



Item: AF: A-M

AUDIT AND FINANCE COMMITTEE

Wednesday, February 20, 2008

**SUBJECT: ROLL CALL AND APPROVAL OF MINUTES FOR THE DECEMBER 12, 2007
AUDIT AND FINANCE COMMITTEE MEETING.**

PROPOSED COMMITTEE ACTION

Initiate roll call to document member participation to ensure appropriate quorum numbers are achieved and to approve the minutes of the December 12, 2007 Audit and Finance Committee meeting.

COMMITTEE MEMBERS

Ms. Nancy Blosser, Chair	_____
Dr. William Bryant, Vice Chair	_____
Mr. David Feder	_____
Dr. Rajendra Gupta	_____
Mr. Bob Stilley	_____
Mr. Tony Teixeira	_____
Mr. Thomas Workman	_____
Mr. Norman Tripp (ex-officio)	_____
Dr. Roy Levow (ex-officio)	_____

BOT MEMBERS

Mr. Scott Adams	_____
Mr. Armand Grossman	_____
Mrs. Lalita Janke	_____
Mrs. Sherry Plymale	_____
Dr. Eric Shaw	_____



DRAFT MINUTES
AUDIT AND FINANCE COMMITTEE MEETING
Wednesday, December 12, 2007

AF: A-M. Roll Call and Approval of Minutes for the October 24, 2007 BOT Audit and Finance Conference Call.

Ms. Blosser, Chair of the Audit and Finance Committee, convened this meeting at 10:25 a.m. Roll call commenced with the following Committee members participating:

Mr. David Feder, Mr. Bob Stilley, and Mr. Norman Tripp.

The following Board of Trustees members also participated:

Mr. Scott Adams, Mr. Armand Grossman, Mrs. Sherry Plymale and Dr. Eric Shaw.

The following University officials participated:

Mr. Frank T. Brogan, President; Dr. Kenneth A. Jessell, Vice President for Financial Affairs; and Mr. David Kian, General Counsel.

Trustee Blosser then called for comment or correction to the minutes of the October 24, 2007 meeting. With none forthcoming, a motion was made and seconded to approve the minutes without change. The motion passed unanimously.

AF: A-1. Request for Approval of Proposed to Regulation 7.006, Trespass and Loitering.

Dr. Jessell reminded members of prior regulation changes brought to the Committee for approval and noted the on-going review of all regulations to ensure consistency with Legislative and Board of Governors' directives and guidelines.

This amendment changes the administrative titles of individuals responsible for implementation of the regulation; broadly defines parameters for issuance of a trespass/loitering order; clarifies a trespass/loitering order as indefinite until officially revoked; and adds a process for reconsideration or revocation of a trespass/loitering order.

The Committee was advised that upon their approval, the proposed regulation would be publicly noticed and that upon completion of this legal requirement, approval of the regulation would be brought to the full Board for consideration at its January 30, 2008 meeting.

Chair Blosser called for questions and with none forthcoming, a motion was made and seconded to recommend approval of the amended Regulation 7.006, Trespass and Loitering. The motion passed unanimously.

AF: A-2. Request for Approval to Increase the 2007-2008 Athletics Budget to Reflect Increases in Revenues and Expenditures Associated with Participation in the R+L Carriers New Orleans Bowl.

Dr. Jessell advised the Committee that to accommodate the costs associated with the invitation to play in the R+L Carriers New Orleans Bowl, the Athletics Budget requires a budget authority adjustment to increase both the revenues and expenditures categories in the amount of \$450,000. This funding will be achieved through bowl participation revenues of \$350,000 (\$200,000 general expenses/\$150,000 travel expenses) and anticipated ticket sale proceeds at \$100,000, based on 2,500 sold tickets at \$40 each.

Discussion followed on the status of bowl participation interest received to date. The Committee was advised that current FAU ticket sales stand at 750; that one chartered airplane at 120 seats is almost sold out; and of local advertising to encourage additional participation.

Chair Blosser called for additional questions or comments and with none forthcoming, a motion was made and seconded to recommend approval to increase the 2007-2008 Athletics Budgets to cover costs associated with New Orleans Bowl participation to the Board of Trustees. The motion passed unanimously.

AF: A-3. Request Approval of a Resolution Authorizing the Issuance of Debt and Requesting the Florida Board of Governors to Approve the Issuance of such Debt to Finance the Construction of an Apartment Style Residence Hall on the Boca Raton Campus of Florida Atlantic University, Providing an Effective Date.

Dr. Jessell addressed this issue, noting residential life as an essential component to the collegiate experience and to the Innovation Village project. He further discussed the project building program that was approved by the Department of Residential Life and the previous BOT review of Johnson Consulting's feasibility assessment on housing needs at FAU and their recommendation to create 1,500 additional beds over the next three years. This request is the first component of that recommendation and will consist of 600 beds in an apartment-style configuration of four individual bedroom/two bath suites. This complex will differ from traditional campus housing as it will have full-size apartments of approximately 1,100 sq. ft., is planned for 11-12 month rental periods and is geared toward upper division undergraduate and graduate students.

A review of the financial plan commenced noting the funding sources and uses estimated for the issuance of a fixed rate, tax exempt revenue bond through the Division of Bond Finance at \$55,300,000. Dr. Jessell advised that the bond will be financed from the proceeds of the single series bond sale and that revenue generated from the operation of the housing system will be pledged to satisfy the debt service obligation. An important factor in the rating and quality of the debt is the debt service coverage ratio. The Committee was informed that as a stand alone project, in the first year of operation the minimum debt service coverage ratio would be 1.20 based upon anticipated summer occupancy levels of at least 80 percent and 95 percent during the academic year. This means that revenues could be 20

percent less than projected and FAU would be able to cover the prescribed debt service coverage ratio; this improves to 1.34 in year five of the project. When calculated as an entire system, for current operations 2007-08/2008-09, the debt service coverage ratio stands at 1.47. As a system, the first year of the new project (2009-10) the debt ratio services coverage is 1.40. This means that system revenue could be 40 percent less than projected and FAU would be able to cover the prescribed debt service. Debt service coverage improves to 1.48 in year 2012-13 of operations including the new facility. Bond covenants exist that require maintenance of the prescribed debt service coverage ratio. Additionally, flexibility in the budget exists to ensure that sufficient revenues and appropriate expenditures in support of facility operations and payment of the bond are available. Detailed review continued on the sources and uses of funds, the debt service schedule, and historical and projected operations.

The Committee was advised that upon Board approval of this resolution and supporting documentation, the materials will be forwarded to the Board of Governors and the Division of Bond Finance. A thorough review of the resolution and materials data ensures the development of the complete offering statement in preparation for the issuance of the debt. The Committee was also advised that this is the University's first bonding request since the approval of the new FAU/SUS Debt Management Guidelines.

A motion was made and seconded to recommend approval of the resolution. Discussion followed on topics including this early approval process and associated continuing analysis of documentation necessary to justify the project prior to bond issuance which is estimated for March/April 2008; Master Plan concurrence on housing needs; confirmation of the projects total square footage at approximately 240,000; the anticipated opening date of August 2009; and the ability to use the facility for faculty if space is available. The Committee was advised that full occupancy by students is anticipated and that the configuration of the apartments would make faculty use awkward but that it is a legally viable option.

Chair Blosser noted the motion and second previously provided. She called for a vote to recommend approval of a resolution authorizing the issuance of debt and requesting the Florida Board of Governors to approve the issuance of such debt to finance the construction of an apartment style residence hall on the Boca Raton Campus of Florida Atlantic University, providing an effective date. The motion passed unanimously.

AF: I-1. Review of Florida Atlantic University's Operational Audit Report No. 2008-048 for the Fiscal Year Ended June 30, 2007, Including Audit Findings and Recommendations and Management Responses.

Chair Blosser introduced this item as an audit of University operational functions for the fiscal year July 1, 2006 through June 30, 2007 and provided additional background information:

- Participation in the operational audit exit conference with the state auditors and University management that was held on August 24, 2007.
- The preliminary and tentative findings of the Auditor General's Office were provided to the University on November 2, 2007 with management responses due by December 3, 2007.
- The final audit being reviewed currently was released on December 6, 2007.

Dr. Jessell took the floor advising the Committee of his responsibilities as intermediary between University staff and the state auditors to ensure timely responses to state auditor findings and recommendations. He noted the full institutional cooperation provided to the Auditor General's staff and the careful review given to each finding.

Review commenced on the 22 audit findings and recommendations and the corresponding institutional responses to each recommendation. Management's responses concurred with each audit recommendation and provided detailed actions and initiatives taken to address the University's administrative procedures, documentation issues and training requirements related to each issue. Additionally, explanations and clarifications were provided on each issue relating to:

Revenues and Cash Collections. The four findings in this category relate to the Board adopting a formal policy related to exemptions to a statute requiring students repeating a course to pay the full cost; the need to improve controls over collections received outside the Central Cashier's office; the need to further enhance controls relating to the OWL CARD program; and the need to improve its controls over complimentary tickets for athletic events.

Personnel and Payroll Administration. The University had not adequately documented why a severance arrangement was provided to a former employee, which contained certain provisions that were more beneficial than those provided under the former employee's employment contract. Also, the Board needed to revise its policies and procedures relating to severance clauses and payments. In addition, severance payments to the former employee resulted in budget over-expenditures, from available cash balances, for the Concession Fund.

Dr. Jessell advised the Committee that a more thorough review of this issue would be initiated at the conclusion of the audit presentation.

Procurement of Goods and Services. The six findings in this category relate to the lack of timely approval of expenses by Student Government; the failure to provide for timely approval and payment of Purchasing Card charges and lack of adequate monitoring of credit limits and maintenance of records related to cards issued, lost or stolen, or cancelled; exceeding the competitive procurement threshold established by the Board of Governors; failure to record contractor compliance with the terms of an energy performance based-agreement; failure to monitor cellular telephone usage and report to the Internal Revenue Service the value of cell phone services as income for employees who did not make an adequate accounting of the business use of their assigned cell phones; failure to adequately demonstrate compliance with Section 112.061, Florida Statutes, related to travel expenses; and, paying certain taxes and fees for which it was exempt.

Risk Management. The University needs to improve procedures for determining insurable values for buildings, and create written policies and procedures addressing the level of insurance coverage to be maintained or the method to be used to determine insurable values.

Record Systems and Reports. The two findings in this category relate to the failure of FAU Board of Trustee members to timely file statements of financial interests with the Florida Commission on Ethics and the need to enhance policies and procedures regarding annual reporting of information for institutes and centers to the Board of Governors.

Pharmaceutical Operations. This finding recommended the University implement formal written policies and procedures relating to pharmacy operations, ensure that incompatible duties are properly separated, and ensure that perpetual inventory records are complete and accurate.

Noting recent media interest in this audit finding, Dr. Jessell provided more in-depth information. He advised the Committee that the pharmacy has been in existence only since March 2005 and this audit sought to ensure control procedures were adequate. Based on the audit's recommendations, the University implemented four new policies to ensure inventory procedures for both prescription and over-the-counter items have built-in perpetual checks, ensure internal audits of inventory accuracy, and ensure that inventory updates by a person independent of Pharmacy are performed.

Addressing reported variances between the perpetual inventory and the actual physical inventory, which resulted in the conjecture that inventory of two controlled substances had gone missing, Dr. Jessell advised of the use of incorrect paperwork for the alternative inventory test initiated by the state auditors. The alternative inventory test utilizes prior fiscal year end figures from the University's financial statement and then adds new inventory received and subtracts current year prescription disbursements to reach final inventory figures. For one controlled substance, the numbers skewed when inventory balances from a June 13 report was utilized instead of those from the true fiscal year end report dated June 30. Between those dates, a prescription was filled which explained the variation. The second controlled substance discrepancy was caused by a computer glitch that duplicated a prescription number. Upon eliminating the duplicated prescription number, the variation is eliminated. For each controlled substance, the perpetual inventory exactly matched the physical inventory. No variance actually existed and no controlled substances were lost or missing. The Committee was advised that this ancillary information was not provided as part of the University's audit response since the auditors did not specifically request the information as part of the findings and recommendations.

Tangible Personal Property. This category had three findings relating to the lack of implementation of controls and records on tangible personal property, property deletions and property purchased through trade-in arrangements.

Information Technology. These four findings related to payments made to the Northwest Regional Data Center for information technology services without a written agreement; failure to update the disaster recovery plan and lack of timely test of the plan; and, improvements needed in information technology security control structure.

During this presentation, discussion and commentary occurred on various topics including:

- Cost versus benefit in implementing some recommendations.
- Ensuring formal documentation of processes and procedures.
- Including financial interest submittal requirements in BOT member orientation and ensuring the BOT Liaison Office is involved in the process to ensure timely submittal.
- BOG involvement in solving insurance methodology issues.
- The suggestion that the Vice President for Financial Affairs, as audit intermediary, be included in all audit discussions with external constituencies such as the BOG.

This presentation concluded with expressions of appreciation from Chair Blosser on the efforts expended by all involved in this audit process.

Chair Blosser then reintroduced the following audit finding:

Finding No. 5: The University had not adequately documented why a severance arrangement was provided to a former employee, which was more beneficial than allowed by the former employee's employment contract. Also, the Board needed to revise its policies and procedures relating to severance clauses and payments. In addition, severance payments to the former employee resulted in budget overexpenditures for the Concession Funds.

Recommendation (split to three components):

- A. The University should ensure that documentation is retained to support management decisions that obligate University resources and evidence that the actions taken are in the best interest of the University.
- B. In addition, the Board should consider revising its Operations Policies and Procedures to require Board approval for any severance provisions included in employment contracts or severance agreements.
- C. Also, University procedures should be enhanced to ensure that expenditures do not exceed budgetary authority.

Mr. Tripp, Chair of the Board of Trustees, introduced President Brogan, who was prepared to present a formal statement clarifying the University's position on this topic.

President Brogan took the floor to address the first component of the audit recommendation relating to support documentation. He expressed respect for current audit procedures but acknowledged obstacles in the process that can hinder a more swift completion of audit requirements that can result in undue speculation in the interim. President Brogan then read a prepared statement addressing aspects of the employment contract and severance development as well as documentation provided to state auditors. The statement included a recommendation to the Committee to amend the Board of Trustees Operations Policies and Procedures (**see ATTACHMENT 1**).

In light of the Board's responsibility in establishing policies and regulations to fulfill its statutory, fiduciary, and oversight responsibilities relating to the integrity of the University's financial accounting and reporting processes, Chair Blosser concurred with President Brogan's recommendation to amend the Board of Trustees Operations Policies and Procedures. She also noted that concerning Finding No. 5, President Brogan's decisions were within established BOT policy parameters; never did he exceed in any way existing policies.

Chair Blosser reminded the Committee of the April 2007 review of State University System best practices as relates to regulations and contract authority and the subsequent recommendation to amend Article IV, Section 4.6 of the FAU Board of Trustees Board Operations Policies and Procedures entitled "University President and Corporate Secretary." The amendment, approved by the BOT in May 2007, provided the requirement of consultation with the BOT Chair for certain types of severance provisions; the amendment proved too broad from the Auditor General's Office perspective.

Chair Blosser expressed agreement with the Auditor General's Office that the Board further tighten its policy regarding certain employment contracts. Chair Blosser noted that these types of hiring situations are infrequent and tightening policies would not result in excessive oversight by Board members.

Prior to sharing the proposed amendment to the FAU BOT Board Operations Policies and Procedures, Trustee Tripp concurred with and read aloud excerpts from the State of Florida, Office of the Governor, Executive Order No. 07-01 (see ATTACHMENT 2), which declares the Governor's code of ethics expectations.

Trustee Tripp then read aloud the proposed amendment to FAU BOT Board Operations Policies and Procedures, entitled "University President and Corporate Secretary" (see ATTACHMENT 3). This amendment provides the requirement of formal BOT approval of any contract containing severance, termination, or separation from employment provisions inconsistent with University Personnel Regulations.

Dr. Jessell then summarized provisions of the University Personnel Regulations (see ATTACHMENT 4) and advised that for Executive Service classification, a 60 day separation notice applies.

A motion was made and seconded to recommend approval of the amendment of Article IV, Section 4.6, FAU BOT Board Operations Policies and Procedures, entitled "University President and Corporate Secretary," to the Board of Trustees.

Discussion followed on impact of this amendment. Confirmation was provided by General Counsel Kian of the University's authority by regulation to either reassign an employee on separation notice to other areas of responsibility during the notice period or to provide immediate payout. Additional discussion commenced on processes to be utilized by the Board particularly in view of Sunshine Law provisions and acquiring and funding legal representation should it become necessary. Chair Blosser acknowledged the need to develop formal processes and settlement/severance rules but proposed that an investigation of system-wide practices be completed and reviewed prior to any further discussion. General Counsel Kian was tasked with initiating this investigation.

Chair Blosser reminded members that the issue now before the Committee is addressing the recommendations of Finding No. 5 with the proposed amendment to the FAU BOT Board Operations Policies and Procedures. General Counsel Kian provided confirmation that the motion currently on the floor regarding the proposed amendment does comprehensively address, without exception, every issue noted by the Auditor General's Office.

With the motion previously made and seconded, Chair Blosser called for a vote to recommend approval of the proposed amendment to Article IV, Section 4.6, FAU BOT Board Operations Policies and Procedures, entitled "University President and Corporate Secretary," to the Board of Trustees at the BOT meeting this afternoon. The motion passed unanimously.

Further discussion ensued where Mr. Tripp, Chair of the Board of Trustees, advised the President that pending the development of formalized procedures, any appropriate contracts or contract changes

should be brought before the Board of Trustees, not the BOT Audit and Finance Committee. Vice Chair Ms. Blosser also charged members with the need to be responsive and flexible on the need for meetings involving employment contracting issues.

AF: I-2. Review of the FAU Foundation, Inc. Financial Statements and Additional Information, June 30, 2007 and 2006.

Dr. Jessell noted this audit was issued by Keefe, McCullough & Co., LLP on October 12, 2007 and presented to the Foundation Board of Directors on October 16, 2007. He advised the Committee that this was an unqualified audit with no significant audit findings.

Chair Blosser called for a motion to adjourn the meeting. A motion was made and seconded. The motion passed unanimously. The meeting was adjourned at 12:48 p. m.

ATTACHMENT 1

As you are aware, this year as part of the state's operational audit the Auditor General's office also reviewed Lawrence Davenport's settlement with the university. Through the course of their review, the AG's staff held several meetings and interviewed several members of the university administration, including myself, on the issues surrounding the settlement agreement with Dr. Davenport. They also submitted several written requests for information, to which we responded in writing.

I am very respectful of the process by which this review was conducted. As I have stated for months, I felt it was important to allow the audit process to be completed before discussing it with you. Now that the operational audit is complete and a legislative committee has taken up this issue, I wanted to take the opportunity to report to you everything that the University presented to the AG's office several months ago. It is important for you to understand that we are required by law to provide the Auditor General's office with any information we have that is responsive to their requests. Therefore, the information we provided them was complete and comprehensive.

The Auditors asked us about the decision to hire Dr. Davenport as the Vice President for Advancement. In response, we reported that in 2004 Dr. Davenport arrived at FAU as the first Executive Vice President and Chief Operating Officer in the University's history. After a year and a half in that position, he was asked to take the reins of the University's Advancement division and serve as its Executive Vice President and the Executive Director of the FAU Foundation, Inc. in an interim capacity while a national firm conducted a search for a permanent leader for that division of the university. Approximately six months later, the search for an advancement vice president had not produced any viable candidates, and operations in advancement seemed to be moving in a positive direction. Because of his knowledge and experience in the area of fundraising, Dr. Davenport was asked to permanently take over the leadership of the advancement division and serve as the executive director of the foundation as well.

We informed the AG that Dr. Davenport, though interested in the position, was concerned that moving from his role as executive vice president and chief operating officer to the advancement vice president may be construed as a lateral professional move or even a demotion by members of the community. To accept the position he negotiated certain terms with the university including a multi-year employment contract and a clause that would allow him to be paid a two year severance should his position be terminated. It is important to note that such packages are not unusual in the advancement industry.

I further explained to the Auditor General that after Dr. Davenport assumed full-time leadership of the Foundation, it became apparent that he and I had some significant differences in our leadership philosophies, our communication styles, and our views on the optimal relationship between a university and its support foundation. Such professional differences are not unusual, of course, and strong leadership teams often consist of individuals with competing or even conflicting points of view. But because of the unique "ambassadorial" functions of a vice president for advancement, I feel it is exceptionally important for that office to speak with the same voice as the president. I shared my concerns with Dr. Davenport on different occasions, but over time it became clear to me that Dr. Davenport and I simply had differences in perspective that would not be bridged. I therefore decided it would be in both his and FAU's best interests to make an employment change.

In our responses to the AG, we explained that when I sat down with Dr. Davenport in March to discuss my desire to remove him from his position as advancement vice president, he indicated that such a termination, coupled with his age and status, would make it extremely difficult or impossible for him to find employment comparable to that which he held at FAU. We pointed out to the Auditor General that Dr. Davenport is an African-American male over age 60, who held an extremely high-ranking position at the University reporting directly to the President. We informed the AG that Dr. Davenport asserted to me, to Dr. Jessell, and to our General Counsel that he would bring suit against the University in order “to be made whole” for the losses that he would incur in connection with his separation from employment. We shared with the AG that based upon extensive dialogue with Dr. Davenport, our legal analysis anticipated that Dr. Davenport’s suit against the University would be for contract, tort and civil rights claims related to his separation from employment. We also reminded the AG that Dr. Davenport’s age and race are both within protected legal classifications under federal and state law, and that civil rights claims based on either classification receive heightened judicial scrutiny.

Finally, we also informed the AG that Dr. Davenport also asserted that he would bring suit against the Foundation and its directors for their alleged tortious interference on his employment at FAU.

We explained to the AG that after extensive legal review, we determined that Dr. Davenport did not appear to have any documentary evidence supporting his asserted claims. Accordingly, as reflected in the final settlement agreement, the University unequivocally denies any wrongdoing in its relationship with Dr. Davenport. However, we also pointed out to the AG that settlement agreements are often entered into in the absence of specific written demands or claims if there is a reasonable probability that such claims will arise in the future. Florida law expressly provides universities the authority to settle such claims prior to the filing of a lawsuit. We explained to the AG that we felt it was in FAU’s best interest to enter into a settlement agreement quickly, a strategy that deliberately reduced cost, time, and paperwork. Dr. Davenport told us, repeatedly, of his intention to sue us. We did not feel it was prudent to wait for him to file a suit to prove his intent, if we could settle with him beforehand on acceptable terms.

In explaining this strategy, we asked the AG to recognize that the University had an obligation under Dr. Davenport’s employment contract to provide him up to two years base salary in the event that he were terminated without cause. When I determined it was necessary to terminate Dr. Davenport’s employment with the University, it immediately became apparent that the University would benefit from obtaining a global release from litigation by Dr. Davenport so long as the payments did not exceed the amount that the University was already obligated to pay him under his employment agreement. As we reported to the AG, the final settlement agreement met this objective.

With this data, the AG’s office developed their preliminary and tentative findings. We were puzzled that their narrative omitted many of the things I have just reported to, every one of which we provided to the AG as required by law. However, their findings on this matter found no violations of law or policy, and reported no unethical or inappropriate conduct. Moreover, they provided only three recommendations concerning this matter. We agreed with every one of them. Accordingly, we chose not to challenge them on their narrative, since it is their right to choose what they write. We responded that we accepted their recommendations, and last week, the AG’s office completed their report by accepting our responses in total.

On Monday, the House-Senate Legislative Auditing committee met in Tallahassee and discussed the operational audit. During that meeting, the Auditor General’s representative misstated a very

important fact when he said that FAU had never explained to the AG the nature of the claims that Dr. Davenport asserted. As I just described to you, we did explain the nature of those claims in great detail. The AG's office may disagree with our strategy to settle quickly, and they may even criticize us for having entered into the settlement without a written description from Dr. Davenport of the nature of his claims, but they may not say that we failed to inform them fully of the nature of the claims, or of why we made the decisions we did.

Today, you have the opportunity to continue your Board process by reviewing the findings and responses and developing a plan by which to move forward. I hope that the information I have provided has answered questions you may have had on the topic. I have spoken with Chairman Tripp and shared with him my recommendation that the Audit & Finance committee today vote to amend the BOT's contracting delegation policy to fully address the concerns raised in the final Audit.

Again, everything I have discussed is what we presented to the AG during the course of their audit, as we were required to do under law. I hope that my report to you of what we provided to the Auditor General helps correct some of the misinformation that has been reported, addresses any concerns you may have, and allows us to move forward.

Thank you for your time and attention to this important issue.

STATE OF FLORIDA
OFFICE OF THE GOVERNOR
EXECUTIVE ORDER NUMBER 07-01

WHEREAS, the Constitutions of the United States and of Florida provide that "We, the people" establish our federal and state governments; and

WHEREAS, the Constitution of the State of Florida further confirms that all political power flows from the People to our government; and

WHEREAS, by accepting an elected, appointed, or other position in our state government, we have each chosen to take on the responsibility of public service dedicated to the people of Florida; and

WHEREAS, that commitment to service must prevail in the Office of the Governor and each executive agency within its purview; and

WHEREAS, an honest, open, and ethical structure within which government decisions are made is an important factor in building the people's trust and confidence in their government and its ability to serve the people; and

WHEREAS, to further the goal of maximizing service by the public's servants, the people of Florida must have access to their state government and their elected and appointed officials, our state government must be responsive to citizens who seek assistance from it, and our state government must communicate in a clear, easily understood manner.

NOW, THEREFORE, I, CHARLIE CRIST, as Governor of Florida, by virtue of the authority vested in me by Article IV, Section (1)(a) of the Florida Constitution, and all other applicable laws, do hereby promulgate the following Executive Order, to take immediate effect:

Section 1. I hereby direct the immediate adoption and implementation of a Code of Ethics by the Office of the Governor. This Code of Ethics applies to all employees within the Office of the Governor, as well as the secretaries, deputy secretaries, and chiefs of staff of all executive agencies under my purview. This Code of Ethics imposes clear, understandable standards that often go beyond the statutory Code of Ethics set forth in Chapter 112, Part III, Florida Statutes.

Each agency secretary is further directed to review and evaluate the current policies adopted at his or her agency in light of this Code of Ethics, with a view to using this Code as the base standard for his or her agency and adjusted for those unique program requirements and variables for his or her agency. Agency secretaries are to implement any agency-specific adjustments to the Code within forty-five (45) days of the date of this Order.

I further direct the immediate adoption and implementation of a Code of Personal Responsibility by the Office of the Governor. The Code of Personal Responsibility applies to all employees within the Office of the Governor and sets forth clear standards and procedures regarding appropriate conduct in the workplace.

Each agency secretary is directed to review and evaluate the Code of Personal Responsibility, with a view to determining whether the agency's existing personnel policies and procedures require any adjustments based on the standards set forth in that Code. The policy statements set forth in the Code

of Personal Responsibility will serve as the minimum standards of conduct for all executive agencies within my purview. Each agency secretary is to complete the review of the agency's existing personnel policies and implement any changes to them within forty-five (45) days of the date of this Order.

Each agency secretary is further directed to designate an individual at his or her agency to act as the agency's chief ethics officer. The agency's ethics officer will make reasonable efforts to ensure that the employees responsible for adhering to this Code become familiar with relevant ethics, public records and open meeting requirements. I hereby designate my General Counsel to act as the chief ethics officer for the Office of the Governor.

Each agency secretary is further directed to attend training on the subjects of ethics, public records, open meetings, records retention, equal opportunity and proper personnel procedures. Thereafter, each agency secretary will arrange for similar training of his/her employees on an annual basis.

I further direct the periodic review and evaluation of both the Code of Ethics and the Code of Personal Responsibility. The purpose of this periodic review shall be to develop further recommendations as necessary or appropriate to assure that we maintain and effectively enforce the highest ethical standards for state officials and employees, and promote consistency of State agency policies on ethics, public records, open meetings, and personnel matters.

Section 2. I hereby institute the Plain Language Initiative in the Office of the Governor and the executive agencies under my purview. The purpose of this initiative is to ensure that the announcements, publications, and other documents sent by my Office and these agencies contain clear and concise instructions and information. The Governor's Office of Citizen Services will provide guidance for the development and implementation of this initiative.

Within ninety (90) days of this Executive Order, each agency, in coordination with the Governor's Office of Citizen Services, will adopt a plan to implement Plain Language guidelines and standards. While each agency's plan must take into account the unique programs and requirements of that agency and its customers, all Plain Language plans must provide for documents that include:

- . Clear language that is commonly used by the intended audience;
- . Only the information needed by the recipient, presented in a logical sequence;
- . Short sentences written in the active voice that make it clear who is responsible for what; and
- . Layout and design that help the reader understand the meaning on the first try (including adequate white space, bulleted lists, and helpful headings).

Section 3. I hereby create the Office of Open Government within the Office of the Governor. The Office of Open Government is charged with providing the Office of the Governor and each of the executive agencies under my purview with the guidance and tools to serve Florida with integrity and transparency.

To that end, the Office's primary functions will be: (1) to assure full and expeditious compliance with Florida's open government and public records laws, and (2) to provide training to all executive agencies under my purview on transparency and accountability. The Office will also have primary responsibility for ensuring that the Office of the Governor complies with public records requests in an expeditious manner.

Each agency secretary is further directed to designate a person at his or her agency who will act as the agency's public records/open government contact person. That individual will be responsible for complying with public

records/open government requests and compliance at their respective agency and will also be the primary liaison between that agency and the Office of Open Government for purposes of training and compliance.

Section 4. I hereby direct the Governor's Office of Citizen Services to undertake a systematic evaluation of its own operations, as well as the executive agencies under my purview. This evaluation will include:

- . Reviewing current operations and determining any necessary procedural improvements;
- . Evaluating capabilities to provide citizen access and identifying areas requiring improvement; and
- . Evaluating and recommending necessary technology upgrades or enhancements to improve citizens' ability to access government services and monitor results.

The Office of Citizen Services will report to me within ninety (90) days on the steps taken to implement this portion of this Executive Order

Section 5. I hereby direct the Office of the Governor and each executive agency under my purview to immediately institute a top-to-bottom review of how each of its employees can better serve the people. The purpose of this review shall be to:

- . Install performance-based incentives to improve service;
- . Install best practices relating to customer service;
- . Enhance procedures for soliciting, receiving and managing new ideas and from the people we serve; and
- . Put in place a world-class training and review program to ensure that our public employees maintain their focus on service.

The head of each such agency shall report back to me within one hundred and twenty (120) days on the steps taken to implement this portion of this Executive Order.

Section 6. All state agencies under the direction of the Governor are hereby directed, and all other state agencies are hereby requested, to provide such assistance to the individuals carrying out the directions in this Executive Order as may be requested by them in furtherance of it.

IN TESTIMONY WHEREOF, I have
hereunto set my hand and caused the Great
Seal of the State of Florida to be affixed, at
Tallahassee, the Capitol, this 2nd day
of January, 2007.

GOVERNOR

ATTEST: _____
SECRETARY OF STATE

Proposed amendment to Sec. 4.6 of FAU BOT Operations Policies and Procedures manual, as approved and recommended for full FAU BOT adoption by FAU BOT Audit & Finance Committee on December 12, 2007

Section 4.5

VICE CHAIR

The duty of the Vice Chair is to act as Chair during the absence or disability of the Chair.

Section 4.6

UNIVERSITY PRESIDENT AND CORPORATE SECRETARY

The University President shall serve as the Chief Executive Officer of the University. The University President shall be responsible for the operation and administration of the University, including efficient and effective budget and program administration, leading the University to accomplish its education missions and goals, monitoring educational and financial performance, consulting with the BOT in a timely manner on matters appropriate to its policy-making and fiduciary functions, and serving as the University's key spokesperson.

The President shall have the authority to execute all documents on behalf of the University and the BOT consistent with law, BOG and BOT resolutions, regulations, and policies, and the best interests of the University. No such document may purport to limit any Board of Trustees member's individual discretion in discharging the responsibilities of a Trustee. No contract for personal or employment services may contain severance, termination, or separation from employment provisions inconsistent with University's Personnel Regulations unless specifically approved by vote of the Board of Trustees. The President shall exercise such powers as are appropriate to his/her position in promoting, supporting and protecting the interests of the University and in managing and directing its affairs. The specific statutory powers and duties of the President are enumerated in Section 1001.75, Florida Statutes. The President shall serve as the principal liaison officer and official contact between the BOT and the faculty, staff and students of the university. The President may issue directives and executive orders. Such directives and orders shall not violate existing BOT policies. The President shall serve as an ex-officio, non-voting member of all BOT Committees.

Deleted: shall obligate the financial resources of the University for a period of more than twelve months beyond the delivery of a notice of termination, without consultation by the President with the Chair

The University President shall serve as Corporate Secretary of the BOT, and in the capacity of Secretary, shall be responsible for giving notice of all meetings of the BOT and its committees, setting the Agenda and compiling the supporting documents for meetings of the BOT in consultation with the Chair, recording and maintaining the minutes of any BOT or committee meeting, including a record of all votes cast, in accordance with Section 286.011(2) of the Florida Statutes, executing or attesting to all documents which have been executed by the BOT, and acting as custodian of the Corporate Seal. The Secretary may designate an individual to assist him or her in this role.

Florida Atlantic University

Regulation 5.013 Executive Service.

(1) The University hereby adopts an Executive Service Classification for employees whose positions are in the Administrative and Professional Classification and Pay Plan, at a University-wide, policy-making level, who report directly to the University President, and who do not hold tenured positions in accordance with the Board of Regents Rule 6C-5.315, F.A.C.

(2) Employees in the Executive Service may have their contracts of employment terminated by the President upon notice of at least sixty calendar days.

Specific Authority 240.227(1), (5) FS. Law Implemented 240.227(1), (5), 240.209(3)(e), 240.283 FS. History—New 6-7-88, Formerly 6C5-5.016.