FLORIDA STATE UNIVERSITY
BOARD OF TRUSTEES
MEETING MINUTES

November 16, 2018
8:15 am

Augustus B. Turnbull III
Florida State University Conference Center
555 West Pensacola Street
Tallahassee FL

Members Present: Todd Adams, Max Alvarez, Kathryn Ballard, Ed Burr, Billy Buzzett, June Duda*, Jorge Gonzalez, Jim Henderson, Stacey Pierre, Mark Hillis, Craig Mateer, Bob Sasser and Brent Sembler
**Called In*

I. CALL TO ORDER AND WELCOME
Mr. Ed Burr, Chair

Chair Burr called the meeting to order at 8:15 am. Lynna Sands conducted the roll call and confirmed a quorum.

Chair Burr recognized former Trustee Leslie Pantin and thanked him for his service to Florida State University. Trustee Pantin commented on his time as a trustee including reaching the Top 26 rankings and a few national championships.

Chair Burr reminded the Board members of the Board's Ethics Policy.

II. APPROVAL OF MINUTES (ACTION)

The September 4, 2018, meeting minutes were approved as presented.

III. PUBLIC COMMENTS

Public comments were provided by Clancey McGilligan, chief negotiator for graduate assistants united. He spoke on the lack of benefits available to graduate assistants including dependent benefits and tuition waivers.

IV. PRESIDENT'S COMMENTS
Mr. John Thrasher, President

President Thrasher provided an update on recent tragedies that affected the FSU community including the recent shooting at the yoga studio. The lives lost – Dr. Nancy Van Vessem and Maura Binkley – were part of the FSU family. President Thrasher recognized FSU College of Law student, Joshua Quick, who fought back against the attacker potentially saving many lives during this tragedy. President Thrasher along with Trustees made contributions to the College of Law to cover the remainder of his tuition and expenses.

Additionally, the FSU community has recently dealt with the aftermath of Hurricane Michael. The Panama City campus, although up and running, suffered a tremendous amount of damage. Many of the students, faculty and staff at the Panama City Campus were personally affected by Hurricane Michael. Two Emergency Relief funds have been created to assist the faculty, staff and students in Panama City and the Panhandle region who may need financial assistance in the wake of the storm.

President Thrasher reported that the US News & World Report announced its Best Colleges 2019 rankings and FSU jumped seven spots to No. 26 among the nation's public universities.

The Raise the Torch Campaign celebrated in late September surpassed our goal and raised $1.16 billion allowing more than 1,300 scholarships to be created and enhanced 100 professorships.

President Thrasher welcomed Julie Cheney, new president and chief executive officer of the Alumni Association as of November 1st.

President Thrasher brought attention to changes to Amendment 7 that were recently passed during the elections.

- Amendments to the Florida Constitution that passed — **Amendment 7**.
- This amendment requires university trustees to agree by a two-thirds super-majority (9 of 13 members voting in favor) to raise college fees, not including tuition.
- In order for a fee to be raised system-wide, the State University System's Board of Governors will need 12 out of 17 members to approve it.

The President reminded trustees that the State of the University Address to the Faculty Senate is scheduled for December 5th at 3:30 pm.

Fall Commencement will be held December 14 & 15 – speakers included Lawton Professor Pam Perewe and Softball Coach Lonnie Alameda.

V. CONSENT ITEMS

A. Requesting Approval for the University's updated expenditure plans identified in the updated report attached
B. Requesting Approval for the President to make subsequent changes to the spending plan (Motion 1) as needed during the fiscal year, within available resources and fund balances
C. Requesting Approval for Contract Extension of Independent Auditor
D. Requesting Approval for the Termination of Rehabilitation Counseling Degree at Education Specialist and Ph.D. Levels

Trustee Henderson moved to approve Consent Items A-D. Trustee Sembler seconded the motion and was approved unanimously.

VI. NEW BUSINESS

A. University Advancement

Dr. Thomas W. Jennings, Vice President for University Advancement

Vice President Tom Jennings provided an update on University Advancement.

Action Items

1. Requesting Approval of the Revised University Naming Policy

Trustee Henderson moved to approve the Revised University Naming Policy. Trustee Sasser seconded the motion and was approve unanimously.

B. Academic Affairs

Dr. Sally McRorie, Provost

Provost Sally McRorie provided an update on several topics and new initiatives, including: Rankings, Key Investments and Initiatives, Admissions, and the Strategic Plan.

National Rankings

FSU has moved up seven spots in the national rankings and is now ranked 26th in the nation among public universities. As with last year, our investments in faculty and student success continue to drive our improvements in the national rankings. In particular, we saw significant performance gains in graduation rates, class sizes, student-to-faculty ratio, and the percent of our faculty with a terminal degree. We also saw continued gains in our academic reputation among high school guidance counselors around the country. Of particular note is that we are now 11th in the country for faculty compensation, and 8th for the percent of our alumni who donate back to FSU.

Faculty Hiring

We are just wrapping up the largest faculty hiring effort in the history of the university. Dr. Yaacov Petscher, a new Associate Professor of Social Work, was highlighted for his national work in literacy and education, including helping secure a $30 million dollar grant project called "Reach Every Reader" in partnership with Harvard and MIT.

New Dean

Last week, after a national search, we announced the selection of Dr. James Frazier as our new Dean of the College of Fine Arts. Dr. Frazier serves as interim Dean at Virginia Commonwealth University School of the Arts and as a Professor in their Department of Dance and Choreography. He is a two-time FSU alumnus who received his BS in Marketing and an MFA in Dance from FSU. He then went on to Temple University to earn his doctorate in Dance. He will start as our Dean this summer.

APLU Initiatives

This fall, we partnered with the Association of Public and Land Grant Universities (APLU) in Washington D.C. to launch an innovative pilot program that offers small grants to help students graduate. 200 of our students who are close to graduating--but still have financial need--received a little boost with an FSU Graduation Grant of $1,000 to help defray costs. We look forward to working with APLU to study the impact of these microgrants over the next few semesters. FSU was also asked to join and help lead our peer institutions in three national APLU initiatives to advance student success, faculty diversity, and economic and community engagement.

International Education
FSU was awarded the top national award for international education and engagement at the APLU national meeting in New Orleans. We also recently learned that FSU was ranked #1 in Florida for study abroad and in the top 10 nationally among publics. More students study abroad from FSU than at all but a few universities in America, and we continue to be recognized as a national leader in student success.

Admissions
Last year, we had a record number of freshman applications with over 51,000. We are still welcoming our current freshman, but applications for next year (Fall 2019) opened August 1st. The final applications are not due until February 7, 2019. We are trending about 15% above where we were this time last year, so Florida State continues to grow as a national destination for higher education. And also, for the first time, UF and FSU co-hosted recruitment events in Florida, and we continue to get a strong response to these.

On the graduate admissions side, we now have a new graduate enrollment team housed out of the Graduate School. The team is partnering with academic units all over campus to support their graduate recruitment needs, particularly for master's students. We have already seen strong results, with record numbers of graduate applications this past fall.

Strategic Plan
The Strategic Plan implementation website has been designed and is being built now. The website includes our goals and initiatives and will be updated regularly to display our progress and key achievements.

Panama City Campus Update
Mr. Randy Hanna, Dean of Florida State University Panama City

Dean Randy Hanna, Panama City Campus, provided an update of the campus following Hurricane Michael.

Academic and Research Excellence
Dr. Janet Kistner, Vice President for Faculty Development and Advancement

Dr. Kistner provided an update regarding academic and research excellence at Florida State University.

- Initiative A: Grow the cadre of faculty in disciplines aligned with FSU's strategic goals
  - Metric: increase faculty numbers by 10%
  - Tactics
    - Increase the number of faculty to address strategic needs
    - Improve infrastructure to support faculty
    - Increase National Academy members
- Initiative B: Foster a University climate which promotes faculty excellence and retention
  - Metric: increase excellence and retention by 20%
  - Tactics
    - Enhance mentoring and professional development
    - Better mitigation issues affecting faculty retention
    - Set expectations and mechanisms that increase faculty excellence
- Initiative C: Attract and graduate top graduate and professional school students and postdocs
  - Metric: 15% increase in graduate enrollment and postdoctoral scholars
  - Tactics
    - Strategically grow graduate and postdoc populations
    - Improve recruitment, retention, and support
    - Leverage technology and analytics to meet strategic priorities
- Initiative D: Increase interdisciplinary research and teaching at FSU
  - Metric: 15% increase in interdisciplinary research and teaching
  - Tactics
    - Create infrastructure necessary to promote and support interdisciplinary
    - Increase interdisciplinary grant proposals
    - Recognize and reward interdisciplinary activity

College of Arts & Sciences Update

Dr. Sam Huckaba, Dean of Arts & Sciences

Part of our mission statement: The College of Arts and Sciences aims to expand, transmit, and share knowledge across a broad spectrum of disciplines covering the humanities and (natural) sciences.

Florida State University, 1973 – 8 Colleges and Schools

- Arts and Sciences
- Business
- Education
- Home Economics
- Law
- Music
- Nursing
- Social Welfare

Florida State University, 1978 - 14 Colleges and Schools

- Arts and Sciences
- Business
- Communication *
- Criminology *
- Education
- Law
- Library Science *
- Music
- Nursing
- Social Sciences *
- Theatre *
- Visual Arts*

*New college or school

Florida State University, 2018 - 18 Colleges and Schools

- Applied studies (P.C.)
- Arts and Sciences
- Business
- Comm. & Information
- Criminology
- Education
- Engineering
- Entrepreneurship (school)
- Film
- Fine Arts
- Hospitality (school)
- Human sciences
- Law
- Medicine
- Music
- Social Sciences & Public Policy
- Social Work

College of Arts and Sciences – 16 academic departments and 2 ROTC Units

- Aerospace Studies (ROTC)
- Anthropology
- Biological Science
- Chemistry & Biochemistry
- Classics
- Computer Science
- EOAS
- English
- History
- Mathematics
- Military Science (ROTC)
- Modern Language and Literature
- Philosophy

- Physics
- Psychology
- Religion
- Scientific Computing
- Statistics
- Plus 14 centers, programs, and institutes

Arts and Sciences Budget
- E&G: $126 million
- C&G: $60 million
- Foundation: $4 million
- Auxiliary: $2 million
- Total Budget: $192 million

Classroom Productivity
- 8,700 undergraduate majors and 1,750 graduate students
- 2,934 degrees awarded, 2017-18
- Taught 47% of FSU's undergrad Student Credit Hours in 2017-18
  - 456,444 undergrad SCH
- A&S offers 166 majors
  - 73 undergrad, 50 master's, 43 doctoral
- Most recently added majors:
  - Data Science (M.S., Statistics)
  - Fire Dynamics (Ph.D., Geophysical Fluid Dynamics)
  - Neuroscience (B.S., major tracks in Biology and Psychology)

Personnel
- 620 faculty members
  - 473 tenured or tenure-track
  - 107 specialized faculty
  - 40 C&G research faculty
- 100 postdocs
- 1,100 graduate teaching assistants
- 250 staff members

Faculty, Staff, and Student Productivity
- $55-65 million annually in research support
- High publication rat (books, articles)
- Conference presentations exceed 1,000 per year
- Year-round outreach activities
  - Audience total exceeds 50,000 per year

Other Numbers
- College endowment is $80million
- A&S awards over 500 scholarships each year
- 50 faculty members hold endowed chairs or professorships
- 90,000 alumni
- Arts and Sciences Leadership (30 members)

C. Athletics

Mr. David Coburn, Interim Athletics Director

Mr. Coburn provided an update on athletics including the status of football, women's and men's basketball, cross country, soccer, swimming & diving and volleyball teams.

Additionally, he provided an update on the ACC Network that is scheduled to launch August 2019.

- Key Operating elements in place
- Robust production facilities – most technologically advanced network
- Programming, scheduling and staffing in process
- "ACC Network Coming Soon"
- Campus marketing underway, in full swing by February
- Support of our fans will be important as we near launch

Production Notes:

- Seminole Productions produced first of five linear broadcasts for ESPN during basketball season
  - Men's basketball – FSU vs. Florida was the first
  - All production and cameras handled by Seminole Production
  - More events expected this spring with baseball and softball

- Construction of studio space underway – Completion set for July 2019

NCAA Litigation – Altson Case

- NCAA grant-in-aid antitrust litigation
- Class action lawsuit by former collegiate players against the NCAA and 11 major conferences
- Could bring significant changes to collegiate athletics

D. Legislative Update

Ms. Kathy Mears, Chief Legislative Affairs Officer

Ms. Mears provided a legislative update. The legislature will be convening on November 20th and final decisions will be made on contested races. Jimmy Patronis – a FSU alum – was elected to CFO. Also, thanked President Thrasher, Kathleen Daly and Kyle Clark for assisting with providing an early voting site for students at the Donald L. Tucker Civic Center.

E. Student Government Association

Mr. Brandon Brown, Vice President of Student Government Association

Trustee Pierre provided the State of the Student Body Address. Her address included SGA Summer Week, SAAC Trivia Night and Civic Center Early voting. Civic Engagement week kicked office with Civic Center Early Voting – over 6,000 individuals turned out to for early voting and over 3,000 voted on Election Day.

The SGA Fall Elections filled 28 student senate seats, 22 congress of graduate student seats, 6 campus rec board seats and awards & scholarships.

SGA notable initiatives included away game viewing and clothing our community.

Upcoming events include Safety Tour, MLK Week, Women's History Month and Black History Month

F. Faculty Senate
Dr. Kris Harper, Faculty Senate Steering Committee

Dr. Harper provided an update on the Faculty Senate Steering Committee. The Koch Review Committee led by Dr. Anne Rowe reported on the faculty concerns of gift influencing curriculum. With the work completed, the committee has been dissolved and a new committee was assembled that will make recommendations about how to implement its suggestions. This committee will be led by Dr. Michael Buchler, College of Music. The faculty senate has approved 2 of 3 steps of amending the constitution. The final step will be introducing the amendments at the faculty senate meeting for voting.

Trustee Adams and Dr. Harper attended the advisory council of the faulty senate meeting in Sarasota. The council had an opportunity to meeting with the Board of Governors and discuss the rising cost of journal packages and implications of university library budgets.

FSU Libraries notified El Sevier in April 2018, regarding their intent to cancel its contract due to rising costs. FSU Libraries and El Sevier are working on a mutually acceptable agreement.

G. Research
Dr. Gary Ostrander, Vice President for Research

Vice President Ostrander provided a summary of proposal and grant activity through the first 3 months of the fiscal year. To date FSU is nearly $14 M dollars ahead of last year with $91.4 M received. The largest share of that increase has been from federal funds. Conversely, the number of proposals leaving the university continue to track ~20% below last year. This intuitively makes sense as last year was an outstanding year for awards and once a new grant is awarded faculty will focus on their research rather than writing more proposals.

An overview of the status of various research related construction projects was provided. Briefly, groundbreaking for the Interdisciplinary Research and Commercialization Building (IRCB) will occur in late February.

Expansion of laboratory facilities in CAPS is on schedule with anticipated completion during the 4th Q of 2019 or 1st Q of 2020.

Projected costs for the short-stay facility at the MagLab exceed estimates by ~20%. NSF has been approached for additional funding to bridge the gap. Until such time as they positively respond or other funds are identified the project is on hold. This is not anticipated to have any adverse impact on MagLab activities additional hotel space and transportation options (e.g. Uber & Lyft) have significantly expanded since the conception of the project.

Renovation of Building B (former home to the University Foundation) is through planning. Two phases of construction will be completed in the 2nd and 4th Q of 2019 and will realize space for Nursing, Social Work, Medicine, LSI and CAPS.

Fundraising for the modest research building (~$7M) at the marine lab is progressing. The Office of Research will match funds raised 1:1. To date nearly $1M has been raised. Programing for the building has been completed and conceptual drawing and layout are available. Once it is clear that sufficient funds will be available we will move toward the final design and construction.

The Leon County Research and Development Authority is continuing in their efforts to construct incubator facilities in Innovation Park. Such facilities would be advantageous to faculty/FSU developing technology or companies related to their research activity. The total cost is projected to be $17M and the FSU Research Foundation will provide $2.5M once all funding is in place along with a workable business model to cover operational costs.

The Chieftain Apartments, located across from the medical school, which were acquired 3 years ago as a site for a potential Biological/Health Science Research Building will be torn down and converted to surface parking. While the apartment complex has been operated at a profit, concerns about future R&M costs necessitated conversion to parking.

Finally, VP Ostrander concluded his presentation with a discussion of the various federally required new/updated policies and procedures governing research at FSU. The Office of Research has updated or developed 11 polices/procedures over the last 18 months and is fully compliant.

H. Student Affairs
Dr. Amy Hecht, Vice President for Student Affairs

The Division of Student Affairs' presentation for the November 2018 Board of Trustees general meeting focused on some highlights from the semester and career readiness. An overview of the A Night with the Coffeys, Gruvers, and Piazzas event was provided. Trustees Buzzett and Gonzalez were acknowledged for their roles with regard to the event. The University's critical response to the hurricane, Pittsburgh synagogue shooting, and yoga studio shooting was presented. The majority of the remainder of the presentation focused on career readiness. The structure, programs, and services of the Career Center at FSU were discussed. An overview of the Internship Fund was given with a profile of a current student who was awarded funding from the fund. The Employer In Residence program was highlighted during this segment. Lastly, data from the Graduating Senior Survey was presented to the board.

I. Finance and Business
Mr. Kyle Clark, Vice President for Finance & Administration

Vice President Clark provided an overview of the Hurricane Michael and the affects to Florida State University.

- Monday, October 8th – Hurricane Michael was category 1. By noon, the FSU community was notified of campus closings. This allowed students to head home/leave town, if needed.
- Approximately, 1000 students remained on campus during the storm.
- The emergency operations center was activate don Tuesday, October 9th
- The special needs shelter was activated at Florida High School
- The Donald L. Tucker Center was opened for faculty, students and staff
- Wednesday, October 10th – Hurricane Michael was a catergory 3
- Significant damage to the main campus – trees, windows and exterior damage
- The Seminole tribe of Florida provided a helicopter to assess damage at the Marine Lab and Panama City Campus.
- Thursday, October 11th – the Panama City Campus had water damage restoration, roofing repairs and in
- Saturday, October 12th – Department of Emergency Management requested a special needs shelter on campus. The Leach Center was opened for this need. The needs for this facility was greater than expected. A facility in Polk County was identified for the special needs shelter.
- FSU was able to shelter the Red Cross and electrical companies,
- 14 notifications and 50 updates were sent out to the FSU community
- The Seminole relief fund has provide emergency funding to 117 students and 56 faculty & staff between the main campus and Panama City Campus.
-

Florida State University Police Department:

- Chief Perry spoke regarding the safety and security enhancement to FSU.
- 10 Sworn Law Enforcement Officer since 2014
- CCTV Systems and other technology on all campuses
- Partnership with the Public Safety Collective (Leon County, Tallahassee police Department, State Attorney's Office, United States Attorney's Office & Local Universities)
- Lifesaving equipment and training
- Active Shooter Training Video

Completed Projects:

- Launched the campus wide rollout of Smart Onboarding, an HR customer service initiative bringing clarity and efficiency to the FSU onboarding process
- Earned the HEED Award for the fifth year in a row and earned the designation of Diversity Champion for the third year in a row. FSU is one of 13 colleges and universities nationwide that received the awards from the magazine, Insight into Diversity, which is the nation's largest and oldest diversity and inclusion publication in high education.
- Launched a new mandatory online Sexual Misconduct Awareness and Prevention Training module.
- Completed the annual Open Enrollment period for state benefits for all benefits eligible employees
- Implemented all new collective bargaining agreements for our unions
- Bolstered security of student email accounts
- Achieved renewal of Payment Card Industry (PCI) compliance certification
- Enhanced Financial Aid Health to improve application functionality and reduce on-going maintenance

J. General Counsel

Ms. Carolyn Egan, General Counsel

Ms. Egan updated the trustees on current litigation cases and projects being processed by the general counsel's office.

VII. CHAIR ED BURR

VIII. ADJOURNMENT

Chair Burr adjourned the meeting at 3:55 pm.

FLORIDA STATE UNIVERSITY
FINANCE AND ADMINISTRATION
Office of the Vice President for Finance & Administration

MEMORANDUM

TO: John Thrasher, President

FROM: Kyle Clark, Vice President for Finance & Administration

DATE: February 21, 2019

SUBJECT: Request for Approval
Amendment of Regulation, FSU-2.011 Facilities Leasing

The proposed amendment conforms the FSU Regulation more closely to the current BOG Regulation. It would allow extension of an existing lease of off site premises for another full term before rebidding if it is in the best interest of the university. A market survey must demonstrate that the cost of this extension does not exceed the costs of a comparable lease elsewhere plus the costs of moving.

I recommend your approval of this amendment.

KC/rg

Attachments

214 Westcott Building, P.O. Box 3061320, Tallahassee FL 32306-1320
850.644.4444 · Fax 850.644.4447

SUMMARY OF PROPOSED AMENDMENT TO UNIVERSITY REGULATION

FSU-2.011 Facilities Leasing Program

The proposed change takes advantage of changes to Board of Governors Regulation and would allow extension of an existing lease for another full term before rebidding if it is in the best interest of the university and a market survey demonstrates the cost of this extension does not exceed the costs of a comparable lease elsewhere plus the costs of moving.

AUTHORITY FOR THE PROPOSED UNIVERSITY REGULATION

The authority for the proposed regulation is as follows: Board of Governors Regulations 1.001 (3) (j) and (7) (b), 17.001

UNIVERSITY OFFICIAL INITIATING THE REGULATION

Proposed adoption of amendment to Regulation FSU-2.011 has been initiated by Finance and Administration.

PROCEDURE FOR PROVIDING COMMENTS ON THE PROPOSED UNIVERSITY REGULATION

Any person may submit written comments concerning the proposed regulation within 14 days of the date of this notice to:

Arthur R. Wiedinger, Jr.
Office of General Counsel.
424 Westcott Building
Florida State University
Tallahassee, FL 32306-1400
Electronic address: awiedinger@admin.fsu.edu
850-644-8973 (fax)
850-644-4440 (phone)

FSU-2.011 Facilities Leasing.

(1) The purpose of this Regulation is to implement the delegated authority from the Board of Governors (BOG) to the Florida State University (FSU) found in BOG Regulation 17.001 with respect to leasing of space.

(2) The President or designee may enter into leases for space in a building or any part of a building for use by FSU or its direct-support organizations. However, Leases subject to Section 1010.62, Florida Statutes, relating to revenue bonds and debt, must be approved by the Board of Governors.

(3) The President or designee must first certify that there is no available and suitable university controlled space within a reasonable distance of the need before approving any lease. All leases will achieve best leasing value. "Best leasing value" means the highest overall value to the state based on objective factors that include, but are not limited to, rental rate, renewal rate, operational and maintenance costs, tenant-improvement allowance, location, lease term, condition of facility, landlord responsibility, amenities, and parking. Cost savings related to the university procurement processes are not sufficient justification for direct negotiation.

(4) Leases for space of 5,000 square feet or more in a privately owned building must be competitively procured. Competitive bids shall be awarded to the lowest responsible and responsive bidder; competitive proposals shall be awarded to the most advantageous responsible and responsive proposer based on all criteria in the proposal including price. The university may not negotiate with responding proposers unless the university makes a specific statement why this will achieve best leasing value. Cost savings related to the university procurement processes are not sufficient justification for direct negotiation.

(5) Competitive procurement shall not be required for the following:

(a) Renewal of leases procured under this Regulation where the specific renewal involved is provided in the initial lease which was itself competitively procured, where such is required.

(b) Lease of less than 120 consecutive days which is for the purpose of securing a one-time special use of the leased property.

(c) Lease for nominal or no consideration.

(d) ~~One extension of a current, existing lease of 5,000 square feet or more, however procured, not exceeding eleven (11) months, if determined to be in the best university interest.~~ Competitive solicitations shall not be required to extend an existing lease of 5,000 or more square feet, if the extension is determined to be in the best interest of the University and the total of the extension does not exceed 11 months. If at the end of the 11th month the University still needs space, it shall be procured by competitive solicitation. However, if the University determines it is in its best interest to remain in space it currently occupies, the University may negotiate a replacement lease with the landlord if an independent market analysis demonstrates that the lease rates offered are within market rates for the space and the cost of the new lease does not exceed the cost of a comparable lease plus documented moving costs. The term of such replacement lease may not exceed the base term of the expiring lease. The best interest of the University for this purpose shall be determnione by the Vice President for Finance and Administration.

(e) Lease of educational facilities in a FSU affiliated Research and Development Park. However, as required by Section 1013.17, Florida Statutes, the Board of Trustees or designee must certify in writing that it is in the best university interests and that the exemption is not detrimental to the state,

(f) Leasing of specialized research, medical or educational facilities certified by President or President's designee in writing that such leasing is available only from a single source and that compliance with competitive bid requirements would be detrimental to the university.

(g) In an emergency, when university/state-owned or leased space is destroyed or rendered uninhabitable by an act of God, fire, malicious destruction, or structural failure, or by legal action, upon certification by the President or designee that other University

controlled space is not available and the term of any such lease does not exceed 18 months, provided the University may modify the lease to extend it on month to month basis for up to 6 additional months to allow completion of such construction or renovations.

(h) Leasing facilities in a hospital or other medical facilities, such as a medical office building, with which the University is affiliated.

(6) All measurement of potential leased space shall be based on the method of measurement used by the State University System for gross square feet as described in the current Physical Facilities Space File.

(7) Escalation Clauses Prohibited. A lease shall not contain a rental escalation clause or an open rental rate that permits an adjustment in the amount paid by the University based on the happening of a future event, such as a change in the Consumer Price Index or other economic indicator, without also including a ceiling on the total amount the rent may increase. For leases of ten years or more a process may be established within the terms of the lease that allow for determining and adjusting the rental amounts based on existing fair market leasing values at agreed upon milestones.

(8) Right-to-Terminate Clause Required. All leases for a term exceeding one (1) fiscal year shall include the following provision: "The State of Florida's performance and obligation to pay under this Lease is contingent upon an annual appropriation by the Legislature."

(9) Lease Form. All leases shall be prepared in accordance with this regulation, and executed by the President or the President's designee. The University uses a standard lease approved by the Senior Vice President for Finance and Administration and by the University General Counsel for form and legal content. Any deviations from the standard lease must be within the requirements of this Regulation and will acquire specific approval of these same parties.

(10) For leases or renewal of leases of space of 5,000 square feet or more, Lessor must disclose to FSU all owners of the leased property to ensure compliance with conflict of interest provisions of Chapter 112, Florida Statutes.

Specific Authority BOG Regulations 1.001 (3) (j) and (7) (b), 17.001. History–New 9-30-75, Amended 6-14-81, Formerly 6C2-2.11, Substantially rewritten, 6-9-2012. Amended _____

FLORIDA STATE UNIVERSITY
OFFICE OF THE PROVOST

TO: President John E. Thrasher

FROM: Provost Sally McRorie

DATE: December 18, 2018

SUBJECT: Termination of the Bachelor of Arts in French and Francophone Studies
Request for Approval

The College of Arts & Sciences has requested that the following degree program be terminated at the Bachelor's level, effective Summer Term 2019:

05.0124 French and Francophone Studies

The degree program was suspended in the fall of 2011 after a key faculty member's retirement. The last students graduated from the program in the fall of 2013. The degree remained suspended in case future circumstances enabled the College to offer the curriculum once more. Instead, the College and the Department of Modern Languages have decided that terminating the degree is appropriate at this time.

Because new enrollments were suspended in fall 2011, there have been no students enrolled in the bachelor's degree for years, and no faculty members will be affected by this degree termination. The French faculty members who taught within this program now teach both undergraduates and graduates within the French degree.

The Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) has been notified of the University's intention to terminate the program, pending Board of Trustees approval.

212 Westcott Building, Florida State University, Tallahassee, Florida 32306-1310
Telephone: 850.644.1816 Fax: 850.644.0172 http://provost.fsu.edu

FLORIDA STATE UNIVERSITY
OFFICE OF THE PROVOST

TO: President John Thrasher

FROM: Provost Sally McRorie

DATE: January 3, 2019

SUBJECT: Proposal to Explore Doctor of Nurse Anesthesia Practice
Request for Approval

The proposed Doctor of Nurse Anesthesia Practice (DNAP) is designed to equip students with the good judgment, quick clinical decision-making, and extensive clinical knowledge needed to become certified Nurse Anesthetists. The program includes a rigorous curriculum that will produce professional, competent, and expert nurse anesthetists to serve the Northwest Florida region and other parts of Florida. This degree will replace the current Master of Science in Nurse Anesthesia, in accordance with new requirements of the specialized accrediting agency, Council on Accreditation of Nurse Anesthesia Educational Programs.

Graduates will have a very clear professional path after certification, leading to fulfilling and lucrative careers that serve a critical healthcare need. In 2017, the Bureau of Labor Statistics reported mean annual wages between $159,430 and $167,920 for Certified Registered Nurse Anesthetists working in Florida (2017; https://www.bls.gov/oes/current/oes291151.htm#ind). The degree will continue to be offered face-to-face on the Panama City campus.

BOG regulation 8.004 (Academic Program Coordination) requires the Board of Governors to coordinate a review with the Council for Academic Vice Presidents (CAVP) to inform both institutional and System-level strategic planning. The group designated by the CAVP to conduct these reviews expressed no concerns regarding this Proposal to Explore.

Discussions are underway to determine what new resources are needed to support the program at the doctoral level. The Board's approval to explore the degree does not obligate the University to provide the resources requested; any resource request will be reviewed as part of the annual allocation of resources.

212 Westcott Building, Florida State University, Tallahassee, Florida 32306-1310
Telephone: 850.644.1816 Fax: 850.644.0172 http://provost.fsu.edu

FLORIDA STATE UNIVERSITY
OFFICE OF THE PROVOST

TO: President John E. Thrasher

FROM: Provost Sally McRorie

DATE: February 3, 2019

SUBJECT: 2019-20 Academic Calendar
Request for Approval

Board of Governors Regulation 8.001 requires each university to adopt an academic calendar. Each calendar must include the appropriate number of days of classroom instruction, the common entry periods, pre-established dates for issuing certificates, diplomas or degrees, and a summer program.

212 Westcott Building, Florida State University, Tallahassee, Florida 32306-1310
Telephone: 850.644.1816 Fax: 850.644.0172 https://provost.fsu.edu

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FLORIDA STATE UNIVERSITY
FINANCE AND ADMINISTRATION
Office of the Vice President for Finance & Administration

MEMORANDUM

TO: John Thrasher, President

FROM: Kyle Clark, Vice President for Finance & Administration

DATE: February 21, 2019

SUBJECT: Request for Approval
2019-2020 Budget Projections for Auxiliaries with Outstanding Revenue Bonds

The Board of Governors Regulation 9.008 "University Auxiliary Facilities with Outstanding Revenue Bonds" was amended effective June 22, 2017, to include additional language regarding maintenance and equipment reserves, as well as reporting requirement clarifications, for certain auxiliary revenue bond issues.

The university's Housing System and Parking System auxiliary revenue bonds contain covenant language requiring an annual Income and Expenditure Statement be submitted to the Board of Governors for approval. The operating budgets for these auxiliary facilities must be approved by the University Board of Trustees in advance of submission to the Board of Governors. The Board of Governors is charged with approving the Income and Expenditure Statements as required by bond covenants that have been previously endorsed by the respective University Board of Trustees.

I recommend approval of the 2019-2020 Budget Projections for Auxiliaries with Outstanding Revenue Bonds.

KC/rg

Attachments

214 Westcott Building, P.O. Box 3061320, Tallahassee FL 32306-1320
850.644.4444 · Fax 850.644.4447

INCOME AND EXPENDITURE STATEMENT

UNIVERSITY : Florida State University

BOND TITLE : Parking Facilities Bond Series 2011A, 2014A, 2017A ** DRAFT **

AUXILIARY FACILITY (IES) : Parking

		2017-18 Actual	2018-19 Estimated	2019-20 Projected
1.	REVENUE CARRIED FORWARD			
	A. Operating Cash Carried Forward:			
	Liquid	3,520,568	4,124,320	4,124,320
	Investments	0	0	0
	Subtotal:	3,520,568	4,124,320	4,124,320
	B. Replacement Reserve Forward:			
	Debt Service Reserve	0	0	0
	Maintenance & Equipment Reserve	2,732,255	2,667,466	2,919,845
	General Reserve	427,408	693,366	642,987
	Subtotal:	3,159,663	3,360,832	3,562,832
	TOTAL CARRIED FORWARD (A +B):	6,680,231	7,485,152	7,687,152
2.	CURRENT YEAR REVENUE / INFLOWS			
	* Revenue	12,174,377	12,586,200	14,367,588
	Interest Income	98,691	85,000	100,000
	Other Income / Inflows	125,000	0	0
	TOTAL CURRENT YEAR REVENUE:	12,398,068	12,671,200	14,467,588
3.	SUMMARY OF AVAILABLE REVENUES (1 +2):	19,078,299	20,156,352	22,154,740
4.	CURRENT YEAR EXPENDITURES / OUTFLOWS			
	Salaries and Matching	1,363,992	1,433,000	1,519,660
	Other Personal Services	239,621	258,050	283,855
	Operating Expense	4,774,814	5,605,097	6,370,268
	Repairs and Maintenance	238,444	169,000	824,070
	Debt Service	4,726,403	4,735,680	4,742,030
	Repair and Replacement Expense	55,718	0	0
	Operating Capital Outlay	0	0	130,000
	Other Outflows & Transfers Out	228,324	303,373	330,557
	TOTAL EXPENDITURES:	11,627,316	12,504,200	14,200,440
5.	TRANSFERS TO REPLACEMENT RESERVES			
	Debt Service Reserve	0	0	0
	Maintenance & Equipment Reserve	0	0	0
	General Reserve	167,000	167,000	150,000
	Subtotal:	167,000	167,000	150,000
6.	TRANSFERS FROM REPLACEMENT RESERVES			
	Debt Service Reserve	0	0	0
	Maintenance & Equipment Reserve	0	0	0
	General Reserve	0	0	0
	Subtotal:	0	0	0
7.	ENDING REPLACEMENT RESERVES (1B +5 -6)			
	Debt Service Reserve	0	0	0
	Maintenance & Equipment Reserve	2,732,255	2,667,466	2,919,845
	General Reserve	594,408	860,366	792,987
	Interest Earned on Reserve Balances	34,169	35,000	35,000
	Subtotal:	3,360,832	3,562,832	3,747,832
8.	ENDING OPERATING CASH (1A +2 -4 -5)	4,124,320	4,124,320	4,241,468
9.	SUMMARY OF ENDING REVENUES (7 +8)	7,485,152	7,687,152	7,989,300

* REQUIRED INFORMATION *

Date budget approved by University Board of Trustees :

Prepared By : Celeste Pulen **Telephone : 644-2161**

*** Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.**

UNIVERSITY AXILIARY FACILITIES
NARRATIVE SUPPLEMENT TO INCOME AND EXPENDITURE STATEMENT
TO BE PROVIDED TO BOARD OF GOVERNORS MEMBERS

1. Do the pledged revenues reported contain any overhead assessments ? If yes, please explain.
   University overhead is included in "other expense" and Office of Business Services overhead is included in "operating expenses"

2. Do pledged revenues or expenditures change year over year 10% or more ? If yes, please explain.
   Yes, pledged revenues increase over 10% year over year from FY 2018-19 to FY 2019-20 due to a software implementation which will increase citation revenues; and, due to the implementation of student parking decal fees.
   Yes, Projected expenditures increase over 10% for FY 2018-2019 to FY 2019-2020 due to increased per hour transit rates due to the use of all electric buses, and increased repairs and maintenance and operating capital outlay due to planned projects.

3. Please explain amounts categorized as "other".
   Other expense and income reflects University overhead.

4. Add lines as needed for additional university comments. This information will be shared with Board of Governors members.
   We have not included the Reserve Account held with SBA (Reserve Agent) securing certain Outstanding Bonds funded with surety bonds totalling approximately $3 million for reporting Debt Service Reserves in the Replacement Reserves category

INCOME AND EXPENDITURE STATEMENT

UNIVERSITY: Florida State University

BOND TITLE: Housing System Bond Series 2010A, 2011A, 2013A, 2014A, 2015A Draft

AUXILIARY FACILITY (IES): Housing

		2017-18 Actual	2018-19 Estimated	2019-20 Projected
1.	REVENUE CARRIED FORWARD			
	A. Operating Cash Carried Forward:			
	Liquid	34,899,066	26,441,560	27,177,133
	Investments	0	0	0
	Sub-Total:	34,899,066	26,441,560	27,177,133
	B. Replacement Reserve Forward:			
	Debt Service Reserve	0	0	0
	Maintenance & Equipment Reserve	6,357,560	6,165,248	6,169,661
	General Reserve	18,785,557	30,181,497	31,197,614
	Sub-Total:	25,143,117	36,346,745	37,367,275
	TOTAL CARRIED FORWARD (A +B):	60,042,183	62,788,305	64,544,408
2.	CURRENT YEAR REVENUE:			
	* Revenue	47,742,715	47,297,262	47,686,312
	Interest Income	627,074	274,476	267,000
	Other Income	497,042	495,917	476,500
	TOTAL CURRENT YEAR REVENUE:	48,866,831	48,067,655	48,429,812
3.	SUMMARY OF AVAILABLE REVENUES (1 +2):	108,909,014	110,855,960	112,974,220
4.	EXPENDITURES			
	Salaries and Matching	9,212,309	10,151,887	10,392,675
	Other Personal Services	2,573,424	2,771,220	2,840,282
	Operating Expense	7,738,627	8,333,720	8,171,318
	Repairs and Maintenance	1,893,090	2,000,000	2,000,000
	Debt Service	15,295,840	15,340,000	15,305,000
	Repair and Replacement Expense	6,173,190	4,150,000	4,350,000
	Operating Capital Outlay	84,323	110,000	110,000
	Other Expense & Transfers Out	877,970	999,927	1,157,282
	TOTAL EXPENDITURES:	43,848,773	43,856,754	44,326,557
5.	TRANSFERS TO REPLACEMENT RESERVES			
	Debt Service Reserve	0	0	0
	Maintenance & Equipment Reserve	0	0	0
	General Reserve	13,475,564	3,475,328	4,332,328
	Sub-Total:	13,475,564	3,475,328	4,332,328
6.	TRANSFERS FROM REPLACEMENT RESERVES			
	Debt Service Reserve	0	0	0
	Maintenance & Equipment Reserve	0	0	0
	General Reserve	2,716,675	3,000,000	1,500,000
	Sub-Total:	2,716,675	3,000,000	1,500,000
7.	ENDING REPLACEMENT RESERVES (1B +5 -6)			
	Debt Service Reserve	0	0	0
	Maintenance & Equipment Reserve	6,357,560	6,165,248	6,169,661
	General Reserve	29,544,446	30,656,825	34,029,942
	Interest Income Earned on Reserve Balance	444,739	545,202	560,509
	Sub-Total:	36,346,745	37,367,275	40,760,112
8.	ENDING OPERATING CASH (1A +2 -4 -5)	26,441,560	27,177,133	26,948,060
9.	SUMMARY OF ENDING REVENUES (7 +8)	62,788,305	64,544,408	67,708,172

* REQUIRED INFORMATION *

Date budget approved by University Board of Trustees :

Prepared By : Maclain Benton **Telephone : 644-7971**

*** Revenue as outlined in the Bond Covenants to support the debt servicing of the bonds.**

UNIVERSITY AXILIARY FACILITIES
NARRATIVE SUPPLEMENT TO INCOME AND EXPENDITURE STATEMENT
TO BE PROVIDED TO BOARD OF GOVERNORS MEMBERS

1. Do the pledged revenues reported contain any overhead assessments ? If yes, please explain.
   University overhead is included in "other expense"

2. Do pledged revenues or expenditures change year over year 10% or more ? If yes, please explain.

   N/A

3. Please explain amounts categorized as "other".
   "Other Income" consists of funds received from laundry services in the Residence Halls as well as miscellaneous income which includes cell tower rental income.
   Other Expense & Transfers Out consists of transfers out for University administrative overheard charges.

4. Add lines as needed for additional university comments. This information will be shared with Board of Governors members.

   We have not included the Reserve Account held with SBA (Reserve Agent) securing certain Outstanding Bonds funded with cash and surety bonds totalling approximately $8 million for reporting Debt Service Reserves in the Replacement Reserves category

THE
FLORIDA STATE
UNIVERSITY

Office of Inspector General Services
Suite 407 Westcott Building
222 South Copeland Street
P. O. Box 3061390
Tallahassee, Florida 32306-1390

MEMORANDUM

TO: President John Thrasher

FROM: Sam M. McCall, Chief Audit Officer SMM

Date: January 31, 2019

SUBJECT: Agenda Item for the February 22, 2019, BOT Meeting:

FSU College of Business request for approval to enter into a five-year audit contract with Lanigan & Associates, P.C., as required by BOT Regulation 2.025

Request for Approval to be placed on the BOT Consent Agenda

Please find enclosed the FSU Student Investment Fund's request for approval for the above firm to audit the FSU College of Business Student Investment Fund, a Direct Support Organization. I respectfully request this item to be included on the BOT Consent Agenda for the February 22, 2019, BOT meeting.

Thank you

Attachment

FLORIDA STATE UNIVERSITY
COLLEGE OF BUSINESS
International Acclaim. Individual Attention.

MEMORANDUM

TO: Sam McCall, Chief Audit Officer

FROM: Steven B. Perfect, Associate Professor and Co-Chair of Student Investment Fund

DATE: January 16, 2019

SUBJECT: Request BOT Approval of Audit Firm Selection

In accordance with FSU Policy 2.025, I request Board of Trustees approval to enter into a five-year contract with the firm of Lanigan & Associates, P.C. as the selected audit firm to perform the DSO financial statement audit of the FSU College of Business Student Investment Fund (SIF).

The Student Investment Fund sent RFPs to five audit firms in early November of 2018. Five firms responded. After considering the responses, the audit committee selected Lanigan & Associates, P.C. to perform the financial statement audits of the SIF. The selection of Lanigan was approved by the audit committee on January 14, 2019. Lanigan & Associates had experience with colleges and universities, received positive references regarding their ability to meet deadlines, and also provided a lower fee structure than the other firms. The audit committee's auditor selection was subsequently approved by the SIF Board of Directors on the afternoon of January 14, 2019.

The Florida State University College of Business Student Investment Fund, Inc.

Proposal for Professional Audit and Tax Services

FLORIDA STATE UNIVERSITY
COLLEGE OF BUSINESS

Presented by

Lanigan & Associates, P.C.
Certified Public Accountants & Management Consultants
2630 Centennial Place
Tallahassee, FL 32308
www.laniganpa.com

December 31, 2018

Contact: John Keillor, CPA, CIA
jkeillor@laniganpa.com
(850) 893-8418

Proposal for Professional Services

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LANIGAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS ADVISORS
www.lanigancpa.com

Please reply to:
Tallahassee

314 Gordon Avenue
Thomasville, GA 31792
(229) 226-8320
(229) 226-0038 Fax

2630 Centennial Place
Suite 1
Tallahassee, FL 2308
(850) 893-8418
(850) 893-9745 Fax

3353 Peachtree Road, NE
N. Tower, Suite 545
Atlanta, GA 30326
(404) 442-2772
(404) 442-2728 Fax

Bernard Lanigan (1918-1982)
Bernard Lanigan, Jr., CPA
Frank J. Mercer, CPA, CFP
C. Bradford Jackson, CPA, CFA
D. Mark Fletcher, CPA, CFE
G. Thomas Harrison, Jr., CPA, CFP
John W. Keillor, CPA, CIA
Michael O. Sills, Jr., CPA, CFE
Robert M. Milberg, CPA (of Counsel)

December 31, 2018

Mr. Steve Perfect, Ph.D, CFA
Florida State University College of Business Student Investment Fund, Inc.
821 Academic Way, 509 RBA
Tallahassee, FL 32306-1110

Re: Proposal for Professional Audit and Tax Services

Dear Steve:

We are pleased to have the opportunity to respond to the Florida State University College of Business Student Investment Fund, Inc.'s ("SIF") request for proposal for auditing and tax services. We fully understand your engagement objectives, the scope of work to be performed and are personally committed to meeting your engagement needs in a practical way. Our firm will perform the engagement as outlined in the Request for Proposal (RFP) and will meet all required deadlines.

Our firm is large enough to have the necessary experience, knowledge, and resources to service the SIF; while at the same time we are small enough that this engagement will be a priority and get the attention it deserves. Our firm's success is based on our commitment to providing high quality services and business advice with a personal touch.

We audit numerous governmental and not-for-profit entities that uniquely qualify us for this engagement. Listed below is a sample of clients we have served.

- Florida Local Government Investment Trust (FLGIT): ***$1.4 billion in Assets***
- City of Thomasville, Georgia: Received the prestigious ***"Certificate of Achievement in Financial Reporting"***
- Monroe County, Florida: Received the prestigious ***"Certificate of Achievement in Financial Reporting"***
- Madison County, Florida
- Town of Greensboro, Florida
- City of Bainbridge, Georgia
- Thomas University

Our firm has served these clients and many others over the last 40 years. We list additional clients served later in this proposal.

If you have any questions or need additional information, please contact me at (805-893-8418) or jkeillor@lanigancpa.com and I will be happy to assist you. We would be honored to have the SIF as a client and are excited about the opportunity to be a partner in the organization's success.

Sincerely,

John Keillor

John Keillor, CPA, CIA

Proposal for Professional Services

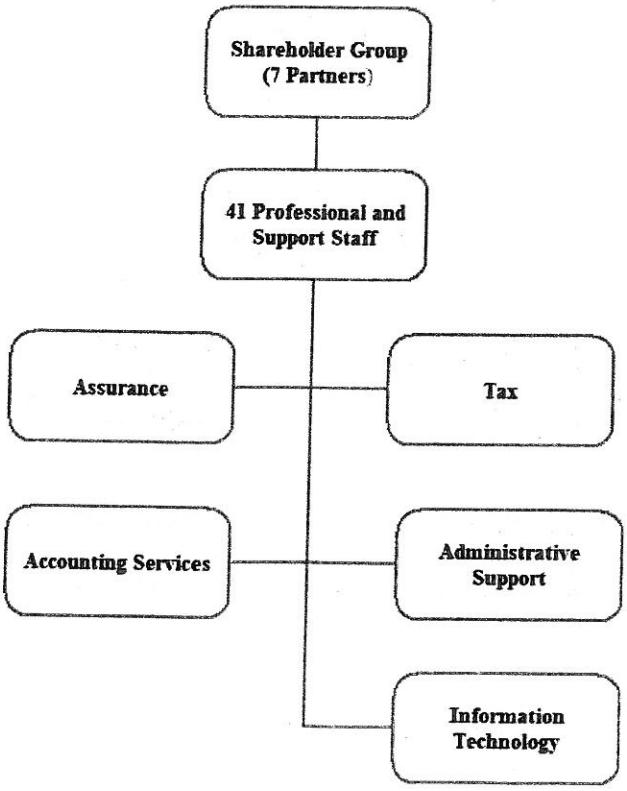
FIRM OVERVIEW

Firm Profile

Lanigan & Associates, P.C. was established in 1973 by Bernard Lanigan. Our firm has achieved a reputation for high quality auditing, accounting, tax and consulting services to clients throughout the southeast. Our knowledge of the business environment in which our clients operate enables us to thoroughly understand each client's needs and to tailor our services to meet their expectations.

Our firm has licensed offices in Tallahassee, Thomasville and Atlanta. Each office provides a full range of services, including accounting, audit, tax, investment management, estate planning, employee benefit plan administration, and consulting and advisory services. The firm specializes in servicing closely held businesses, professional service organizations, government agencies, and tax exempt entities.

Lanigan & Associates, P.C. has seven (7) partners and forty-one (41) professionals and support staff who have extensive experience in providing quality services to a variety of clients. Through a close, professional relationship with a diverse client base, our firm has gained a wealth of experience in helping organizations like the SIF reach their goals and objectives. Our firm structure along with the number of employees assigned to each function is presented below in the organizational chart.



Firm Profile (Continued)

The firm's organizational structure is designed to provide maximum flexibility and efficiency, while encouraging growth and development from within. Each engagement, regardless of size, is assigned a minimum of two partners and an accounting manager. Specific objectives and complexities dictate the number of additional staff assigned to the engagement team.

We are committed to providing expert service to our clients. All of our team members attend timely continuing education that provides them with the knowledge and resources to continually exceed clients' expectations and meet the ever-changing demands of the marketplace.

Member of the American Institute of Certified Public Accountants' Private Companies Practice Section

Control over the quality of our service is of paramount importance to us. To ensure our standards of working excellence, we are a member of the Private Companies Practice Section of the American Institute of Certified Public Accountants. This membership requires triennial peer review of the firm's quality control system. Our commitment to excellence is evident in the unqualified opinions we have always received from our peers, the most recent of which was issued in 2017 **(See Appendix A)**.

Member of the American Institute of Certified Public Accountants' Government (Not-For-Profit) Quality Center

Our firm is a member of the American Institute of Certified Public Accountants' Governmental Quality Center (AICPA-GAQC). This is a firm-based, voluntary membership center designed to promote the importance of quality governmental/not-for-profit engagements and the value of such engagements to clients of governmental/not-for-profit services and certain other entities.

Customer Service Philosophy

We take great pride in our hands-on, service oriented business philosophy, a function of quality controls and processes, superior talent and a passionate responsiveness to your needs. Our results-oriented approach is structured to help you achieve your goals and objectives in addition to strengthening your management systems and processes. L&A has several attributes that are critical to executing our role of providing the necessary assurance to our clients:

- **We have the right mix of firm size, diversity of practice and expertise.**

  Our firm is large enough to have the resources available to take on new complex engagements. However, we have not grown so large that our team has lost our personal touch and relationship driven process. Our firm has made a concerted effort to organically grow our client base through a methodical selection process. This enables us to only select engagements where we can add value to our clients above and beyond our fees. Strictly adhering to this philosophy throughout the last 40 years has allowed our firm to develop niche practice groups. These practice groups have accumulated a wealth of diverse expertise that allows us to add value and "go beyond recording history." We feel this separates our firm from the typical regional CPA firm.

Customer Service Philosophy (Continued)

- **We demand excellence in the services we provide:**

  Independence, integrity and professional competence are the cornerstones of our approach to doing business. We have developed an excellent reputation in the southeast due to the quality of the services we offer and the satisfaction of our clients.

- **We sincerely care about the clients we serve:**

  We care about our clients and want to see them succeed. We are collaborators who believe working together towards our clients' success is a privilege. Not only is it a privilege, it's our stated purpose. Should we be retained as your accountants and advisors, you will quickly see that we will provide value beyond accounting.

- **Information is useful only if it is timely.**

  We understand the need to produce timely reports to meet the needs of the Organization.

- **We take every opportunity to add value to our clients.**

  We recognize the importance of accurate and meaningful financial statements. However, we strive to provide proactive services and information which can assist you in planning and decision making. We are business people, not bean counters.

- **We are effective and efficient with the services we provide.**

  We're different because we have the resources to provide a wide array of services, but we are not burdened with the cost structure or bureaucracy of the large national firms. These factors translate into world-class service at rates that are commensurate with the local market.

- **We believe in communication.**

  We regard open lines of communication among all members of the engagement team and the client as imperative to the successful performance of our job. You will have continuous access to us and our resources.

- **We use and share the latest technology.**

  We take pride in our commitment to train both our staff and our clients in the effective use of information technology. We use technology in every aspect of our work and seek out best practices to facilitate greater efficiencies.

OUR EXPERIENCE (GOVERNMENTS AND OTHER ENTITIES SERVED)

Our firm serves many commercial entities, governments, and not-for-profit organizations in North Florida and South Georgia. The experience we have gained in practical situations of assisting our clients allows us to better address issues facing your organization. We understand these issues and we have the requisite skill level to do more than provide the routine compliance services—we will add incremental value to the relationship. We have worked with our clients to validate critical processes that must be addressed in order to achieve and maximize business objectives. Our approach identifies areas of risk in the industry and develops procedures to evaluate these risks in order for us to address all pertinent compliance issues.

Our services range from single audits performed under the requirements of the Office of Management and Budget Unified Circular (formerly OMB Circular A-133) to consulting and business advisory engagements. Our engagements with both governmental and not-for-profit organizations have achieved notable results for our clients. For example, our governmental audits have resulted in the prestigious ***"Certificate of Achievement for Excellence in Financial Reporting"*** awarded by the Government Finance Officers Association.

We believe our vast experience of auditing both not-for-profit/governments and commercial entities (manufacturing, distributors, and dealerships, and service providers) makes our firm uniquely qualified to audit the SIF. Below is a summary of clients served by our firm:

Firm Statistics – Experience

Number of Clients:

Audits:	71
Single Audits:	18 (Included as part of 71 audit clients)
Reviews/Compilations:	88
Tax Returns:	More than 500 Tax Returns (NFP, Individuals, Partnerships, S-Corps, C-Corps., etc.)

Type of Clientele, Defined by Industry and Size of Portfolio:

	Not-for-Profit	Governments	Commercial	Total
Audits	30	12	29	71
Review/Compilation	27	0	61	88
Total	**57**	**12**	**90**	**159**

OUR EXPERIENCE (GOVERNMENTS AND OTHER ENTITIES SERVED) – CONTINUED

A select list of both governmental and not-for-profit clients is listed below:

Government and Not-For-Profit Experience

- Madison County, Florida
- City of Bainbridge, Georgia
- Thomas University
- Florida Courts E-file Authority (Special District)
- Town of Greensboro, Florida
- Foundation for Indigent Guardianship (Direct Service Organization)
- Florida Association of Court Clerks
- Thomas University
- Association for Institutional Research
- Brookwood School and Foundation
- Florida Independent Living Council
- Pebble Hill Foundation
- Heritage Foundation, Inc.
- Georgia Society of Health System Pharmacists
- Florida Local Government Investment Trust
- City of Thomasville, Georgia
- Monroe County, Florida *(Consulting)*
- Fish & Wildlife Foundation of Florida (Component Unit – State of Florida)
- Desoto County, Florida *(Consulting)*
- Florida Clerk of Courts Operation Corp. (Component Unit State of Florida)
- Tall Timbers Research and Foundation
- Goodwill Industries of the Big Bend
- Flowers Employee Credit League
- Capital Area Community Action Agency
- Thomasville Payroll Development Authority
- Goodwill Villages HUD Audits (12 separate audits)
- Florida Green Building Coalition
- The Henry & Rilla White Youth Foundation

We serve many other local governments and not-for-profit organizations.

Commercial and Other Engagements

We believe our commercial auditing experience (manufacturing, distributers, services providers, etc) also provides us critical experience when auditing governmental entities.

We will furnish an expansive list of commercial engagements upon request.

OUR EXPERIENCE (GOVERNMENTS AND OTHER ENTITIES SERVED) – CONTINUED

Additional Client Services

Although our firm's core services include audit, tax perpetration, and accounting services, we also provide the following additional services:

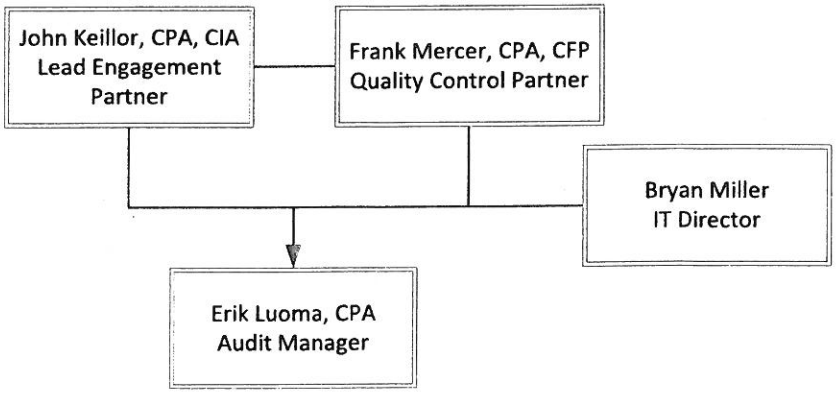
- Comprehensive Annual Financial Reports
- Budget Compliance and Development
- Financial forecasts and projections
- Indirect cost plans
- Internal control review and best practices implementation
- Financial Condition Assessments
- Policy and procedure manuals
- Landfill Compliance
- Cost allocation plans
- New Accounting Standard Adoption and Implementation

OUR ENGAGEMENT TEAM

Successful engagement performance requires a strong functional organization. Our basic approach to selecting an engagement team is based on the need for close coordination, carefully defined responsibilities and lines of communication and constant quality control throughout all phases of the engagement. These objectives can only be accomplished using a strong engagement team with effective management and control features.

The team assigned to perform our audit is composed of highly trained professionals with extensive experience in audit engagements. Our small, efficient working group will maintain a knowledgeable, yet non-intrusive, approach to the audit, and in this way, deliver an audit of exceptional quality requiring few disruptions in the conduct of the SIF's on-going operations.

Your engagement team will include an engagement partner, quality control partner, audit managers, senior auditor, staff auditors and paraprofessionals and will be structured as follows:



OUR ENGAGEMENT TEAM - CONTINUED

Listed below is a summary of the SIF's audit team. Complete biographical information for each engagement team member has been included in ***Appendix B***.

John Keillor, CPA, CIA
Engagement Audit Partner
Phone: 850-298-6682
Email: jkeillor@lanigancpa.com
Years of Experience: 18
Engagement Role: John will be responsible for the overall engagement. He will assess risk, design audit procedures, manage preparation of financial statements, offer quality management advice, advise the SIF on accounting policies and technical issues, and oversee all non-audit work assignments and projects.

Frank Mercer, CPA, CFP
Quality Control Partner
Phone: 850-893-8418
Email: fjmercer@lanigancpa.com
Years of Experience: 40
Engagement Role: Frank will be responsible for providing a second "cold" technical review of the audited financial statements, Form 990 and reports to be issued.

Bryan Miller, CISSP
IT Director
Phone: 850-893-8418
Email: bmiller@lanigancpa.com
Years of Professional Experience: 18
Engagement Role: Bryan is in charge of the Information Technology Department at Lanigan & Associates. He has over 18 years of experience in network administration, information technology and security consulting. He has been instrumental with the firm's migration to a virtualized and paperless office environment. He will be responsible for ensuring that our firm's IT is working effectively and efficiently during the engagement. He will also assist us with the general IT controls assessment of the SIF.

Erik Luoma, CPA
Audit Manager
Phone: 850-893-8418
Email: eluoma@lanigancpa.com
Years of Experience: 9
Engagement Role: Erik will have the responsibility of planning and conducting the audit including the daily supervision and technical support. Erik has experience with organizations comparable to the SIF.

OUR ENGAGEMENT TEAM - CONTINUED

All audit team members comply with the continuing professional education requirements of the AICPA, FICPA, the firm's quality control policies, and the continuing professional education requirements of Governmental Auditing Standards.

Commitment to Staff Continuity

We strive to maintain the same team each year so that you do not have to "train the auditor". We understand that the best way to provide SIF with responsive, quality services is to assign the most qualified individuals to the engagement and maintain continuity of staff on successive engagements. We are committed to maintaining the same staff on engagements year-after-year.

Each member listed above has been with our firm for several years and we anticipate each will be with our firm for many years to come. However, if a situation should arise where there is a key personnel change, we will notify appropriate management as soon as possible. As changes in key personnel cannot always be prevented, it is important that competent replacements are available. Due to our extensive involvement with similar organizations, we have a wealth of professionals available with the requisite industry experience and training to provide you with quality service on an ongoing basis.

Continuing Professional Education

Our firm's team members exceed the biennial 80 hours continuing education requirements of the State Board of Accountancy, the American Institute of Certified Public Accountants, the firm's quality control policies, and the continuing professional education requirements of Governmental Auditing Standards. The continuing education is geared towards learning and applying new accounting pronouncements that affect our clients.

Disciplinary Actions

Our firm has not had any disciplinary actions that have been instituted or proposed against the firm. In addition, we are not aware of any pending disciplinary matters.

STATEMENT OF AUDITOR'S INDEPENDENCE

Based on our review of professional standards, we are not aware of any matters that would be deemed to impair independence. We are also not aware of any possible conflicts with the Organization's key personnel. In the event a conflict arises or if we become aware of a matter affecting our independence, we will notify you of the situation immediately. For purposes of quality control and compliance with professional standards, we will evaluate our independence with the Organization annually.

TIMELINE FOR PERFORMING OUR ENGAGEMENT

We are committed to meeting the schedule for the audit as outlined below. The following depicts the key elements of our audit process, as well as the planned timing of our procedures for the year ended June 30, 2019 and each year thereafter:

TASK	TIMETABLE OF WORK
Engagement Planning:	
Execute engagement letter (contract)	June
Develop a detailed audit plan	June
Lanigan & Associates, PC internal planning meeting	June
Send the client a detailed information request list for the audit	June
Hold an entrance meeting with management/audit committee.	June
Risk Assessment & Audit Strategy:	
Gain understanding of significant processes and key internal controls. Document this information in accordance with professional standards.	July/August
Perform testing of key controls to reduce substantive testing	July/August
Obtain trial balances and perform preliminary analytics	July/August
Determine the nature, timing, and extent of our audit procedures.	July/August
Prepare and send independent third-party confirmations	July/August
Audit Execution – Field Work	
Conduct audit field work detailed procedures.	July/August
Provide progress report CFO or designee during field work.	July/August
Report Issuance	
Prepare drafts of the financial statements and other deliverables to be reviewed by management.	August 31
Technical Review by 2nd Partner	August 31
Present the audit to the Audit Committee	September 15
Issue final reports and other deliverables	Prior to October 15

SCOPE OF THIS ENGAGEMENT

Our understanding of the work to be performed on this engagement is as follows:

1. Perform an audit and express an opinion on the basic financial statements of the SIF. The audit will be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants and the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards.

2. Prepare and file the IRS Form 990 including any supplement schedules and extensions.

3. Following completion of the audit of the fiscal year's financial statements, the auditor will issue no later than October 15th:

    - A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
    - A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.
    - A report on compliance with applicable laws and regulations.
    - A report on supplementary information in relation to the basic financial statements taken as a whole.
    - A letter detailing significant opportunities to improve management practices, if applicable.

4. A representative of our firm will attend audit committee meetings to present the audit plan and the results of its audit.

OUR APPROACH – FINANCIAL STATEMENT AUDITS

Our audit process begins with the assignment of staff to the engagement. Our engagement team has the expertise to provide a level of service desired and deserved by your organization. Our engagements are supervised by the engagement partner and the manager. As high-level involvement is vital to a quality audit, the partner's time will account for approximately 20% of total hours spent on the engagement. Our team's approach is to be efficient yet non-intrusive.

We believe on-going communication throughout the entire audit will ensure that all aspects of the audit are thoroughly addressed. We encourage regular communications throughout the year, not just during fieldwork. As such, we do not anticipate any potential audit problems to arise during our engagement.

Audit Planning

Our audit planning process includes a risk assessment of the Organization and review of the control environment. We begin with a pre-planning meeting to ensure that management's expectations and our expectations are communicated prior to commencing the audit. We will confirm our understanding of the engagement deadlines and ensure these are met timely. In addition, we will provide a list and samples of schedules specifically tailored to aid the Organization's staff in preparing schedules and providing audit documentation.

Risk Assessment

As part of our extensive planning phase, the engagement team will discuss with management and the Organization's Board issues surrounding the applicable industry, the Organization's internal & external environment, significant events, as well as economic, political, and social factors to determine and document areas of risk. Once areas of risk have been identified, the next process will be to review the control environment.

Control Environment

We will document and test the following control processes to evaluate their effectiveness in preparing reliable financial statements:

- Disbursements
- Receipts
- Payroll
- Financial reporting
- Journal entry process
- IT and general computer controls
- Grant compliance and reporting

Based on our understanding of the Organization's risks and control environment, we will design our substantive procedures and communicate our audit approach to management. As part of our review and documentation of the control environment, we may have recommendations for enhancing controls and/or efficiencies. These recommendations will be discussed with management prior to any comments included in a formal management letter.

Substantive Procedures

Substantive audit procedures are designed based on our risk assessment process. Complex and high-risk accounts will be identified early in the audit process and these accounts will be assigned to the manager and/or partner for actual testing. Our substantive audit procedures will include the following:

- Tests of account details
- Analytical procedures
- Use of data analysis software
- Unpredictability tests
- Review of management's estimates
- Review of subsequent events and contingencies

Audit Sampling

Audit sampling provides the auditor an appropriate basis on which to conclude on an audit area by examining evidence from a sample of a population. We utilize both statistical and non-statistical sampling techniques as described in the AICPA's Audit Sampling Guide, depending on the type of testing being performed. Internal control, substantive and compliance testing samples are generally selected using nonstatistical techniques. Sample sizes are determined by risk assessment and nature of the population. We may use statistical sampling to assist with forensic testing in areas which have a higher risk of misstatement due to fraud.

Preparation of Audit Report and Review

Audit workpapers are reviewed throughout the audit by the manager and engagement partner. Before we leave your offices, the file will be substantially reviewed and any issues will be discussed and resolved. The financial statements are prepared by the audit manager. All reports are reviewed by the engagement partner and concurring partner. Upon approval, we will issue drafts of all reports based on a predetermined schedule allowing adequate time for review and distribution of reports.

Work Paper Retention

Audit programs, workpapers and reports will be retained for a period of seven (7) years after the completion of the audit and made available for inspection by the Organization, oversight or cognizant agencies, parties designated by the federal or state governments, auditors of entities of which the Organization is a sub recipient of grant funds or component unit, and additional auditors if requested by them.

MANAGEMENT LETTER

It is our belief that the management letter comments provide a valuable tool in assessing the Organization's strengths and weaknesses, its efficiency and its performance. Recommendations will be included for management and the board to consider as a means of improving procedures or implementing necessary changes. We will discuss all potential comments with management prior to issuing our letter.

QUALITY CONTROL AND PEER REVIEW

Quality Control

The firm has quality control procedures for independence, integrity and objectivity that we adhere to in our performance of engagements. Partner involvement ensures quality control in every audit we conduct. Partners are involved in all critical decisions, conduct on-site work with staff, meet with your personnel and review the staff auditor's work-papers. Lanigan & Associates further ensures quality control by requiring a final review of critical accounting and auditing issues and financial statement disclosures by a partner that has no direct involvement in the audit.

As previously mentioned, our firm is a member of the American Institute of Certified Public Accountants' Governmental Quality Center (AICPA-GAQC). This is a firm-based, voluntary membership center designed to promote the importance of quality governmental/not-for-profit engagements and the value of such engagements to clients of governmental/not-for-profit services and certain other entities.

Peer Review

Lanigan & Associates, P.C.'s most recent peer review report dated November 20, 2017 can be found as Appendix A. In the peer review process, the peer review team evaluates and tests compliance with the Firm's system of quality control. As reflected in our peer review report, ***we received a "pass" rating.*** We are strong advocates of the peer review process and self-regulation within the profession.

In addition to our external peer review, our firm conducts quality control reviews of our audits. Each year we randomly select a cross section from all our engagements and perform a thorough inspection of the audit work papers, financial statements, and audit reports. The inspection process also includes periodic testing of the effectiveness of our quality controls and a continuous improvement program.

APPENDIX A

(PEER REVIEW REPORT)

BKHM CPA
bkhmcpa.com

Report on the Firm's System of Quality Control

November 20, 2017

To the Shareholders of Lanigan & Associates, P.C. and the
Peer Review Committee of the Georgia Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Lanigan & Associates, P.C. (the firm) in effect for the year ended May 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants.

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act; an audit of an employee benefit plan, and an examination of a service organization (SOC 2 engagement).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

BKHM, PA
Certified Public Accountants
1560 Orange Avenue
Suite 600
Winter Park, FL 32789

p 407-696-9000
f 407-696-9010
bkhmcpa.com

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Lanigan & Associates, P.C. in effect for the year ended May 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Lanigan & Associates, P.C. has received a peer review rating of *pass*.

BKHM, P.A.

APPENDIX B

(TEAM RESUMES)

John W. Keillor, CPA, CIA
Audit Engagement Partner

Office Phone:850-298-6682
Fax Number: 850-893-9745
jkeillor@lanigancpa.com

Summary of Experience

John has 18 years of professional experience in accounting and auditing. He works with a variety of clients ranging from governmental/not-for-profit to commercial entities. He has a specific interest and dedication in not-for-profit accounting and auditing. He possesses an excellent understanding of internal control structures, compliance with grants, laws, federal guidelines, financial reporting, and cost allocation. He is a lecturer on accounting, auditing, fraud and other related topics. John serves on the firm's audit committee.

Education

- B.S. in Accounting, Florida State University
- Certified Public Accountant (CPA) – registered and licensed in Florida
- Certified Internal Auditor (CIA)
- Bi-annually obtains more than 80 hours of Continuing Professional Education. These hours are devoted towards education in the areas of Government Audit Standards and Federal Single Audit Requirements.

License Number: AC35539

Professional Affiliations and Community Involvement

- Florida Institute of Certified Public Accountants (FICPA)
- American Institute of Certified Public Accountants (AICPA)
- Institute of Internal Auditors (IIA)
- Florida Society of Association Executives
- Community Human Service Partnership (CHSP), Team Member
- Leadership Tallahassee, Class 29

Government/Not-for-Profit Experience

- Florida Local Government Investment Trust
- Thomas University
- Madison County, Florida
- Florida Association of Court Clerks
- Florida Courts E-file Authority
- City of Bainbridge, Georgia
- Tall Timbers Research and Foundation
- Florida Clerks Operation Corporation
- Fish & Wildlife Foundation of Florida
- Monroe County, Florida
- Association for Institutional Research
- Goodwill Industries of the Big Bend
- City of Thomasville, Georgia
- Brookwood School and Foundation
- Thomasville Payroll Development Authority
- Thomasville Downtown Development Authority
- Capital Area Community Action Agency
- Flowers Employee Credit League

**** This is just a select list (cross section) of clients served. He serves many other clients.*

Frank J. Mercer, CPA, CFP
Quality Control/Tax Partner
Office Phone:850-893-8418
Fax Number: 850-893-9745
fjmercer@lanigancpa.com

Summary of Experience

Frank is the Managing Principal of Lanigan & Associates and has forty years of experience in the field of accounting. He started his career with a large South Florida firm that merged with a Big Eight Firm. He has spent the last 35 years of his career with Lanigan & Associates P.C.

Frank's not-for-profit audit experience includes the supervision and management of various governmental and nonprofit agencies in accordance with Governmental Auditing Standards, OMB Circular A-133, and other state and federal guidelines.

Education

- B.S. in Accounting(Cum Laude), , Florida State University
- Certified Public Accountant (CPA) – registered and licensed in Florida, Georgia, and Alabama
- Certified Financial Planner (CFP)
- Bi-annually obtains more than 80 hours of Continuing Professional Education. These hours are devoted towards education in the areas specific to the clients we serve.

License Number: AC0006397

Professional Affiliations and Community Involvement

- Florida Institute of Certified Public Accountants (FICPA)
- Georgia Society of Certified Public Accountant
- Alabama Society of Certified Public Accountants
- American Institute of Certified Public Accountants
- Leadership Tallahassee, Class VIII
- Florida State Alumni Director

Government/Not-for-Profit Experience

- Thomas University
- Madison County, Florida
- City of Bainbridge, Georgia
- Tall Timbers Research and Foundation
- Florida Clerks Operation Corporation
- Fish & Wildlife Foundation of Florida
- Flowers Employee Credit League
- Association for Institutional Research
- Goodwill Industries of the Big Bend
- City of Thomasville, Georgia
- Brookwood School and Foundation
- Thomasville Payroll Development Authority
- Thomasville Downtown Development Authority
- Capital Area Community Action Agency

*** *This is just a select list (cross section) of clients served. He serves many other clients.*

Erik Luoma, CPA
Audit Manager
Office Phone:850-298-6773
Fax Number: 850-893-9745
eluoma@lanigancpa.com

Summary of Experience

Erik started his career with Ernst & Young in their Atlanta Office. Erik has a total of 9 years of public accounting experience with a strong emphasis in auditing. Some of the industries in which he has experience include: governmental, not-for-profit, and commercial. He has a strong background in internal controls and compliance with grants and other applicable accounting laws and regulations.

Education

- B.S. in Accounting (Magna Cum Laude), Florida State University
- Masters in Accounting, Florida State University
- Certified Public Accountant – registered and licensed in Florida
- Bi-annually obtains more than 80 hours of Continuing Professional Education. These hours are devoted towards education in the areas of Government Audit Standards and Federal Single Audit Requirements.

License Number: AC40556

Professional Affiliations and Community Involvement

- Florida Institute of Certified Public Accountants (FICPA)
- American Institute of Certified Public Accountants (AICPA)
- Florida Society of Association Executives

Government/Not-for-Profit Experience

- Florida Local Government Investment Trust
- Thomas University
- Madison County, Florida
- Florida Association of Court Clerks
- Florida Courts E-file Authority
- City of Bainbridge, Georgia
- Tall Timbers Research and Foundation
- Florida Clerks Operation Corporation
- Fish & Wildlife Foundation of Florida
- Monroe County, Florida
- Association for Institutional Research
- Goodwill Industries of the Big Bend
- City of Thomasville, Georgia
- Brookwood School and Foundation
- Thomasville Payroll Development Authority
- Thomasville Downtown Development Authority
- Capital Area Community Action Agency
- Flowers Employee Credit League

**** This is just a select list (cross section) of clients served. He serves many other clients.*

Bryan Miller, CISSP, CISA
Information Technology Director
Office Phone:850-893-8418
Fax Number: 850-893-9745
bmiller@lanigancpa.com

Summary of Experience

Bryan is in charge of the Information Technology Department at Lanigan & Associates. He has over 18 years of experience in network administration and information technology consulting. He has been instrumental with the firm's migration to a virtualized and paperless office environment. He is responsible for planning and supervising the firm's IT related engagements (financial statement audits, internal control reviews, SOC engagements, accounting systems, consulting, etc.). Bryan has developed a niche in the field of cyber security including performing lectures and presentations on the topic.

He possesses the Certified Information Systems Security Professional (CISSP) designation. This designation is a globally recognized certification by IT security professionals requiring a deep knowledge and understanding of new threats, technologies, regulations, standards, and practices.

He recently received the Certified Information Systems Auditor (CISA) designation. This is a globally recognized certification for IS audit control, assurance, and security professionals.

APPENDIX C

(FIRM REFERENCES)

CLIENT REFERENCES

Below are clients we have served and that can attest to our services performed on their behalf. We welcome the SIF to contact any of our references listed below.

CLIENT NAME	CONTACT INFORMATION
Madison County, Florida	Billy Washington Clerk of Courts Address: PO Box 237, Madison, Florida, 32341 Phone: 850-973-1500 Email: bwashington@madisonclerk.com
Florida Local Government Investment Trust	Bryant Gries Trust Operations Manager Address: 3544 Maclay Blvd., Tallahassee, Fl, 32312 Phone: (850) 577-4610 Email: bgries@flclerks.com
Fish and Wildlife Foundation of Florida	Will Bradford Chief Financial Officer Address: PO Box 11010, Tallahassee, Fl Phone: 850-921-1144 Email: Will.Bradford@MyFWC.com

APPENDIX D

(FEE PROPOSAL)

FEE PROPOSAL

Our goal is to provide high-quality, reliable service at reasonable fees. Our fees are based on estimated hours and hourly rates, determined by each professional's level of experience. The all-inclusive price for the audit is as follows:

SERVICES	Total 6/30/19	Total 6/30/20	Total 6/30/21	Total 6/30/22	Total 6/30/23
Financial Audit and Tax Return	**$6,750 ****	**$6,250**	**$6,250**	**$6,250**	**$6,250**

** First year includes file set up and internal control documentation requirements.

Our fees include all direct and indirect costs, including out-of-pocket expenses. Our proposed fees are based on the following assumptions:

- The overall condition of your financial and accounting records is satisfactory.
- We will receive support from your accounting personnel necessary for the preparation of requested schedules and other supporting documentation before we commence fieldwork.
- There will not be a need for substantial research of any unforeseen technical issues or new accounting or auditing pronouncements in order for us to complete our audit.

Our fee estimate is a "not to exceed" commitment. Should any additional work be required or requested that exceeds our fee estimate, this work will only be performed if agreed-to by both our firm and the SIF.

For additional work beyond the scope of this engagement, we will bill for our services based on time spent times our firm's standard hourly rates listed below.

Title	Hourly Rate (Discounted)
Engagement Partner/Technical Review Partner	$200
Engagement Managers	$160
Senior Accountant	$130
Staff Accountants	$105

Note: We will not charge for routine phone calls throughout the year.

THE
FLORIDA STATE
UNIVERSITY

Office of Inspector General Services
Suite 407 Westcott Building
222 South Copeland Street
P. O. Box 3061390
Tallahassee, Florida 32306-1390

MEMORANDUM

TO: President John Thrasher

FROM: Sam M. McCall, Chief Audit Officer

Date: January 31, 2019

SUBJECT: Agenda Item for the February 22, 2019, BOT Meeting:

Audit Report AR 19-05 – Performance-Based Funding Metrics Data Integrity Certification Audit and the Data Integrity Certification

Please find enclosed Audit Report AR 19-05 – Performance-Based Funding Metrics Data Integrity Certification for fiscal year 2018-19 to be presented to the Board of Trustees on February 22, 2019, by the Chief Audit Officer. Upon acceptance and approval by the BOT, the Data Integrity Certification is to be signed by the President and BOT Chair.

Thank you

Attachment

THE
FLORIDA STATE
UNIVERSITY

Office of Inspector General Services
Suite 407 Westcott Building
222 South Copeland Street
P. O. Box 3061390
Tallahassee, Florida 32306

Date: January 30, 2019

To: John Thrasher, President
Ed Burr, Chairman, Board of Trustees

From: Sam M. McCall, Chief Audit Officer SMM

Subject: Audit of Performance - Based Funding Metrics and Data Integrity Certification, Report No. AR19-05

In accordance with a letter from the Chair of the Board of Governors of the State University System of Florida, we have been directed by the Florida State University Board of Trustees to perform an audit of University processes and certifications related to the submission and Certification of Performance - Based Funding Metrics Data to the Board of Governors. The overall purpose of the audit was to:

(1) Review University processes which ensure the completeness, accuracy, and timeliness of data submission to the Board of Governors, and

(2) Provide an objective basis of support for the President and Board of Trustees Chair to sign the representations included in the Performance Based Funding Data Integrity Certification that will be submitted to the Board of Trustees and filed with the Board of Governors by March 1, 2019.

Overall, we concluded that the University has adequate processes for collecting and reporting Performance - Based Funding Metrics Data to the Board of Governors. In addition, we can provide an objective basis of support for the University's President and Board of Trustees Chair to sign the Performance Based Funding – Data Integrity Certification.

We would like to thank Florida State University and Board of Governors staff that assisted us in the performance and completion of this audit.

Cc: The Florida State University Board of Trustees
Rick Burnette
Kyle Clark
Sally McRorie

Audit Report

THE FLORIDA STATE UNIVERSITY

Office of Inspector General Services

Sam McCall, Ph.D., CPA, CGFM, CIA, CGAP, CIG
Chief Audit Officer

Performance-Based Funding Metrics
Data Integrity Certification Audit
Fiscal Year 2018-19

AR 19-05 ***January 29, 2019***

Summary

Overall, we concluded the University has adequate processes for collecting and reporting Performance-Based Funding (PBF) metrics data to the Board of Governors (BOG). In addition, we can provide an objective basis of support for the University's President and Board of Trustees Chair to sign the Performance-Based Funding – Data Integrity Certification, which the BOG requested to be filed with it by March 1, 2019.

Scope, Objectives, and Methodology

In his July 12, 2018, memorandum to University Boards of Trustees' Chairs, the Chair of the State University System (SUS) of Florida Board of Governors (BOG) directed the President of each University to complete a Performance-Based Funding - Data Integrity Certification.

> *When completing this certification, you should evaluate each of the preparedrepresentations. If you are able to affirm the representation, do so. If you are not able to make the representation as prepared, provide an explanation or modification in the space provided. It is important that representations be modified to reflect audit findings. The certification document shall be signed by the President and board of trustees Chair after being approved by the board of trustees. The completed Data Integrity Certification shall be submitted to the Office of Inspector General and Director of Compliance.*[1]
>
> *To make such certifications meaningful, university boards of trustees shall direct the university Chief Audit Executive to perform, or cause to have performed by an independent audit firm, an audit of the university's processes that ensure the completeness, accuracy, and timeliness of data submissions. It is our intent that such audits include testing of data that supports performance funding metrics. Such testing is essential to determining if processes are in place and working as intended.*

[1] This is a reference to the BOG's Office of Inspector General and Director of Compliance.

The scope and objectives of the audit should be set jointly between the Chair of the university board of trustees and the university Chief Audit Executive. The audit shall be performed in accordance with the current International Standards for the Professional Practice of Internal Auditing as published by the Institute of Internal Auditors, Inc.

The results of this audit shall be provided to the Board of Governors after being accepted by the university's board of trustees. The audit report shall include the university's corrective action plan designed to correct any audit findings. The audit results shall support the President's certification which shall include any noted audit findings. The completed Data Integrity Certification and audit report shall be submitted to the Office of Inspector General and Director of Compliance no later than March 1, 2019.

This is the fifth consecutive year the BOG has called for such an audit. Florida State University has decided upon the following scope and objectives for the audit.

Scope:

The overall purpose of the audit is to report on the controls and processes established by the University to ensure the completeness, accuracy, and timeliness of data submissions to the BOG that support the University's PBF Metrics, and to provide an objective basis of support for the University's President and Board of Trustees Chair to sign the representations included in the Performance-Based Funding – Data Integrity Certification, which will be submitted to the University's Board of Trustees and filed with the BOG by March 1, 2019. This audit will include an evaluation of the key controls that support these processes, as well as testing of the actual data upon which the University's PBF Metrics are based.

The Performance-Based Funding 2018 Metrics (along with their definitions), as of April 3, 2018, were published on the BOG website. The complete current listing of these PBF Metrics that relate to FSU are as follows:

1. Percent of Bachelor's Graduates Enrolled or Employed ($25,000+) in the U.S. One Year After Graduation;
2. Median Wages of Bachelor's Graduates Employed Full-Time One Year After Graduation;
3. Cost to the Student (Net Tuition and Fees per 120 Credit Hours);
4. Four-Year Graduation Rate for First-Time-in-College Students;
5. Academic Progress Rate (Second Year Retention Rate with Grade Point Average (GPA) Above 2.0);
6. Bachelor's Degrees Awarded within Programs of Strategic Emphasis (including Science, Technology, Engineering, and Mathematics (STEM));
7. University Access Rate (Percent of Undergraduates with Pell Grants);
8. Graduate Degrees Awarded within Programs of Strategic Emphasis (including STEM);

9. Percent of Bachelor's Degrees without Excess Hours (Board of Governors' Choice Metric for all SUS universities); and

10. National Rank Higher than Predicted by the Financial Resources Ranking, Based on *U.S. News & World Report* (FSU's Board of Trustees' Choice Metric).[1]

This audit solely addresses the integrity of the University's data submissions to the BOG that support the University's Performance-Based Funding Metrics for the 2017-18 Annual Accountability Report. The BOG extracts data from the files provided it by the University and performs additional calculations to derive the final PBF Metrics data published by the BOG. The University is not involved in these extractions or additional calculations by the BOG.

Objectives:

1. Determine if there were any changes since our 2017-18 PBF audit conclusion concerning the Data Administrator's appointment and the duties and responsibilities in his official position description.

2. Determine the current status of processes used by the Data Administrator to ensure the completeness, accuracy, and timely submission of data to the BOG.

3. Determine the current status of available documentation including policies, procedures, and desk manuals of appropriate staff and assess their adequacy for ensuring data integrity for University data submissions to the BOG.

4. Determine the current status since our conclusion in the 2017-18 PBF audit concerning system access controls and user privileges.

5. Determine the current status since our conclusion in the 2017-18 PBF audit concerning audit testing of data accuracy.

6. Determine the current status since our conclusion in the 2017-18 PBF audit concerning the consistency of data submissions with the data definitions and guidance provided by the BOG through the Data Committee and communications from data workshops.

7. Determine the current status since our conclusion in the 2017-18 PBF audit concerning the University Data Administrator's data resubmissions to the BOG.

8. Provide an objective basis of support for the President and Board of Trustees chair to sign the representations made in the Performance-Based Funding - Data Integrity Certification.

[1] In its November 28, 2018 Draft Template 2019 Accountability Plan for each university in the State University System, the BOG indicated that FSU's current BOT Choice Metric #10, National Rank Higher than Predicted by Financial Resources Ranking Based on *US News and World Report*, and our future BOT Choice Metric #10, Percent of Bachelor's Graduates Who Took An Entrepreneurship Class, will both be reported for 2018-19. However, it is the University's understanding that only the current metric will be counted that year towards the University's performance.

Our detailed methodology for each of our eight objectives is included in the report section for each. In general, to complete the stated audit objectives, we conducted interviews and otherwise communicated with the Data Administrator and other key data managers, and analyzed supporting documentation related to the objectives. Such supporting documentation included available data and information related to:

- The Data Administrator's appointment and position duties and responsibilities;
- Processes, policies, procedures, and desk manuals concerning data input, error identification and correction, compliance with the BOG guidance, etc., to determine whether these are adequate to provide reasonably sufficient internal control over data;
- Data file submissions by the University to the BOG, to determine whether they were made in a timely manner and included any resubmissions and the reasons for these;
- SUDS and University systems access by individuals associated with the University, to determine if that access is appropriate;
- Written guidance from the BOG and the University's related training and communications, to demonstrate the University's efforts to attain agreement of its efforts with BOG expectations; and
- Latest data files submitted to the BOG that contained elements used in calculating Performance-Based Funding metrics, and the University's related source data, to ensure that data submitted to the BOG were consistent with University transactional data and the BOG requirements.

This audit was performed in conformance with the *International Standards for the Professional Practice of Internal Auditing*. Those standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The Florida Board of Governors, created in 2002, is authorized in Article IX, Section 7(d), Florida Constitution to "operate, regulate, control, and be fully responsible for the management of the whole university system," which consists of the state's 12 public universities.

Beginning in fiscal year 2013-14, the BOG instituted a Performance-Based Funding Program based on 10 performance metrics used to evaluate the universities on a range of issues, including graduation rates, job placement, academic progress rate, etc. According to information published by the BOG in April 2018, the BOG funding model has four guiding principles:

1. Use metrics that align with State University System (SUS) Strategic Plan goals;
2. Reward excellence or improvement;
3. Have a few, clear, simple metrics; and
4. Acknowledge the unique mission of the different SUS institutions.

The Performance-Based Funding Program also has four key components:

1. Institutions will be evaluated on either Excellence or Improvement for each metric;
2. Data are based on one year;
3. The benchmarks for Excellence were based on the BOG's 2025 System Strategic Plan goals and analysis of relevant data trends, whereas the benchmarks for Improvement were determined after reviewing data trends for each metric; and
4. The Florida Legislature and Governor determine the amount of new state funding and an amount of institutional funding that would come from each university's recurring state base appropriation.

To provide assurance that data submitted by the 12 state public universities to the BOG in support of their Performance-Based Funding metrics are reliable, accurate, and complete, the BOG developed a Data Integrity Certification process. This is the fifth consecutive year Florida State University's Office of Inspector General Services has completed a PBF Data Integrity Certification audit and certification for the University's President and Board of Trustees Chair to sign after being approved by the Board of Trustees. The audit and signed certification are both subsequently provided to the BOG.

Findings

Overall, we concluded that the University has adequate processes for collecting and reporting Performance-Based Funding metrics data to the BOG. In addition, we can provide an objective basis of support for the University's President and Board of Trustees Chair to sign the Performance-Based Funding – Data Integrity Certification, which the BOG requested to be filed with it upon approval by the Board of Trustees, by March 1, 2019.

Objective #1: Determine if there were any changes since our 2017-18 PBF audit conclusion concerning the Data Administrator's appointment and the duties and responsibilities in his official position description.

In our 2017-18 PBF audit we concluded that:

> *Dr. Burnette has been officially appointed by the University President as the Data Administrator and his Position Description reflects this appointment and the related responsibility of preparing and submitting files as required by the BOG.*

Current Findings:

The University's current Data Administrator continues to be Richard R. (Rick) Burnette III, Ph.D. Dr. Burnette, Associate Vice President for Academic Affairs, assumed the University Data Administrator responsibilities effective May 13, 2013. Dr. Burnette's appointment as University Data Administrator by thePresident was further and more officially documented on November 25,

2014, when President John Thrasher sent a letter to the BOG's Chancellor Marshall Criser listing Dr. Burnette as the University's Data Administrator in a list of University appointments.

We reviewed Dr. Burnette's current Position Description, last updated July 1, 2016, and effective December 14, 2017, which listed among his responsibilities "Maintains the role of the University Data Administrator in accordance with Board of Governors Regulation 3.007, and states that the Data Administrator will ensure that the data file (prior to submission) is consistent with the criteria established by the Board of Governors Data Committee."

Conclusion for Objective #1:

Dr. Burnette has been officially appointed by the University President as the Data Administrator and his current Position Description reflects this appointment and the related responsibility of preparing and submitting files as required by the BOG.

Recommendations:

We have no recommendations for Objective #1.

Objective #2: Determine the current status of processes used by the Data Administrator to ensure the completeness, accuracy, and timely submission of data to the BOG.

In our 2017-18 PBF audit we concluded that:

> *...the processes used by the University Data Administrator and his staff in Institutional Research reasonably ensure the completeness, accuracy, and timely submission of data submitted to the BOG, including compliance with BOG criteria for the data.*

Current Findings:

As we observed in our 2017-18 Performance-Based Funding Metrics Data Integrity Certification Audit, we continue to conclude the processes used by the University Data Administrator and his staff in IR reasonably ensure the completeness, accuracy, and timeliness of data submitted to the BOG, including compliance with BOG criteria for the data.

To better understand the organization of the current reporting process, the present chain of custody continues to be as follows:

- Student information necessary for reporting is captured in the University's Campus Solutions/PeopleSoft transactional Student Information System.
- Data are captured in the data warehouse on a nightly basis. These data cannot be edited by individual users and as such are "read only." These transactional views are supplemented with an extract view that was created from external sources and parked in the data warehouse so it can be compared against warehoused transactional data.

- Over a month before the due date for a file, the reporting team consisting of IR, the functional office for the data, and the Campus Solutions reporting team begin extracting data and creating a draft file via Oracle Business Intelligence Enterprise Edition (OBIEE).
- OBIEE has data transformation logic in place to represent transactional data using BOG defined codes and to match BOG field names.
- In cases where external data must be merged with the file, the data are moved to Excel for the purpose of comparison.
- Once a file is sufficiently complete and formatted for submission, it is loaded to the BOG SUDS environment, for testing.
- After all files are added, the edits are run to generate the dynamic reports and frequency distributions.
- IR and functional users review the errors to determine whether there are simply translation errors or if data in the Student Information System are incorrect.
- Any necessary corrections are made to the transactional system so that the changes are permanent.
- The Data Administrator emails the BOG if there are any questions about interpretation that are not addressed in the BOG's online SUDS Data Dictionary and SUS Master File Documentation, or the Annual Data Administrators' Conference Proceedings.
- Corrected files are reloaded and the review process continues until all the errors have been cleaned up or explained.
- For each file, the final check is to compare data frequencies with those from the prior year using the Submission Summary feature on the SUDS submission page. Large differences are explained even if they do not generate any errors. Just prior to submission to the BOG, the Submission Summary is downloaded to Excel so that the FSU team can enter and retain their comments on errors that the BOG has defined as Level 9 (critical) errors, and for datapoints where there were meaningful changes from one year to the next. The comments are recorded in the Excel spreadsheet and saved on IR's shared drive.
- Each file is then submitted to the BOG after all of the frequency explanations have been added by IR staff.

To test the timeliness of submissions of required files to the BOG that relate to FSU's Performance-Based Funding metrics, we used Submission History information from the BOG SUDS system. The following BOG-required files relate to the University's Performance-Based Funding metrics. For each of these required files, we reviewed the University's current and historical submissions back to the fifth most recent submission. The listing below shows the time span of each file's submissions that we reviewed.

1. Student Instruction File (SIF) (Spring 2017 through Summer 2018 Terms);
2. Expenditure Analysis (EA) File (2013-14 through 2014-15) [3];
3. Hours to Degree (HTD) File (2015-16 through 2017-18);
4. Retention File (2012-13 through 2016-17);
5. Student Financial Aid (SFA) File (2013-14 through 2017-18); and
6. Student Instruction File Degrees Awarded (SIFD) (Spring 2017 through Summer 2018.

The table below shows each file we reviewed to test timeliness of submissions, and the reporting period covered for each file.

File	Campus Solutions—Reporting Period(s)
SIF	Spring 2017 through Summer 2018
EA[4]	2013-14 through 2014-15
HTD	2015-16 through 2017-18
Retention	2013-14 through 2016-17
SFA	2013-14 through 2017-18
SIFD	Spring 2017 through Summer 2018

Since our previous audit report accepted by the Board of Trustees on February 7, 2018, six files were submitted to the BOG SUDS system. These six files are highlighted in the following table and all were submitted on time. Please note in the table the five most recent submissions of each of the five required files that relate to FSU's Performance-Based Funding metrics. There has been steady improvement in the timeliness of the University's data submissions from the previous audits, and timeliness of the University's data submissions to the BOG is not a present concern.

[3] The EA File was used in the analysis of Metric 3 for the prior three allocations. The HTD, SFA, and SIF Files are now used in the analysis of a new Metric 3, beginning with the data from the 2015-16 academic year.
[4] This file is derived by the BOG based on the University's Operating Budget and Instruction and Research Data File submissions.

	Most Recent Submission			
File	Term	SUDS Due Dates	Submission to BOG	Days Late
Student Instruction File (SIF)	Summer 2018	9/25/2018	9/25/2018	N/A – On Time
Hours to Degree	Annual 2017	11/7/2018	11/7/2018	N/A – On Time
Retention File	Annual 2016	1/23/2018	1/23/2018	N/A – On Time
Student Financial Aid File	Annual 2017	10/4/2018	10/4/2018	N/A – On Time
SIF Degrees Awarded File	Summer 2018	10/4/2018	10/3/2018	N/A – Early

	Second Most Recent Submission			
File	Term	SUDS Due Dates	Submission to BOG	Days Late
Student Instruction File (SIF)	Spring 2018	6/14/2018	6/14/2018	N/A - On Time
Hours to Degree	Annual 2016	11/8/2017	11/8/2017	N/A - On Time
Retention File	Annual 2015	1/25/2017	1/25/2017	N/A - On Time
Student Financial Aid File	Annual 2016	10/9/2017	10/9/2017	N/A - On Time
SIF Degrees Awarded File	Spring 2018	6/28/2018	6/27/2018	N/A - Early

	Third Most Recent Submission			
File	Term	SUDS Due Dates	Submission to BOG	Days Late
Student Instruction File	Fall 2017	1/19/2018	1/19/2018	N/A - On Time
Hours to Degree	Annual 2015	10/18/2016	10/20/2016	2 days
Retention File	Annual 2014	1/29/2016	1/29/2016	N/A – On Time
Student Financial Aid File	Annual 2015	10/14/2016	10/14/2016	N/A – On Time
SIF Degrees Awarded File	Fall 2017	2/2/2018	2/2/2018	N/A – On Time

	Fourth Most Recent Submission			
File	Term	SUDS Due Dates	Submission to BOG	Days Late
Student Instruction File	Summer 2017	09/29/2017	09/29/2017	N/A - On Time
Expenditure Analysis	Annual 2014	10/20/2015	10/23/2015	3 days
Retention File	Annual 2013	1/21/2015	1/21/2015	N/A - On time
Student Financial Aid File	Annual 2014	10/5/2015	10/14/2015	9 days
SIF Degrees Awarded File	Summer 2017	10/11/2017	10/5/2017	N/A – Early

	Fifth Most Recent Submission			
File	Term	SUDS Due Dates	Submission to BOG	Days Late
Student Instruction File	Spring 2017	6/19/2017	6/19/2017	N/A - On Time
Expenditure Analysis	Annual 2013	10/28/2014	11/18/2014	21 days
Retention File	Annual 2012	1/22/2014	1/22/2014	N/A – On Time
Student Financial Aid File	Annual 2013	10/6/2014	11/3/2014	28 days
SIF Degrees Awarded File	Spring 2017	6/29/2017	6/28/2017	N/A – Early

Conclusion for Objective #2:

We concluded the processes used by the University Data Administrator and his staff in Institutional Research reasonably ensure the completeness, accuracy, and timely submission of data submitted to the BOG, including compliance with BOG criteria for the data. The most definitive evidence of the effectiveness of IR's processes to ensure the completeness and accuracy of the University's data submitted to the BOG, including criteria for the data, is presented in our positive conclusions pertaining to our Objective #5 concerning audit testing of PBF data accuracy. We also tested the accuracy of data submissions to the BOG, as presented above.

Recommendations:

We have no recommendations for Objective #2.

Objective #3: Determine the current status of available documentation including policies, procedures, and desk manuals of appropriate staff and assess its adequacy for ensuring data integrity for University PBF data submissions to the BOG.

In our 2017-18 PBF audit we concluded that:

> *Institutional Research's available documentation including policies, procedures, and desk manuals of appropriate staff were adequate for ensuring data integrity for University PBF data submissions to the BOG.*

Current Findings:

The Office of Institutional Research, the Office of Financial Aid (OFA), and Enterprise Resource Planning (ERP) have produced intranet-based policies and procedures manuals for the affected BOG files. IR has published a "BOG File Submission Policy" on its Wiki web application and shared the document with other offices in the University that help in the production of SUDS files. The documentation of the file build processes (i.e., desk manuals) is sufficient to allow an individual with appropriate context and knowledge of FSU systems to produce the SUDS files submitted to the BOG pertaining to the University's PBF metrics. The documentation generally includes data mapping and references to historical file submissions and edits.

Conclusion for Objective #3:

We concluded that Institutional Research's available documentation including policies, procedures, and desk manuals of appropriate staff were adequate for ensuring data integrity for University PBF data submissions to the BOG.

Recommendations:

We have no recommendations for Objective #3.

Objective #4: Determine the current status since our conclusion in the 2017-18 PBF audit concerning system access controls and user privileges.

In our 2017-18 PBF audit we concluded that:

> *System access controls and user privileges for the University's Campus Solutions and BOG SUDS systems are properly assigned and periodically reviewed to ensure only those authorized to make data changes can do so.*

Current Findings:

There are system access controls throughout the BOG data submission process. Florida State University has role-based and application-based security in its Oracle/PeopleSoft Campus Solutions student information system. The PeopleSoft role management process is an integrated online workflow that, at a minimum, depending on the sensitivity of the role, requires an employee's direct supervisor and the functional owner of the application or module to approve each request. Additionally, there are sufficient automated safeguards to remove access when employees are terminated, and supervisors and subject-area owners are responsible for auditing access logs on at least a quarterly basis. This same role-based and reporting-subject-area-based protocol is used for the OBIEE access to the data in the data warehouse. Based on our review of IR staff's security access to FSU systems, we concluded that IR employees do not have security to change transactional data in Campus Solutions or the data warehouse (which is read only), therefore adding an additional layer of control.

The address for the State University Database System (SUDS) is a secure site and all communications are encrypted. This system was designed with redundant fail-over protections to assure against inappropriate access. FSU's Data Administrator, Dr. Burnette, and its Director of Institutional Research, Dr. James Hunt, are the University's designated security managers for the SUDS database access. Institutional Data Administrators receive their passwords from a BOG System Administrator. The **Data Administrator** (DA) role is the highest level assignable at the institution level and is assigned to only one individual at each institution. DAs, in turn, log into the system and have the authority to create users to process information for their universities. The DA role is authorized to process all data submissions to the BOG and includes the Submitter, Uploader, Validator, and Research roles.

Each user is assigned to a role and a set of authorized submissions, which defines the scope of that user's authority in the SUDS system. The **Submitter** role allows the user to "officially" submit university files to the BOG; this role includes the Uploader, Validator, and Research roles. The **Uploader** role allows the user to upload files for editing/review. The user can initiate and review all edits and reports of the files for a submission. The Uploader role includes the Validator and Researcher roles. The **Validator** role allows the user to review edit reports for submissions that have already been uploaded and edited. This user is able to enter explanations and comments. The Validator role includes the Researcher role. The **Researcher** role is designed to be given to university researchers who want to do studies with system data and need access to the reporting view. The reporting view allows the researcher to identify students from within his/her own institution, follow them across the system, and do other kinds of system/school comparison research, without having to expose personally identifiable information regarding the students. Every time a

user's access or password is modified, the security manager receives an email indicating the change and the person who submitted it. SUDS passwords also must be changed every three months.

From our review of SUDS access, we found no inappropriate access. Finally, the access does not allow for the manipulation of previously submitted data. To change data, the University Data Administrator would have to submit a request with justification to the BOG to reopen the file for resubmission. Only at that time could someone submit a new table. However, the SUDS system captures his/her identity, a timestamp, and the name of the source file in a way that is visible to any user. The Institutional Data Administrator also receives an email every time a file is submitted, so he would be aware of any unauthorized access.

Conclusion for Objective #4:

System access controls and user privileges for the University's Campus Solutions and BOG SUDS systems are properly assigned and periodically reviewed to ensure only those authorized to make data changes can do so.

Recommendations:

We have no recommendations for this Objective #4.

Objective #5: Determine the current status since our conclusion in the 2017-18 PBF audit concerning audit testing of data accuracy.

In our 2017-18 PBF audit we concluded that:

> *Based on our data accuracy testing for the University's 10 Performance-Based Funding metrics, we determined the University's data submitted to the BOG were complete and accurate, and in accordance with BOG guidance.*

The University's 10 Performance-Based Funding metrics are as follows.

Key Metrics Common to all Universities, with the exception of Metric 8 for which New College has its own unique metric:

1. Percent of Bachelor's Graduates Enrolled or Employed ($25,000+) in the U.S. One Year After Graduation
2. Median Wages of Bachelor's Graduates Employed Full-Time in Florida One Year After Graduation
3. Net Tuition and Fees for Resident Undergraduates per 120 Credit Hours
4. Four-Year Graduation Rate for First-Time-in-College Students
5. Academic Progress Rate (Second-Year Retention Rate with GPA Above 2.0)
6. Bachelor's Degrees Awarded within Programs of Strategic Emphasis (including STEM)
7. University Access Rate (Percent of Undergraduates with Pell Grants)
8. Graduate Degrees Awarded within Programs of Strategic Emphasis (including STEM)
9. Percent of Bachelor's Degrees without Excess Hours

Institution-Specific Metric for Florida State University:

10. National Rank Higher than Predicted by the Financial Resources Ranking, Based on *U.S. News & World Report* (FSU's Board of Trustees Choice Metric)

The State University System of Florida Board of Governors maintains a student unit record database titled the SUDS. The database contains over 400 data elements about students, faculty, and programs at State University System institutions. The metrics are based on the data that universities submit to the BOG as part of various data tables and file submissions. We interviewed the Data Administrator, IR staff, and key departmental Data Managers to determine the primary sources of data used for the calculations of the metrics.

Current Findings:

Metric 1 - Percent of Bachelor's Graduates Enrolled or Employed ($25,000 or More) in the U.S. One Year after Graduation. The calculation of this measure is to be done as follows, according to BOG definitions:

> *This metric is based on the percentage of a graduating class of bachelor's degree recipients who are enrolled or employed (earning at least $25,000) somewhere in the United States. Students who do not have valid social security numbers and are not found enrolled are excluded. This data now includes non-Florida data from 41 states and districts, including the District of Columbia and Puerto Rico.*
> *Sources: State University Database System (SUDS), Florida Education and Training Placement Information Program (FETPIP) and Florida Department of Economic Opportunity (DEO) analysis of Wage Record Interchange System (WRIS2) and Federal Employment Data Exchange (FEDES), and National Student Clearinghouse (NSC).*

Metric 2 - Median Wages of Bachelor's Graduates Employed Full-Time One Year after Graduation. The calculation of this measure is to be done as follows, according to BOG definitions:

> *This metric is based on annualized Unemployment Insurance (UI) wage data from the fourth fiscal quarter after graduation for bachelor's recipients. This data does not include individuals who are self-employed, employed by the military, those without valid social security numbers, or those making less than minimum wage. This data now includes non- Florida data from 41 states and districts, including the District of Columbia and Puerto Rico.*
> *Sources: State University Database System (SUDS), Florida Education and Training Placement Information Program (FETPIP) and Florida Department of Economic Opportunity (DEO) analysis of Wage Record Interchange System (WRIS2) and Federal Employment Data Exchange (FEDES), and National Student Clearinghouse (NSC).*

FSU provides the SIFD Degrees Awarded Table in the SIFD File submission. This file identifies those students who have been awarded degrees and, for each, when the degree was awarded. The BOG uses information provided in the SIFD Degrees Awarded Table and included in the SUDS database to identify the students who were awarded degrees during the prior year. The cohort to be reported on for 2018 Performance Based Funding includes those who graduated in the Summer 2016, Fall 2016, and Spring 2017 semesters. The BOG then uses demographic information from SUDS, along with external reporting sources, to determine these students' outcomes one year later.

Social security numbers are provided as part of the SIFD Degrees Awarded Table and are used to match employment data. First, middle, and last names and date of birth are the demographic information fields used to identify graduates who are continuing their education. These fields are not a part of the SIFD Degrees Awarded Table but are provided during different submissions to SUDS, primarily as part of original admissions records.

SIFD File Testing

An audit step in validating data for PBF Metrics 6 and 8 is determining whether SIFD Degrees Awarded data are complete and accurate. The SIFD Degrees Awarded Tables for Summer 2016, Fall 2016, and Spring 2017, which define the cohort for this year's Measures 1 and 2, were tested and validated as part of our prior year PBF audit in our testing of Metrics 6 and 8. As reported in Audit Report AR18-06, the data were accurate and complete.

Metric 3 - Net Tuition and Fees for Resident Undergraduates per 120 Credit Hours. According to BOG definitions:

> *This metric is based on resident undergraduate student tuition and fees, books and supplies as calculated by the College Board (which serves as a proxy until a university work group makes an alternative recommendation), the average number of credit hours attempted by students who were admitted as first-time-in-college (FTIC) and graduated with bachelor's degrees for programs that require 120 credit hours, and financial aid (grants, scholarships and waivers) provided to resident undergraduate students (does not include unclassified students).*
> *Source: State University Database System (SUDS), the Legislature's annual General Appropriations Act, and university required fees.*

Data for this metric are based on the Florida Board of Governors' (BOG's) analysis of three different files: Hours to Degree (HTD) File, Student Instruction File (SIF), and Student Financial Aid (SFA) File. The HTD File provides the BOG with the number of credit hours each student completed towards his/her first baccalaureate degree for a 120-hour program. The SIF File provides the BOG with information on the student's residency (i.e., must be a Florida resident) for tuition purposes, and any waivers the student received towards his/her tuition. The SFA File provides the BOG with information on any grants and/or scholarships that the student received.

Establishment of a Population of Students Who Were Awarded First Baccalaureate Degrees (Single Majors Only) During the Time Period under Review

The Hours to Degree (HTD) File contains information about students who are awarded first baccalaureate degrees with a single major within the academic year. For each student, this information is reported during the term his/her degree was awarded (Summer, Fall, or Spring). The course information for students reported on the file includes all post-secondary course work and their course work taken in high school and accepted as post-secondary credit after high school. To build the HTD File, IR sends a listing of students who were awarded their first baccalaureate degrees (single major only) during the reporting period (HTD population file) to staff within the University's Enterprise Resource Planning (ERP). (For purposes of this audit, the time period is Academic Year 2017-18 (Summer 2017, Fall 2017, Spring 2018).) ERP staff uses this listing to build the HTD Table and the Courses Taken Table for the HTD File submission to the BOG. From an IR business analyst, we obtained the HTD Table that was submitted to the BOG, for our time period.

Comparison of IR HTD Population File to the University's Campus Solutions System Records (Source Records) Based on Employee Identification (EMPLID). We compared the EMPLID, Classification of Instructional Programs (CIP) code, and completed term records in the HTD Table submitted to the BOG (7,148 records) to the EMPLID, CIP code, and completed term records in our query results of degrees awarded during the Summer 2017, Fall 2017, and Spring 2018 terms from the University's source Campus Solutions system. We determined that the HTD Table reconciled to the University's Campus Solutions records, within an immaterial amount, in terms of validation of the students included in the HTD Table. Based on this analysis, we have assurance that the HTD Table submitted to the BOG is complete and correctly includes the population of students who were awarded first baccalaureate degrees (single majors only) during the time period under review.

Testing of Students Included in the HTD Table Submitted to the BOG to Determine the Accuracy of Data Elements Used for Metric 3

Having established that our population in the HTD Table submitted to the BOG was materially correct, we then tested the accuracy of the following data elements used for Metric 3: 1) term in which the student completed his/her degree, 2) course identification, 3) credit hours each student completed towards his/her first baccalaureate degree for a 120-hour program, 4) residency status (should be resident, for tuition purposes), 5) fee waivers, and 6) scholarships and/or grants awarded. For all of these six data elements, we took a random sample of 100 students from the HTD Table population.

Term in Which the Student Completed His/Her Degree. We confirmed that each of the 100 students in our sample received his/her baccalaureate degree in the term identified on the HTD Table (part of the HTD File submission to the BOG), and that this was the student's first baccalaureate degree (single major), based on our review of his/her Campus Solutions source documentation. We noted no exceptions.

Course Identification. According to the BOG Overview of Methodology and Procedures for this metric, certain courses are excluded from the cost to the student calculation. These courses include courses taken by active duty military, dual enrollment courses, exam credit courses, graduate rollover courses, life experience courses, military courses, and courses where the student withdrew due to a personal hardship. We determined that these excluded courses were correctly identified in the Courses to Degree Table, based on our review of Campus Solutions source documentation.

Credit Hours Each Student Completed Towards His/Her First Baccalaureate Degree for a 120-Hour Program. We reviewed information on the Courses to Degree Table (part of the HTD File submission to the BOG) and noted that the column titled "Credit Hour Usage Indicator" identified whether or not a course was used towards the student's degree. There are various reasons why a course may not be used towards a degree. Some examples are if the student fails or withdraws from the class, if he/she repeats the class, or if the class is a remedial class. We reviewed our sample of 100 students and determined that none of the courses that were marked "D," meaning the course counted towards the student's degree, had non-passing grades, were remedial courses, or had an "R" listed under the Repeated Indicator column. Thus, for all of the 100 students in our sample, we determined their courses classified as "D" were in accordance with instructions provided in the BOG's SUDS Data Dictionary. No exceptions were noted.

We also performed an analysis for any course numbers in our sample that were marked "D" more than once per student. In some cases, this is permissible. Generally, according to undergraduate academic regulations and procedures, students are not allowed additional credit for courses repeated in which the students originally made grades of a "C-" or better, except for courses specifically designated as repeatable to allow for additional credit. Repeatable courses may be taken to a maximum number of times or hours, as spelled out in the course descriptions. We identified one student who had two courses listed twice. However, we determined that this was a timing issue with the HTD file build process and it did not affect the calculation of this metric.

We also compared the total amount of native credit hours and non-native credit hours to source documentation in Campus Solutions. Native credit hours are all credit hours attempted at Florida State University. Non-native credit hours are hours transferred from other universities and colleges. We did identify one student who had one course originally included as a placeholder for a transfer credit, but then was later removed. We determined this was a timing issue with the HTD file build process and did not affect the calculation of this metric. We made a similar comparison, for all 100 students in our sample, of the total amount of credit hours, both native and non-native, that were marked "D" in the Credit Hour Usage Indicator column, and found agreement in the data FSU submitted to the BOG and FSU source data. We concluded that the sum of these hours met the minimum number of hours for each student's degree for this Metric 3 (i.e., 120 hours).

Residency Status. The HTD Table submitted to the BOG included 7,148 students, and we determined that 6,475 of these (91 percent) were considered resident students, for tuition purposes. For our sample of 100 students, we concluded that all had the correct residency classification (i.e., resident for tuition purposes), which information we obtained from the SIF Enrollment Table (part of the SIF File submission), based on our review of Campus Solutions source documentation. We noted no exceptions.

Fee Waivers. For the 100 students in our sample, we compared the amount of fee waivers awarded to them and reported on the Fee Waivers Table submitted to the BOG (part of the SIF File submission for the period of Summer 2017, Fall 2017, and Spring 2018), to their Campus Solutions source documentation. We noted no exceptions.

Scholarships and/or Grants Awarded. Finally, for the students in our sample of 100, we compared the amounts of scholarships and grants awarded to them and reported on the Financial Aid Awards Table (part of the 2017-18 SFA File submission to the BOG), to the Campus Solutions source documentation. For our sample of 100 students, we did note a discrepancy in Pell awards for three students. We analyzed these issues further for the entire population and concluded that these discrepancies in Pell awards that we found in our sample were immaterial to the total scholarships and grants awarded, and did not affect the calculation of Metric 3.

Based on our testing, the University's data submitted to the BOG for the Metric 3 Performance-Based Funding metric were materially complete and accurate, and in accordance with BOG guidance. For those minor exceptions noted above, we provided the details of such findings to the Data Administrator for his follow-up actions.

Metric 4 – Four-Year Graduation Rate for First-Time-in-College (FTIC) Students. According to the BOG definition for Metric 4, the calculation of this measure is performed as follows:

> *This metric is based on the percentage of first-time-in-college (FTIC) students who started in the Fall (or Summer continuing to Fall) term and were enrolled full-time in their first semester and had graduated from the same institution by the Summer term of their fourth year. FTIC includes "early admits" students who were admitted as degree-seeking students prior to high school graduation.* Source: State University Database System (SUDS).

The BOG's Overview of Methodology and Procedures: Performance Funding Metrics – Retention and Graduation Rates indicates that this measure was originally based on the national standard graduation rate, which was created by the Student Right to Know Act of 1990. This Act established the graduation rate based on 150 percent of the normal time for completion of the program, which is six years for a four-year program. In 2018, the Florida Legislature changed the graduation rate metric included in the Performance-Based Funding model from a six-year to a four-year measure.

The BOG creates annual Retention Files on student cohorts by year of entry to the University (from the Summer semester through the Spring semester). These cohorts are identified from cumulative University SIF and Admission (ADM) File submissions, and include data needed for the four-year graduation rate metric, including degree information from cumulative University SIFD submissions. IR reviews the BOG-developed Retention File and provides any needed edits. To validate the data to be used for this metric, IR filters the cohort Retention File to identify FTIC students who were enrolled full time in their first semester and who are included in Student Right to Know Act reporting. The filtered data are reconciled to an independently developed IR database to identify any errors in the BOG's FTIC cohort population and graduation data, and any needed corrections are submitted. The final approved file is submitted to the BOG by IR when its validations have been completed.

IR also develops the Retention Adjustment File, which it submits to the BOG. This file identifies students in the cohort who have since died, entered military service, had total and permanent disabilities, or left to serve with a Foreign Aid Service of the federal government (e.g., Peace Corps) or on religious missions. These adjustments are used by the BOG to exclude these individuals from the cohort. The adjustments to the Retention File for the 2013-14 cohort will not be due until after this audit has been finalized. Therefore, we reviewed the 2012-13 adjustment file and noted that the process for identifying these adjustments is consistent with prior years.

Verification of the 2014 FTIC Cohort. We reviewed the 2014-15 cohort detail records file, which was compiled by the BOG and downloaded from SUDS by IR staff, for validation. This file has records for each student enrolled during the 2014 academic year, with degrees awarded for each included student through Fall 2017. The Summer 2014 and Fall 2014 SIF File data provide the information needed to identify the 2014 FTIC cohort population for this PBF measure.

To validate the 2014 FTIC cohort used by the BOG for this measure, we first filtered the cohort detail records file to include only those students who: (1) started in the Fall (or Summer continuing to Fall) term, (2) were initially enrolled at the University immediately after their high school graduation or enrolled in a first-time-in-college, degree-seeking status having earned less than 12 hours of transferable college credit after their high school graduation, (3) were identified as being included in Student Right to Know reporting. This analysis returned 6,129 records. We used a query

we developed in Campus Solutions and additional manual reconciliations and determined that the 6,129 records identified using BOG selection criteria for this measure agreed with corresponding University records. In addition, we had eight additional students identified through the Campus Solutions query who were not included in the filtered cohort, but should have been. These students were all included in the Fall 2014 SIF file. According to IR staff, these students will be added to the cohort when they reconcile it to their internal database and submit their adjustments to the Retention File. However, the Retention File is not due until after our audit has been finalized.

Based on our analysis, we concluded that the 2014 FTIC cohort data used by the BOG from University SIF data relevant to this metric are correct.

Verification of Degree Earned. We further filtered the BOG 2014 FTIC cohort data to identify only those individuals in the cohort who earned degrees. Since the cohort detail records only provided degrees awarded through Fall 2017, we joined data from the Summer 2017, Fall 2017, Spring 2018, and Summer 2018 SIFD Files, for any students included in the filtered cohort. We identified 4,359 students in our cohort who earned degrees by Summer 2018.

We added degree information to our Campus Solutions query used to verify the 2014 FTIC cohort and identified 4,363 students who were reported to have earned degrees. To validate the degree data used by the BOG for this measure, we reconciled the individual records in the BOG cohort file to our Campus Solutions query results. We determined that four of the 4,363 students in our Campus Solutions query earned late degrees and, therefore, had not been included in the SIFD File. This is a timing issue and these four students will be included when IR submits its adjustments for the Retention File.

Based on our analyses, we concluded that the data used by the BOG to develop the Four-Year Graduation Rate for First-Time-in-College (FTIC) Students are materially correct and can be relied upon.

Metric 5 – Academic Progress Rate (Second Year Retention Rate with GPA Above 2.0). According to the BOG definition for Metric 5, the calculation of this measure is performed as follows:

> *This metric is based on the percentage of first-time-in-college (FTIC students) who started in the Fall (or Summer continuing to Fall) term and were enrolled full-time in their first semester and were still enrolled in the same institution during the Fall term following their first year with a grade point average (GPA) of at least 2.0 at the end of their first year (Fall, Spring, Summer).*
> *Source: State University Database System (SUDS).*

The calculation of this Performance-Based Funding metric in the 2018 Performance-Based Funding Model uses two sets of enrollment data from sequential Fall SIF Files. The first year's Fall SIF enrollment data are used to identify the first-year cohort of full-time Fall (or Summer semester continuing to Fall) FTIC students. The second year's Fall SIF File enrollment data are used to determine whether those individuals continued to be enrolled one year later and had cumulative GPAs of at least 2.0.

We evaluated the most recent two years of Fall SIF File enrollment data submitted to the BOG, which were for Fall 2016 and Fall 2017. We filtered the University's Fall 2016 SIF File submitted to the BOG to identify the University's FTIC students who started in the Fall 2016 (or Summer continuing to Fall 2016) term and were enrolled full time. The filtered Fall 2016 SIF File contained 6,217 records of students who comprised the Fall 2016 FTIC cohort. To compare these data to the University's source data, we developed a query in the University's Campus Solutions system following the BOG's criteria for this metric, which returned 6,284 unique student identification numbers. We reconciled the filtered Fall 2016 SIF File records to those in our Campus Solutions query results and determined that 6,210 SIF records had corresponding records in Campus Solutions, and the remaining seven records were correctly included in the Fall 2016 SIF file according to our review of the students' records in Campus Solutions. There were 74 students in the Campus Solutions query results who did not appear in the SIF File FTIC cohort; 70 of these were not enrolled full-time in Fall 2016, and four withdrew for medical reasons. These records were correctly excluded from the filtered SIF File FTIC cohort.

We compared student records in the Fall 2016 SIF File FTIC cohort to the 2017 unfiltered SIF File to determine the number of SIF File FTIC cohort students who continued their enrollment into a second year. We identified 5,795 of the 6,217 students (93 percent) from the Fall 2016 SIF File FTIC cohort who continued their enrollment in Fall 2017.

We compared all 5,795 students who were retained in 2017 to the results of a Campus Solutions query we developed that identified the 2016 Student Group, as well as the Summer 2017 term institutional hours and grade points, to determine whether the data in the Fall 2017 SIF File that were used in the BOG's GPA calculation were in agreement with corresponding information in the University's Campus Solutions system. There were 48 students whose hours and/or grade points in the SIF File FTIC Cohort differed from the information in Campus Solutions. In each of these cases, the calculated GPAs from the hours and grade points submitted to the BOG in the SIF file were less than the calculated GPAs in Campus Solutions. We reviewed student records for any calculated GPAs below the 2.0 threshold. All eight of these variances were timing issues due to subsequent grade changes or the students withdrawing.

Based on our analyses, we concluded that the data used by the BOG to develop the University's one-year retention rate are materially correct and can be relied upon.

Metric 6 - Bachelor's Degrees within Programs of Strategic Emphasis (includes STEM). The calculation of this measure is to be done as follows, according to BOG definitions:

> *This metric is based on the number of baccalaureate degrees awarded within the programs designated by the BOG as 'Programs of Strategic Emphasis.' A student who has multiple majors in the subset of targeted Classification of Instruction Program codes will be counted twice (i.e., double-majors are included).*
> *Source: State University Database System (SUDS).*

According to the BOG in its Overview of Methodology and Procedures: Performance Funding Metrics Methodology and Procedures - Percentage of Degrees Awarded in Programs of Strategic Emphasis document, last revised April 28, 2016, the purpose of Metric 6 is to promote the alignment of the SUS degree program offerings with the economic development and workforce needs of the state. The list was originally created by an advisory group in 2001, and has been updated several times—most recently by the BOG in November 2013.

University SIFD data are used to identify the graduating cohort. The graduation year for this measure begins with the Summer semester and continues with Fall and Spring terms.

SIFD File Testing

The SIFD File is used to identify the cohort of students who received degrees during a given semester and is submitted at the end of each semester. This file is used by the BOG in calculating both the post-graduation outcome and degrees awarded in programs of strategic emphasis measures. In the metrics related to degrees awarded in areas of strategic emphasis, final degree program information is also used.

For our testing, the data used for the SIFD File submissions to the BOG resided in the University's data warehouse, with reporting produced using OBIEE. Our testing population consisted of SIFD File submissions data for the terms Summer 2017 (2,630 records), Fall 2017 (2,849 records), and Spring 2018 (7,347 records), for a total of 12,826 records.

To determine the validity of the SIFD File submissions data, we developed queries in the University's Campus Solutions system, which is now the system of record, to obtain degrees awarded data for academic year 2017-18. We then used Microsoft Excel and TeamMate Analytics to reconcile the SIFD File data from OBIEE, which is sent to the BOG, to the degrees awarded data from the University's Campus Solutions system, to determine if the data submitted to the BOG were complete and valid.

Of the 12,826 degrees awarded records submitted to the BOG for Summer 2017, Fall 2017, and Spring 2018, all 12,826 degrees awarded records based on the student identification numbers were readily reconcilable to our query results using Campus Solutions source data.

Classification of Instructional Programs (CIP) Testing

The Board of Governors maintains an inventory of State University System Academic Degree Programs, which identifies approved degree programs for each university within the SUS. The programs are listed based on the Classification of Instructional Programs (CIP) taxonomy.

We added CIP code data to the degrees awarded query in the University's Campus Solutions System and used this data as source data to validate individual degrees awarded insubmissions to the BOG. We did not identify differences between the two files and concluded that records in the SIFD File were consistent with codes in effect at the time of submission. As we validated individually awarded degrees in the SIFD data, we can conclude that the CIP codes in programs of strategic emphasis included in the SIFD data were accurate.

Undergraduate Degrees Awarded Testing

To validate the level of degree reported to the BOG, we disaggregated undergraduate degrees from graduate degrees included in the SIFD Files and our Campus Solutions system query, and compared the two listings. We determined that all degrees at the undergraduate award level in the SIFD File submissions were accurately reported and that all degrees at the undergraduate award level in Campus Solutions had been included in the SIFD File submission.

Based on the results of our analysis of the University's SIFD File submissions for Summer 2017, Fall 2017, and Spring 2018, we determined the data elements provided by the University for use in calculating Metric 6 to be complete and accurate and in accordance with BOG guidance. We found no significant differences between degrees awarded data submitted by the University to the BOG and source data in the University's system of record. We concluded that the data provided to the BOG to be used in calculating the percentage of undergraduate degrees in programs of strategic emphasis are materially correct and can be relied upon.

Metric 7 - University Access Rate (Percent of Undergraduates with Pell Grants). The calculation of this measure is to be done as follows, according to BOG definitions:

> *This metric is based on the number of undergraduates, enrolled during the Fall term, who received a Pell-Grant during the Fall term. Unclassified students, who are not eligible for Pell-grants, were excluded from this metric.*
> *Source: State University Database System (SUDS).*

The calculation of this Performance-Based Funding metric uses enrollment data from the Fall SIF Files and Pell Grant award data from the Student Financial Aid (SFA) file to determine all degree-seeking undergraduate students enrolled in the Fall term that received Pell Grant awards in the Fall term. Unclassified students and post-baccalaureate students are removed from the calculation because they are not eligible for Pell Grants. In addition, non-resident aliens are excluded from this metric because only a limited number of these students are eligible to receive Pell Grants and SUDS does not collect information that would allow Board staff to determine the Pell eligibility for non-resident aliens.

To validate the University's processes for submitting the data that underlie this measure, we reviewed the 2017 Fall SIF File and the 2017-18 SFA File that was submitted to the BOG.

SIF File Testing

We evaluated the most recent Fall SIF File enrollment data submitted to the BOG, which was for the Fall 2017 term. We filtered the University's Fall 2017 SIF File to identify undergraduates enrolled in the Fall 2017 term who were ***not*** unclassified, second-bachelor's degree, or non-resident alien students. There were 32,117 records that met these criteria.

We developed a query in Campus Solutions to identify undergraduate students enrolled during the Fall 2017 term and used the results to validate information reported in the SIF Fall enrollment file. We determined that information reported in the SIF 2017 Fall enrollment file for this metric was accurate and complete.

SFA File Testing

The SFA File submitted to the BOG is generated by Office of Financial Aid (OFA) staff, in partnership with IR and Information Technology Services.

We evaluated the 2017-18 SFA File that was submitted to the BOG, which includes a line for each type of financial aid award—by student and by term—for all terms during the academic year. We

filtered this data to identify Pell Grants awarded in the Fall 2017 term. There were 8,988 awards meeting this criterion.

We developed a query in Campus Solutions to identify all students who received Pell Grants during the Fall 2017 term and used the results to validate information reported in the 2017-18 SFA File. We determined that awards reported in the 2017-18 SFA File for this metric were materially correct.

We concluded that, based on our testing, the University's data submitted to the BOG for Performance-Based Funding Metric 7 were accurate, complete, and can be relied upon.

Metric 8 - Graduate Degrees within Programs of Strategic Emphasis (includes STEM). The calculation of this measure is to be done as follows, according to BOG definitions:

> *This metric is based on the number of graduate degrees awarded within the programs designated by the BOG as 'Programs of Strategic Emphasis.' A student who has multiple majors in the subset of targeted Classification of Instruction Program codes will be counted twice (i.e., double majors are included).*
> *Source: State University Database System (SUDS).*

According to the BOG in its Overview of Methodology and Procedures: Performance Funding Metrics Methodology and Procedures - Percentage of Degrees Awarded in Programs of Strategic Emphasis document, last revised April 28, 2016, the purpose of Metric 8 is to promote the alignment of the SUS degree program offerings with the economic development and workforce needs of the state. The list was originally created by an advisory group in 2001, and has been updated several times—most recently by the BOG in November 2013.

University SIFD data are used to identify the graduating cohort. The graduation year for this measure begins with the Summer semester and continues with Fall and Spring terms.

SIFD File Testing

The SIFD File is used to identify the cohort of students who received degrees during a given semester and is submitted at the end of each semester. This is used by the BOG in calculating both the post-graduation outcome and degrees awarded in programs of strategic emphasis measures. In the metrics related to degrees awarded in areas of strategic emphasis, final degree program information is also used.

For our testing, the data used for the SIFD File submissions to the BOG resided in the University's data warehouse, with reporting produced using OBIEE. Our testing population consisted of SIFD File submissions data for the terms Summer 2017 (2,630 records), Fall 2017 (2,849 records), and Spring 2018 (7,347 records), for a total of 12,826 records.

To determine the validity of the SIFD File submissions data, we developed queries in the University's Campus Solutions system, which is now the system of record, to produce degrees awarded data for academic year 2017-18. We then used Microsoft Excel and TeamMate Analytics to reconcile the SIFD File data from OBIEE, which is sent to the BOG, to the degrees awarded data from the Campus Solutions system, to determine if the data submitted to the BOG were complete and valid.

Of the 12,826 degrees awarded records submitted to the BOG for Summer 2017, Fall 2017, and Spring 2018, all 12,826 degrees awarded records based on the student identification numbers were readily reconcilable to our query results using Campus Solutions source data.

Classification of Instructional Programs (CIP) Testing

The Board of Governors maintains an inventory of State University System Academic Degree Programs, which identifies approved degree programs for each university within the State University System. The programs are listed based on the Classification of Instructional Programs (CIP) taxonomy.

We added CIP code data to the degrees awarded query in Campus Solutions and used this data as source data to validate individual degrees awarded in the submissions to the BOG. We did not identify differences between the two files and concluded that records in the SIFD data were consistent with codes in effect at the time of the submission of the file. As we validated individually awarded degrees in the SIFD data, we can conclude that the CIP codes in programs of strategic emphasis included in the SIFD data were accurate.

Graduate Degrees Awarded Testing

To validate the level of degree reported to the BOG we disaggregated graduate degrees from undergraduate degrees included in the SIFD Files and our Campus Solutions system's query results, and compared the two listings. We determined that all degrees at the graduate award level in the SIFD submissions were accurately reported and that all degrees at the graduate award level in Campus Solutions had been included in the SIFD File submission.

Based on the results of our analysis of the University's SIFD File submissions for Summer 2017, Fall 2017, and Spring 2018, we determined the data elements provided by the University for use in calculating Metric 8 to be complete and accurate, and in accordance with BOG guidance. We found no significant differences between data submitted by the University to the BOG and source data in the University's system of record. We concluded that the data provided to the BOG to be used in calculating the percentage of graduate degrees in programs of strategic emphasis are materially correct and can be relied upon.

Metric 9 – Percent of Bachelor's Degrees without Excess Hours.

This Metric 9 is based on the percentage of baccalaureate degrees awarded within 110 percent of the credit hours required for a degree based on the Board of Governors Academic Program Inventory. Metric 9 data are based on the latest statutory requirements that mandate 110 percent of required hours as the threshold. In accordance with statute, this metric excludes the following types of student credits: accelerated mechanisms; remedial coursework; non-native credit hours that are not used toward the degree; non-native credit hours from failed, incomplete, withdrawn, or repeated courses; credit hours from internship programs; credit hours up to 10 foreign language credit hours; and credit hours earned in military science courses that are part of the Reserve Officers' Training Corps (ROTC) program. Data for this metric come from each SUS member's Hours to Degree (HTD) File submitted to the Florida Board of Governors, which file is also used for Metric 3. The BOG calculates excess hours for each student based on the data submitted by the SUS entities. The purpose of our testing was to ensure the data in FSU's HTD File submitted to the BOG for its calculations agreed with source data in the University's Campus Solutions system.

Testing of Students Included in the HTD Table Submitted to the BOG to Determine the Accuracy of Data Elements Used for Metric 9

Having established that our population in the HTD Table submitted to the BOG was correct in our testing of Metric 3, we then tested the accuracy of the following data elements used for Metric 9: 1) term in which the student completed his/her degree, 2) course identification, 3) credit hours each student completed towards his/her first baccalaureate degree, and 4) total catalog hours for the student's degree program category. Since some of the data elements we tested for Metric 9 overlapped with our testing for Metric 3, we used our initial sample of 100 students for that metric to test additional data elements for Metric 9. Because the Metric 3 population of students only consisted of students who were resident undergraduates in degree programs of 120 hours (6,004 students), we took a random sample of 19 additional students from the remaining HTD Table population (1,144 students) that were not part of the Metric 3 population. Therefore, we tested a total of 119 students for Metric 9.

Term in Which the Student Completed His/Her Degree. Having concluded that the 100 students in our Metric 3 testing each had the correct reporting of the degree awarded, we then confirmed that each of the additional 19 students in our sample received his/her baccalaureate degree in the term identified on the HTD Table (part of the HTD File submission to the BOG). We also confirmed that this was the student's first baccalaureate degree (single major), based on our review of his/her Campus Solutions source documentation. We noted no exceptions.

Course Identification. According to the BOG Overview of Methodology and Procedures forthis Metric 9, certain courses are excluded from the excess hours calculation. These courses include courses taken by active duty military, dual enrollment courses, exam credit courses, foreign language courses, graduate rollover courses, internships, life experience courses, military courses, courses where the student withdrew due to a personal hardship, and remedial courses. We determined that these excluded courses were correctly identified in the Courses to Degree Table for all 119 students in both our Metric 3 and Metric 9 samples, based on our review of Campus Solutions source documentation.

Credit Hours Each Student Completed Towards His/Her First Baccalaureate Degree. Since we established that the 100 students in our Metric 3 testing had the correct reporting of the credit hours completed towards their first baccalaureate degrees, we then confirmed that each of the additional 19 students in our sample were also correctly reported in the Courses to Degree Table (part of the HTD File submission to the BOG). We determined that, similarly for each of these 19 students, none of the courses that were marked "D," (i.e., counted towards the student's degree), had non-passing grades, were remedial courses, or had an "R" listed under the Repeated Indicator column. Thus, for all of the 19 additional students, we determined their courses classified as "D" were in accordance with instructions provided in the BOG's SUDS Data Dictionary. We noted no exceptions.

We also performed an analysis to identify, for our sample of 19 additional students, any course numbers that were marked "D" more than once per student. Generally, according to undergraduate academic regulations and procedures, students are not allowed additional credit for courses repeated in which the students originally made grades of a "C-" or better, except for courses specifically designated as repeatable to allow for additional credit. Repeatable courses may be taken to a maximum number of times or hours, as spelled out in the course descriptions. We noted no courses

marked "D" more than once that did not meet the criteria for exceptions, other than the duplicate courses for one student identified in our testing of Metric 3. However, that exception would not affect the calculation of Metric 9, as the student did not have excess hours, with or without the duplicate courses.

Additionally, we compared the total amount of native credit hours and non-native credit hours to source documentation in Campus Solutions, for agreement. Native credit hours are all credit hours attempted at Florida State University. Non-native credit hours are hours transferred from other universities and colleges. All courses were classified correctly, with the exception of the one course identified in our testing of Metric 3. However, that exception would not have affected the calculation of Metric 9, as the student did not have excess hours, with or without the additional course identified. We made a similar comparison, for each of the 19 additional students, of the total amount of credit hours, both native and non-native, that were marked "D" in the Credit Hour Usage Indicator column of the Courses to Degree Table, and found agreement in the data FSU submitted to the BOG and FSU source data. We concluded that the sum of these hours met the minimum number of hours for each student's degree (ranging from 120 to 131).

Total Catalog Hours for Each Student's Degree Program Category. The BOG maintains the official State University System Academic Degree Program Inventory, which identifies all approved degree programs for each university within the SUS. The programs are listed based on the Classification of Instructional Programs (CIP) taxonomy that the U.S. Department of Education maintains. Universities may have multiple "majors" at the same degree level under one CIP code and they may have degree programs at different levels within the same CIP. For our sample of 119 students, we reviewed the total program hours for each CIP code listed in the HTD File and compared it to the BOG's program inventory. We noted none of the CIP codes had total program hours that exceeded the BOG's approved maximum hours for the CIP codes.

Based on our testing, the University's data submitted to the BOG for the Performance-Based Funding Metric 9 were materially complete and accurate, and in accordance with BOG guidance. For the minor exceptions noted above, we provided the details of our findings to the Data Administrator for his follow-up actions.

Metric 10c - National Rank Higher than Predicted by the Financial Resources Ranking Based on *U.S. News & World Report*. Metric 10c is based on rankings reported by the *U.S. News & World Report* (*U.S. News*), a multi-platform publisher of news and information, which includes www.usnews.com and www.rankingsandreviews.com. *U.S. News* publishes annual print and e-book versions of its authoritative rankings of Best Colleges and Best Graduate Schools.

Metric 10c is now the University's sole institution-specific choice measure and this metric is the FSU Board of Trustees' Choice Metric. According to the BOG 2018 definitions, Metric 10c is defined as "the difference between the Financial Resources rank and the overall University rank. *U.S. News* measures financial resources by using a two-year average spending per student on instruction, research, student services, and related educational expenditures – spending on sports, dorms and hospitals doesn't count."

The table below shows, from *U.S. News* Best Colleges Ranking Reports, data on Financial Resources Rankings versus National Universities Rankings for Florida State University, and the differences between these rankings (i.e., values for this Metric 10c), for the last six years.

Magazine Edition	Survey Year	Fall Statistics for:	Financial Resources Rank	National Universities Rank	Metric 10 Value
2014	2013	2012	211	91	120
2015	2014	2013	214	95	119
2016	2015	2014	210	96	114
2017	2016	2015	212	92	120
2018	2017	2016	211	81	130
2019	2018	2017	215	70	145

The *U.S. News* 2019 edition (publication year) shows the University's Financial Resources Rank as 215. When the National Universities Rank of 70 is subtracted from that number, the difference of 145 is significant. This difference, which is the Metric 10c value, measures the University in terms of its resources received as compared to its national ranking. A large difference represents an efficient university.

To help place this metric in perspective, the University's Data Administrator provided additional tables and graphs that show that the 145-point difference between the University's Financial Resources Rank of 215 and the National Universities Rank of 70 for 2019 places the University at the 99th percentile. This is 87 points above the 90th percentile and 116 points above the 75th percentile. The Metric 10c values shown above for the last six years show stability, which should remain as long as efficiency data continue to be reported.

U.S. News has published additional data on the top-ranked colleges, according to its Best Colleges Rankings, that operate most efficiently. It defines operating efficiency as a college's fiscal year financial resources per student divided by its overall scale score, which is made up of several categorical rankings.

The following table shows *U.S. News* Efficiency Rankings for Florida State University for the last five years.

U.S. News Reporting Year	Fiscal Year Fall Statistics for:	U.S. News National Universities Rank	U.S. News Overall Scale Score	U.S. News Financial Resources Rank	U.S. News Expenditures per Student	Spending per Student for Each Point in the U.S. News Overall Scale Score	National Rank for Efficiency
2015	2013	95	47	214	$18,113	$392.77	2nd
2016	2014	96	45	210	$19,429	$431.76	2nd
2017	2015	92	50	212	$20,575	$411.50	2nd
2018	2016	81	54	211	$21,019	$389.24	2nd
2019	2017	70	57	215	$21,677	$380.30	1st

U.S. News reported that its national ranking for efficiency indicates a school's ability to produce the highest education quality while also spending relatively less on education programs to achieve that quality. Also, to be ranked schools had to be numerically ranked in the top half of the *U.S. News* ranking category in the Best Colleges annual rankings. Based on this calculation, the University received a ranking for efficiency of 2nd, 2nd, 2nd, 2nd, and 1st nationally for 2015, 2016, 2017, 2018, and 2019, respectively.

The purpose of the above table is to show that, as currently calculated, *U.S. News* views the University as very efficient. *U.S. News* has not published spending per student for each point in the overall scale score for the last four years. Spending shown above for 2018-19 was provided by the University Data Administrator via screen capture from the *U.S. News* database. There is evidence, based upon the above two tables, that the University continues to be among the most efficient in the nation.

In summary for Metric 10c, we reviewed copies of the *U.S. News & World Report* Best Colleges Rankings Reports and *U.S. News* Historical Rankings for Florida State University, provided by the FSU Institutional Research Office. Using these sources for the most recent data, the 2019 Metric 10c (National Rank Higher than Predicted by the Financial Resources Ranking Based on *U.S. News and World Report*) value is 145, which will be reported by the University and subsequently by the BOG in its 2017-18 System Accountability Report.

As mentioned previously, in its November 28, 2018 Draft Template 2019 Accountability Plan for each university in the State University System, the BOG indicated that FSU's current BOT Choice Metric #10, National Rank Higher than Predicted by Financial Resources Ranking Based on *US News and World Report*, and our future BOT Choice Metric #10, Percent of Bachelor's Graduates Who Took An Entrepreneurship Class, will both be reported for 2018-19. However, it is the University's understanding that only the current metric will be counted that year towards the University's performance.

Conclusion for Objective #5:

Based on our continued review of the University's internal controls as a whole over data pertaining to the University's PBF metrics and our data accuracy testing for the metrics, we determined the University's data submitted to the BOG were complete and accurate, and in accordance with BOG guidance.

Recommendations:

We have no recommendations for this Objective #5, which addresses the completeness and accuracy of data file submissions to the BOG for Performance-Based Funding Metrics.

Objective #6: Determine the current status since our conclusion in the 2017-18 PBF audit concerning the consistency of data submissions with the data definitions and guidance provided by the BOG through the Data Committee and communications from data workshops.

In the 2017-18 audit, we concluded that:

> *We found no evidence that the University's data submissions to the BOG, specifically those pertaining to data elements germane to this audit, were inconsistent with BOG reporting requirements for these data elements, and no files were resubmitted to correct or change data in these fields.*

Current Findings:

The University Data Administrator certifies each data submission into the BOG SUDS data system through a mechanism deployed by BOG staff on January 15, 2015. The BOG Information Resource Management staff updated the SUDS interface to include a statement that submitting the file "represents electronic certification of this data per Board of Governors Regulation 3.007."

We determined there is ample evidence that University data are being mapped to the current BOG data elements as defined in the BOG's SUDS Data Dictionary. The University Data Administrator demonstrated that sufficient personnel have been consistently attending the Annual Data Administrators' Workshops. Additionally, FSU's data administrator was instrumental in forming the Council of Data Administrators (CODA) to review and standardize reporting among SUS institutions. This group works with BOG staff when any institution forwards questions about interpretation of BOG policies. The FSU Office of Institutional Research has completed an institutional review of all the data elements from Campus Solutions that are required by the BOG for its reports. The scoping and mapping exercises usually involved more than one person from each of the key constituencies: IR, the data warehouse and reporting team, and the Campus Solutions technical and functional teams. These discussions frequently involved validating output data from sample cases with live transactional data. At all times, there was someone available in the room or via electronic media who was able to define the context and constraints of the data for each data element. Questions about BOG interpretations were discussed with the BOG staff, via the CODA listserv or with IR directors at other SUS institutions.

The University Data Administrator has previously provided evidence of requests sent to the BOG for clarification of BOG SUDS data elements and of requests sent to FSU subject-matter experts to reinforce BOG interpretations. He has indicated that process still continues and that he has been instrumental in coordinating the Council of Data Administrators (CODA) to meet this need. FSU's University Data Administrator has also demonstrated a largely automated online (SharePoint) tracking tool for data submissions and resubmissions. Using that information source, concerning data elements that are germane to this audit there was no evidence of inconsistency with BOG requirements in the reporting of these and no files were resubmitted to correct or change data materially in these fields due to FSU, as discussed in Objective #7, to follow. Finally, our testing of data accuracy for Objective #5 included certain tests of the University's adherence to BOG guidance for the data, and we noted no inconsistencies.

Conclusion for Objective #6:

We found no evidence that the University's data submissions to the BOG, specifically those pertaining to data elements germane to this audit, were inconsistent with BOG reporting requirements for these data elements, and no files were resubmitted to correct or change data in these fields, other than a resubmission of the 2016-17 Student Financial Aid File, which was due to a late change in reporting requested by the BOG to add third-party payments to the file, which had not been done before. The resubmission was made in a timely manner, prior to the BOG's need for the data for its PBF metrics calculations.

Recommendations:

We have no recommendations for this Objective #6.

Objective #7: Determine the current status since our conclusion in the 2017-18 PBF audit concerning the University Data Administrator's data resubmissions to the BOG.

In our 2017-18 audit, we determined that:

> *...resubmissions by the University have been very rare, are both necessary and authorized, and have had no FSU-generated effect on the University's Performance-Based Funding metrics (i.e., the BOG called for a change in reporting).*

Current Findings:

According to the University Data Administrator, there are three triggers for resubmissions: 1) the BOG staff determines that the way the institution is interpreting or reporting data is either incorrect or inconsistent with the way most of the other institutions are interpreting the requirements; 2) University staff determines there are inconsistencies with data in a current file that have to be cross-validated with data on an earlier submission of a different file (e.g., SFA File cohort must match SIF File cohort for the same term), requiring resubmission of the earlier file; 3) University staff finds new ways to improve upon the granularity of data being submitted and they choose to apply the new understanding or method to a previously submitted file. Near the end of 2015, the BOG began requiring that a SUDS Data Resubmission Form be completed and submitted to the BOG for every resubmission, unless the resubmission was required for changes initiated because of agreed-upon system-wide criteria changes, or BOG programmatic changes. This form details the reason for the resubmission, indicates whether the resubmission impacts Performance-Based Funding metrics, and is signed by the University Data Administrator.

From the BOG's SUDS system, we searched for files with due dates between July 1, 2017 and June 30, 2018, and found that the University submitted 24 files to the BOG and resubmitted only two of these files. The resubmitted files were the Annual 2016 Student Financial Aid File and the Annual 2016 Retention File. The resubmission of the Student Financial Aid File was due to a late change in reporting requested by the BOG to add third-party payments to the file, which had not been required previously. This resubmission was made in a timely manner, prior to the BOG's need for the data for its PBF metrics calculations. The second resubmission, involving the Retention File, was due to the BOG requesting the University's IR Office to resubmit changes in unique student identifier numbers on the Retention File, even though IR had previously submitted these same identification changes on earlier files sent to the BOG. The BOG itself was not reconciling these changes throughout the various file submissions to it. The effect upon the University's Four-Year Graduation Rate PBF metric was insignificant and did not affect the University's performance on the metric. In a University Data Administrators Workshop with the BOG, it was recommended the BOG improve its process so that Universities' submitted changes perpetuate across all subsequent files submitted to it. For a more in-depth analysis of more current file resubmissions and reasons for these, also using the SUDS system, we noted the University submitted 12 files from July 1, 2018 through November 17, 2018, and only one of these files resulted in a resubmission. This resubmitted file was the Annual 2017 Instruction and Research File. The resubmission was necessary to correct a typo on one record, and occurred timely—two days after the initial submission. The resubmission did not pertain to the University's Performance-Based Funding metrics.

Conclusion for Objective #7:

We determined that, in general, resubmissions by the University have been very rare, are not attributable to the University, and did not affect the University's performance towards achieving the Performance-Based Funding metrics. In the one instance where the University resubmitted a file due to a typo, the correction was timely—within two days.

Recommendations:

We have no recommendations for this Objective #7.

Objective #8: Provide an objective basis of support for the University's President and Board of Trustees Chair to sign the representations made in the Performance-Based Funding - Data Integrity Certification.

Current Findings/Conclusion for Objective #8:

Overall, we concluded that the University has adequate processes for collecting and reporting Performance-Based Funding metrics data to the Board of Governors. In addition, we can provide an objective basis of support for the University's President and Board of Trustees Chair to sign the Performance-Based Funding – Data Integrity Certification, which the BOG requested to be filed with it by March 1, 2019.

Recommendations:

We have no recommendations for this Objective #8.

Acknowledgements

We would like to acknowledge the full and complete cooperation and support of all involved University faculty and staff, and especially the assistance of Dr. Richard R. Burnette III, the Florida State University Data Administrator, and Dr. James M. Hunt, Director of Institutional Research.

Respectfully submitted,

Sam M. McCall

Sam M. McCall, Ph.D., CPA, CGFM, CIA, CGAP, CIG
Chief Audit Officer

President's Response

I would like to thank the staff of the Office of Inspector General Services for their hard work on this audit. I am very pleased that no issues requiring corrective action were identified in this audit, and I am comfortable that Chairman Burr and I can rely on these results and sign the Data Integrity Certification without reservation.

John Thrasher, President

Audit conducted by:	**Kitty Aggelis, CIA, CGAP, CRMA, CIG** **Jeffrey Caines, CIA, CGAP, CFE** **Heather Harrell, CPA** **Sam M. McCall, Ph.D., CPA, CGFM, CIA, CGAP, CIG**
Audit reviewed by:	**Kitty Aggelis** **Janice Foley**
With assistance from:	**Madison Meehan (OIGS Intern)**

Acronyms Used in This Report

BOG	Board of Governors
CIP	Classification of Instructional Programs
EA	Expenditure Analysis
EMPLID	Employee Identification
ERP	Enterprise Resource Planning
FEDES	Federal Unemployment Data Exchange
FETPIP	Florida Education and Training Placement Information Program
FSU	Florida State University
FTIC	First Time in College
GPA	Grade Point Average
HTD	Hours to Degree
IR	Institutional Research
OBIEE	Oracle Business Intelligence Enterprise Edition
OFA	Office of Financial Aid
PBF	Performance-Based Funding
SFA	Student Financial Aid
SIF	Student Instruction File
SIFD	Student Instruction File Degrees Awarded
STEM	Science, Technology, Engineering, and Mathematics
SUDS	State University Database System
SUS	State University System
WRIS2	Wage Record Interchange System

J-1

FLORIDA STATE UNIVERSITY
FINANCE AND ADMINISTRATION
Office of the Vice President for Finance & Administration

MEMORANDUM

TO: John Thrasher, President

FROM: Kyle Clark, Vice President for Finance & Administration

DATE: February 21, 2019

SUBJECT: Request for Approval
Resolution for Executing Student Union Financing with FSU Foundation

The attached Resolution authorizes the Florida State University Board of Trustees to authorize execution of a loan in an amount not to exceed $20,000,000 from the FSU Foundation in accordance with the terms of a Promissory Note, the form of which is also attached.

Please accept this memo as our formal request for the Florida State University Board of Trustees to consider this matter and provide final approval during the upcoming board meetings scheduled on February 21 and 22, 2019.

KC/rg

Attachments

214 Westcott Building, P.O. Box 3061320, Tallahassee FL 32306-1320
850.644.4444 · Fax 850.644.4447

R-1 NOT TO EXCEED $20,000,000

THE FLORIDA STATE UNIVERSITY BOARD OF TRUSTEES
PROMISSORY NOTE
(Student Union Project)

Principal Sum	Note Rate	Final Maturity Date	Dated Date
Not to exceed $20,000,000	4.00% annual	_____, 2029	_____, 2019

THE FLORIDA STATE UNIVERSITY BOARD OF TRUSTEES (the "Board"), for value received, hereby promises to pay, from the sources described in this Note to the order of THE FLORIDA STATE UNIVERSITY FOUNDATION, INC., or its successors and assigns (the "Holder"), at 325 W College Ave, Tallahassee, Florida 32301, or at such other place as the Holder may from time to time designate in writing, the Principal Sum stated above, together with interest thereon as hereinafter provided, until the Final Maturity Date stated above or the date the principal amount of this Note is paid in the manner hereinafter set forth in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts, which payments shall be made to the Holder by bank wire or bank transfer as directed by the Board or otherwise as the Board and the Holder may agree.

This Note shall bear a fixed rate of interest at the Note Rate stated above. The Note Rate shall be payable [semi-annually on each [_____] 1 and [_____] 1,] commencing [_____ 1, 20__]. Interest on the Note shall be computed on the basis of a 30/360 day year for the actual number of days elapsed. The principal of this Note shall be payable on the Final Maturity Date.

At the time of delivery of this Note, proceeds from the sale of the Note shall be used to finance a portion of the costs of the construction of a new Student Union (the "Project"), in accordance with the provisions of the next paragraph.

The Board shall make written requests for disbursement (each, a "Draw") from the authorized Principal Sum of the Note signed by the Chair of the Board, or his designee. Proceeds from Draws on the Note shall be deposited, when drawn, with the Board and shall be used for the purposes described above.

The Board shall make Draws on this Note for the purposes stated in the preceding paragraph in an amount that, when combined with prior Draws, shall not exceed the face amount of this Note. A schedule of the Draws made on this Note shall be maintained on the books and records of the Holder which shall be conclusive unless manifest error.

This Note can be prepaid in whole or in part on any business day at the option of the Board without penalty.

All payments made by the Board hereon shall apply first to accrued interest, then to other amounts due the Holder, and the balance thereof shall apply to the principal amount then due on this Note.

A re-set of the interest rate will occur five years from the execution date of this Note. The minimum interest rate on the Note will re-set to the greater of 4% or 100 basis points above the 10-year Treasury rate.

This Note is authorized to be issued in the outstanding aggregate principal amount not to exceed to the Principal Sum under the authority of and in full compliance with the Constitution and statutes of the State of Florida, including, particularly, Chapter 617, and Section 1010.62 Florida Statutes, as amended and supplemented, and any other applicable provisions of law (collectively, the "Act"), and duly authorized at a meeting of the Board. Payments will be made from funds appropriated by the State legislature from the Capital Improvement Trust Fund and Student Facilities Use Fees (collectively, the "Designated Revenues"). Notwithstanding anything in this Note to the contrary, receipt of Capital Improvement Trust Fund funds are subject to annual appropriations by the State of Florida.

Notwithstanding any provision in this Note to the contrary, in no event shall the interest contracted for, charged or received in connection with this Note (including any other costs or considerations that constitute interest under the laws of the State of Florida which are contracted for, charged or received) exceed the maximum rate of non-usurious interest allowed under the State of Florida as presently in effect and to the extent an increase is allowable by such laws, but in no event shall any amount ever be paid or payable by the Board greater than the amount contracted for herein.

THIS NOTE, WHEN DELIVERED BY THE BOARD, SHALL NOT BE OR CONSTITUTE AN INDEBTEDNESS OF THE BOARD OR THE FLORIDA STATE UNIVERSITY, WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER LIMITATIONS OF INDEBTEDNESS, BUT SHALL BE PAYABLE FROM AND SECURED SOLELY BY THE DESIGNATED REVENUES, AS PROVIDED HEREIN. THE HOLDER SHALL NEVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OF FLORIDA, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OR TAXATION IN ANY FORM OF ANY PROPERTY THEREIN TO PAY THIS NOTE OR THE INTEREST THEREON.

Notwithstanding anything herein to the contrary, this Note may not be transferred in whole or in part.

The Board hereby waives presentment, demand, protest and notice of dishonor.

This Note is exempt from State documentary stamp and intangible taxes.

IN WITNESS WHEREOF, the Board has caused this Note to be signed by its Chair, on behalf of The Florida State University Board of Trustees, either manually or with facsimile signature, and the seal of the Board to be affixed hereto or imprinted or reproduced hereon, and attested by the Secretary of the Board, either manually or with facsimile signature, and this Note to be dated the Dated Date set forth above.

(SEAL)

THE FLORIDA STATE UNIVERSITY BOARD OF TRUSTEES

By: _____
Name: Edward E. Burr
Title: Chair

ATTEST:

By:_____
Name: John E. Thrasher
Title: Secretary

Schedule I

SCHEDULE OF DRAWS

THE FLORIDA STATE UNIVERSITY BOARD OF TRUSTEES
PROMISSORY NOTE
(Student Union Project)

Date of Transaction	Principal Advance	Principal Prepayments	Outstanding Principal Balance
___/___/___	$	$	$
___/___/___	$	$	$
___/___/___	$	$	$
___/___/___	$	$	$
___/___/___	$	$	$
___/___/___	$	$	$
___/___/___	$	$	$
___/___/___	$	$	$
___/___/___	$	$	$

A RESOLUTION OF THE FLORIDA STATE UNIVERSITY BOARD OF TRUSTEES AUTHORIZING A LOAN IN AN AMOUNT NOT TO EXCEED $20,000,000 FROM THE FLORIDA STATE UNIVERSITY FOUNDATION, INC. FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF A NEW STUDENT UNION FACILITY AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, The Florida State University Board of Trustees (the "Board") expects to incur capital expenditures aggregating approximately $128,000,000 to finance the construction, installation and equipping of a student union facility (the "Project") on the main campus in Tallahassee; and

WHEREAS, The Florida State University Foundation, Inc. (the "Foundation") has agreed to loan funds to the Board for the purposes of financing a portion of the costs of the Project; and

WHEREAS, the Foundation desires to loan the proceeds for the financing of the Project (the "Loan") with existing cash resources of the Foundation and pursuant to the terms of a Promissory Note authorized to be issued by the Board (the "Promissory Note"); and

WHEREAS, the Foundation and the Board have agreed to the terms of the Promissory Note; and

NOW, THEREFORE, BE IT RESOLVED BY THE FLORIDA STATE UNIVERSITY BOARD OF TRUSTEES AS FOLLOWS:

SECTION 1. The Board hereby authorizes the Loan in an amount not to exceed $20,000,000 from the Foundation in accordance with the terms of the Promissory Note, the form of which is attached hereto as Exhibit A.

SECTION 2. The Board hereby authorizes the President or his designee, to execute and deliver any certificates and documents necessary to document the Loan and delivery of the Promissory Note to the Foundation.

SECTION 3. The Board hereby ratifies and confirms all prior actions related to the Loan to the Board.

SECTION 4. This Resolution shall become effective immediately upon its adoption.

ADOPTED this ____ day of _____, 2019.

THE BOARD OF TRUSTEES OF FLORIDA STATE UNIVERSITY, a public body corporate

(SEAL)

By: _____
Chair

ATTEST:

_____
Secretary

EXHIBIT A

FORM OF PROMISSORY NOTE