status is typically based on the lack of active withdrawals or deposits within a designated period of time with a corresponding charge assessed monthly after that date. The following is a summary for some of the schools in Florida as to their policy and the amount of their charge:

- University of Central Florida

  A Knight Cash account is considered inactive if it has no activity for twelve months. A $5.00 monthly charge will be assessed until (1) the account becomes active or (2) the account balance is zeroed out and/or the account is closed.

- University of South Florida

  Bull Bucks accounts with no transaction history during a twelve month period will be considered inactive and will be assessed an inactivity charge. The inactivity charge will be the lesser of $10.00 or the remaining balance. This charge will be applied to inactive accounts annually for a period of three years or until the balance is fully depleted, whichever comes first. After three years, Bull Buck$ accounts will be deactivated and the remaining balances will be forfeited.

- University of Florida

  Any account determined to be inactive, without transactions or deposits for over a twenty four month period, will be considered dormant and will be charged a $25.00 dormant charge every year the account remains inactive until such account reaches a zero balance. In addition, G1C [card provider, Gator 1 Central] will deactivate the account when it has been determined to be inactive to prevent unauthorized use and will require a new agreement by Holder before reactivation.

Most universities have established some form of inactivity charge, most commonly assessed after a twelve-month period of inactivity, with charges ranging from $5.00 to $10.00 monthly to $25.00 annually.
Inactive FSU Card Accounts
October 29, 2012
Page two

Based on these findings, I recommend that FSU implement a similar policy effective January 1, 2013. If there is no activity during calendar year 2013, a $5.00 monthly charge assessment will be made in January 2014 and each month thereafter until the balance in the account reaches zero. The account will then be closed and purged from the active files.

Should this charge be approved by the Board of Trustees, notice will be given to the entire school population via campus wide e-mail multiple times, FSVIEW, Student Government, State and notification to all Departments prior to implementation and during the year 2013. Notice will also be posted at the FSU Card Center and included as a part of the card agreement.

We have a total of 222,882 accounts with an outstanding balance of approximately $846,000 on record. Of those, 191,928 or 86% are considered inactive (dormant for at least one year). These accounts had a balance of approximately $439,000 as of September 30, 2012. The balances in individual accounts are as follows:

<table>
<thead>
<tr>
<th>balance</th>
<th># of accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 0 - 10</td>
<td>186,569</td>
</tr>
<tr>
<td>$ 11 - 20</td>
<td>4698</td>
</tr>
<tr>
<td>$ 21 - 30</td>
<td>479</td>
</tr>
<tr>
<td>$ 31 - 40</td>
<td>116</td>
</tr>
<tr>
<td>$ 41 - 50</td>
<td>52</td>
</tr>
<tr>
<td>&gt; $ 51</td>
<td>14</td>
</tr>
</tbody>
</table>

As you can see, the majority of the inactive accounts have balances under $10.00. There is an existing process in place for a student that has separated from the University to request a refund of their outstanding balance. As an extra measure we would try to personally contact those 14 accounts which have $50.00 or more in their account by phone and mail.

I believe you can see the benefits of implementing an organized method of keeping our FSU Card accounts current and less encumbered with unnecessary data. Any income received from this action will be allocated to the Honors and Scholars Housing Project and the Office of Business Services, which manages the FSU Card program.

I recommend your approval of this action.

JRC/st/gg
MEMORANDUM

TO: President Eric J. Barron
FROM: John Carnaghi
DATE: October 29, 2012
SUBJECT: Seminole Boosters Student Housing Facility Project
Request for Approval

Seminole Boosters, Inc. ("SBI") request that the University Board of Trustees consider approving the construction of the Student Housing Complex on existing SBI real estate. This project will be financed by incorporating a significant cash down payment of $5.1 million (as described below) and traditional bank financing on a taxable basis in the amount not to exceed $6.5 million.

The Student-Housing Complex has been the number two priority for the Athletic Department and specifically, Head Football Coach Jimbo Fisher. SBI has recognized the need for renovated and new housing for the Athletic Department's students, specifically its football students. Currently students are paying rent to private parties and are housed throughout Tallahassee. This new facility is needed in order to house these students in a more central location, as well as to provide significant recruiting benefits. The centralized location will allow the Athletic Administration closer contact with students, which will in turn help them promote their educational and athletic goals.

SBI is in the process of closing a 40-year ground lease that will generate $5.1 million, which the SBI Board has designated to be used as a cash down payment on this project. Approval by the University Board of Trustees is sought subject to the ground lease being closed.

The decision to come forward was not made without significant consideration as to whether this project would generate enough income to be self-sustaining. SBI projects that the complex will generate approximately $512,000 after debt service, which will be used to fund the operational needs of the Department of Athletics.

After careful deliberation of these facts and the data presented by SBI, I recommend this project for consideration and approval.

JRC/mb
MEMORANDUM

TO: President Barron
FROM: John Carnaghi
DATE: October 12, 2012

SUBJECT: FY2013-2014 Fixed Capital Outlay Budget Request - REVISED Request for Approval

Each year, pursuant to Sections 216.0158, 216.043 and 1013.64, Florida Statutes, the State of Florida requires each college and university to update its Capital Improvement Plan (CIP), which is the cornerstone of the institution's annual Fixed Capital Outlay Budget Request. The CIP is intended to present the additional academic and academic support facilities needed for a five-year period.

In June 2012, a draft version of the University's FY2013-2014 Fixed Capital Outlay Budget Request was presented to the Board of Trustees with a request to empower the University President to finalize and submit the document to the Board of Governors by their August 1, 2012 deadline. That budget was submitted on time and subsequently presented to the Board of Trustees on September 7, 2012 for their review and final approval.

In addition to the five year list of capital priorities, this year's CIP also included a list of capital projects that require the following approvals:

1. Projects requiring Legislative approval to be constructed, acquired, or financed by a University or University DSO with approved debt authorized by the Board of Governors.

2. Projects funded from institution or other sources that require general revenue for operation.

Since the time of the Board of Trustees approval, the following modifications were made to the University's CIP:

1. The Five Year PECO List was amended by adding a new project to the list, "FSU Ringling/New College Central Plant Improvements (Joint Use)."

2. The project formerly known as "Library Information Commons" has been re-named to "Library System Improvements (Phase I and Phase II)." The previous funding request has likewise been amended.
3. The list of projects undertaken by a University DSO with approved debt authorized by the Board of Governors has been expanded to include the Seminole Boosters bonding request. This project was originally approved by the Trustees in November 2011. The project has been modified and, therefore, is being added to this list.

4. The list of projects requiring general revenue for operation was expanded to include a portion of the Donald L. Tucker Civic Center.

Approval is sought for these modifications which are included on the attached sheets.

JRC/gg

Attachments
### PECO-ELIGIBLE PROJECT REQUESTS

<table>
<thead>
<tr>
<th>Priority</th>
<th>Project Title</th>
<th>2013-14</th>
<th>2014-15</th>
<th>2015-16</th>
<th>2016-17</th>
<th>2017-18</th>
<th>Total Requested</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Utilities/Infrastructure/Roofs</td>
<td>10,000,000</td>
<td>10,000,000</td>
<td>15,000,000</td>
<td>15,000,000</td>
<td>15,000,000</td>
<td>65,000,000</td>
</tr>
<tr>
<td>2</td>
<td>FSU Ringling/New College</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,000,000</td>
</tr>
<tr>
<td>3</td>
<td>EDAAS Building (Phase I and Phase II)</td>
<td>30,000,000</td>
<td>26,100,000</td>
<td>4,000,000</td>
<td>5,000,000</td>
<td>-</td>
<td>34,000,000</td>
</tr>
<tr>
<td>4</td>
<td>STEM Teaching Lab Building</td>
<td>2,250,000</td>
<td>2,250,000</td>
<td>2,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>7,500,000</td>
</tr>
<tr>
<td>5</td>
<td>Firestone/Winchester Building Remodeling</td>
<td>1,600,000</td>
<td>1,600,000</td>
<td>500,000</td>
<td>500,000</td>
<td>500,000</td>
<td>2,200,000</td>
</tr>
<tr>
<td>6</td>
<td>Library System Improvements (Phase I and Phase II)</td>
<td>1,400,000</td>
<td>1,400,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>4,800,000</td>
</tr>
<tr>
<td>7</td>
<td>Land Acquisition</td>
<td>5,000,000</td>
<td>5,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,000,000</td>
</tr>
<tr>
<td>8</td>
<td>Academic Support Building</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td>9</td>
<td>Dittmer Building Remodeling</td>
<td>3,000,000</td>
<td>3,000,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>9,000,000</td>
</tr>
<tr>
<td>10</td>
<td>Physics Building</td>
<td>-</td>
<td>-</td>
<td>3,000,000</td>
<td>3,000,000</td>
<td>3,000,000</td>
<td>9,000,000</td>
</tr>
<tr>
<td>11</td>
<td>Clinical Training Center</td>
<td>-</td>
<td>-</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>6,000,000</td>
</tr>
<tr>
<td>12</td>
<td>Kellogg Research Building Remodeling</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,500,000</td>
<td>1,500,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>13</td>
<td>Biology Unit I Building Remodeling</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>4,000,000</td>
</tr>
<tr>
<td>14</td>
<td>College of Business Building</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,900,000</td>
<td>1,900,000</td>
<td>3,800,000</td>
</tr>
<tr>
<td>15</td>
<td>Eppes Building Remodeling</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>60,250,000</td>
<td>164,584,335</td>
<td>126,400,000</td>
<td>35,400,000</td>
<td>114,251,000</td>
<td>500,885,335</td>
</tr>
</tbody>
</table>

### CITF PROJECT REQUESTS

<table>
<thead>
<tr>
<th>Priority</th>
<th>Project Title</th>
<th>2013-14</th>
<th>2014-15</th>
<th>2015-16</th>
<th>2016-17</th>
<th>2017-18</th>
<th>Total Requested</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Student Union Expansion (Phase I)</td>
<td>41,800,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>41,800,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>41,800,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>41,800,000</td>
</tr>
</tbody>
</table>

### REQUESTS FROM OTHER STATE SOURCES

<table>
<thead>
<tr>
<th>Priority</th>
<th>Project</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### REQUESTS FROM NON-STATE SOURCES, INCLUDING DEBT

<table>
<thead>
<tr>
<th>Priority</th>
<th>Project</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>New Residence Halls</td>
<td>54,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>Athletic Facilities Bonds and Bond Refinancing</td>
<td>35,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>89,000,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

P = Planning  C = Construction  E = Equipment  LA = Land Acquisition
### State University System

**Fixed Capital Outlay Projects Requiring Board of Governors Approval to be Constructed, Acquired and Financed by a University or a University Direct Support Organization with Approved Debt**

**BOB-1**

<table>
<thead>
<tr>
<th>Univ.</th>
<th>Project Title</th>
<th>GSF</th>
<th>Brief Description of Project</th>
<th>Project Location</th>
<th>Project Amount</th>
<th>Funding Source</th>
<th>Estimated Month Of Board Approval Request</th>
<th>Estimated Annual Amount For Operational &amp; Maintenance Costs</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>FSU</td>
<td>New Residence Halls</td>
<td>187,000</td>
<td>This project involves the development of two new residence halls to be constructed on the University’s Main Campus. The two halls are expected to provide a total of 862 new beds.</td>
<td>Main Campus Tallahassee, FL</td>
<td>$54,000,000</td>
<td>Bond proceeds paid in return by Housing revenues</td>
<td>November 2012</td>
<td>$1,500,000 (both bldgs.)</td>
<td>Housing revenues</td>
</tr>
<tr>
<td>FSU</td>
<td>Athletic Facilities and Bond Refinancing</td>
<td>250,000</td>
<td>Seminole Boosters, Inc. and FSU Financial Assistance are requesting approval to issue Educational, including Athletic Facilities Improvement Subordinated Revenue bonds for Campbell Stadium Improvements and Tucker Center Improvements. These bonds will be issued through the State Division of Bond Finance. Additionally, the Seminole Boosters, Inc. are seeking approval to refinance a portion of their Series 2003A bonds as well.</td>
<td>Main Campus Tallahassee, FL</td>
<td>$35,000,000</td>
<td>Seminole Boosters Revenue</td>
<td>June 2013</td>
<td>$1,000,000</td>
<td>Boosters revenues</td>
</tr>
</tbody>
</table>
### PROJECT FUNDING

<table>
<thead>
<tr>
<th>Universitiy</th>
<th>Project Title</th>
<th>GSF</th>
<th>Brief Description of Project</th>
<th>Location</th>
<th>Amount</th>
<th>Source</th>
<th>Estimated Annual Amount For Operational &amp; Maintenance Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>FSU</td>
<td>Minor Projects for FSU Facilities</td>
<td>30,000</td>
<td>This project seeks funding for minor projects that are completed in the University's E&amp;G facilities for which General Revenue funds will be necessary for operation and maintenance.</td>
<td>Main Campus Tallahassee, FL Leon County</td>
<td>$5,000,000</td>
<td>E &amp; G Funds</td>
<td>$210,000 General Revenue</td>
</tr>
<tr>
<td>FSU</td>
<td>Thagard Building</td>
<td>36,000</td>
<td>This fall, the Student Health Center will vacate the Thagard Building and move into their new facility. The Center for Academic Retention and Excellence and other E&amp;G operations will be relocated to the Thagard Building. PO&amp;M funding is requested to accommodate these E&amp;G functions.</td>
<td>Main Campus Tallahassee, FL Leon County</td>
<td>$0</td>
<td>Auxiliary Funds</td>
<td>$360,000 General Revenue</td>
</tr>
<tr>
<td>FSU</td>
<td>Rodrick Shaw Building</td>
<td>24,028</td>
<td>The original portion of this facility is 11,388 GSF. When constructed in 1972, it housed business operations which at that time were considered an E&amp;G operations and it was funded accordingly. In 2003, the facility was expanded by 12,640 GSF to house the Telecommunication's offices. This portion was constructed using Auxiliary funds and no PO&amp;M funds were requested. The Office of Telecommunications has merged with Academic and Administrative Computer Services and all areas are being located off-campus. The building is being turned over to the University for use as an academic support facility. PO&amp;M funding is requested to cover the previously unfunded portion of the facility.</td>
<td>Main Campus Tallahassee, FL Leon County</td>
<td>$0</td>
<td>Auxiliary Funds</td>
<td>$112,600 General Revenue</td>
</tr>
<tr>
<td>FSU</td>
<td>CAPS Dielectrics Lab</td>
<td>1,200</td>
<td>This project involves the construction of a lab for the study of dielectric properties (the storage and dissipation of electric and magnetic energy) in materials and is part of a grant for research by the Center for Advanced Power Systems.</td>
<td>Southwest Campus Tallahassee, FL Leon County</td>
<td>$18,000</td>
<td>Research Grant</td>
<td>$18,000 General Revenue</td>
</tr>
<tr>
<td>FSU</td>
<td>CAPS Medium Voltage Lab</td>
<td>4,000</td>
<td>This project involves the construction of a lab for the study of medium voltage components for electrical power and is part of a grant for research by the Center for Advanced Power Systems.</td>
<td>Southwest Campus Tallahassee, FL Leon County</td>
<td>$60,000</td>
<td>Research Grant</td>
<td>$60,000 General Revenue</td>
</tr>
<tr>
<td>FSU</td>
<td>Donald L. Tucker Civic Center</td>
<td>15,000</td>
<td>On July 1, 2012, the Donald L. Tucker Civic Center was transferred to Florida State. This request seeks General Revenue funds to operate and maintain the portion of the Center that includes the administrative and conference areas.</td>
<td>Main Campus Tallahassee, FL Leon County</td>
<td>$0</td>
<td>No funds involved.</td>
<td>$150,000 General Revenue</td>
</tr>
</tbody>
</table>

### STATE UNIVERSITY SYSTEM

**Fixed Capital Outlay Projects that may Require Legislative Authorization and General Revenue Funds to Operate and Maintain**

**BOB-2**