

*Administrative
Processes*



Samford Hall

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6.1 Organization and Administration

As directed by Amendment 161 of the Alabama Constitution, Auburn University is governed by a Board of Trustees. Passed by voters in 2000, Amendment 670 brought about some recent changes in Board membership. As currently described in the Alabama Constitution, Auburn's Board of Trustees consists of 14 members, one from each congressional district in Alabama (as those districts were constituted in 1961); an additional representative from Lee County; two at-large representatives; and the Governor of Alabama and the Superintendent of Education as ex officio members. At-large representatives have terms of seven years, while Board members appointed before 2000 are serving terms of 12 years. When the 12-year terms of current Board members expire, all new appointments will be for staggered seven-year terms. Along with these 14 Board members, two students serve as ex-officio, non-voting members. In August 2002, the Chairs of the Auburn and Auburn University at Montgomery (AUM) University Senates were asked to act as non-voting faculty advisors to the Board for 2002-03. The Board is currently working to develop a permanent procedure to allow similar appointments to be made in the future.

Besides increasing the number of Board members from 12 to 14, the 2000 Constitutional Amendment brought about changes in the appointment process as well. Rather than being nominated by the Governor, Board members are now nominated by a five-person committee, with two representatives from the Board of Trustees, two from the Auburn Alumni Association, and the Governor or a designee. As in the past, nominees are confirmed by the Senate.

Along with beginning the process to have a permanent faculty advisor as a non-voting Board member, the Board has recently developed procedures for appointment and appointed faculty to all its Committees, except for the Executive Committee. Therefore, the faculty now has non-voting representation on the Board's Athletic Committee, Budget Committee, Academic Affairs Committee, AUM Committee, Advancement Committee, Student Affairs Committee, Property and Facilities Committee, Investment Committee, and Agriculture Committee.

Auburn's administrative organization has also undergone recent changes. These changes are discussed in **Section 6.1.5**. The current organizational structure is shown on the President's Office web page.

To prepare this section of the Self Study, the Administrative Processes Committee consulted official documents and contacted eighteen individuals from among current or past Trustees, administrators, faculty, and student leaders. These persons provided additional information either by completing a questionnaire based on the **must** statements or by answering the same questions in a personal interview. Given the current atmosphere growing out of the recent controversy about the roles of the Board of Trustees, administration, faculty, and alumni, all were assured that their responses would remain confidential. While such confidentiality was not granted to interviewees in other areas of the Self Study and while the Steering Committee did not unanimously approve of the different procedure used to prepare this section, the Administrative Processes Committee felt it necessary to grant such confidentiality to obtain full and forthright information.

Various segments of the Auburn University community have differed sharply over issues of governance and authority in recent years. Thus, it is not surprising that the Committee's respondents also answered the more controversial questions in sharply different ways. Although the respondents agreed on some issues, the Administrative Processes Committee noted that current members of the Board of Trustees and current administrators appeared to be in varying degrees more positive in their assessments of the University's compliance with the **must** statements, while faculty leaders and former Board members and administrators appeared to be more negative. The Administrative Processes Committee has arrived at its own conclusions on these matters. These do not represent any particular individual but the unanimous view of the committee's members. However, there was not the same unanimity within the Steering Committee. The suggestions in **Section 6.1** describe some ways of improving relationships among members of the Auburn community.

Sources of Information

Documents

Board of Trustees Policy and Procedures Manual (originally issued 1990, reprinted 2001)

Board of Trustees Minutes, August 2002

Websites

Amendment 670 (Amendment to Amendment No. 161 Board of Trustees of Auburn University)

<http://alisdb.legislature.state.al.us/acas/codeofalabama/constitution/1901/ca569937.htm>

Office of the President

<http://www.auburn.edu/administration/president/flowchart>

Persons Consulted through Questionnaires/Interviews

Board of Trustees

John Denson, Former Member, November 2001

Robert E. Lowder, Member, February 2002

Ed Richardson, Member, February 2002

William J. Samford, Member, February 2002

Jack B. Venable, Member, February 2002

Administration

David Housel, Director of Athletics, November 2001

Don Large, Executive Vice-President, November 2001

William Muse, Former President, November 2001

Guin Nance, Chancellor, Auburn University at Montgomery, January 2002

John Pritchett, Interim Provost, November 2001

William Walker, Interim President, November 2001

Faculty Leaders and Distinguished Professors

James T. Bradley, Former Chair, University Senate, February 2002

Barry Burkhart, Former Chair, University Senate, November 2001

Malcolm Crocker, Distinguished University Professor, November 2001

Wayne Flynt, Distinguished University Professor, November 2001

Larry Gerber, Former Chair, University Senate, November 2001

Student Leaders

Lindsey Boney, Former President, Student Government Association, January 2002

Brandon Riddick-Seals, President, Student Government Association, February 2002

■ The administration of an institution of higher education **has the responsibility** for bringing together its various resources and allocating them effectively to accomplish institutional goals.

Auburn University is in compliance, as is shown in the rest of **Section 6.1** and in **Section 6.3**.

6.1.1 Descriptive Titles and Terms

6.1.1

The name of an institution, the titles of chief administrators, the designations of administrative divisions, the terms used to describe academic offerings and programs, and the names of degrees awarded **must** be accurate, descriptive and appropriate.

Auburn University is in compliance.

The name of the institution, Auburn University, is found in the *Undergraduate and Graduate Bulletin* and in Section A of the *Board of Trustees Policies and Procedures Manual*. (The *Board of Trustees Policy and Procedures Manual* is currently undergoing revision and was provided to this Committee by the Secretary to the Board of Trustees in its unrevised form.) The titles of the chief administrators and, the designations of administrative divisions, are found in the *Undergraduate and Graduate Bulletin*. An organizational chart showing the relationships among offices can be found on the President's Office website.

The terms used to describe academic offerings and programs, and the names of the degrees awarded also are also found in the *Undergraduate and Graduate Bulletin* and are accurate, descriptive, and appropriate.

Sources of Information

Documents

Board of Trustees Policy and Procedures Manual (originally issued 1990, reprinted 2001)

Websites

Office of the President

<http://www.auburn.edu/administration/president/flowchart/>

Undergraduate and Graduate Bulletin

http://www.auburn.edu/student_info/bulletin/

6.1.2 Governing Board

6.1.2

Although titles and functions vary, the governing board **is** the legal body **responsible** for the institution and for policy making.

Auburn University is in compliance.

The Constitution of the State of Alabama [Amendment 670 (Amendment to Amendment No. 161 Board of Trustees of Auburn University)] says that "Auburn University shall be under the management and control of a board of trustees."

In addition, Section B of the *Board of Trustees Policies and Procedures Manual* states:

The Board of Trustees, in accordance with the State of Alabama statutes, has the power and responsibility to organize the institute by appointing a corps of instructors, who shall be styled the faculty of the university and such other instructors and officers as the interest of the university may require.

Sources of Information

Document

Board of Trustees Policy and Procedures Manual (originally issued 1990, reprinted 2001)

Website

Amendment 670 (Amendment to Amendment No. 161 Board of Trustees of Auburn University) of the Constitution of the State of Alabama
<http://alisdb.legislature.state.al.us/acas/CodeOfAlabama/Constitution/1901/CA569937.htm>

- A military institution authorized and operated by the federal government to award degrees and prohibited by authorizing legislation from having a board with ultimate legal authority **must** have a public board which, in policy and practice, carries out the normal functions of a board as described in these criteria.

Auburn University is not a military institution. Therefore, this **must** statement is not relevant.

- Except under clearly defined circumstances, board action **must** result from a decision of the whole, and no individual member or committee can take official action for the board unless authorized to do so.

Auburn University is in compliance.

Chapter 2 of the Bylaws of the Board of Trustees found in the *Board of Trustees Policies and Procedures Manual* provides information on the general provisions of the Board and the authority and responsibility of the Board. It also provides information regarding the officers, committees, meetings, and quorum needed to conduct business. In terms of the charge of individual committees, Chapter 2 of the Bylaws states that “all matters considered by standing or special committees shall be reported to the Board with an advisory recommendation for action by the Board. The report shall include a summary of committee members’ comments on the matters reviewed and suggestions for further administrative action” (Section 4.8). Furthermore, according to Section 4.41 of the Bylaws, the Executive Committee may make official recommendations for the Board: “During intervals between meetings of the Board, and subject to such limitations as may be required by law or specifically imposed by the Board, the Executive Committee may make recommendations to the President and/or the Board in all areas of University affairs as it may deem appropriate.”

This **must** statement elicited a great deal of disagreement among those consulted and from the individuals who commented on the draft placed on the University website for comment. As noted in the introduction to this section, the opinions of those consulted appear to be influenced by their experiences. At least half of the respondents believe that Board action results from the decision of the whole, while others disagree. Even among the skeptics, however, some describe a Board where some Board members are more influential than others, not one where individuals or committees typically take official action without authorization. For example, one respondent who doubted that the University was in compliance with this **must** statement suggested that some members of the Board exert undue influence because they are better prepared for the meetings, more knowledgeable about the is-

sues, and are therefore more persuasive. Another respondent conceded that some Trustees are more influential than others, but added that this is not unlike the dynamics of other governing bodies. More than one respondent observed that most discussion occurs in the Board committees prior to the vote by the entire Board.

Some respondents pointed to the actions of the Athletics Committee of the Board of Trustees as possible evidence of poor compliance with this **must** statement. In previous years, the Committee held unannounced meetings that were not appropriately documented and did not make reports to the full Board. However, approximately a year ago, in response to a request by the University Committee on Intercollegiate Athletics and to a court order stemming from a Sunshine Lawsuit brought by several Alabama newspapers against the Board, these meetings are now publicly announced and minutes are now kept. In addition, the Athletics Committee of the Board has invited the Faculty Athletics Representative to attend meetings. (Issues related to the Athletics Committee of the Board are discussed in more detail in **Section 5.5.2.**)

Regardless of whether the influence exercised by individual Board members is undue influence or not, the faculty's perception that a few members control the Board's decisions has divided the Auburn University community. The Board's recent appointment of faculty advisors to each of its committees and to the Board itself has brought about feelings of more openness among some faculty members.

Suggestion 6-1:

The Steering Committee suggests that, as reflected in the resolution adopted at the University Faculty meeting, the Board of Trustees make permanent the position of a non-voting faculty representative on the Board. Furthermore, the Committee suggests that either the elected Chair of the University Faculty or another faculty member elected by a direct vote of the entire faculty serve as this representative.

Suggestion 6-2:

The Steering Committee suggests that the Board name qualified professors from a variety of Schools and Colleges for representation on its committees. Furthermore, the Committee suggests that the Board provide those faculty who already have been appointed to work with Board committees a clearer understanding of their roles as well as a more effective system of communication.

Suggestion 6-3:

The Steering Committee suggests that efforts for improved communications by the Board with administration and faculty be continued.

Sources of Information

Documents

Board of Trustees Policy and Procedures Manual (originally issued 1990, reprinted 2001)

Board of Trustees Resolution, August 9, 2002

Compilation of Comments Received from Faculty in Response to Opportunity to Review Initial Draft

Interviews

William Muse, Former President, April 18, 2001 (by the University Committee on Intercollegiate Athletics)

Persons Consulted and Listed in Sources of Information at the Beginning of **Section 6.1**

- The duties and responsibilities of the governing board **must** be clearly defined in an official document.

Auburn University is in compliance.

Chapter 2, Section 2 of the Bylaws of the Board of Trustees of Auburn University (found in Section G of the *Board of Trustees Policy and Procedures Manual*) clearly addresses the information called for in this criterion.

Suggestion 6-4:

The Steering Committee suggests that the Board of Trustees Policy and Procedures Manual be made available on the Auburn University website.

Sources of Information

Document

Board of Trustees Policy and Procedures Manual (originally issued 1990, reprinted 2001)

- This document **must** also specify the following: the number of members, length of service, rotation policies, organization and committee structure and frequency of meetings.

Auburn University is in compliance.

According to the Constitution of the State of Alabama [Amendment 670 (Amendment to Amendment No. 161 Board of Trustees of Auburn University)]:

Auburn University is governed by a Board of Trustees consisting of one member from each congressional district, as these districts were constituted on January 1, 1961, one member from Lee County, two at-large members each of whom shall be a resident of the continental United States, the Governor and the State Superintendent of Education, who are ex-officio. The State Superintendent shall serve until leaving office and will be replaced by one additional at-large member. The Governor is the President. Current trustees are appointed by the Governor, by and with the consent of the State Senate, for a term of 12 years except in the case of the two at-large members, one of whom serves a term of four years and the other serves a term of seven years. Subsequent trustees will be appointed by a committee, by and with the consent of the State Senate, for a term of seven years, and may serve no more than two full seven-year terms. A member may continue to serve until a successor is confirmed, but in no case for more than one year after completion of a term.

The committee structure of the Board is described in Chapter 2, Section 4 of the Bylaws of the Board of Trustees of Auburn University (Section G of the *Board of Trustees Policy and Procedures Manual*). The frequency of meetings is discussed in Chapter 2, Section 5 of the Bylaws of the Board of Trustees of Auburn University (Section G of the *Board of Trustees Policy and Procedures Manual*).

Sources of Information

Document

Board of Trustees Policy and Procedures Manual (originally issued 1990, reprinted 2001)

Website

Amendment 670 (Amendment to Amendment No. 161 Board of Trustees of Auburn University) of the Constitution of the State of Alabama

<http://alisdb.legislature.state.al.us/acas/CodeOfAlabama/Constitution/1901/CA569937.htm>

There **must** be appropriate continuity in the board membership, usually provided by staggered terms of adequate length.

Auburn University is in compliance.

In accordance with the 2000 Constitutional Amendment now in effect, Board members may serve a maximum of two terms of seven years each. Terms of Board members are staggered so that every four years three will expire. This staggered system provides continuity for the Board and the opportunity to introduce new members to the Board on a more frequent basis than in the past.

The above plan is cited in Chapter 2, Section 1 of the Bylaws of the Board of Trustees of Auburn University [Section G of the *Board of Trustees Policies and Procedures Manual*] as well as Amendment 670 (Amendment to Amendment No. 161 Board of Trustees of Auburn University) of the Constitution of the State of Alabama].

The terms of the current Board members are given in Section A of the *Board of Trustees Policies and Procedures Manual*. The terms of the current members are clearly staggered, and if a Board member cannot serve out his or her term, the replacement will be made so as to continue the staggering of terms.

Sources of Information

Document

Board of Trustees Policy and Procedures Manual (originally issued 1990, reprinted 2001)

Website

Amendment 670 (Amendment to Amendment No. 161 Board of Trustees of Auburn University) of the Constitution of the State of Alabama
<http://alisd.b.legislature.state.al.us/acas/CodeOfAlabama/Constitution/1901/CA569937.htm>

In addition, the document **should** include provisions governing the removal of a board member from office. A board member **may be** dismissed **only** for cause and by procedures involving due process.

There is no policy for the removal of a Board member from office, as indicated by its absence in the *Board of Trustees Policy and Procedures Manual*. In *Auburn University's Agenda*, William A. Weary suggests that Auburn University adopt such a policy. As a result, the Board of Trustees has established a committee for the purpose of crafting one.

Suggestion 6-5:

The Steering Committee suggests that the Board of Trustees issue in writing a specified and clear policy for the dismissal of members for cause and by procedures involving due process.

Sources of Information

Document

Board of Trustees Policy and Procedures Manual (originally issued 1990, reprinted 2001)

Website

Auburn University's Agenda, William A. Weary, Fieldstone Consulting, Inc.,
January 28, 2002
<http://www.univrel.auburn.edu/wearyreport.pdf>



The responsibilities of the governing board **must** include the following functions: establishing broad institutional policies, securing financial resources to support adequately the institutional goals, and selecting the chief executive officer.

Auburn University is in compliance.

Chapter 2, Section 2.2 (Authority and Responsibility of the Board) of the Board of Trustees Bylaws, found in the *Board of Trustees Policies and Procedures Manual*, states that the Board determines policy and reviews existing policy. Section B (under Executive Officers of the University - Selection, Duties and Responsibilities) of the *Board of Trustees Policies and Procedures Manual* states that the Board has the primary responsibility for appointment of the President. This responsibility is also referenced in Chapter 2 of the *Faculty Handbook*.

Regarding financial resources, the *Board of Trustees Policies and Procedures Manual*, Section E (under Debt Limits - General Fee Obligations), states that, “[i]t is the position of the Board of Trustees of Auburn University that primary responsibility for provision of adequate teaching and research facilities for Auburn University resides with the State of Alabama. Such capital support should come from State underwritten bond issues or direct appropriations.” In this section, the Board recognizes the State of Alabama’s well-documented shortcomings by stating, “Auburn must rely upon its other primary source of revenue—student tuition and fees—to underwrite capital projects and to support operating expenditures.” To that end, the Board states in Section C (Position on Quality Instruction), “The Board will strive to provide adequate operating budgets, so that support materials are available to enhance the teaching/learning process.” In addition, the Board acknowledges its responsibilities with regard to debt service of the University and the management of the Auburn University Endowment Fund (both in Section E of the *Board of Trustees Policies and Procedures Manual*).

In *Auburn University’s Agenda*, William A. Weary states:

In many of these [significant] efforts [to bolster Auburn University’s fiscal health], responsibility for initiating such success as has come can be traced to members of Auburn’s Board of Trustees. The University’s offices of finance also have displayed exceptional energy, dedication, and expertise. Recent rewarding of a Aa(3) bond rating bears witness to such management.

Weary recognizes one shortcoming of the Board, however, with regard to securing adequate resources for Auburn University. He states:

The Board of Trustees has only begun to recognize that it may have a major role to play in development. As of yet, there is no advancement committee [among the Board’s committees], and there are few policies. For that matter, there is little interest in fundraising.

In response, the Board has recently created a standing Advancement Committee.

Sources of Information

Document

Board of Trustees Policy and Procedures Manual (originally issued 1990, reprinted 2001)

Websites

Faculty Handbook, Chapter 2

<http://www.auburn.edu/academic/provost/handbook.html>

Auburn University’s Agenda, William A. Weary, Fieldstone Consulting, Inc.,

January 28, 2002

<http://www.univrel.auburn.edu/wearyreport.pdf>

In addition, the governing board **must** have in place proper procedures to ensure that it is adequately informed about the financial condition and stability of the institution.

Auburn University is in compliance.

As evidenced by the minutes of the Board's meetings, the President makes regular reports to the Board with regard to the financial conditions and stability of the University, and Board members have sufficient financial expertise to evaluate this information.

Sources of information

Document

Minutes of the Auburn University Board of Trustees Meetings as Provided by the Secretary to the Board

The board **must** not be subject to undue pressure from political, religious or other external bodies. Furthermore, it **should** protect the administration from similar pressures.

Auburn University is in compliance.

Section F (A Conflicts of Interest Policy for Auburn University Board of Trustees) of the *Board of Trustees Policies and Procedures Manual* addresses this issue. Included in the policy in Section F is the statement:

[I]n exercising its responsibilities, the Board of Trustees should conduct its affairs in a way that will demonstrate that its decisions are based solely and entirely upon an understanding of what is in the best interests of Auburn University.

There was some disagreement among those consulted over the effects of external pressures on the Board's decisions. Most of the persons consulted assume that there are external pressures on the Board, but most seemed to doubt that those pressures were or would become insurmountable for the purposes of appropriate decision-making by the Board.

No Board members or administrators who were consulted reported feeling undue pressure from any political, religious or other external body.

Sources of Information

Document

Board of Trustees Policy and Procedures Manual (originally issued 1990, reprinted 2001)

Interviews

Persons Consulted and Listed in Sources of Information at the Beginning of **Section 6.1**.

There **must** be a clear distinction, in writing and in practice, between the policy-making functions of the governing board and the responsibility of the administration and faculty to administer and implement policy. General institutional policies **should** originate within the board or **should** be approved by the board upon recommendation of the administration. Once these have become official policies, the administration **should** implement them within a broad framework established by the board.

Auburn University is in compliance.

The policy-making function of the governing board is clearly presented in Section G of the *Board of Trustees Policies and Procedures Manual*. More specifically, Section 2.2 of the Bylaws states:

In the exercise of its responsibilities and authority, the Board determines policy; reviews existing policy; periodically evaluates the administration and management of the University; approves the missions, role and scope of the University and each of its major divisions; and provides ultimate accountability to the public and the political bodies of Alabama. Any authority delegated by the Board shall be subject to the ultimate authority of the Board.

Additionally, the “Summary of Major Duties and Responsibilities” of the President, Provost, and Vice Presidents is found in Chapter 2 of the *Faculty Handbook*.

Among the Board members, administrators, and faculty surveyed by the Administrative Processes Committee, there appears to be considerable disagreement over the University’s compliance with this **must** statement. The respondents recognize that the *Faculty Handbook*, the *Board of Trustees Policies and Procedures Manual*, and the *Administrative and Professional Handbook* adequately provide the distinction, in writing, between the policy-making functions of the Board and the responsibility of the administration and faculty to administer and implement policy. However, several respondents suggested that these documents and the understanding of the written distinction they provide between policy making and policy administration could be strengthened. That said, the respondents’ written comments indicate that the disagreement between those who agree with the statement and those who do not rests with whether there is a clear distinction being made in practice. The development of the Grade Forgiveness Policy discussed in **Section 4.8.8** of this report is one of the examples of Board “micro-management” provided by those who believe that the distinction is not being made in practice. In the Faculty Survey conducted for this Self Study, 77.33% of those faculty responding (approximately 50% response of 1266 faculty members surveyed) either disagreed or strongly disagreed with the statement, “The Board of Trustees uses established mechanisms to ensure a faculty voice in matters of shared concern, consulting representatives who have been selected or approved by the faculty.” While this survey item was not couched in the language of the *Criteria for Accreditation*, faculty unhappiness with the Board is evident. Because many faculty members believed that such micro-management exists, a formal complaint was filed with SACS by the Joint Assessment Committee. A discussion of the complaint and the Committee can be found in the *Preface* and **Section 1.4**. Currently, this issue is being reviewed by the independent investigator named by the United States District Court in Atlanta.

Suggestion 6-6:

The Steering Committee suggests that the Board of Trustees, the administration, and the faculty seek means to clarify the appropriate roles of the governing board, administration, and faculty in developing and implementing policy. Such efforts should involve the use of outside experts representing a variety of perspectives on the subject.

Sources of Information

Document

Board of Trustees Policy and Procedures Manual (originally issued 1990, reprinted 2001)

Interviews

Persons Consulted and Listed in Sources of Information at the Beginning of **Section 6.1**

Websites

Administrative and Professional Handbook

http://www.auburn.edu/administration/human_resources/ap/index.html

Auburn University’s Agenda, William A. Weary, Fieldstone Consulting, Inc.,
January 28, 2002

<http://www.univrel.auburn.edu/wearyreport.pdf>
Faculty Handbook, ii Preface and Chapter 2, Section 6
<http://www.auburn.edu/academic/provost/handbook.html>
 SACS Reaffirmation and Accreditation, Survey and Results, Faculty Survey
http://www.auburn.edu/academic/provost/sacs/2002_sacs/survey.htm
 University Senate Minutes, March 2000
<http://www.auburn.edu/administration/governance/senate/marchminutes.html>

6.1.3 Advisory Committees

6.1.3

Whenever lay advisory committees are used by institutions, these committees **should** be active and their role and function clearly defined.

The documentation collected by the Administrative Processes Committee provides evidence that lay advisory committees are commonly used in Colleges, Schools, and Departments at Auburn University. These committees perform various functions that include, but are not limited to, advising in the strategic planning process, strengthening alumni relations, fund-raising, identifying outside funding sources (for example, research grants), assisting with research direction, promoting the institution to those outside the University, and serving as mentors to the students in the College, School, or Department. (See **Section 4.3.4**.)

The materials collected by the Administrative Services Committee indicate that the committees are active and their role and function are clearly defined.

Sources of Information

Documents

Written Responses from Representatives of Schools and Colleges to a Administrative Services Committee Inquiry Regarding Lay Advisory Committees

Examples of College or School Advisory Boards and Councils (available in **Section 4.3.4**)

Email from John Jensen, Interim Dean, College of Agriculture, and Bylaws of the College's Advisory Board

Bylaws of the Advisory Council of the College of Business

Email from Kim Ellis, College of Education and Website
<http://www.auburn.edu/academic/education/alumni.ac.html>

Email from Joe Morgan and the Organization and Operating Procedures of the Auburn Alumni Engineering Council

Email from Richard Brinker, Dean, School of Forestry and Wildlife Sciences

College of Human Sciences Advisory Boards
<http://www.humsci.auburn.edu/alumni/boards.html>

College of Sciences and Mathematics Advisory Council
http://www.auburn.edu/academic/science_math/alumni/cosam4.html

Bylaws of the Auburn University Veterinary Advisory Council

6.1.4 Official Policies

The institution **must** publish official documents which contain but are not limited to the following information: the duties and responsibilities of administrative officers, the patterns of institutional organization, the role of faculty in institutional governance, statements governing tenure or employment security, statements governing due process, and other institutional policies and procedures that affect the faculty and other personnel.

Auburn University is in compliance.

Information regarding the patterns of institutional organization is found on the President's Office website. The *Faculty Handbook* describes the responsibilities of the various administrative officers (Chapter 2), the role of faculty in institutional governance (Chapter 2), tenure or employment security (Chapter 3), and due process (Chapter 3), and it includes other institutional policies and procedures that affect the faculty and other University personnel. Similar information for administrative and professional employees, and staff employees can be found in the *Administrative and Professional Handbook* and in *Personnel Policies and Procedures - Administrative/Professional and University Staff Employees*.

Sources of Information

Websites

Administrative and Professional Handbook

http://www.auburn.edu/administration/human_resources/ap/index.html

Faculty Handbook

<http://www.auburn.edu/academic/provost/handbook.html>

Office of the President

<http://www.auburn.edu/administration/president/flowchart/>

Personnel Policies and Procedures - Administrative/Professional and University Staff Employees

http://www.auburn.edu/administration/human_resources/manual/

6.1.5 Administrative Organization

The administrative organization **must** reflect the purpose and philosophy of the institution and enable each functional unit to perform its particular responsibilities as defined by the stated purpose of the institution.

Auburn University is in compliance.

Since the last SACS Self Study, the structure of the University's administration has undergone some alteration, with the addition of the "Provost" to the title of the Vice President for Academic Affairs and the re-emergence of the Executive Vice President as Auburn's Chief Financial Officer. These changes appear to have been successful and positive. The impact of the most recent change, the establishment of separate Vice Presidencies for Alumni and Development Divisions, is not yet known.

The chart on the President's Office website shows that the administrative organization does reflect the purpose and philosophy of the institution. The Provost is the Chief Academic Officer and reports directly to the President. The Offices of Outreach and Research are located at the level below the Provost. Combined, the three offices reflect the threefold mission of Auburn University. The Office of Student Affairs also reports directly to the Provost, reflecting the institution's commitment to undergraduate

students. Finally, the Dean of each College and School reports directly to the Provost.

The Executive Vice President is on the same level as the Provost. The fact that the CAO and the CFO are on the same level underscores the seriousness of Auburn University's commitment to operating in a financially responsible manner and further ensures that each functional unit will have the resources needed to perform its responsibilities as defined by the stated purpose of the institution. The move to establish a separate Vice President for Development is also evidence that the University is committed to strengthening its financial position through increased participation of alumni and other supporters.

Like the Provost and the Executive Vice President, the Chancellor of Auburn University at Montgomery, the Director of the Alabama Cooperative Extension, and the Director of Intercollegiate Athletics directly answer to the President of the University. By federal court order, the Auburn and the Alabama A & M Extension programs were merged into the Alabama Cooperative Extensive System. As a result, the Director of the Alabama Cooperative Extension System no longer reports to the Vice President of University Outreach and reports instead to the Presidents of both institutions.

Source of Information

Website

Office of the President

<http://www.auburn.edu/administration/president/flowchart/>

Administrative responsibility and authority for all educational offerings and functions of the institution **must** be clearly identified, and each institution **must** develop, publish and make available an organizational chart clearly delineating lines of responsibility and authority.

Auburn University is in compliance.

The responsibility and authority of the various administrative positions are outlined in Chapter 2 of the *Faculty Handbook*. As previously stated, an organizational chart (with links to the various administrative positions) is found on the President's Office website.

Sources of Information

Websites

Faculty Handbook

<http://www.auburn.edu/academic/provost/handbook.html>

Office of the President

<http://www.auburn.edu/administration/president/flowchart/>

- The duties of the chief executive officer, and of other administrative officials directly responsible to the chief executive, **must** be clearly defined and made known to faculty and staff.

Auburn University is in compliance.

The duties of the chief executive officer and the other administrative officials directly responsible to the chief executive officer are clearly defined and made known to faculty and staff in Chapter 2 of the *Faculty Handbook*.

Source of Information

Website

Faculty Handbook, Chapter 2, Section 5

<http://www.auburn.edu/academic/provost/handbook.html>

- Administrative officers **must** possess credentials, experiences and/or demonstrated competence appropriate to their areas of responsibility.

Auburn University is in compliance.

The following titles reflect the credentials of those serving as the principal administrative officers.

President

William F. Walker - PhD (Oklahoma State University)

Interim Provost and Vice President for Academic Affairs

John F. Pritchett - PhD (Iowa State University)

Executive Vice President and Chief Financial Officer

Donald L. Large - EdD (Auburn University)

Associate Provost and Vice President for University Outreach

David Wilson - EdD (Harvard University)

Associate Provost and Vice President for Research

C. Michael Moriarty - PhD (University of Rochester)

Associate Provost and Vice President for Student Affairs

W. Wes Williams - PhD (Vanderbilt University)

Associate Provost for Facilities

Christine W. Curtis - PhD (Florida State University)

Vice President for Alumni Affairs

Betty M. DeMent - MEd (Auburn University)

Acting Vice President for Advancement

Wil R. Miller - EdD (University of Missouri)

William Walker's promotion from Provost to Interim President in February 2001 led to a number of administrative openings in high-level administrative positions. Those positions have been filled with interim administrators, including an Interim Provost, an Interim Dean of the Graduate School, and an Interim Dean of Liberal Arts. The lack of administrative stability has kept other administrative positions from being permanently filled as well. The Deans of the Colleges of Education, Business, and Agriculture also hold their positions as Interims.

Suggestion 6-7:

The Steering Committee suggests that steps be taken as expeditiously as possible to conduct searches to fill the administrative posts currently held by individuals in either interim or acting capacities. The current situation, now well over a year old, is hardly conducive to a sense of confidence either for those who hold posts in such an insecure way or for the faculty and students whom the administrators serve.

Source of Information

Website

Undergraduate and Graduate Bulletin, 3

http://www.auburn.edu/student_info/bulletin/

The effectiveness of all administrators, including the chief executive officer, **must** be evaluated periodically.

Auburn University is not in compliance.

Section B (Executive Officers of the University - Selection, Duties and Responsibilities) of the *Board of Trustees Policies and Procedures Manual*, states that the Board periodically evaluates the administration and management of the University. Chapter 2 of the *Faculty Handbook* states that Auburn University adheres to the principle that there should be periodic review of the performance of the President and other academic administrators.

According to William A. Weary's *Auburn University's Agenda*,

The board has no policies for presidential assessment, ongoing, annual, or periodic. Nor are there policies for adjusting presidential compensation in conjunction with performance reviews and the compensation offered presidents at peer institutions.

The Administrative Processes Committee has interviewed both the President and the Provost and both indicate that, from the President down, the University's principal administrators regularly evaluate those who answer to them. According to the Provost, as part of the evaluation, he discussed with those being evaluated what their plans were for the previous year and had each present a progress report with regard to successfully implementing those plans, any unforeseen events or situations that would have hindered their progress, and their plans for the upcoming year. In addition, the administrator reviews the objectives and progress towards those objectives of the various units using an automated system known as AUCUPS (Auburn University Comprehensive University Planning System). All of the data is then used in the evaluation of each officer's performance. After a hiatus of several years, the University Senate has only begun to reinstate its procedure for faculty evaluation of administrators.

However, the Administrative Processes Committee was unable to corroborate whether evaluations were performed in a way that was either systematic or open at all levels. This same concern was expressed in the SACS Self Study a decade ago, and the Administrative Processes Committee notes that some dissatisfaction remains. For example, in the Administrative and Professional Survey conducted for this Self Study, although 79.59% of those Administrative and Professionals responding (approximately 43% response of 1150 Administrative and Professionals surveyed) either agreed or strongly agreed with the statement, "The results of my annual performance evaluation are made known to me," only 46.67% agreed or strongly agreed with the statement, "My supervisor uses results of my annual performance evaluation effectively."

In *Auburn University's Agenda*, William Weary also observes that

As has been noted, there is no board self-assessment or policy for it; therefore, there can be no linkage of presidential and board assessment. The board's most important task is selection,

support, and advancement of the work of its president.

In terms of board self-assessment, Weary adds in a later section:

The board has not set annual goals for itself or evaluated its performance against both those goals and general expectations for boards. Moreover, there is no policy governing board assessment.

Recommendation 6-1:

The Steering Committee recommends that procedures to periodically evaluate all administrators, be developed and put in writing and practice and a formal procedure for evaluating the chief executive officer be implemented.

Suggestion 6-8:

The Steering Committee suggests that the Board develop policies for its own assessment. These policies should include the periodic formulation of goals for the Board, evaluation of the extent to which those goals are being achieved, and the use of the results of that evaluation to improve the Board's functioning. Further, these policies should reflect both the Board's own expectations and general expectations for governing boards.

Sources of Information

Document

Board of Trustees Policy and Procedures Manual (originally issued 1990, reprinted 2001)

Interviews

John F. Pritchett, Interim Provost, November 2001

William F. Walker, Interim President, November 2001

Websites

Auburn University's Agenda, William A. Weary, with Fieldstone Consulting, Inc.
January 28, 2002

<http://www.univrel.auburn.edu/wearyreport.pdf>

Auburn University Comprehensive University Planning System (AUCUPS)
http://frontpage.auburn.edu/gradschl/public_html/aucupsv2)

Faculty Handbook

<http://www.auburn.edu/academic/provost/handbook.html>

SACS Reaffirmation and Accreditation, Surveys and Results, Administrative and Professional Survey

http://www.auburn.edu/academic/provost/sacs/2002_sacs/A&Psurvey.htm

6.2

6.2 Institutional Advancement

Each institution **should** have a program of institutional advancement, which may include development and fundraising, institutional relations and alumni affairs. If there is an advancement program, it **must** be directly related to the purpose of the institution. Qualified persons **should** be responsible for administration of the program.

Auburn University is in compliance.

It maintains a comprehensive, decentralized program of institutional advancement organized into three major divisions: the Office of Alumni Affairs, the Office of Development, and the Office of University Relations.

The Office of Alumni Affairs, headed by the Vice President for Alumni Affairs, is responsible for developing programs and activities for alumni. The Office of Development, headed by the Vice President for Development (currently Acting), is charged with raising private financial support for the University from alumni, friends, corporations, and foundations. The Offices of Alumni Affairs and Development work with and benefit from the support of their respective related entities (the Auburn Alumni Association and the Auburn University Foundation). The Office of University Relations, headed by the Director of University Relations (currently Interim), facilitates communication both internal and external to the University and enhances the University's image with the public. Its major responsibilities include assisting administrative and academic units in planning and implementing informational and promotional activities. (See **Section 4.4** for a more complete discussion of University Relations.)

It should be noted that from 1993 until 2001, Alumni and Development functioned under one administrative head. In September 2001, Interim President William Walker authorized the restructuring of this unit into two separate entities, each with its own priorities, goals, and objectives. This reorganization was predicated on an April 2001 report by Arthur Andersen Higher Education Consulting assessing the Alumni and Development organizational relationships, processes, and structure and numerous formal and informal critiques that were submitted in response to the Andersen Report.

Sources of Information

Documents

Alumni and Development Office Procedures, Orientation, and Reference Manual

Alumni and Development Organization, William Walker, September 17, 2001

Alumni Association Strategic Plan, 1997-2001

Annual Report, Office of Alumni and Development, 2000-01

Assessment of Alumni and Development Organizational Relationships, Processes, and Structure,
Arthur Andersen Higher Education Consulting, April 27, 2001

Report of Office of Development, January 2002

Websites

Alumni Association

<http://www.alumni.auburn.edu>

Auburn University Foundation, Office of Development

<http://www.develop.auburn.edu>

Auburn Communications Plan, Steege/Thomson Communications, February 2002

<http://www.univrel.auburn.edu/steegethomson.html>

Office of University Relations

<http://www.auburn.edu/univrel/>

6.2.1 Alumni Affairs

The relationship between the institution and its alumni **should** be one that encourages former students to continue to participate in the development of the institution. It **should** also assist in the evaluation of institutional effectiveness. Institutions are encouraged to maintain up-to-date records on the location of former students and to employ periodic surveys.

Through the Office of Alumni Affairs, former students are encouraged to participate in the growth and development of Auburn University and to assist the Office of Planning and Analysis in the

6.2.1

evaluation of its institutional effectiveness. The Office of Alumni Affairs keeps former students informed and involved through a diverse array of services, activities, and media publications.

Organization

The Auburn Alumni Association is a separately incorporated nonprofit unit maintained by the University. It was formed as a legal entity in 1945 to strengthen ties and to encourage the highest level of support for Auburn University from its alumni and friends. Currently the Auburn Alumni Association has a 25-member Board of Directors and a Vice President for Alumni Affairs to direct the Alumni Association's numerous activities. According to the Bylaws, the goals of the Auburn Alumni Association are:

- to promote the growth, progress, and general welfare of Auburn University
- to enhance the general welfare of Auburn University through the formation, implementation, and management of development programs
- to solicit and encourage alumni and friends to make gifts, devises, bequests, and contributions of whatsoever nature to the Auburn University Foundation, Auburn University, and/or the Auburn Alumni Association to perpetuate the traditions, purposes, growth, and progress of Auburn University

The Vice President for Alumni Affairs reports directly to the University President. Other senior staff positions within the current organizational structure include Assistant Vice President for Alumni Affairs; Editor, *Auburn Magazine*; Director of Marketing; Director of Student Alumni Association and Lifetime Achievement Award; Director of Reunion Programs and Parents' Association; and Director of Auburn Clubs.

The Office of Alumni Affairs has experienced growth and undergone many changes in the past decade. Numerous new programs have been added, and many old programs have been revamped. Currently, Alumni Affairs programs consist of the Auburn Club Program, the *Auburn Magazine*, Membership and Marketing, Class Reunions, Parents' Association, Student Alumni Association, Lifetime Achievement Awards, Academic Support, and Athletics Support (*Auburn Alumni Association Annual Report, 2000-2001*). In addition, Alumni Affairs is also responsible for the Alumni Association Board, thank-you, congratulatory, and sympathy letters, and all the Association's promotional activities.

Auburn Club Program

The Auburn Club Program consists of 124 clubs nationwide –74 of which are outside of Alabama. Meetings keep members updated on campus and Alumni Association happenings often with the assistance of academic and athletic representatives. Individual clubs support Auburn by sponsoring academic scholarships, hosting receptions for prospective students, participating in service projects to benefit the University, and acting as ambassadors for their alma mater in their respective communities.

Auburn Magazine

The *Auburn Magazine* debuted in 1994, replacing the *Alumnews*. Its purpose is to serve as a comprehensive communications vehicle to keep alumni and friends informed of news and events pertaining to the Alumni Association and the University in a balanced and objective manner and to provide a forum for the open exchange of ideas and viewpoints. The magazine is published quarterly by a staff of seven with assistance from a 15-member advisory board. Since its inception, the *Auburn Magazine* has been recognized with 16 national and regional awards from industry and educational sources.

Membership and Marketing

With an active membership of over 52,000, the Auburn Alumni Association enjoys a participation rate of over 36% of its potential alumni base, ranking it in the Top 10 nationally among alumni associations in percentage of membership. Moreover, the Auburn Alumni Association was recently ranked in the Top 20 Alumni Associations in America (*The Arthur Andersen Report*). Programs to market the organization include:

Alum Hospitality Tent is open to Association members and guests prior to home games.

Away Game Travel Program provides transportation for Auburn Alumni Association members to Auburn's away football games.

War Eagle Travelers Program offers special group rates to Auburn Alumni Association members for travel in the US and abroad.

Auburn Collegiate Tags (“License to Learn” tags) have raised almost \$9 million in revenue since 1988 for academic scholarships and remain the top vanity tag among Alabama’s colleges and universities. Purchasers are identified through Probate Office records, and thanks are extended by the Office of Alumni Affairs to each vehicle owner.

Auburn Spirit Card is a credit card (either Visa or Master Card) sponsored in partnership with MBNA America Bank and made available to Alumni Association members with no annual fee. With each use of the card, MBNA makes a contribution to the Auburn Alumni Association.

Class Reunion Program

Two major reunions are coordinated by the Office of Alumni Affairs annually. The Golden Eagles Reunion is for classes celebrating their 50th Anniversary or greater. Replacing the single year class reunion of past years is the Decade Reunion first launched in 1999. In addition, Alumni Affairs assists with a number of other special constituency reunions.

Parents’ Association

This organization for parents of current Auburn students has a membership of more than 1,450 families. Members receive a quarterly newsletter, an invitation to participate in Parents’ Weekend festivities, and one issue of *Auburn Magazine* annually.

Student Alumni Association

Launched in 1999, the Student Alumni Association is comprised of more than 500 members. The group is led by a 24-member Student Alumni Board who help form policies and procedures for the group and assist with Alumni Association events.

Lifetime Achievement Awards

Created during the 1999-2000 year, this awards program recognizes alumni for significant achievement in their professional careers or for distinguished human service. Auburn University faculty and administrators may also be recognized for particularly meritorious service to the University. A maximum of four honorees are selected each year and recognized at a black-tie banquet. This is the highest award the Alumni Association can bestow on an individual.

Academic Support

The Alumni Association considers academic support one of its primary missions, and, through the Auburn Clubs Program, annual membership dues, and other sources of revenue, it provides financial and logistical support for a wide variety of programs to assist students and faculty and enhance Auburn’s academic reputation. Examples of academic support include Alumni Endowed Scholarships; Alumni Academic Scholarships; Alumni Professorships; Undergraduate Teaching Excellence Awards; Outstanding Achievement for Minorities Award; AU Outreach Awards for Excellence; and sponsorship of the Distinguished Graduate Faculty Lectureship, the Alumni Writer-in-Residence, the Sigma Xi Alumni Research Award, and the Auburn Alumni Lecture Series.

Athletics Support

Over \$1.4 million in royalty income from the Auburn Spirit card was committed to the Department of Intercollegiate Athletics in 1999-2000 to be paid over the seven-year life of the contract with MBNA. At the same time, an additional pledge of \$500,000 to be paid over a five-year period was made to support the construction of a new weight room facility for Auburn athletes. The Auburn Alumni Association also assists with financial support for Aubie, the Auburn mascot, and the Auburn cheerleaders and provides opportunities for coaches to meet alumni and friends through the Auburn Club Program.

Support Services

The financial support services for the Office of Alumni Affairs and the Auburn Alumni Association are currently provided by the Director of Alumni Accounting and her staff. Two units, Alumni Accounting and Development Accounting and Treasury Services, are situated within the Office of the Assistant Treasurer and function as an integrated body. This division of labor, implemented as a

result of the Alumni and Development reorganization authorized by Interim President William Walker in September 2001, is helping to make the accounting processes and procedures for Alumni Affairs more efficient and reporting relationships and lines of responsibility more clearly defined. Beginning in spring 2002, a review of all accounting functions was incorporated into an annual report of the financial structures of Auburn University and its related entities. The report will enable the University to make changes that reflect the constantly evolving financial demands of the Office of Alumni Affairs and the Auburn Alumni Association.

While much has been accomplished in the restructuring of the financial support services for Alumni Affairs and for Development, there is still a single treasurer who serves Auburn University, the Alumni Association, and the Auburn University Foundation. With the growth and ever increasing complexities of the institutional advancement programs, it is becoming increasingly more difficult to continue with an organizational model where one individual serves as chief financial officer for all three entities.

The Office of Information Management Systems, which is currently combined with Building Operations, functions as a second support service for Alumni Affairs, helping build its database on records collected from diploma applications filed with the Registrar's Office and supplemented by responses to mailings from the Alumni Affairs Office. Mailing addresses and other pertinent background information are updated through alumni notification; post office address-change notices; newspapers; searches purchased from credit-reporting bureaus; web-based tracking and verification services; and the Annual Fund Phonathon. Additionally, an Alumni/Development Management Information Team (ADMIT), comprised of personnel from Alumni Affairs, Development, and the Office of Information Technology and selected Deans, is now in place to oversee and assist in an information technology transition. This effort is designed to make the University's alumni and development information and related databases more accessible to other University constituencies, while addressing appropriate security and access concerns that might affect various constituent groups.

Surveys

Periodically, the Office of Planning and Analysis conducts a follow-up survey of bachelor's degree recipients who have graduated from Auburn within the past two to five years. Names and addresses are provided by the Office of Information Management Systems, a support service for the Offices of Alumni Affairs and Development. The most recent iteration of this survey was sent to a random sample of 3,600 men and women who graduated during the 1995-96 and 1996-97 academic years. Graduates are asked to respond to the quality of institutional effectiveness, such as advising, student services, curriculum, academic programming, faculty, facilities, social opportunities, political climate, and the overall undergraduate experience. Data are also collected on post graduation employment status. Of the 23% who responded to the last survey, more than 95% said they would attend Auburn if they had to start over again.

In February 1999, the Alumni Association surveyed a random sample of 136,000 addressable Auburn alumni to gather demographic data and to assess alumni attitudes and interest in various programs. The majority of members indicated they joined the Auburn Alumni Association because of "loyalty to the University." Likewise, it was apparent from survey data that alumni's feeling of connectedness to Auburn is paramount in maintaining the relationship. Noteworthy, however, was the fact that alumni did not necessarily separate issues relating to the Board of Trustees and the Department of Intercollegiate Athletics from the Alumni Association. When questioned about benefits of membership in the Auburn Alumni Association, respondents said that the most important were the *Auburn Magazine* and the academic support the Alumni Association provides to enhance the scholarly reputation of the University.

Assessment

Auburn University is supported by an active alumni association, which is ranked among the top 20 in the nation. It is a much larger and more complex operation than it was a decade ago. Still, great effort is made to ensure that alumni participate in the growth and development of the University. This push for participation occurs formally through periodic surveys conducted by the Office of Planning and

Analysis and more infrequent surveys conducted by the Alumni Association. Information is also gathered through a variety of informal communications channels. The Office of Alumni Affairs implements strategic measures to ensure that voices from an increasingly diverse alumni base are heard and are allowed to play a role in the decision-making process and the evaluation of the institution. Perhaps one of Alumni Affairs' and the Alumni Association's greatest assets is the award-winning *Auburn Magazine*, which serves as an exceptionally effective communications tool. Also important in keeping Auburn alumni active and informed is the Auburn Club Program, now in 33 states, and the Alumni Association website, which serves as a low-cost vehicle for ongoing communication.

The Office of Alumni Affairs has several vacant positions due to attrition and the recent organizational restructuring of Alumni and Development. While the current staff is capable and motivated, additional support is needed if quality programming is to continue to be delivered in an efficient and effective manner. Moreover, areas of potential programmatic overlap that exist between Alumni Affairs and the Department of Intercollegiate Athletics need to be examined. In recent years, both entities have sponsored activities, independent of the other, such as travel packages for away football games and promotional golf tournaments in similar locales. This programmatic overlap has the potential to create a spirit of competition between two University groups that are soliciting participation from many of the same alumni and friends of Auburn University.

Suggestion 6-9:

The Steering Committee suggests that the remainder of the financial restructuring process within the Office of the Assistant Treasurer proceed in an expedient manner so that separate treasurers for Auburn University, the Alumni Association, and the Auburn University Foundation may be designated.

Suggestion 6-10:

The Steering Committee suggests vacant positions in the Office of Alumni Affairs be filled as quickly as possible.

Suggestion 6-11:

The Steering Committee suggests that the Office of Alumni Affairs incorporate a strategic plan to conduct surveys of alumni on a regularly scheduled basis (for example, every two years). An exploration of the feasibility of collaboration with the Office of Planning and Analysis in this effort is strongly encouraged.

Suggestion 6-12:

The Steering Committee suggests that the Office of Alumni Affairs and Athletics Development coordinate their programmatic efforts (for example, Auburn Clubs, travel programs, golf tournaments) to minimize potential overlap and to enhance the goals and mission of both areas.

Sources of Information

Documents

Alumni and Development Organization, William Walker, September 17, 2001

Assessment of Alumni and Development Organizational Relationships, Processes, and Structure,

Arthur Andersen Higher Education Consulting, April 27, 2001

Executive Summary, Alumni Association Survey, 1999

Graduate Follow-Up Survey, Office of Planning and Analysis, 2000-2001

Memorandum, Restructuring the Alumni and Development Business Functions,

B. DeMent, W. R. Miller, and C. W. Bruce, January 22, 2002

Interviews

Betty DeMent, Vice President, Office of Alumni Affairs, February 5, 2002

Cara Mia Braswell, Coordinator, Office of Planning and Analysis, March 7, 2002

Charles W. Bruce, Assistant Treasurer, April 24, 2002
Drew Clark, Director of Assessment, June 4, 2002
Don Large, Executive Vice President and Treasurer, May 6, 2002
Liz Peel, Alumni Program Manager, Office of Alumni Affairs, February 20, 2002

Websites

Alumni Association
<http://www.alumni.auburn.edu>
Alumni Association Bylaws
www.alumni.auburn.edu/by_laws.cfm

6.2.2

6.2.2 Fund Raising

■ All fund raising **must** be related to the purpose of the institution.

Auburn University is in compliance.

Fund raising activities of the University are led by the Office of Development. The Office is headed by the Vice President for Development, who reports directly to the President of the University. Priorities for fund raising by the Office of Development are driven by the University's Vision and Mission Statements. Funds generated by the Office of Development provide assets for annual expenditures of the University and assets for endowments that support faculty research, student scholarships, and athletic programs, among many other things.

In general, the Office of Development follows a constituency-based fund raising model. Under this model, major units within the University (for example, School of Nursing, College of Liberal Arts, College of Engineering, Department of Intercollegiate Athletics) have Constituency Development Officers responsible for developing private funding for the unit. Currently, 13 units have at least one full-time officer, with six units having more than one officer. Each Development Officer works with both the Vice President of Development and his/her unit leader (Dean or Director) to identify annual funding goals and priorities for the unit. These goals and priorities are written into unit Strategic Plans that relate to and support the University's Vision and Mission Statements. An example Strategic Plan from the College of Business can be found in the SACS Library. In addition to these Constituency Development Officers, the Office of Development is in the process of hiring up to five Development Officers for the University in general.

In the past, unit leaders and Development Officers have expressed concern that the informational databases of alumni and other contacts are not as accessible as they should be. These databases are maintained by the Office of Information Management Systems and Building Operations, which services the Offices of Alumni Affairs and Development. An Alumni/Development Management Information Team (ADMIT) comprised of personnel from Alumni Affairs, Development, the Office of Information Technology, and selected Deans, is currently in place to oversee and assist the Office in making the information more accessible to University constituencies. The team will also address informational security concerns that might affect various constituent groups and donors.

Suggestion 6-13:

The Steering Committee suggests that ADMIT continue its efforts to improve the accessibility of the informational database.

Sources of Information

Documents

Alumni and Development Office Procedures, Orientation, and Reference Manual

Alumni and Development Organization, William Walker, September 17, 2001

Assessment of Alumni and Development Organizational Relationships, Processes, and Structure,
Arthur Andersen Higher Education Consulting, April 27, 2001

Memorandum, Restructuring the Alumni and Development Business Functions,
B. DeMent, W. R. Miller, and C. W. Bruce, January 22, 2002

Report of Office of Development, January 2002

2001 Strategic Plan for Development, College of Business

Interview

Wil Miller, Acting Vice President, Office of Development, February 21, 2002

Websites

Alumni Association

<http://www.alumni.auburn.edu>

Auburn University Foundation, Office of Development

<http://www.develop.auburn.edu>

Vision and Mission Statements

<http://www.univrel.auburn.edu/visionandmission.html>

All aspects of fund raising **must** be incorporated into the planning process and evaluated regularly.

Auburn University is in compliance.

Fund raising activities are incorporated into the planning process of the University.

Goals and priorities are set annually for each campus unit through a collaborative effort between the Constituency Development Officer and the unit leader. These goals and priorities, which ultimately become the unit's annual Strategic Plan for Development, are reviewed by the Vice President of Development. Included in these goals and priorities are financial objectives and other objectives (for example, number of contacts made, number of solicitations made).

Fund raising activities are evaluated regularly in several ways:

- The Constituency Development Officers have dual reporting responsibilities and accountability to the Vice President for Development and to the unit leader. Annual performance evaluations of the Officers are conducted jointly by the Vice President for Development and the unit leader. Officers are evaluated on a standard set of performance measures with additional measures relating to the particular campus unit they serve. Officers are also evaluated on their success in meeting the goals and priorities outlined in their respective Strategic Plans. These performance evaluations are then used in the development of the goals and priorities in the next Strategic Plan. In addition to these annual evaluations, Officers prepare monthly reports on activities, contacts, and solicitations and then periodically meet with the Vice President of Development to review them. This reporting process allows the Officers and the Vice President to monitor progress in meeting annual goals. In addition to these formal evaluations, Development Officers meet regularly with unit leaders to discuss progress and plans of action.
- The Office of Development provides regular information to the Auburn University Foundation Board. Annually, the Constituency Development Officers provide status reports to the Foundation's Development Committee. Each Officer is allotted several minutes to present to the Committee updates on current progress within the Officer's unit. In addition to this annual

meeting of the Development Committee, the Office of Development also provides updated information in written form to the entire Board at its annual meeting. The Foundation Board is able to monitor Development goals and objectives during these meetings.

- The Vice President for Development provides periodic reports to the University President and others as requested.
- The results of the fund raising activities in terms of annual giving levels, overall endowment growth, and costs to raise a dollar are continually monitored. During the 2000-01 fiscal year, the University raised \$52.8 million. This amount was a significant improvement over the three prior years when the average yearly gift level was flat at approximately \$37 million. In addition, the cost to raise one dollar in 2000-01 was low at \$0.08. Over the past decade, the cost to raise a dollar has fluctuated between \$0.07 and \$0.13.

Despite these improvements in annual fund raising, the overall endowment at Auburn does not compare favorably with similar institutions in the region. Table 6-1 shows that the market value of Auburn's endowment (\$238.1 million) ranked 10th among Southeastern Conference universities as of June 30, 2000, according to the report of the National Association of College and University Business Officers. To improve the market value of the endowment, a campaign is expected to be launched in summer 2002. A feasibility study, which is the precursor for a new capital campaign, is now underway, but the Office of Development is currently understaffed and cannot conduct a successful, University-wide campaign.

Table 6-1. Southeastern Conference University Endowments as of June 30, 2000

Rank	University	Endowment (millions)
1	Vanderbilt University	\$2,314.9
2	University of Florida	681.3
3	University of Alabama	619.9
4	University of Tennessee	440.3
5	University of Georgia	388.4
6	University of Kentucky	370.1
7	University of Mississippi	291.1
8	University of South Carolina	267.7
9	University of Arkansas	244.1
10	Auburn University	238.1
11	Louisiana State University	211.7
12	Mississippi State University	153.8

Source: National Association of College and University Business Officers

Sources of Information

Documents

Alumni and Development Office Procedures, Orientation, and Reference Manual

Alumni and Development Organization, William Walker, September 17, 2001

Assessment of Alumni and Development Organizational Relationships, Processes, and Structure,

Arthur Andersen Higher Education Consulting, April 27, 2001
2000 Endowment Study, National Association of College and University Business Officers
Report of Office of Development, January 2002

Interviews

Charles W. Bruce, Assistant Treasurer, April 24, 2002

Wil Miller, Acting Vice President, Office of Development, February 21, 2002

Websites

Alumni Association

<http://www.alumni.auburn.edu>

Auburn University Foundation, Office of Development

<http://www.develop.auburn.edu>

An institution **must** develop policies and procedures for fund raising and ensure that such policies are appropriately disseminated and followed.

Auburn University is in compliance.

The Office of Development maintains an extensive manual on the policies and procedures to be followed when conducting Development activities for the University. The manual is given to all staff in the Office of Development. The manual is currently being revised to include more information on items, such as strategies for solicitations. Adherence to the policies and procedures in the manual is a component of annual reviews of Development personnel.

Sources of Information

Document

Alumni and Development Office Procedures, Orientation, and Reference Manual

Interview

Wil Miller, Acting Vice President, Office of Development, February 21, 2002

6.3 Financial Resources

6.3.1 Financial Resources

Because the financial resources of an institution influence the quality of its educational program, each institution **must** possess sufficient financial resources to support all of its programs.

The Auburn University is in compliance.

It has sufficient financial resources to support its programs.

The University issues a *Comprehensive Annual Financial Report* at the end of each fiscal year (September 30), which is audited by PricewaterhouseCoopers LLP. Summary financial data for the 1991-92 fiscal year and for each of the past five fiscal years are given below in Table 6-2. These financial data are for the Auburn University Main Campus, the Alabama Cooperative Extension System (ACES), and the Alabama Agricultural Experiment Station (AAES); but, the data do not include Auburn University at Montgomery (AUM), which is accredited separately by SACS.

Table 6-2 End of Year Fund Balances

	Year					
	1991-92	1996-97	1997-98	1998-99	1999-00	2000-01
Total Revenues (\$Millions)	\$306.91	\$381.79	\$398.83	\$426.17	\$494.34	\$514.75
Total Expenditures (\$Millions)	\$300.48	\$363.80	\$379.33	\$394.82	\$436.11	\$470.20
Deductions/Transfers (\$Millions)	\$2.65	\$5.80	\$8.49	\$29.33	\$50.39	\$36.66
Net Increase in Fund Balances (\$Millions)	\$3.78	\$12.19	\$11.01	\$2.03	\$7.84	\$7.89
End of Year Fund Balance (\$Millions)	\$54.83	\$78.86	\$89.88	\$91.91	\$99.75	\$107.63
End of Year Endowment (\$Millions)	\$50.93	\$80.64	\$99.52	\$107.51	\$127.69	\$108.16
End of Year Long Term Bond Debt	\$148.25	\$128.69	\$121.57	\$126.15	\$119.24	\$113.92

Source: *Auburn University Comprehensive Annual Financial Reports*

As Table 6-2 shows, over the past five fiscal years (1996-97 to 2000-01), the University's total revenues have increased by 35%, from \$382 million to \$515 million. During the same period, the end-of-the-year fund balances have increased 36%, from \$79 million to \$108 million. Over the past 10 years, the end-of-the-year fund balances have increased nearly 100%, from \$55 million to \$108 million. At the end of the most recent fiscal year (September 30, 2001), the University's total fund balance was \$108 million (\$74 million unrestricted, \$34 million restricted), which is nearly 21% of the total revenues for that year. The University has operated with a net increase in its end-of-year fund balances in each of the past 10 years. In addition, the past 10 years have seen the University Endowment funds increase 112%, from \$51 million to \$108 million. (These data are Auburn University Endowment funds only and do not include the Auburn University Foundation endowment funds.) During the same period its long-term bond debt has been reduced 23%, from \$148 million to \$114 million.

Revenues

The single largest source of revenue for the University is appropriations by the state of Alabama. State appropriations must be used for operational and maintenance purposes. In addition to support from the state, the University receives financial resources from students, customers, external sponsors, and private donors. The combination of these funds provides adequate resources for the University to support its programs. As discussed below, the University has implemented several strategies over the past 10 years to strengthen its revenue streams and financial planning.

Revenues from State Allocations

State appropriations to K-12 schools and all state-funded universities are allocated from the state's Education Trust Fund (ETF), established in 1927 by Act of the Legislature. The ETF is funded with tax revenues from various sources, including income taxes, sales taxes, use taxes, lease taxes, and a portion of the state ad valorem taxes. Each year, the Alabama Legislature passes the Education Appropriations Bill, which is then signed by the Governor. Once the Education Appropriations Bill is approved, the University is given great discretion on how to use the allocations it receives from the state.

Historically, the Alabama Legislature and the Governor have been very reluctant to increase taxes. The funds available to the ETF are regressive taxes and are, therefore, strongly tied to the health of the economy. Any increase in the total annual Education Appropriation approved by the Legislature is partitioned into two separate increases (often unequal) for K-12 School systems and state universities in a highly political process. In general, the net increase in the total annual Education Appropriation to higher education is then passed onto the various state universities in amounts proportional to the allocations received by each university in the previous year. The relative distributions of these allocation increases to the various universities are for the most part historically and politically based and have changed little over the years. Auburn University has lobbied heavily in the past to implement

“formula funding” procedures for the portion of the total allocation given to Alabama higher educational institutions. These efforts have involved the Alabama Commission on Higher Education (ACHE), but have failed for political reasons. Table 6-3 shows the lack of state funding for Auburn compared to peer institutions.

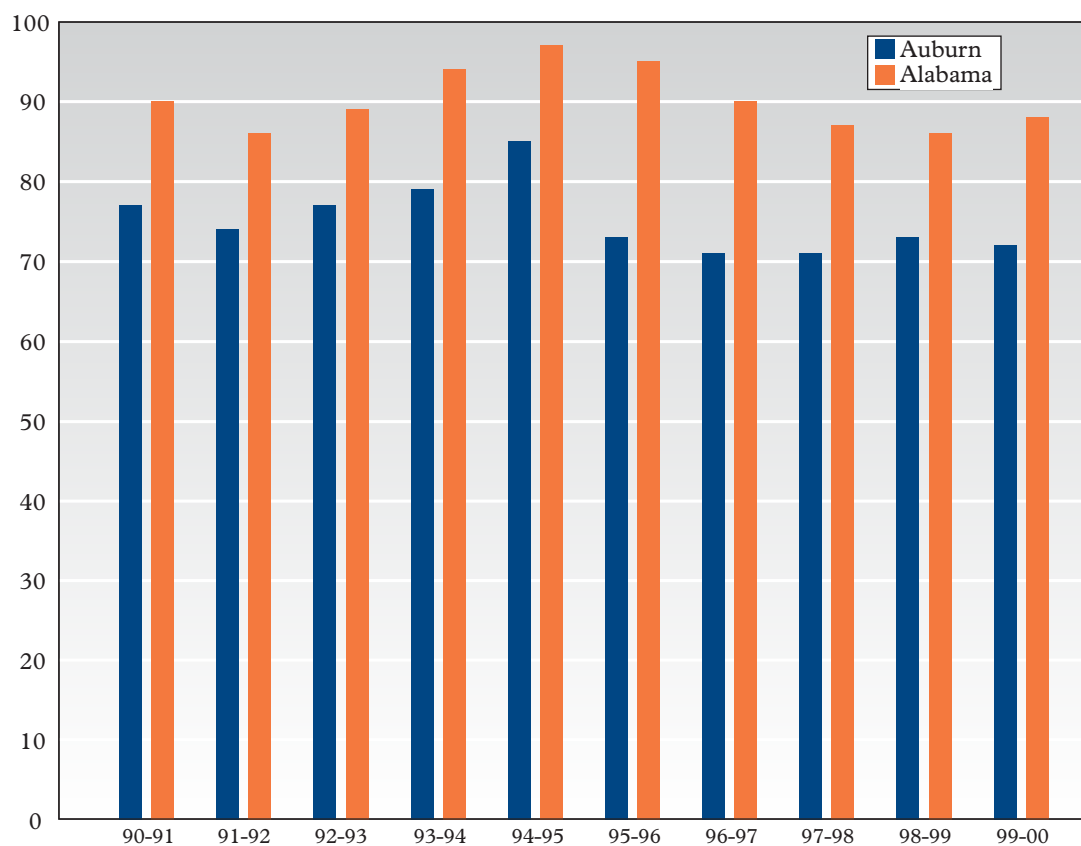
Table 6-3: State Appropriations for Instruction per FTE Student, SREB Peer Universities FY 2000-2001

Institution	Appropriation Per FTE Student	Rank
University of Maryland	\$10,700	1
University of Georgia	10,594	2
University of North Carolina	10,315	3
North Carolina State	10,152	4
Georgia Institute of Technology	9,891	5
University of Texas	9,221	6
Florida State University	8,780	7
University of Kentucky	8,513	8
University of Florida	8,106	9
University of South Carolina	7,434	10
Texas A& M University	7,346	11
University of Arkansas	6,798	12
University of Tennessee	6,738	13
Clemson	6,569	14
Virginia Tech	6,494	15
University of Virginia	6,445	16
University of Alabama	6,216	17
Mississippi State University	5,650	18
Mississippi	5,437	19
West Virginia University	4,936	20
Auburn	4,598	21
Louisiana State University	4,320	22

Source: Southern Regional Education Board, State Agency Data Exchange: 2000-01 Tables

The data in Figure 6-1 indicate that Auburn University has continuously lagged behind the regional average of peer SREB institutions over the past 10 years, often not even achieving 80% of the regional average for state appropriations.

In addition to the relatively low level of state appropriations, revenue planning at Auburn has also been complicated in the past due to so-called “Proration Years,” where state appropriations are suddenly reduced from anticipated amounts during the middle or end of a fiscal year. Pursuant to the Alabama Constitution of 1901, Section 213, as amended by Amendment number 26 and Section 41-4-90 of the Code of Alabama 1975, the state of Alabama must operate its annual finances (including the ETF) on a balanced budget. When revenues are lower than amounts budgeted, Code Section 41-4-90 requires the Governor to “restrict allotments to prevent overdraft or deficit...by prorating...available revenues.” Such proration years have been fairly commonplace, due to the strong dependence of the ETF income on the economy in Alabama and the difficulty in making accurate economic forecasts. Typical proration amounts have ranged from 2-10% of the total allocations originally budgeted.



**Figure 6-1 State Appropriations per FTE Student
AU and UA as a Percent of SREB Average**

Sources of Information

Documents

Auburn University Comprehensive Annual Financial Reports, 1991-2001

Interviews

Don Large, Executive Vice President, March 2002

Sam Lowther, Director, Office of Planning and Analysis, March 2002

Linda Pearce, Director, Financial Reporting, March 2002

Websites

Code of Alabama, Chapter 41-4-90

<http://www.legislature.state.al.us/Code of Alabama/1975/coatoc.htm>

SREB Comparison Data

<http://www.sreb.org/main/EdData/FactBook/indexoftables.asp>

The recent financial history of the institution **must** also demonstrate the financial stability essential to its successful operations. The adequacy of financial resources will be judged in relation to the basic purpose of the institution, the scope of its programs, and its number of students.

Auburn University is in compliance.

In relation to the basic purpose of the institution, the scope of its programs, and the number of students, Auburn is financially stable.

Shifts in Revenue and Mission Strategies

Due to a combination of the issues discussed above regarding revenues from state allocations, it had become apparent during the last decade that the expected financial support from the state would be insufficient to maintain and develop the types of academic programs for which Auburn University has gained its reputation. In the early 1990s, the University began a new strategic planning process to look at all aspects of the institution and to develop plans and priorities for addressing the identified concerns. This effort involved several committees and commissions with participation from the administration, faculty, staff, students, and the Board of Trustees. The two primary vehicles for recommending changes were the 21st Century Commission operating from 1992-97 and the Commission on the Role of Auburn University in the 21st Century (the “Role Commission”) operating from 1998-99. From the results of these studies and the proposed goals, the University has implemented several programs and plans designed to strengthen its missions, revenue streams, and financial security. These have included:

- Program rankings and prioritization, leading to internal reallocation of funding and other resources from low-priority areas to high-priority areas. One part of this effort was the establishment of the Peaks of Excellence program, where funding has been reallocated from all units of the University to provide significant start-up and enhancement resources for areas in which Auburn has developed, or has the opportunity to develop, a national or international reputation.
- Building up of a continued budget line to deal with extensive deferred maintenance projects
- Commitment to raise tuition and fees to the average for regional peer institutions
- Commitment to raise faculty and staff salaries to the rank averages for regional peer institutions
- Implementation of policies to close loopholes that allowed nonresident students to achieve resident status in manners inconsistent with the policies of peer universities
- Further enhancement of development activities to raise funds from the private sector

In addition to the above strategies, financial officers of the University have implemented a “Proration Reserve” and a “Proration Quasi-Endowment” to minimize the impact of sudden reductions of state allocations during proration years. The annual Proration Reserve consists of a percentage of the annual state allocation that is held back by the University from all of its units. This reserve is used to cover any shortcoming in revenues if proration is declared, so that little or no impact is felt by Colleges, Schools, and Departments. The amount of this reserve is adjusted annually based on fiscal

projections during the University budget planning process. For the 2001-02 fiscal year, the proration reserve was \$6.5 million. Any unused portions of the annual proration reserve are rolled over into the Proration Quasi-Endowment, which can be used for one-time relief of proration or other unanticipated financial stresses. For the 2001-02 fiscal year, the balance of the Proration Quasi-Endowment is \$7 million. These strategies for dealing with the volatility of state allocations during proration years have greatly enhanced the ability of the University to perform its various missions without disruption.

Revenue Trends

Revenue trends for the University over the past 20 years are illustrated in Table 6-4. From these data, it is clear that few changes occurred during the 1980s in the relative percentage distributions of the various revenue sources. During that decade, state appropriations and student tuition and fees were the chief revenue sources, holding steady at 44% and 15%, respectively, of total annual revenues. However, during the past 10 years, the numbers indicate a significant reduction in the reliance on state appropriations and a significant increase in the relative contribution of student tuition and fees to the total revenues of the University. State appropriations have decreased from 44.1% to 34.3% of the total revenues, while tuition and fees have increased from 15.1% to 24.7% of the total revenues. These 9-10% shifts offset each other and reflect the implementation of the Strategic Plans recommended by the 21st Century and Role Commissions, as discussed above.

This transition, where student tuition and fees have become a larger share of University revenues, has been implemented slowly and steadily over several years. The one apparent contradiction to this consistent trend is the drop from 26.5% to 24.7% in the tuition and fees category from 1999-00 to 2000-01. However, this drop is primarily an artifact of the transition from the Quarter System to Semester System that occurred in August 2000. Further confirmation of the trends in student tuition

Table 6-4 Revenues - Auburn University
Percent Distribution by Year

Source	1981-82	1991-92	1996-97	1997-98	1998-99	1999-00	2000-01
Tuition and Fees	15.8%	15.1%	18.1%	20.0%	22.3%	26.5%	24.7%
State Appropriations	43.8%	44.1%	41.7%	40.2%	39.4%	36.1%	34.3%
Federal Appropriations	7.3%	4.5%	3.7%	3.6%	3.2%	2.8%	2.1%
Local Appropriations	1.3%	0.7%	0.5%	0.4%	0.4%	0.4%	0.4%
Contracts and Grants - Government	5.9%	8.1%	9.8%	9.6%	9.2%	9.4%	11.3%
Contracts and Grants - Private, Gifts	2.7%	5.9%	4.3%	4.6%	4.2%	3.6%	5.0%
Endowment/Investment Income	0.5%	0.8%	2.7%	3.1%	3.0%	3.5%	4.3%
Sales and Services	5.2%	3.6%	3.8%	3.9%	3.3%	3.1%	3.3%
Auxiliary Enterprises	12.3%	13.1%	13.2%	12.5%	13.0%	12.5%	12.6%
Other Sources	5.4%	4.0%	2.0%	2.2%	1.9%	1.9%	2.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total (\$Millions)	\$155.8	\$306.9	\$381.8	\$398.8	\$426.2	\$494.3	\$514.7
Change from Previous Year				4.47%	6.85%	16.00%	4.13%

Source: *Auburn University Comprehensive Annual Financial Reports*

and fees can be seen in Table 6-5. From 1994 to 2000, Auburn made continued progress towards its goal of raising tuition levels to the regional average, as tuition rates progressed from 84.5% to 92.7% of the regional average of SREB peer institutions. However, slight setbacks have occurred during the past two years, where Auburn tuition rates have slipped back to 89.2% of the regional average. These setbacks occurred even though Auburn's tuition rates were increased by 5.4% and 6.9% during the past two years, reflecting that our peer institutions are implementing similar tuition increases, but at even greater increments. The relatively low levels of Auburn tuition rates are further emphasized in Table 6-6, where it is seen that Auburn tuition levels ranked 18th out of 22 SREB peer institutions during the 2000-01 academic year.

Another trend apparent from the revenue history data in Table 6-4 is a small increase in the relative contribution of research contracts and grants over the past decade, from 14% to 16.3% of total revenues, even though funding for research from extramural sources has itself increased 95% (from \$43 million to \$84 million). Finally, reliance on income from endowments has increased considerably during the 1990s, from .8% to 4.3% of total revenues. Even though Auburn endowments from private giving have increased dramatically over the past 10 years, those of other institutions are increasing at much higher rates. From 1994 to 2000, the total endowment of the University (including the Auburn University Foundation) has dropped in the rankings of all United States university endowments from position 135 to position 167 (out of 609 universities). A table of rankings of endowment per FTE student at SREB peer institutions is given in Table 6-7. Of the Universities included in the table, Auburn ranked 13th out of 16 at the end of fiscal year 1999-00.

**Table 6-5 Auburn vs. SREB Peer, Tuition
1994-95 to 2001-02**

	SREB Resident Average Increase			Auburn Resident Average Increase		SREB
1994-95	\$2,485	4.2%		\$2,100	7.7%	84.5%
1995-96	2,621	5.5%		2,250	7.1%	85.8%
1996-97	2,770	5.7%		2,355	4.7%	85.0%
1997-98	2,914	5.2%		2,565	8.9%	88.0%
1998-99	3,081	5.7%		2,760	7.6%	89.6%
1999-00	3,124	1.4%		2,895	4.9%	92.7%
2000-01	3,346	7.1%		3,050	5.4%	91.2%
2001 -02	3,654	9.2%		3,260	6.9%	89.2%
Average Annual Increase	\$ 159	5.5%		\$ 164	6.6%	

Source: Southern University Group, "Tuition and Fees Survey"

**Table 6-6 – Rankings of Undergraduate Tuition Rates for SREB Institutions
2001-2002**

Institution	Resident	Non-Resident	Rank (Resident)
University of Maryland	\$5,341	\$13,413	1
Clemson University	\$5,090	\$11,284	2
University of Virginia	\$4,421	\$18,453	3
University of South Carolina	\$4,064	\$11,004	4
University of Arkansas	\$3,880	\$9,438	5
University of Tennessee	\$3,784	\$11,570	6
University of Texas	\$3,766	\$10,096	7
University of Kentucky	\$3,735	\$10,275	8
Texas A&M University	\$3,722	\$10,052	9
Virginia Polytechnic Institute	\$3,664	\$12,488	10
University of Mississippi	\$3,626	\$8,172	11
Mississippi State University	\$3,586	\$8,125	12
Louisiana State University	\$3,491	\$8,791	13
Georgia Institute of Technology	\$3,454	\$12,350	14
University of Georgia	\$3,418	\$11,314	15
North Carolina State University	\$3,302	\$13,294	16
University of Alabama	\$3,292	\$8,912	17
Auburn University	\$3,260	\$9,780	18
University of North Carolina	\$3,183	\$12,393	19
West Virginia University	\$2,948	\$8,832	20
Florida State University	\$2,513	\$10,401	21
University of Florida	\$2,444	\$10,332	22

Source: Planning and Analysis (Southern University Group, "Tuition and Fees Survey, 2001-02")

Expenditure Trends

Expenditure trends for the University are illustrated in Table 6-8. From these data, it is clear that only small changes have occurred during the past 20 years in the relative percentage distributions of the various expenditure categories. Spending in support of the three main missions of the University has remained extremely steady, with instruction, research, and outreach experiencing slight variations over the ranges of 26-30%, 16-18%, and 13-17% of total annual expenditures, respectively. No clear trends are visible in these small fluctuations. Thus, while significant transitions have occurred in the weight and reliance on its various revenue sources, the University has remained steadfast in the manner in which it uses its financial resources to execute its primary missions. The only clear trend from the historical expenditure data is that the University has gradually increased its relative emphasis on spending for deferred maintenance and scholarships, fellowships, and other financial aid given to students.

Other Financial Indicators

In addition to evidence from its financial statements, the strong financial position of the University is affirmed by its bond ratings. In October 2001, Moody's Investors Service performed an assessment of the financial strength of Auburn University, and then upgraded the University's bond rating from A1 to Aa3 for its General Fee Revenue Bonds. The Aa3 rating is the highest for any academic institution in Alabama and matches the bond rating for the state of Alabama. In addition, the University holds an A+ rating from Standard and Poors.

**Table 6-7 Endowment per FTE Student SREB Peer Institutions
FY2000**

	FTE	Endowment Market Value	Endowment Per FTE Student	Rank
Georgia Tech	13,469	\$1,180,503,565	\$87,646	1
North Carolina	22,761	\$1,138,413,456	\$50,016	2
Mississippi	11,921	\$291,092,624	\$24,418	3
Tennessee	25,300	\$556,208,752	\$21,985	4
Alabama	16,993	\$345,012,735	\$20,303	5
Florida	37,474	\$698,651,955	\$18,644	6
Arkansas	12,939	\$240,925,161	\$18,620	7
Kentucky	20,713	\$378,340,000	\$18,266	8
Clemson	14,454	\$236,348,000	\$16,352	9
Virginia Tech	26,558	\$368,553,580	\$13,877	10
Georgia	29,029	\$402,347,014	\$13,860	11
North Carolina State	23,084	\$314,291,640	\$13,615	12
Auburn*	20,479	\$234,430,863	\$11,447	13
Florida State	26,029	\$286,511,438	\$11,007	14
Mississippi State	14,123	\$153,749,727	\$10,886	15
South Carolina	27,072	\$267,739,564	\$9,890	16
Averages	21,400	\$443,320,005	\$20,716	

Source: Planning and Analysis (Council for Aid to Education and Auburn University Foundation)

*Includes Auburn University Foundation Funds

Reflecting the investment community's increasing confidence in the financial status of the University, the upgraded bond rating from Moody's was obtained in an economic environment where most companies and institutions are seeing their bond ratings downgraded. Moody's cited four strengths of Auburn in upgrading its bond rating: Auburn's strong student market position in the Southeast, low relative debt, impressive operating performance despite the state's financial problems, and solid debt service coverage from pledged revenues. In addition, Moody's was impressed by the historically large percentage of nonresident students enrolled at Auburn. Over the past five years, nonresident student numbers have averaged 35% of the total student population and paid approximately 50% of the total student tuition and fee revenues.

A continuation of tuition increases will further relieve the reliance on state appropriations as the dominant revenue source. Given the historical data from the past five years, it is clear that tuition rate increases must average from 15-20% per year just to reach the regional average in a reasonable amount of time. This high level of tuition increase will require an aggressive change in policy, as the tuition increases implemented by the University have been in the 5-9% range during each of the past eight years.

Table 6-8 Expenditures (Including ACES and AAES)

Source	Percent Distribution by Year						
	1981-82	1991-92	1996-97	1997-98	1998-99	1999-00	2000-01
Instruction	30.6%	27.4%	26.6%	26.2%	26.2%	28.4%	26.7%
Research	16.7%	18.3%	18.2%	18.2%	16.8%	16.2%	17.2%
Public Service	17.3%	14.5%	14.1%	14.3%	14.4%	13.1%	13.0%
Academic Services/Support	4.4%	4.6%	4.1%	4.3%	4.0%	4.1%	3.7%
Libraries	2.4%	2.8%	2.7%	2.6%	2.7%	2.3%	2.3%
Student Services	3.3%	2.4%	2.2%	2.2%	2.3%	2.3%	2.1%
Institutional Support	4.1%	5.2%	5.1%	5.0%	5.2%	5.4%	5.5%
Operations and Maintenance	6.1 %	6.6%	6.5%	6.4%	6.1%	5.6%	6.2%
Scholarships and Fellowships	2.9%	3.5%	5.2%	5.8%	6.7%	7.8%	7.8%
Auxiliary Enterprises	12.2%	12.4%	13.5%	12.9%	13.8%	13.2%	14.2%
Transfers	0.0%	2.3%	1.9%	2.1%	1.7%	1.6%	1.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total (\$Millions)	\$145.0	\$300.5	\$363.8	\$379.3	\$394.8	\$436.1	\$470.2
Change from Previous Year	-0.15%	3.19%	4.27%	4.08%	10.46%	7.82%	

Source: *Auburn University Comprehensive Annual Financial Reports*

Suggestion 6-14:

The Steering Committee suggests that the University continue its plan to raise tuition rates to at least a level equal to that of the regional average.

Suggestion 6-15:

The Steering Committee suggests that the University further accelerate development efforts and set aggressive goals and strategies to improve its support for academic programs from the private sector.

Sources of Information**Documents**

Auburn University Comprehensive Annual Financial Reports, 1991-2001

Bond New Issue Report Dated December 1, 2001

Book of Presentations Made to Moody's Investors Services Dated October 25, 2001

State of Alabama Constitution, 1901, Amendment 26

Interviews

Don Large, Executive Vice President, March 2002

Linda Pearce, Director, Financial Reporting, March 2002

Sam Lowther, Director, Office of Planning and Analysis, March 2002

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Code of Alabama, chapter 41-4-90

www.legislature.state.al.us/CodeofAlabama/1975/coatoc.htm

Role Commission

<http://www.ag.auburn.edu/commission/>

SREB Comparison Data

<http://www.sreb.org/main/EdData/FactBook/indexoftables.asp>

21st Century Commission: Charting the Future

<http://www.auburn.edu/administration/univrel/news/aurCommissions1.html>

6.3.2 Organization for the Administration of Financial Resources

6.3.2

All business and financial functions of the institution **should** be centralized under a chief business officer reporting to the chief executive officer.

All business and financial functions are centralized under the Executive Vice President who reports to the President.

Sources of Information

Website

Office of the Executive Vice President

http://www.auburn.edu/administration/exec_vp/

The organization of the business office **must** be consistent with the purpose of the institution, the size of institution, and the volume of transactions of a business or financial nature. The most important functions typically performed by the business office include assistance to the chief executive officer in preparation and control of the institutional budget; establishment and operation of an appropriate system of accounting and financial reporting; supervision of the operation and maintenance of the physical plant; procurement of supplies and equipment; control of inventories; financial oversight of auxiliary enterprises; receipt, custody and disbursement of institutional funds; maintenance of personnel records; and administration of personnel policies governing the staff.

Auburn University is in compliance.

The University's organizational structure for the administration of financial resources is consistent with its purpose, its size, and the volume of its financial transactions. The Business Office is organized into 10 key functional Departments. Nine of these Departments report to the Assistant Vice President for Business and Finance, who in turn reports to the Executive Vice President. These include Accounts Payable, Budget Services, Bursar's Office, Contracts and Grants Accounting, Financial Reporting, Information Systems Support, Payroll and Benefits, Purchasing, and Risk Management. Treasury Services reports directly to the Executive Vice President. In addition, the Human Resources Department reports directly to the Executive Vice President.

Sources of Information

Website

Office of the Executive Vice President

http://www.auburn.edu/administration/exec_vp/index.html

- The chief executive officer **must** report regularly to the governing board on the financial and business operations of the institution.

Auburn University is in compliance.

The Executive Vice President reports regularly to the President and then presents the President's recommendations to the Board of Trustees. The agenda of the Board of Trustees meetings in June, August, and September includes presentation and discussion of budget-related matters. The January meeting includes the presentation of the University's financial statements and the audit report. The April meeting includes a discussion of tuition levels. The Executive Vice President, on behalf of the President, meets with the Budget Committee of the Board or the full Board.

Sources of Information

Interviews

Don Large, Executive Vice President, July 2002

Marcie Smith, Assistant Vice President for Business and Finance,
February, March, and July, 2002

- The chief business officer **should** have experience or training in handling educational business affairs sufficient to enable the business office to serve the educational goals of the institution and assist in furthering its stated purpose.

The chief business officer, Don Large, had 11 years experience with Deloitte, Haskins and Sells prior to his appointment as Controller of Auburn University in 1986. He served as Controller from 1986 to 1990 and Vice President for Business and Finance from 1990 to 1996. He was named the Executive Vice President in 1997. He earned his EdD in 1998 in Higher Education Administration from Auburn University.

Source of Information

Interview

Don Large, Executive Vice President, July 2002

6.3.3

6.3.3 Budget Planning

- The budget is a statement of estimated income and expenditures for a fixed period of time, usually the fiscal year of the institution. An institution **must** prepare an appropriately detailed annual budget.

Auburn University is in compliance.

A detailed annual budget, by division, with detail to the position level is prepared each fiscal year. The four divisions of the University are Main Campus, Auburn University at Montgomery (AUM), Alabama Agricultural Experiment Station (AAES), and Alabama Cooperative Extension System (ACES). The estimated income for Main Campus includes state appropriations and projected tuition revenues. Similarly, Auburn University at Montgomery has estimated income from state appropriations and projected tuition revenues. AAES and ACES have estimated income from state and federal appropriations. Expenditures are budgeted for each of the divisions not to exceed the projected income levels.

Sources of Information

Documents

Auburn University Budget, FY 2002-03

Interviews

Marcie Smith, Assistant Vice President for Business and Finance,
February and March 2002

Teresa Vest, Director, Budget Services, February 2002

Its preparation and execution **must** be preceded by sound educational planning.

Auburn University is in compliance.

Budget planning occurs at the Divisional level, but with consistency and coordination with the Main Campus budget planning guidelines and process. The Main Campus has an 18-member University Budget Advisory Committee as a part of the budget planning process. The Committee, chaired by the Executive Vice President, is composed of the Provost and representative Deans, Department Heads and Chairs, and representatives of the faculty, administrative and professional employees, and staff. Regular meetings take place over a five-month period culminating in recommendations to the President for formulating budget recommendations to the Board of Trustees. The financial plan developed by the 21st Century Role Commission serves as the basis for the development of recommendations. The University Budget Advisory Committee also considers priorities of various other University Committees, such as the Insurance and Benefits Committee and the Faculty Salaries Committee.

Sources of Information

Document

Main Campus Budget Advisory Committee Recommendations

Presentation to Budget Committee, Board of Trustees, July 12, 2002

Interviews

Don Large, Executive Vice President, March 2002

Marcie Smith, Assistant Vice President for Business and Finance, February 2002

Teresa Vest, Director, Budget Services, February 2002

Websites

Role Commission

<http://www.ag.auburn.edu/commission/>

21st Century Commission: Charting the Future

<http://www.auburn.edu/administration/univrel/news/aurCommissions1.html>

It follows that the instructional budget **should** be substantively developed by academic officers or deans, working cooperatively with department heads, appropriate members of the faculty and administration, and representatives of the business office.

The University has developed and implemented a web-based planning system, the Auburn University Comprehensive University Planning System (AUCUPS). Each College, School, and administrative unit reporting to a Vice President annually prepares a Comprehensive Plan for the respective unit.

Each unit's Plan is tied to the University's institutional goals; each Plan includes objectives, action steps, and an assessment plan. Each unit's Plan includes an estimated budget. These unit Comprehensive Plans and budgets form the basis for priority setting by the University. Also, each unit prepares an annual progress report of how well it met its objectives.

Sources of Information

Interview

Stephen McFarland, Interim Dean, Graduate School, July 2002

Website

AUCUPS

http://frontpage.auburn.edu/gradschl/public_html/aucupsv2/

Procedures for budget planning **must** be evaluated regularly.

Auburn University is in compliance.

Each year the University issues a new budget calendar that delineates the budget preparation and approval process. Budget Services and the Provost's Office, on behalf of the President's Office, issue annual instructions on budget preparation. The Controller and the Director of Budget Services participate in the meetings of the University Budget Advisory Committee. Recommendations and feedback from that broad-based University Committee are noted and used in making improvements to the budgetary process.

Suggestion 6-16:

The Steering Committee suggests that the Controller meet annually with key fiscal officers across campus to re-evaluate the budget calendar, budget instructions, and budget system as feedback to the process for the next fiscal year. It is also suggested that the Controller meet annually with the same group to brief those involved in budget preparation as to the current year's calendar, process, and requirements.

Sources of Information

Documents

Budget Guidelines

Fiscal Year Budget Calendar

Presentation to Budget Committee, Board of Trustees, July 12, 2002

Interviews

Marcie Smith, Assistant Vice President for Business and Finance, July 2002

Teresa Vest, Director, Budget Services, July 2002

Website

Main Campus Budget Advisory Committee Recommendations

http://www.auburn.edu/administration/iss/business_office/budget/

Similarly, budgets for other areas **should** be developed after consultation with appropriate officers of the institution. The business officer may assist in assembling and compiling the budget requests, preparing income estimates, and advising the chief executive officer in the determination of budgetary allocations.

As indicated above, all University units prepare Comprehensive Plans annually through the use of AUCUPS. All academic areas submit the Plans through the Provost. Each of the University divisions prepares the respective budget in accordance with the calendar and budget instructions issued by Budget Services. The Director of Budget Services, on behalf of the Executive Vice President, provides the fiscal officer of each division the amount of state appropriations allocated by the Alabama Legislature. Expenditure guidelines as to salary increases, increases in benefit costs, and increases in operating expenses are also provided to each Division.

Sources of Information

Documents

Auburn University Budget, FY 2000-01

Budget Guidelines

Budget Calendar

Presentation to Budget Committee, Board of Trustees, July 12, 2001

Website

Main Campus Budget Advisory Committee Recommendations

http://www.auburn.edu/administration/iss/business_office/budget/

The budget **is presented** by the chief executive officer through proper channels to the governing board for final approval.

Auburn University is in compliance.

On behalf of the President, the Executive Vice President presents the budget to the Board of Trustees for the approval of budget guidelines. The detailed annual budget is prepared in accordance with the approved guidelines and then is presented to the Board of Trustees for approval prior to October 1 of the new fiscal year.

Sources of Information

Documents

Auburn University Budget, 2000-01

Budget Guidelines

Fiscal Year Budget Calendar

Presentation to Budget Committee, Board of Trustees, July 12, 2001

Website

Main Campus Budget Advisory Committee Recommendations

http://www.auburn.edu/administration/iss/business_office/budget/

- In reviewing the budget, the governing board **should** focus on matters of broad policy and normally not concern itself with details.

As indicated above, the Executive Vice President presents the budget to the Board of Trustees for the approval of budget guidelines. The presentation includes an update of annual progress relative to the financial plan developed by the 21st Century Role Commission, the policy document adopted by the Board of Trustees. The presentation also includes comparative information for Auburn University relative to its peer institutions with regard to faculty salaries and tuition fees. These data form the basis for the recommendation by the President for tuition increases for adoption by the Board of Trustees. As discussed above, the detailed annual budget is prepared in accordance with the approved guidelines and then is presented to the Board of Trustees for approval prior to October 1 of the new fiscal year.

Sources of Information

Documents

Budget Guidelines

Presentation to Budget Committee, Board of Trustees, July 12, 2001

Interview

Don Large, Executive Vice President, July 2002

Website

Main Campus Budget Advisory Committee Recommendations

http://www.auburn.edu/administration/iss/business_office/budget/

6.3.4

6.3.4 Budget Control

- After the budget has been approved by the chief executive officer and adopted by the governing board, a system of control **must** be established. This ensures that the budgetary plans of the governing board and the chief executive officer will be implemented.

Auburn University is in compliance.

The Board of Trustees delegates to the administration of the University the authority and responsibility to execute the approved budget. The Executive Vice President, with the assistance of the Assistant Vice President for Business and Finance and the Director of Budget Services, oversees budget allocations consistent with the Board-approved budget. In addition to Budget Services, the Provost's Office and the administrative offices of AUM, AAES and ACES contribute to the budget execution process. Additionally, Contracts and Grants Accounting and Purchasing contribute to the budget execution process and monitor accounts to ensure that budgets are not exceeded. Budget modifications must be approved by the Dean or Director and Budget Services prior to implementation. Through system security only the Department Head or Chair or Director responsible for accounts may initiate budget modifications. The system also checks for the availability of funds prior to transfer, reallocation, or decreases in budgeted accounts.

Sources of Information

Interviews

Marcie Smith, Assistant Vice President for Business and Finance,
February and March 2002

Teresa Vest, Director, Budget Services, February and March, 2002

Website

Financial Policy and Procedures Manual

http://www.auburn.edu/administration/iss/business_office/policy_manual/budget.htm

The business officer **must** render interim budget statements on a periodic basis to department heads for their guidance in staying within budgetary allocations.

Auburn University is in compliance.

The Financial Records System (FRS) and Human Resource System incorporate budget monitoring at a detailed and summary level for each College, School, and administrative unit. Monthly reports provide detailed comparisons of budget to actual for all accounts to Department Heads and Chairs and Directors. Budget deficits are monitored and each unit is responsible for covering such deficits. Additionally, the FRS system provides online information regarding the status of each University account on a year-to-date basis. The annual budget allocation, actual expenditures, encumbrances, and the remaining budget balance are available online.

Suggestion 6-17:

The Steering Committee suggests that the University develop additional reporting tools (Internet-based) as a means for on-demand budget reports and financial information. These tools would enable each unit to prepare and request reports electronically to meet unique and ad hoc reporting needs.

Sources of Information

Interview

Marcie Smith, Assistant Vice President for Business and Finance,
March 2002

Website

Financial Policy and Procedures Manual

http://www.auburn.edu/administration/iss/business_office/policy_manual/index.htm

Budgetary control **is** an administrative function, not a board function.

Auburn University is in compliance.

The Board of Trustees delegates to the administration the authority to execute the University budget, including the following functions: to negotiate and make timely changes in contracts; to approve transfers and expenditures of funds; to adjust operating and other income and expenditure items; and to take such other actions considered necessary in fiscal, contractual, and other business matters in response to changing conditions and estimates. These functions are carried out administratively by Department Heads and Chairs and Principal Investigators with approvals by the respective Deans and Vice Presidents and Directors of central Business Offices.

Sources of Information

Interview

Marcie Smith, Assistant Vice President for Business and Finance, March 2002

Website

Financial Policy and Procedures Manual

http://www.auburn.edu/administration/iss/business_office/policy_manual/index.htm

Necessary budget revisions **must** be made when actual conditions require such change and **must** be communicated to those affected within the institution.

Auburn University is in compliance.

Modifications to the budget (Budget Change Orders) are normally initiated by the Department Head or Chair or Director responsible for the account. Modifications are approved by the Dean or Vice President to whom the Department Head or Chair or Director reports. Budget Services is responsible for providing oversight in budgetary control and approves all Budget Change Orders. The affected responsible Deans, Directors, and Department Heads and Chairs must approve budget revisions prior to their implementation by Budget Services. Budget Services must inform each responsible unit in writing of any budget transfer initiated by Budget Services or the Provost's Office.

Sources of Information

Interviews

Marcie Smith, Assistant Vice President for Business and Finance,
February and March 2002

Teresa Vest, Director, Budget Services, February and March 2002

Website

Financial Policy and Procedures Manual

http://www.auburn.edu/administration/iss/business_office/policy_manual/budget.htm

6.3.5

6.3.5 The Relation of an Institution to External Budgetary Control

No outside or superimposed agency **should** exercise specific and detailed control over the financial affairs of an institution. Once funds have been appropriated, creating a budget, establishing priorities, and controlling expenditures **become the responsibility** of the institution—operating under the jurisdiction of the governing board and subject to its policies.

Auburn University is in compliance.

Alabama provides substantial discretion to the University in its management of fiscal matters. The University must prepare reports to the state and account for spending of state appropriations but is left with the authority both to approve its own budget and to execute and control that budget. Allocation and budget modification decisions are the responsibility of the University's administration under the guidelines established by the Board of Trustees in the approved budget. Once funds have been appropriated, the University is responsible for establishing priorities and controlling expenditures.

Sources of Information

Document

Educational Fund Budget Information

Website

Code of Alabama, chapter 16-48-1 through 16-48-12

<http://www.legislature.state.al.us/CodeofAlabama/1975/coatoc.htm>

Enforcement of budgetary law is imperative; however, the educational function of an institution **must** not be controlled through the use of budgetary techniques or controls by financial officials outside the institution.

Auburn University is in compliance.

While reports are provided to the Legislative Fiscal Office, the State Finance Director, and the Examiners of Public Accounts, no agency exercises control over the expenditure of the funds. The University also receives funds from various federal and state agencies, local governments, and private sponsors, for specific purposes. While these funds are received with restrictions as to the use for specific purposes, no expenditure control is exercised by those outside the University.

Sources of Information

Interviews

Marcie Smith, Assistant Vice President for Business and Finance,
February and March 2002

Teresa Vest, Director, Budget Services, February and March 2002

6.3.6 Accounting, Reporting and Auditing

6.3.6

An institution **must** adopt an accounting system that follows generally accepted principles of institutional accounting as they appear in *College and University Business Administration*, published by the National Association of College and University Business Officers.

Auburn University is in compliance.

The University's accounting system follows the generally accepted principles of institutional accounting as dictated in *College and University Business Administration* published by the National Association of College and University Business Officers. Effective October 1, 2001 the accounting system incorporates changes mandated by Governmental Accounting Standards No. 34 and 35 that require changes in financial reporting.

Sources of Information

Document

Auburn University Comprehensive Annual Financial Report, 2001

Audited Financial Statements and Representation by Management

Interviews

Linda Pearce, Director, Financial Reporting, February and March 2002

Marcie Smith, Assistant Vice President for Business and Finance,
February and March 2002

Proprietary institutions and certain public institutions mandated by law to follow a different system are exceptions to the requirement. Institutions exempted from use of the required accounting system **must** arrange to provide comparable information. All proprietary institutions **must** provide revenue expenditure reports consistent with NACUBO/AICPA publications, either independently certified in the audit report or included as supplemental data in the audit report. Balance sheets may continue to follow the conventional for-profit format, if desired.

Auburn University is a public institution. Hence, these **must** statements do not apply.

The chief business officer **is responsible** for preparing financial reports for appropriate institutional officials, board officers and outside agencies.

Auburn University is in compliance.

The Executive Vice President is responsible for overseeing the preparation and provision of financial reports to the President and appropriate institutional officials, the Board of Trustees, and outside agencies. The accounting system generates a complete set of financial statements at each month end. These statements are reviewed by the Office of Financial Reporting. Additionally, monthly financial reports that provide a comparison of budget to actual revenues and expenditures are prepared and provided to the Executive Vice President. Analysis regarding significant variances is provided and monitored by the Office of Financial Reporting.

Sources of Information

Interviews

Linda Pearce, Director, Financial Reporting, February and March 2002

Marcie Smith, Assistant Vice President for Business and Finance,
February and March 2002

Website

Financial Policy and Procedures Manual

http://www.auburn.edu/administration/iss/business_office/policy_manual/.htm

Periodic written reports to the chief executive officer of the institution **are essential**.

Auburn University is in compliance.

Comparative reports of budget to actual are prepared monthly. Significant variances are identified and discussed orally by the Executive Vice President with the President.

Suggestion 6-18:

The Steering Committee suggests that a written report be provided to the President each month.

Sources on Information**Interviews**

Don Large, Executive Vice President, July 2002

Marcie Smith, Assistant Vice President for Business and Finance, July 2002

An annual fiscal year audit **must** be made by independent certified public accountants, or an appropriate government auditing agency, employing as a guide for institutions under the jurisdiction of the Financial Accounting Standards Board (FASB), *Audits of Not-for-Profit Organizations*, published by the American Institute of Certified Public Accountants (AICPA), or, for institutions under the jurisdiction of the Government Accounting Standards Board (GASB), *Audits of Colleges and Universities*, also published by the American Institute of Certified Public Accountants (AICPA), or, in the case of for-profit institutions, conducted in accordance with generally accepted accounting principles.

Auburn University is in compliance.

The University annually publishes general purpose financial statements and supplemental schedules. The annual financial statements are audited by the international accounting firm of PricewaterhouseCoopers LLP and are presented to the Board of Trustees, disseminated to banks, bond rating agencies, the press, and various other users. The accounting records and financial statements are also audited annually by the state of Alabama Department of Examiners of Public Accounts.

Sources of Information**Documents**

Comprehensive Annual Financial Report, Report of Independent Accountants

Audit Report, Department of Examiners of Public Accounts, State of Alabama, 2001

If an institution is subject to Statement of Financial Accounting Standard (SFAS) No. 117 and elects to use the single column "Corporate" Statement of Financial Position in its report, it **must** provide an additional Statement of Financial Position using one of the four highest levels of disaggregation illustrated in F.A.R.M. These levels are the Financial Accounting Standards Board (FASB) Net Asset Class Disaggregation, Operating/Capital Disaggregation, Managed Asset Group Disaggregation, and AICPA Audit Guide Funds Group Disaggregation. The additional statement **must** be included either in the audit report as an audited supplemental schedule or independently certified if not included in the audit report.

Auburn University is not subject to SFAS No. 117. Therefore, these **must** statements are not applicable.

- A for-profit institution and its corporate parent, if any, **must** add to their audit report a separate schedule indicating the disposition of profits, including detailed information on corporate income taxes paid, both state and federal, and on dividends distributed to stockholders.

Auburn University is a public institution. Therefore, this **must** statement is not applicable.

- A public institution included in a statewide or systemwide audited financial report, for which a separate institutional audit report is not available for the fiscal year ending immediately prior to the committee visit, **must** have available, in lieu of audited financial statements, a Standard Review Report in accordance with AICPA Professional Standards AR 100.35 to include current funds expenditure classifications and amounts in accordance with generally accepted principles of institutional accounting, and the institution's current fund balance sheet. Institutions in this category **must** provide either a separate or a consolidated balance sheet.

The audited financial report for Auburn University is not included in a statewide or systemwide audited financial report. Therefore, these **must** statements are not applicable.

- The auditors **must not** be directly connected with the institution either personally or professionally.

Auburn University is in compliance.

The University uses a request for proposal process for the selection of an audit firm. PricewaterhouseCoopers meets the standard of independence as required by the American Institute of Certified Public Accountants and the Alabama State Board of Public Accountancy.

Sources of Information

Documents

Board of Trustees Policy on Selection of External Auditors

Minutes, Board of Trustees, June 1, 1998

- An effective program of internal auditing and financial control **must** be maintained to complement the accounting system and the annual external audit.

Auburn University is in compliance.

The University maintains a program of internal audits and controls that complement the accounting system and external audit process. The Office of Internal Auditing includes a staff of six and reports directly to the President and the Board of Trustees. The Executive Director of Internal Auditing prepares annual status reports on the internal audit program for presentation to the President and Executive Committee of the Board of Trustees. The annual audit plan is developed through a systematic risk assessment, which includes interviews with key personnel across campus. In addition to the annual audit plan, administrative requests result in additional audits performed each year.

Suggestion 6-19:

The Steering Committee suggests that the University invest in internal audit software to provide enhanced internal control by electronically identifying transactions and data relationships that warrant further investigation.

Sources of Information

Documents

Comprehensive Annual Financial Report, Report of Independent Accountants

Audit Report, Department of Examiners of Public Accounts, State of Alabama

Audits Performed by Office of Internal Auditing

Interview

Kevin Robinson, Assistant Director, Internal Auditing, February 2002

However, in those cases in which a public institution's financial report is included as part of a comprehensive certified state or system financial report and a separate annual audited report is not available, the institution **must** have an established procedure to ensure the effectiveness of internal controls.

The University's financial report is not included as part of a comprehensive certified state or system financial report. Therefore, this **must** statement is not applicable.

6.3.7 Purchasing and Inventory Control

An institution **must** maintain proper control over purchasing and inventory management.

Auburn University is in compliance.

The University's purchasing policies are outlined in the Spending Policies section of the *Financial Policies and Procedures Manual*. For purchases in excess of \$7,500, the University follows the mandate of the Alabama Competitive Bid Act that requires competitive sealed bids for purchases of goods and some services. Invitations to bid are issued by Purchasing Services by physically posting the bid document in the Office of Purchasing Services and by mailing to a representative number of interested vendors. Public notice may include publication in a newspaper of general circulation in the area. Bids are opened publicly and tabulated. The Facilities Division's Design/Development Group uses the Internet to obtain Dun & Bradstreet ratings for contractors and vendors who wish to be pre-qualified for project and construction work. Pre-qualification packages for vendors and contractors are also available on the Internet. The project bid calendar, upcoming invitations to bid, bid dates, and advertisements are also made available online.

Purchases greater than \$2,500 and up to \$7,500 are made through the issuance of a University Purchase Order. The type and amount of competition is determined by the designated purchasing specialist in Purchasing Services. Consideration is given to need, market, time constraints, delivery requirements, availability, and other factors. Procurement is based on the maximum amount of public competition practicable for the item or service to be purchased. Competition may be in the form of telephone, oral, or written quotations. Informal bids need not be opened publicly. Price

information received from any quotation will not be disclosed until after award of the order. Procurement requirements will not be artificially divided or fragmented so as to circumvent the competitive sealed bidding requirement.

For purchases of \$2,500 or less, the University has delegated purchasing authority to the Department with the Small Dollar Purchasing Policy. A University-issued credit card is available for small dollar purchases made by employees with delegated purchasing authority.

Suggestion 6-20:

The Steering Committee suggests that the University use the Internet to post vendor applications, bid announcements, and award notifications.

Suggestion 6-21:

The Steering Committee suggests the implementation of online submission and approvals of purchase requisitions, either by the Internet or by using the online features of the current FRS system.

Sources of Information

Document

Alabama Competitive Bid Act (Alabama Statute Act 343, Article 2, Section 41-16-20)

Interviews

Cindy Selman, Director of Finance, Facilities Division, July 2002

Marcie Smith, Assistant Vice President for Business and Finance,
February and March 2002

Websites

Capitalization Criteria

http://www.auburn.edu/administration/iss/business_office/policy_manual/propertserv.htm#capitalization

Spending Policies and Procedures

http://www.auburn.edu/administration/iss/business_office/control/spending.htm

■ The administration and governing board **should** protect responsible purchasing officials from the improper pressures of external political or business interests.

As discussed above, the state bid law and competitive bid policies adopted by the University protect responsible purchasing officials from the improper pressures of external political and business interests.

Sources of Information

Document

Alabama Competitive Bid Act (Alabama Statute Act 343, Article 2, Section 41-16-20)

Website

Spending Policies and Procedures

http://www.auburn.edu/administration/iss/business_office/control/spending.htm

A logical adjunct of the purchasing function **is** a system of well-organized storerooms such as those for physical plant, library and office and laboratory supplies, as well as an inventory system appropriate to safeguard the institution from loss of equipment.

Auburn University is in compliance.

It does not maintain a “central stores” system in which large quantities of goods are purchased, maintained at a central location, and then requisitioned by Departments. Inventories are held by the Bookstore, Libraries, and Facilities Division. Each of these units has inventory control systems unique to its area, and physical inventories are taken.

The Bookstore uses a point of sales system; that is, when items are ordered, the inventory system reflects the order. When the order is received, the inventory on hand is real-time and is updated. Items are bar coded and, therefore, at the point of sale, the inventory count is reduced by the amount of the sale. Physical counts of the textbook inventory and supplies are taken each semester (three times per year); a periodic inventory is taken of clothing and novelty items (at least once a year). High-dollar value items, such as computers, are kept in a locked storeroom. Watches and jewelry are kept in a locked case. Security cameras are located throughout the store and the locked areas to provide additional security. Variances between the physical count and what the inventory system reflects are investigated to determine the cause of the variance. A list of variances is kept with explanations and provided to the auditors each year. When shoplifting is witnessed, cases are prosecuted.

The Libraries relies on a security system to control inventory. Each book has a metallic strip in the spine. The metal detector at each entrance detects whether books are removed without being properly recorded at the Circulation Desk. The Libraries’ most valuable assets are the Special Collections and archived materials. These items are maintained in a locked area, and users must be escorted to the area to use the materials.

The Facilities Division uses a material management software package (Facility Focus) to control inventory. Most supplies used by the Facilities Division are purchased and maintained in a central location. Emergency situations and special orders are exceptions. Materials and supplies are requisitioned from the warehouse as needed. Daily charges are entered against work orders, and the billing is processed as projects are completed. Perpetual inventory balances are verified monthly. Daily cycle counts are performed. Items moved the previous day are always verified against the inventory control system the day following the activity. By month end all inventory has been counted and verified against the inventory master. A reconciliation of the inventory is provided annually to the Financial Services area of the Facilities Division.

The University does maintain an inventory system of fixed assets. When a Department purchases equipment or furnishings at a cost of \$2,500 or more, these items are fixed assets of the University. Inventories of fixed assets are administered through the Office of Property Services. All equipment and furnishings are inventoried on a two-year cycle. Policies regarding Fixed Assets management and control are outlined in the business office policy manual.

Sources of Information

Interviews

Carol Icenogle, Stacks Maintenance, Auburn University Library, July 2002

Katie Lee, Director, Auburn University Bookstore, July 2002

Cindy Selman, Fiscal Director, Facilities Division, July 2002

Marcie Smith, Assistant Vice President for Business and Finance,
February and March 2002

Websites

Capitalization Criteria

http://www.auburn.edu/administration/iss/business_office/policy_manual/propertserv.htm#capitalization

6.3.8

6.3.8 Refund Policy

The institution **must** adhere to a published policy and procedure for refunding fees and charges to students who withdraw from enrollment.

Auburn University is in compliance.

The tuition and fee refund policy is available on the University's website and is published in the *Undergraduate and Graduate Bulletin*. The policy states that tuition may be refunded in full for any student withdrawing from all classes prior to the start of the term. Students resigning from class within the first 15 class days will also receive a refund except for a \$100 resignation fee that is assessed. After the 15th class day, tuition and fees are not refunded, except in cases of personal illness or the call to active military service. In the case of personal illness, a doctor's certificate is required and the refund is prorated based on the number of academic class days remaining in the term. Military orders are required for refunds due to military service, and the refund is made at the full amount of tuition and fees for the term. By written policy, students with extenuating circumstances are provided with a written appeal process for requesting a refund. In general, the tuition and fee refund policy is administered programmatically through the University's student information system.

Refund policies related to Housing are disclosed in the Housing Agreement. Generally only the deposit is refundable, unless a student cancels the Housing Agreement before the specified beginning date for the agreement.

Students use a Tiger Club Card for purchasing many goods and services, including dining services. Descending Balance Accounts are available for depositing funds in advance of their use. Refunds are available on Descending Balance Accounts only when the account is closed. When the Descending Balance Account is closed, any credit balance in that account will be transferred to the University's billing and receivable system to be applied against any outstanding charges. Any remaining balance will be refunded to the student. No refunds will be given on accounts that have been inactive for more than three months. The above policy is published on the University's website and in the Tiger Club Agreement and Disclosure Statement that is executed prior to opening the account.

Sources of Information

Interviews

Marcie Smith, Assistant Vice President for Business and Finance, March and April 2002

Fred Bobo, Director, Bursar's Office, March and April 2002

Websites

Tiger Card and Tiger Club Accounts

<https://frontpage.auburn.edu/tigercard/>

Undergraduate and Graduate Bulletin, Financial Information, 21-22

http://www.auburn.edu/student_info/bulletin

The policy and procedure **must** be in keeping with generally accepted refund practices in the higher education community, applicable to all students, and clearly stated in appropriate official publications.

Auburn University is in compliance.

The tuition refund policy is generally in agreement with the policies of other colleges and universities. The websites cited below disclose the University's refund policies.

Sources of Information

Interviews

Marcie Smith, Assistant Vice President for Business and Finance, March and April 2002

Fred Bobo, Director, Bursar's Office, March and April 2002

Websites

Tiger Card and Tiger Club Accounts

<https://frontpage.auburn.edu/tigercard/>

Undergraduate and Graduate Bulletin, 21-22

http://www.auburn.edu/student_info/bulletin

6.3.9 Cashiering

6.3.9

There **must** be a suitable organization and adequate procedures for the management of all funds belonging to the institution.

Auburn University is in compliance.

The cashiering function is centralized in the Bursar's Office, a Department within the centralized Business Office. The institutional funds are received from either Departments or students. Departments typically deposit funds directly to the University's operating bank account. A detailed collection report, verifying deposit slip, and receipts are brought to the cashiers in the Bursar's Office. In some cases, cash, checks, and /or credit card receipts are brought directly to the Bursar's Office. The Bursar's Office audits each collection report before online entry is made to the Financial Records System.

Students pay by credit card via the web or voice, by mailing in checks or credit card information, or in person by cash, check, or credit card at the Bursar's Office. Cashiers perform online entry of student payments in the billing and receivable system, which, in turn, updates the Financial Records System. Controls that provide for the proper segregation of duties and the safeguarding of the funds before transmittal to the bank are in place.

Sources of Information

Interviews

Fred Bobo, Director, Bursar's Office, March and April 2002

Marcie Smith, Assistant Vice President for Business and Finance, March and April 2002

Websites

Business Office, Bursar

http://www.auburn.edu/administration/iss/business_office/control/bursars

Policies for Collections, Contributions and Accounts Receivable

http://www.auburn.edu/administration/iss/business_office/policy_manual/collect.htm

The cashiering function **should** be centralized in the business office, and there **must** be a carefully developed system for the receipt, deposit and safeguarding of institutional funds.

Auburn University is in compliance.

As previously stated, the cashiering function is centralized in the Bursar's Office, a Department within the centralized Business Office. The institutional funds are received from either Departments or students. Departments typically deposit funds directly to the University's operating bank account. A detailed collection report, verifying deposit slip, and receipts are brought to the cashiers in the Bursar's Office. In some cases, cash, checks, and credit card receipts are brought directly to the Bursar's Office. The Bursar's Office audits each collection report before online entry is made to the Financial Records System.

Students pay by credit card via the web or voice, mail in checks or credit card information, or pay in person by cash, check, or credit card at the Bursar's Office. Cashiers perform online entry of student payments in the billing and receivable system, which in turn, updates the Financial Records System. Controls that provide for the proper segregation of duties and the safeguarding of the funds before transmittal to the bank are in place.

Sources of Information

Interviews

Fred Bobo, Director, Office of the Bursar, February and March 2002

Marcie Smith, Assistant Vice President for Business and Finance,
February and March 2002

Websites

Business Office, Bursar

http://www.auburn.edu/administration/iss/business_office/control/bursars

Financial Policy and Procedures Manual

http://www.auburn.edu/administration/iss/business_office/policy_manual/collect.htm

All persons handling institutional funds **must** be adequately bonded.

Auburn University is in compliance.

All employees who handle institutional funds are bonded.

Source of Information

Interview

Christine Eick, Director, Risk Management, July 2002

6.3.10

6.3.10 Investment Management

The institution **must** have a written statement of its investment policies and guidelines approved by the board.

Auburn University is in compliance.

The University has two investment pools—Auburn University Non-Endowed Cash Pool and the

Auburn University Endowment Funds. The investments in these two pools are governed by written policies and guidelines that have been approved by the Auburn University Board of Trustees. These two pools are described below.

Non-Endowed Pool

Alabama allows Auburn University to receive, disburse, and invest funds, which include monies from tuition, grants and contracts, state appropriations, federal appropriations, state and federal special allocations, and auxiliary enterprise revenues. The monies are placed in depository accounts at Alabama financial institutions that have been approved by the Board of Trustees in accordance with the published policy on cash and non-endowment cash pool investing. These banks are required to have sufficient collateralization to secure University deposits. Monies not needed to meet daily expenditure requirements are placed into various short and intermediate-term investments with maturities timed to coincide with the anticipated cash outlays. These investments are combined and managed as a non-endowment cash pool. The Office of Treasury Services, a unit within the Office of the Assistant Treasurer, is responsible for the oversight and management of cash and cash pool investments. The Assistant Treasurer reports to the Executive Vice President.

Endowed Pool

The University also receives donations in the form of cash, securities, and other properties that are designated as endowments. These gifts become a part of the University's Endowment Fund and are invested in the endowment investment pool. The Board has selected an external consultant to assist in the oversight of the endowment pool. The consultant provides a full range of investment advisory services (for example, investment policy development, asset allocation reviews, manager searches, and manager-performance evaluations). External managers are selected by the Board of Trustees to manage the endowment pool with the Office of Treasury Services responsible for the daily oversight.

Sources of Information

Documents

Excerpts from the Bylaws of the Board of Trustees Investment Policy
for Auburn University Endowment Fund

Investment Policy for Auburn University Non-Endowed Cash Pool
Minutes, Board of Trustees, November 4, 1999

Quarterly Letter to Investment Committee of the Board of Trustees, June 30, 2002

Interviews

Charles Bruce, Assistant Treasurer, February, March, and August 2002

Grant Davis, Secretary to the Board, Board of Trustees, July 2002

Website

Assistant Treasurer's Office

http://www.auburn.edu/administration/iss/business_office/treasury/treasury.htm

The policies and guidelines **should** set forth the investment goals of the institution, conditions governing the granting or withholding of investment discretion, a description of authorized and prohibited transactions, and the criteria to be used for performance measurement of both short- and long-term investments.

The Non-Endowed Cash Pool and the Endowment Fund investment policies address these issues.

Sources of Information

Documents

Investment Policy for Auburn University Endowment Fund

Investment Policy for Auburn University Non-Endowed Cash Pool

Interview

Charles Bruce, Assistant Treasurer, February and March 2002

- Members of the governing board **should** be aware of their fiduciary responsibility for the institution and their responsibility for securing maximum investment returns consistent with the approved investment policy.

The Non-Endowed Cash Pool and the Endowment Fund investment policies address this matter.

Sources of Information

Documents

Minutes, Board of Trustees, February 7, 2000 and February 2, 2002

Interview

Charles Bruce, Assistant Treasurer, August 2002

- They **should** avoid involvement in conflict of interest situations.

The University Board of Trustees is governed on such matters by a conflicts of interest policy. Board members are prohibited from using their position to profit financially. In order to avoid conflicts, the Board members must disclose business and economic interests and must not participate in discussion, debate, or voting on such matters.

Sources of Information

Document

A Conflicts of Interest Policy, Board of Trustees

Interview

Charles Bruce, Assistant Treasurer, August 2002

- Investment policies and guidelines **must** be evaluated regularly.

Auburn University is in compliance.

The investment policies and guidelines provide the parameters within which the Non-Endowed and Endowed investment pools operate. The Non-Endowed pool assets are invested in highly liquid, low risk securities – primarily US Treasuries and Agencies. The Office of Treasury Services manages this pool of investments and reports quarterly to the Treasurer's Office. Quarterly reports are also prepared on the endowed pool assets. (See the report for the quarter ended March 31, 2002.) The allo-

cation of endowed investment assets and the performance of the various managers allow for a regular evaluation of established policies and guidelines. The targeted asset allocation percentages mandate the monthly evaluation and rebalancing, if necessary, of the pool assets.

During the fall of each year, the Board of Trustees reviews and determines the annual endowment spending rate. (See the agenda item for the November 16, 2001 meeting of the Board of Trustees.) This is a critical part of the investment review process insuring the appropriate distribution of a portion of the endowment earnings.

Sources of Information

Documents

Agenda Item, Meeting of the Board of Trustees, November 16, 2001

Investment Policy for Auburn University Endowment Fund

Investment Policy for Auburn University Non-Endowed Cash Pool

Report to the Investment Committee, Board of Trustees, for the Semester Ended March 31, 2002, by Memorandum dated April 25, 2002

Interview

Charles Bruce, Assistant Treasurer, August 2002

6.3.11 Risk Management and Insurance

6.3.11

The institution **should** have a comprehensive risk management program which includes risk evaluation, risk avoidance and insurance.

The University has a comprehensive risk management program for managing property and liability exposures for the Auburn and Montgomery campuses, the Alabama Agricultural Experiment Station, and the Alabama Cooperative Extension System. In addition to maintaining two self-insured retention funds, the University purchases insurance from the commercial insurance market and the state of Alabama.

The Department of Risk Management provides consultative risk management services, which include risk assessment and recommendations. Recommendations may include risk avoidance, risk transfer, risk reduction, and methods of financing risk. The Department uses a Risk Management Information System (RMIS) to identify areas for loss control efforts and to assist in the administration of the risk management program.

The Department offers several courses to teach employees how to use the risk management decision-making process in their work. The Department works closely with the Office of the General Counsel, the Department of Safety and Environmental Health, the Department of Public Safety, and the Department of Internal Audit.

Source of Information

Interview

Christine Eick, Director, Department of Risk Management, July 2002

Adequate replacement protection for all physical facilities **should** be covered by appropriate levels of insurance or appropriate provisions for obtaining funds.

The majority of the University's property insurance is placed with the State of Alabama's Insurance Fund. The policy with the state has a \$5,000 deductible, provides blanket coverage, and is replacement-cost coverage. There is no co-insurance penalty with the state's policy as the state takes responsibility for valuation of the property; property valuations are adjusted for inflation each year.

The two self-insured retention funds are for the On-the-Job Injury Program (similar to workers' compensation insurance) and the Comprehensive General Liability Trust Agreement. Both funds are reviewed annually by the University's external auditors. The University funds the first \$250,000 in claims for general liability, fleet liability, and media liability through the Comprehensive General Liability Trust Fund. The University purchases a buffer layer of insurance that covers from \$250,000 to \$1 million, and then has an excess policy with \$25 million in limits. The University purchases excess workers' compensation coverage for claims in excess of \$500,000. The University purchases Educators Legal Liability insurance with a retention of \$100,000 and insurance limits of \$5 million.

Source of Information

Interview

Christine Eick, Director, Department of Risk Management, July 2002

6.3.12

6.3.12 Auxiliary Enterprise

The institution may operate, or have contracted for operation, activities that may have a significant impact on the operation of the institution. These activities may include, but are not limited to the following: bookstores, residence halls, food service operations, printing/duplicating services, child care and transportation services. These activities, when operated by or for the institution, **must** be documented and operated in a fiscally responsible manner.

Auburn University is in compliance.

Currently, auxiliary enterprises operated by and for Auburn University are under the oversight of the Director of Auxiliary Enterprises and the Executive Vice President. These units are deemed essential and consistent with the institution's mission, vision, and goals. Perpetual and annual review of these operations validate that each unit is operated in a fiscally responsible manner, that each is fully self-supporting, and that proper documentation is maintained.

Auxiliary enterprises consist of dining services, on campus student housing, machine vending, bookstore operations, printing and duplicating operations, a student mini-mall, and campus card operations. The Department of Intercollegiate Athletics is also an auxiliary enterprise and is discussed more fully in **Section 5.5**.

Each enterprise is essentially a separate and distinct entity. The Board of Trustees sets annual resident housing rates. All other fees, charges, and commission rates are determined by the individual enterprise. Annual budgets are submitted to the Auburn University administration. Each auxiliary enterprise maintains records of assets, liabilities, reserves, and fund balances.

Funds generated by each enterprise are used in the following manner:

- Reinvestment in facilities and equipment to maintain the auxiliary enterprise
- Investment in the building where the auxiliary enterprise is located as a permanent improvement
- Investment in the facility or in the enterprise itself

- Transfers to the General Fund or other Auburn University accounts in support of Auburn University's mission.

Dining Services

Auburn University has contracted through the request for proposal process with Sodexho, USA, the industry's largest food service contract management corporation, to provide all campus dining services. Auburn University deals directly with the on-site Sodexho district manager. Sodexho collects all dining revenue and returns a contracted commission on gross sales to Auburn University. The University uses the commission to cover utility costs and general maintenance expenses for the dining venues, and a modest administrative overhead is transferred to the University's general operating fund. Dining service pricing, food quality, health and safety standards, equipment maintenance, and financial performance are monitored daily by a designated contract administrator, the Director of Business Development and Contract Management for Auxiliary Enterprises. The contract administrator makes recommendations regarding dining service operations and approves and facilitates equipment acquisition or equipment replacement and dining venue improvements. The contract administrator provides timely status reports on dining service operations to the Director of Auxiliary Enterprises and the Executive Vice President. The Sodexho dining service operations are audited by the Office of Internal Auditing. External auditors for Sodexho, USA also audit the dining service operations.

Student Housing

Auburn University maintains an inventory of on-campus residence halls and apartments to accommodate approximately 3,500 undergraduates, graduate students, and graduate student families. This number is about 16% of the students enrolled. The Housing and Residence Life Department operates on campus housing and maintains its own independent, quick-response maintenance and custodial team. Trained hall or complex Directors and resident or community assistants, primarily upper class undergraduates or graduate students, provide live-in guidance and counseling to the on-campus resident population. Annually, the Board of Trustees reviews and approves any recommended semester housing rate changes requested by the Housing and Residence Life Department and the Director of Auxiliary Enterprises through the Executive Vice President. Revenue generated by the resident lease agreements funds all operating expenditures and debt retirement obligations and accumulates in a reserve fund for future renovation and construction. The Housing and Residence Life Department is audited by the Office of Internal Audit on a routine basis.

Machine Vending Operations

Beverage and snack vending machines located across campus are owned and serviced by a commercial entity under a multi-year contractual management agreement awarded through the request for proposal process. A commission is paid annually to Auburn University based on a fixed percentage of gross sales. The Director of Business Development for Auxiliary Enterprises and his staff monitor campus vending operations, including commissions due Auburn University. Machine Vending Operations is audited by the Office of Internal Audit on a routine basis.

College Bookstore Operations

The Auburn University Bookstore, located in Haley Center with satellite locations elsewhere on campus, is owned and self-operated by the University. Excess revenue after all expenditures, including overhead fees assessed by the University, and contributions made through internal transfer to the Student Activities Fund is used for capital improvements for the Bookstore. Bookstore operations are monitored by the Director of Auxiliary Enterprises and reported to the Executive Vice President. Bookstore operations are audited routinely by the Office of Internal Audit.

Printing and Duplicating Operations

Auburn University maintains a self-operated offset press operation, Printing & Design, and a digital duplicating operation, CopyCat. Their roles are to provide printing, duplicating, and publishing services to academic and support Departments. Pricing to user Departments and student customers

is competitive with or lower than the local market charges for comparable work. Excess revenue after all expenditures, including overhead fees assessed by the University, is used for capital improvements, such as equipment upgrades. Printing & Design and CopyCat are audited routinely by the Office of Internal Audit.

Student Mini-Mall

Auburn University's on-campus Campus Mall is a retail entity located in the Hill area residential complex providing student residents with convenient access to an array of goods and services. These include a convenience food mart, yogurt and coffee counter, school supplies shop, and sundry residence hall room items. Campus Mall operations are overseen by the Director of Business Development for Auxiliary Enterprises reporting to the Director of Auxiliary Enterprises and to the Executive Vice President. Campus Mall operations are audited routinely by the Office of Internal Audit.

Campus Card Operations

Auburn University's student identification card, the TigerCard ID, is produced, securely maintained, and controlled by the Tiger Card ID Office as a self-supporting auxiliary enterprise. Revenue is generated primarily through fees paid by students electing to participate in the voluntary Tiger Club Accounts debit and credit purchasing program and through transaction fees paid by local vendors and merchants on and off campus who accept the student Tiger Card ID as a means of payment for goods and services. Excess revenue after all expenditures is used to further expand the campus card program and to fund capital improvements. Campus card operations are overseen by the Director of Business Development for Auxiliary Enterprises reporting to the Director of Auxiliary Enterprises and to the Executive Vice President. Campus card operations are audited routinely by the Office of Internal Audit.

Department of Intercollegiate Athletics

The Department of Intercollegiate Athletics had an operating budget for 2001-02 of over \$27 million. As with other auxiliary enterprises, the University Budget Advisory Committee has had frequent discussions about whether athletics pays an appropriate sum each year for overhead costs borne by the General Fund. By one estimate, in 2001 alone, \$311,922.60 in General Fund monies were spent on cleanup after football games.

Suggestion 6-22:

The Steering Committee suggests that a study be conducted to determine whether the Department of Intercollegiate Athletics (as well as other auxiliary enterprises) contributes an appropriate amount to the General Fund to offset overhead costs. Such a study should consider comparative data from other SEC schools as well as financial benefits that accrue to the University as a result of the Department of Intercollegiate Athletics activities.

Sources of Information

Documents

Comprehensive Annual Financial Report

Management Agreement between Auburn University and Sodexo Marriott Management

Interviews

Marcie Smith, Assistant Vice President for Business and Finance,
February and March 2002

Bob Ritenbaugh, Director, Auxiliary Enterprises, February and March 2002

Websites

Administrative Services, Auxiliary Enterprises

http://www.auburn.edu/administration/administrative_services/auxiliary/index.html

Athletics Budget, 2001-02
http://web6.duc.auburn.edu/administration/iss/business_office/pdf/03au.pdf
Bookstore
<http://www.aubookstore.com>
CopyCat
<http://www.auburn.edu/copycat/>
Dining Services
<http://auburn.edu/dining>
Housing and Residence Life
http://www.auburn.edu/administration/iss/admin_services/auxiliary/housing/index.html
Printing & Design
<http://www.auburn.edu/~auprint/>
Tiger Card and Tiger Club
<https://frontpage.auburn.edu/tigercard/>
Tiger Cub, Campus Mall
http://www.auburn.edu/tigercub/student_services/campus_mall.html

6.4 Physical Resources

6.4

Physical resources, including buildings and equipment both on and off campus, **must** be adequate to serve the needs of the institution in relation to its stated purpose, programs, and activities. The physical environment of the institution **should** contribute to an atmosphere for effective learning.

Auburn University is in compliance.

It has appropriate and adequate physical resources to support its needs and mission and for effective learning.

The Facilities Division, operating under the supervision of the Associate Provost for Facilities, is responsible for the physical resources of the University. The Facilities Division has six units: (1) University Planning, (2) Design Services, (3) Construction Services, (4) Maintenance and Operations, (5) Facilities Management, and 6) Financial Services. The Associate Provost for Facilities works directly with the Provost and the Executive Vice President to ensure the work performed by the Facilities Division is synchronous with the University's mission.

Since 2000, Auburn University has engaged in a comprehensive facilities and master planning process. This process has included developing the character and image of Auburn University and setting the parameters for the future of Auburn University's physical plant. An infrastructure master plan has been undertaken to provide the basis for utilities, including chilled water, hot water and steam, storm and sanitary sewage systems, electrical substation and distribution system, water system, and natural gas. During 2001-02, the Auburn University comprehensive master planning process addressed the future needs of the physical plant and facilities, enhanced safety in a planned pedestrian campus, improved the green spaces, and incorporated the infrastructure master plan.

For the past few years, resources have been made available for the enhancement of classrooms. Large auditorium classrooms were given priority and were renovated with new furniture, finishes, lighting, and multimedia equipment, including video projectors. Currently smaller classrooms in older classroom buildings are being upgraded to include multimedia and video projection equipment.

Sources of Information

Document

Comprehensive Campus Master Plan, 2002

Interview

Christine Curtis, Associate Provost for Facilities, May 2002

6.4.1

6.4.1 Space Management

Space allocated to any institutional function **must** be adequate for the effective conduct of that function.

Auburn University is in compliance.

It has allocated adequate space for University functions.

The President has the authority for allocating space. He delegates the responsibility for space allocation for academic units and classrooms to the Provost. The Office of University Planning is responsible for conducting space adequacy studies, maintaining space allocation records in conjunction with Institutional Analysis, and bringing space needs and problems to the attention of the Associate Provost for Facilities.

Auburn University has a current inventory of 2,539,361 gross square feet for academic and administrative functions, excluding athletic facilities and student housing. In 1998, the University through its space consultant, Comprehensive Facilities Planning, Inc., conducted a comprehensive assessment of instructional space in conjunction with the transition from the Quarter System calendar to the Semester System calendar. Although that study indicated classroom and laboratory space for instructional needs is adequate in area, it reported that classroom and laboratory space is substandard in some instances and not strategically located to meet the peak classroom demand needs.

Since 1997, several University units have engaged Comprehensive Facilities Planning, Inc. to conduct standardized assessments of existing versus needed space. Studies have been conducted for the University administration; College of Architecture, Design, and Construction; College of Agriculture; College of Business; College of Education; College of Engineering; College of Human Sciences; College of Liberal Arts; School of Forestry and Wildlife Sciences; and School of Pharmacy. Follow-up assessments of the College of Veterinary Medicine and the School of Nursing are either in process or planned. These studies are summarized in *UniversityWide Space Needs Assessment* (Preliminary Report) February 8, 2002.

The *UniversityWide Space Needs Assessment* study identified a current need of 2,507,758 gross square feet (administrative and academic) with a current surplus of 1.2%. The study projected a need for a total of 2,750,925 gross square feet and indicated a campus-wide need for an additional 211,564 gross square feet (8%). The current space ranges in quality from poor to very good. The poor space is substandard, and plans are underway to renovate or demolish it when new or renovated space is available.

In preparation for this Self Study, survey questions related to adequacy of space were asked of faculty, staff, and administrative and professional personnel. 50% of respondents to the SACS Faculty Survey disagreed that the physical space in their Departments is adequate. However, 63% of respondents to the SACS Administrative and Professional Survey agreed that their office areas are large enough to accommodate work flow; 56% of respondents to the SACS Staff Survey agreed that their office areas are large enough to accommodate work flow.

Issues about the quality of space concern the need to renovate the older and historically important buildings and to renovate or replace a number of buildings built in the early 1960s, many of which do not meet today's standards. The plan is to use deferred maintenance funds to renovate the space

of the low quality but high historical value. A plan was also developed and implemented to remove students and faculty from spaces that have a substantial fire hazard and other severe safety and air and space quality problems.

The University currently has a \$200 million campus construction program underway with several projects in design, programming, or planning. These projects include Poultry Science (\$17 million), School of Forestry and Wildlife Sciences (\$25 million), Sciences Laboratory Building (\$35 million), Veterinary Medicine Teaching Hospital (\$23 million), W.W. Walker Jr. Building for Pharmacy (\$10.5 million), and Student Center Complex/Student Village (\$50 million). Other projects are the Auburn University Medical Clinic (\$8 million), Information Technology Building (\$12 to \$14 million), Transportation Technology Center (\$50 million), and an addition to Dudley Hall for the Department of Building Science (\$5 million). A status report for these building projects with an accounting of the funding sources is revised every six weeks and is reviewed routinely by the President, Provost, and Executive Vice President. The status report is also shared with the Vice Presidents and Deans on a regular basis. Completion of these projects will resolve some of the space shortages and improve the space quality.

Sources of Information

Documents

Comprehensive Classroom Study, Comprehensive Facilities Planning, Inc., 2002

University Space Needs Assessment (Interim Report 4),

Comprehensive Facilities Planning, Inc., 2002

Interview

Christine Curtis, Associate Provost for Facilities, May 2002

Websites

SACS Reaffirmation and Accreditation, Surveys and Results, Administrative and Professional Survey

http://www.auburn.edu/academic/provost/sacs/2002_sacs/survey.htm

SACS Reaffirmation and Accreditation, Surveys and Results, Faculty Survey

http://www.auburn.edu/academic/provost/sacs/2002_sacs/survey.htm

SACS Reaffirmation and Accreditation, Surveys and Results, Staff Survey

http://www.auburn.edu/academic/provost/sacs/2002_sacs/survey.htm

6.4.2 Buildings, Grounds and Equipment Maintenance

6.4.2

An institution **must** have a plan for the upkeep of its property. At a minimum, the plan **must** address routine, preventative and deferred maintenance of buildings, equipment, and grounds. Where appropriate, it **should** verify the estimated costs of maintenance as well as when and how it is to be performed. There **should** be a written schedule for regular maintenance activities and a written record of projects completed. The plan **must** be operational and evaluated annually.

Auburn University is in compliance.

The Facilities Division has a Work Management System that facilitates the identification, prioritization, and resolution of both routine and preventative maintenance needs of the University. Directors and Shop Supervisors review the work requests and requirements weekly and assign priority to work and tasks. Individuals within buildings, Safety and Environmental Health personnel, quality assurance teams, and others place work orders.

Routine Maintenance

The Facilities Division has responsibility for the routine maintenance of buildings, grounds, utilities, and major equipment on campus through its Maintenance and Operations unit. Maintenance and Operations is composed of the following 17 units: Access Control, Asbestos Removal, Automotive, Carpentry, Chilled Water, Electrical, Electrical Distribution, Heavy Construction, Mechanical/HVAC, Paint Shop, Plumbing, Roofing, Sign Shop, Steam Plant, Stockroom, Utility Records, and Water Treatment. These units are responsible for routine maintenance and for unscheduled maintenance, and they work on maintenance projects. The Facilities Division also operates its own utility system, which includes chilled water, steam, electricity, and, soon, hot water. Auburn University is responsible for maintaining the utility systems.

Routine maintenance is handled through daily work order requests received via telephone and via a web-based program, Facility Focus. Routine maintenance needs are also identified and reported by safety and health inspectors/personnel and their bi-annual inspections, by users, by building services personnel (assigned to each building), by landscaping/grounds personnel, and by monitoring (assigned responsibility) of classroom buildings. Response priority is assigned on a weekly basis (and daily when required) by supervisory personnel based upon their expertise as well as by obvious safety, health, and building integrity issues. A follow-up response system with a “leave-behind” survey card is used as to determine customer satisfaction.

Highly technical routine maintenance work is partially outsourced to companies (for example, elevators, control systems, fire alarm systems, chiller maintenance, boiler safety, and card access readers). Outsourced contractors work in conjunction with Auburn University personnel for the purpose of providing quality service, with high levels of expertise and minimal downtime.

Auburn University provides routine cleaning services for its buildings through a combination of in-house and outsourced custodial staff. The Building Services staff is also responsible for Support Services, including moving, cleaning services for special projects (for example, gum removal), and emergency support. The Building Services group is shifting all vacant personnel positions to a third shift so that classroom buildings can be cleaned during hours these buildings are not normally occupied.

Landscape Services maintains the grounds of the University. Lawn mowing and other routine maintenance items (for example, picking up litter, trimming, grooming and replacing plants, maintaining irrigation systems, and maintaining campus safety) are tasks performed by this group. The focal points of campus and the designated green spaces are given special attention. Landscape Services is also responsible for installing and maintaining outside structures, including benches for bus stops and for recreation and physical barriers to prevent traffic from encroaching on the grounds. This unit renovates outside spaces, including sidewalks, drainage, irrigation, and lighting, and is responsible for preserving the trees on campus.

Preventative Maintenance

Preventative maintenance on significant or major and technically complex mechanical equipment and systems, including chillers/chilled water, hot water, HVAC systems controls, elevators, fire alarm systems, boiler safety, and card access readers, is outsourced through contract maintenance. In some instances, the contract requires that a maintenance representative be on campus 40 hours a week, working full-time on the systems. In other cases, the outsourced contracts require periodic maintenance calls to ensure that the equipment is working properly.

Facilities Division, under its Maintenance and Operations unit, implements the preventative maintenance program. A Preventative Maintenance Manager has been assigned to manage this program and to implement the appropriate measures to support the Preventative Maintenance Program. A preventative maintenance electronic database has been implemented. It is used to maintain information about equipment associated with University buildings and provides prompts for preventative maintenance of this equipment. During the second shift, preventative maintenance employees will work in those areas of campus where scheduled maintenance is difficult to perform during the day. Additional personnel have been added to the second shift preventative maintenance staff, and a second shift supervisor has been hired.

Deferred Maintenance

Deferred maintenance planning and budgeting is challenging because of the large number of buildings constructed on campus in the 1960s and 1970s. Code requirements and building uses have changed as have the expectations of the students and faculty for comfort and high quality space since these buildings were constructed. In 1993-94, the Board of Trustees began a deferred maintenance program by allocating funds for deferred maintenance within the University budget. Since that time Auburn University has developed a Deferred Maintenance Plan with funding in five categories: (1) maintenance projects, (2) continuing allocations, (3) renovations, (4) infrastructure, and (5) emergency/contingency. This plan also addresses the renovation of older and historically important campus buildings. A Deferred Maintenance Committee comprised of faculty, administrators, and students, with every College and School being represented, meets frequently to review the Deferred Maintenance Plan. Serving in an advisory capacity to the Associate Provost for Facilities, the Committee approves the allocations for deferred maintenance and for major alterations and repairs.

Major life safety and fire safety issues take precedence in the Deferred Maintenance Plan. Safety issues, including both life safety and fire safety, and health issues have priority in the allocation and use of deferred maintenance funds. A significant renewal of leadership, an insistence on quality in maintenance and construction, and a focus on code compliance throughout the ranks of the Facilities Division are evident.

The deferred maintenance budget is proposed to be increased by \$1,000,000 in FY 2003 and is scheduled to increase annually until the deferred maintenance fund reaches \$10,000,000. A 15-year Deferred Maintenance Plan has been developed that addresses maintenance projects and continuing allocations, infrastructure, and contingency. In addition, an “expanded” Deferred Maintenance Plan has been developed that increases the amount of funds above \$10,000,000. It includes the original Deferred Maintenance Plan but also allocates funds for the renovation of four large academic and assembly buildings during the next 15 years. If the plan is approved and enacted, the expanded Deferred Maintenance Plan will provide a means of renovating or replacing facilities.

In conclusion, the deferred maintenance, preventative maintenance, routine maintenance, renovation, and new construction projects currently being planned require technically sophisticated systems (for example, ventilation systems, monitoring equipment, card access systems). Substantial expertise in the planning, design, and management of these projects is required. The ability to hire a staff with the necessary skills is an on-going challenge given the current market demand. As new and renovated facilities are added and occupied space increases, additional maintenance effort and personnel, including building services and landscaping and grounds staff, will be needed. As Auburn University invests in new facilities, it is imperative that an active program of preventative maintenance and a program to rectify deferred maintenance be sustained.

Suggestion 6-23.

The Steering Committee suggests that a position of Vice President for Facilities be established to ensure that the needs for facilities are discussed at the highest level within the administration.

Suggestion 6-24.

The Steering Committee suggests that compensation for planning, design, and construction management personnel be studied and adjusted in order to attract and retain the technical expertise needed to accomplish the current and future mission and objectives of the University.

Suggestion 6-25.

The Steering Committee suggests that compensation for staff be studied and adjusted in order to attract and retain the technical expertise needed to accomplish the current and future mission and objectives of the University.

Sources of Information

Documents

Auburn University, *Deferred Maintenance Plan*, 2002

Auburn University, *Deferred Maintenance Plan*, 2003

Interview

Christine Curtis, Associate Provost for Facilities, May 2002

Website

Facilities Work Order Request

http://php.auburn.edu/administration/facilities/work_order/work_order.php

6.4.3

6.4.3 Safety and Security

The institution **must** take reasonable steps to provide a healthful, safe and secure environment for all members of the campus community. Administrative responsibility for environmental health and safety programs **must** be assigned. A comprehensive safety plan **must** be developed, implemented and evaluated regularly. The plan **should** give special attention to the adequate provision and use of safety equipment in laboratories and other hazardous areas; to the modification of buildings, if necessary, for egress in the event of fire or other emergency; and to familiarizing all building occupants with emergency evacuation procedures.

Auburn University is in compliance.

It has taken steps to provide a healthful, safe, and secure environment, has assigned responsibility for health and safety programs to a department of public safety and other units on campus, and has developed a comprehensive safety plan.

The Auburn University Department of Public Safety (AUDPS) provides comprehensive law enforcement coverage for the University community. Its primary objective is to provide a safe and secure environment in which students may study, faculty may teach, and employees may provide support services. The AUDPS is an integral part of a cooperative effort by many Departments, Offices, and student and civic organizations dedicated to developing and maintaining a safe and secure campus. The Patrol Division of AUPDS provides high visibility patrols, identifying and eliminating crime hazards, and provides responses to all calls for service, both emergency and routine. Officers are on the street 24 hours per day, every day of the year. The Patrol Division operates under the auspices of the Chief of Police, with Lieutenants serving as Shift Commanders. A Security Unit reports to the Chief of Police and operates under the guidance of the night shift commander with a security supervisor providing immediate supervision. This unit is responsible for conducting building security checks, securing and opening buildings when necessary, patrolling residence hall areas, and reporting any criminal activities to the Patrol Division. The Director of Public Safety and Chief of Police report to the Vice President for Administrative Services.

The Facilities Division has recently added 80 new outdoor lighting fixtures on the main campus and another 30 new outdoor lighting fixtures to the Veterinary Medicine campus. The lighting upgrades are intended to make campus areas where students, faculty, and staff might be at risk of injury or assault safer. Facilities Division has also trimmed or removed overgrown shrubbery and repaired sidewalks and has rerouted some sidewalks to lead pedestrians to safe crossings with signal lights. In other safety matters, Facilities Division has eliminated the curbside parking of vehicles along some heavily traveled streets on the main campus in an effort to protect pedestrians who step into the street from between parked vehicles.

The Auburn University Office of Safety and Environmental Health (OSEH) is responsible for agricultural safety; biological safety; environmental laws, regulations, and compliance; fire safe-

ty; game day safety; indoor air quality; industrial hygiene; laboratory design compliance; laboratory shop and studio safety; occupational health and safety; public health; severe weather safety; and vehicular safety. Co-directors of OSEH have continuing appointments on University committees, including Radiological Safety Committee, Institutional Biosafety Committee, Safety Committee, Occupational Health and Safety Committee, Deferred Maintenance Committee, and building committees as necessary.

The administrative responsibility for the safety and environmental health programs is assigned to the co-directors of OSEH. The co-directors report to the Associate Provost for Facilities and the Provost. The daily work of OSEH is assigned to 13 staff members, including the Fire Protection Engineer, Radiological Safety Officer, Radiation Safety Technician, two Industrial Hygienists, the Hazardous Materials Manager, the Hazardous Materials Technician, the Incinerator Operator, and the Public Health Environmentalist.

The Biological Safety Program at Auburn University is being developed by the Biological Safety Officer. The Biological Safety Program operates under the University Biosafety Committee. The position of the Biological Safety Officer was established after the development and approval of the *Biological Safety Manual* in 2000. The Biological Safety Program requires that all biological agents at risk level two or above be registered with the University and that all of the laboratories functioning at BSL-2 level and above be inspected annually. Violations of safe practices, training, and safety regulations in the biological laboratories must be corrected in a timely manner.

The Radiological Safety Program at Auburn University is in compliance with state regulations and operates under the aegis of the University Radiological Safety Committee. The position of the Radiological Safety Officer is being temporarily filled by a faculty member. A search is actively underway by OSEH for a permanent Radiological Safety Officer.

Office of Hazardous Waste Management is operated under OSEH and is responsible for the proper containment and disposal of all hazardous waste materials generated or used by Auburn University. A Hazardous Waste Safety Facility is used to manage and store the waste. This facility and all hazardous waste holding areas on campus are regularly inspected by the Alabama State Department of Environmental Management and by the Environmental Protection Agency.

Auburn University abides by all applicable environmental regulations administered by the state of Alabama or by the federal government. Adherence and enforcement are the responsibilities of the Office of Safety and Environmental Health. OSEH has an active program for informing those affected by the regulations of the requirements and for monitoring compliance to those regulations.

Auburn University is in compliance with the National Fire Protection Association regulations concerning fire safety, including fire extinguishers, fire alarm systems, emergency generators, stand-pipe testing, and automatic sprinkler systems. In addition, a regular program of safety inspections in dormitories, academic buildings, and business buildings and direct work orders to Facilities Division Maintenance and Operations have resulted in improved fire safety throughout campus.

Other examples of the comprehensive and continuous efforts to provide a healthful, safe, and secure environment include significant renovations of six buildings to address indoor air quality, life safety and fire safety issues; placement of 250 emergency notification radios, one per floor in academic and administrative buildings, plus four outdoor emergency notification sirens and one outdoor voice emergency notification device; systematic monitoring and inspection of fume hoods in laboratory buildings; and fire safety, egress, and handicap access inspections and investigations.

Sources of Information

Documents

Drug-Free Campus and Workplace, 2002

Auburn University Biological Safety Manual, Biological Agent and Pathogen Policy Development Committee, adopted August 2002

Auburn University Disaster/Crisis Plan, Auburn University Emergency Preparedness Planning Committee, adopted 1999

Auburn University Laboratory Safety Manual and Chemical Hygiene Plan, Office of Safety & Environmental Health, adopted 2001

Auburn University Laser Safety Manual, Radiology Safety, Office of Safety & Environmental Health, adopted May 1997

Auburn University Medical Waste Management, A Guide to Generation, Storage and Disposal of Medical Waste at Auburn University, Office of Safety & Environmental Health, updated 1999

Auburn University Safety Program Policy and Administration Manual, Auburn University Safety Program, 1992, continually updated (last published changes May 2001)

Chemical Waste Management, A Guide to Generation, Storage and Disposal of Hazardous Waste at Auburn University, Office of Safety & Environmental Health, Hazardous Materials Management, updated September 1997

Exposure Control Plan for Bloodborne Pathogens, Office of Safety & Environmental Health, adopted 2001

Guidelines for Incineration at Auburn University, Office of Safety & Environmental Health

Radiological Safety Manual, Office of Safety & Environmental Health, Radiological Safety Office, updated October 1998

Interview

Christine Curtis, Associate Provost for Facilities, May 2002

Websites

Office of Safety and Environmental Health

<http://www.auburn.edu/administration/safety/>

Public Safety

http://www.auburn.edu/administration/public_safety/index.html

6.4.4

6.4.4 Facilities Master Plan

The institution **must** maintain a current, written physical facilities master plan that provides for orderly development of the institution and relates to other institutional planning efforts.

Auburn University is in compliance.

In November 2000, the Board of Trustees engaged Idea, Inc. to develop a set of character and image guidelines that set the parameters for developing a campus master plan. On June 4, 2001, the Board of Trustees engaged Sasaki Associates to develop a master plan for Auburn University. Full documentation for the master plan is to be completed in fall 2002, with an annual review and report scheduled for June of each year.

Sources of Information

Document

Infrastructure Master Plan, Volumes 1 and 2, September 2001

Interview

Christine Curtis, Associate Provost for Facilities, May 2002

Website

Character and Image of Auburn University, Idea Inc, 2001

http://php.auburn.edu/administration/facilities/planning/image_character/index.html

6.5 Externally Funded Grants and Contracts

Externally funded grants and contracts **must** be related to the stated purpose of the institution.

Auburn University is in compliance.

Its externally funded grants and contracts are related to the purpose of the institution.

Auburn University is committed to reassessing its objectives and programs continually to assure their consistency with new knowledge and changing economic and social conditions and to seek more efficient and imaginative means of fulfilling the University's purposes. The Vision and Mission Statements of Auburn University are printed in the *Undergraduate and Graduate Bulletin*. The following statement is from the Vision Statement:

The University will be widely recognized for the quality of its undergraduate educational programs, the effectiveness of its research and outreach programs, and the broad access to the University provided through the innovative use of information technology.

Auburn's role as a land grant university emphasizes strong research programs in agricultural sciences, natural resources, the biological sciences, engineering, and the physical sciences. Strong and expanding research programs exist in Education; Veterinary Medicine; Pharmacy; the Liberal Arts; Human Sciences; Business; Architecture, Design, and Construction; and Nursing. The University has also identified seven Peaks of Excellence, nationally and, in most cases, internationally known research programs. Auburn has invested \$17.5 million to further develop these programs.

New knowledge as well as monies from externally funded grants flows directly to the classroom through instruction and to the public through outreach. Auburn's research efforts, essential to fulfilling its land grant mission, are numerous, and all cannot be listed in this limited space. Yet, programs are underway through the various research institutes at Auburn—such as the Space Research Institute and Center for the Commercial Development of Space; the National Center for Asphalt Technology; the Canine and Detection Research Institute; the Scott-Ritchey Research Center; the Alabama Agricultural Experiment Station; and Engineering Experiment Station. These and other programs continue to bring Auburn University to the forefront in research developments and in forming links with business and industry.

Source of Information

Website

Undergraduate and Graduate Bulletin, 6-7

http://www.auburn.edu/student_info/bulletin/

Peaks of Excellence

<http://www.auburn.edu/univrel/peaks/about.html>

The institution's policy on such grants and contracts **must** provide for an appropriate balance between grant and contract activity and instruction, and guarantee institutional control over the administration of research projects.

Auburn University is in compliance.

Faculty workloads are based on assigned percentages of instruction, research, or outreach at Departmental levels, which in turn are based on budget allocations within administrative units. Considerable flexibility is given to Department Heads and Chairs, in consultation with the Deans, in assigning faculty workloads. Faculty workloads are regularly reported to the Provost and are used in

budgetary management of the academic program.

All funded research projects are required to be submitted in proposal format to the Office of the Vice President for Research for approval. In addition to providing a tracking mechanism for research funds, this extramural cover form is required to set up an account for expending funds and further guarantees institutional control over the administration of research projects.

Sources of Information

Websites

Business Office Forms

http://www.auburn.edu/administration/iss/business_office/forms

Faculty Handbook, Chapters 4 and 5

<http://www.auburn.edu/academic/provost/handbook.html>

The researcher's freedom to investigate and report results **must** be preserved. Research support from outside agencies **should not** undermine these basic research principles.

Auburn University is in compliance.

The researcher's freedom to investigate and report results is guaranteed in the *Faculty Handbook*, as shown by these quotes from Chapter 3.

Academic freedom is essential to these purposes and applies to both teaching and research. Freedom in research is fundamental to the advancement of truth.

Teachers are entitled to full freedom in research and in the publication of the results, subject to the adequate performance of their other academic duties; but research for pecuniary return should be based upon an understanding with the authorities of the institution.

61% of respondents to the SACS Faculty Survey (approximately 50% response rate of 1266 faculty surveyed) agreed that their rights to academic freedom are supported in their Departments.

Sources of Information

Websites

Faculty Handbook, Chapter 3, Section 1

<http://www.auburn.edu/academic/provost/handbook.html>

SACS Reaffirmation and Accreditation, Surveys and Results, Faculty Survey

http://www.auburn.edu/academic/provost/sacs/2002_sacs/Facultysurvey.htm

The institution **must** establish a clear policy concerning a faculty member's division of obligations between research and other academic activities.

Auburn University is in compliance.

A policy related to a faculty member's division of obligations among research, teaching, and other academic activities appears in Teaching Loads in Chapter 4 of the *Faculty Handbook*. Department Heads and Chairs have considerable freedom in assigning faculty workloads to meet Departmental commitments in research, teaching, and outreach. Assignments are made in consultation with the

Dean and are regularly reported to the Provost.

The *Faculty Handbook* states:

Although there is no set teaching load formula at the University level, normally every attempt is made to give appropriate reduction in the classroom assignments of those faculty significantly engaged in research, graduate teaching, the direction of graduate student theses, or University service. Such reduction should be applied equitably to all eligible faculty. However, the University believes it is important that senior faculty who have distinguished themselves through research and publication be directly involved in undergraduate teaching.

In addition, the University's policies related to extramural activity of faculty are addressed in Chapter 7 of the *Faculty Handbook*.

Approximately 54% of respondents to the SACS Faculty Survey agreed that their assigned teaching load is balanced properly among teaching, research, and outreach; approximately 22% disagreed.

Sources of Information

Websites

Faculty Handbook, Chapters 4, Section 2 and Chapter 7, Section 1

<http://www.auburn.edu/academic/provost/handbook.html>

SACS Reaffirmation and Accreditation, Surveys and Results, Faculty Survey

http://www.auburn.edu/academic/provost/sacs/2002_sacs/Facultysurvey.htm

It **must** ensure that this policy is published in such documents as the faculty handbook and made known to all faculty members.

Auburn University is in compliance.

As previously stated, the policy is published in the *Faculty Handbook*.

Source of Information

Website

Faculty Handbook, Chapter 4, Section 2 and Chapter 7, Section 1

<http://www.auburn.edu/academic/provost/handbook.html>

Where applicable, the institution **must** develop policies regarding summer salaries paid from grant and contract funds, salary supplements paid from grants during the regular academic year, and fees for consultative services provided by faculty members.

Auburn University is in compliance.

The *Faculty Handbook* says:

Nine-month faculty may be employed during the summer. They may receive teaching appointments for the summer term depending on student enrollment and resources of the institution, be funded through an extramural contract or grant, or do a combination of teaching and funded research. Faculty employed full time for the full three months will receive 33 1/3 percent of their academic year salary. Those receiving less than full-time appointments are compensated at a percent of the summer rate equal to percent of employment. (Chapter 8, Section 1)

The *Faculty Handbook* (Chapter 7, Section 1.B) also contains the policy on salary supplements paid from grants during the regular academic year and fees for consultative services provided by faculty members. If the work on the external contract or grant is considered a part of the faculty member's duties and part of the faculty member's salary is paid from the contract or grant, no extra compensation is given. If the work is not considered part of the faculty member's duties, extra compensation may be given. Extra compensation activities must be short term.

Source of Information

Website

Faculty Handbook, Chapters 7 and 8

<http://www.auburn.edu/academic/provost/handbook.html>

These policies **must** also be published and made known to the faculty.

Auburn University is in compliance.

These policies are published in the *Faculty Handbook*.

Source of Information

Website

Faculty Handbook, Chapters 7 and 8

<http://www.auburn.edu/academic/provost/handbook.html>

In accepting funds from outside agencies, the institution **must** ensure that it maintains control over research and instruction.

Auburn University is in compliance.

Although it accepts funds from outside agencies, the University has control over research and instruction.

The University's research program is coordinated through the Office of the Vice President for Research, and the Associate Provost and Vice President for Research reports to the Provost. Applications for extramural contracts and grants must be processed through the Office of the Vice President for Research. University authorization to submit extramural proposals is given by this Office, and all contract and grant awards for sponsored activities are made through this Office.

Control of research is achieved through the following administrative units, which report to the Office of the Vice President for Research:

- The *Office of Animal Resources* is responsible for the care and well being of vertebrate animals used for all research, instruction, production, and demonstration activities at Auburn University.
- The *Institutional Review Board* within the Office of Human Subjects is responsible for protecting human subjects who participate in research and for ensuring that state and federal requirements as related to the use of human subjects in research projects are met.
- The *Office of Technology Transfer* assists faculty, students, and staff members in obtaining patent protection, copyright and trademark protection, confidentiality agreements, material transfer agreements, and option or license agreements. This Office markets technologies and attempts to gain research funding and royalty income for inventors through industry agreements.

- The *Office of Sponsored Programs* is responsible for the review, negotiation, acceptance, and monitoring of proposals and awards for extramurally sponsored programs. This Office provides assistance with securing and administering programs in research, outreach, and instruction sponsored by external sources.

Sources of Information

Websites

Faculty Handbook, Chapter 5

<http://www.auburn.edu/academic/provost/handbook.html>

Office of the Vice President for Research

<http://www.auburn.edu/research/vpr>

Because many agencies attach stringent regulations directing and limiting activities for which they provide funding, the institution **must** safeguard control over its own activities.

Auburn University is in compliance.

It has two organizations that are responsible for monitoring research activities and expenditures: Office of Sponsored Programs and Contracts and Grants Accounting.

The Office of Sponsored Programs is responsible for the review, negotiation, acceptance, and monitoring of proposals and awards for extramurally sponsored programs. This Office provides assistance with securing and administering programs in research, outreach, and instruction sponsored by external sources. Contracts and Grants Accounting provides the accounting services for contracts and grants timely and accurately so that Auburn University is in compliance with applicable contract and grant regulations and is reimbursed for allowable contract and grant costs.

Although sponsors fund projects based on the professional expertise of the Principal Investigators submitting proposals, the award is made in the name of Auburn University. Under the general oversight and authority of Auburn University, the Principal Investigator of a sponsored project bears primary responsibility for technical compliance, completion of programmatic work, fiscal stewardship of sponsor funds, and compliance with administrative requirements of the project. Thus, the University must ensure that individuals serving in the capacity of Principal Investigator have the technical competence and administrative capabilities to carry out a sponsored project. The Statement of Principal Investigator Eligibility provides institutional requirements for whom may serve as a Principal Investigator on an externally sponsored project. Any exceptions to this eligibility requirement must be approved by the Vice President for Research.

Department Heads and Chairs and Deans have oversight responsibilities for sponsored research activities within their respective units. These responsibilities include:

- Approve proposals and agreements for sponsored projects before they are submitted to the appropriate Vice President
- Ensure that the budget for the program is adequate for the work required
- Ensure that the principal investigator or other designated personnel are monitoring the project so that expenditures are charged to the correct accounts and that salaries and wages are promptly allocated when employees start or stop working on a contract or grant
- Ensure that University policies are followed
- Oversee and control expenditures for extramural programs.

Federal regulations require universities to be consistent in the handling of costs, regardless of the type of funds involved. Therefore, Auburn University applies the guidelines cited in these Office of Management and Budget circulars to all contracts and grants from all funding sources:

- OMB Circular A-21 establishes the principles for determining costs applicable to grants, contracts, and other agreements with colleges and universities. These principles are to be used as a guide in the pricing of fixed price agreements and apply to direct costs and indirect costs.
- OMB Circular A-110 provides a public declaration of the standards to be used by federal agencies and colleges and universities in the administration of grants and other agreements. This does not include contracts that are administered under procurement laws and regulations.
- OMB Circular A-133 states audit requirements and provides policy guidance to federal agencies and colleges and universities regarding the financial records, internal control structure, and compliance with applicable laws and regulations.

The University must review compensation for personal services that are charged to contract/grant accounts, including cost sharing accounts and federal appropriations accounts. These requirements are set out in OMB Circular A-21.

The A-21 Personnel Activity Report must be signed by a person who has first-hand knowledge that the salaries or wages charged to a sponsored project are reasonable in relation to the work that was done on the project. Certification should be made by the Principal Investigator. The Department Head or Chair may sign if he or she has first-hand knowledge of the effort of the employee. The authority to sign the certification cannot be delegated to administrative or clerical assistants.

The original certified PARs are kept for 15 years by Contracts and Grants Accounting for audit purposes. Deans and Department Heads and Chairs should retain their copies for at least one year in order to incorporate correct information on employees' Faculty Service Reports. The A-21 Personnel Activity Report and the Faculty Service Report for an employee should not contain conflicting information.

In addition, the PARs are required for salaries paid using federal appropriations.

Sources of Information

Websites

Financial Policies and Procedures Manual, Contracts & Grants

http://www.auburn.edu/administration/iss/business_office/policy_manual/index.htm

Office of the Vice President for Research

<http://www.auburn.edu/research/vpr>

Continuity of support for general instructional activities **must** not be endangered by acquisition of research grants and contracts.

Auburn University is in compliance.

Table 6-9 shows percent revenue by source for 1991-92 to 1999-2000 for Auburn University. It indicates that the University is not dependent on research dollars to fund ongoing instructional activities.

The two categories related to research are Government Grants and Contracts and Private Gifts, Grants, and Contracts. 14.8% of the revenue came from these categories in 1993-94; this percentage decreased to 13% for 1999-2000. Approximately 60% of the revenue for the University came from State Appropriations and Tuition and Fees during the same time period. In fact, 62.7% of the revenue came from these two categories in 1999-2000, while the research percentage decreased.

Table 6-9 Percent Distribution of Revenue by Source
Fiscal Years 1991-92- 1999-2000

Source	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01
State Appropriations	44.1	43.2	43.7	44.5	41.9	41.7	40.2	39.4	36.1	34.3
Federal Appropriations	4.5	4.7	4.3	3.9	4.1	3.7	3.6	3.2	2.8	2.1
Local Appropriations	0.7	0.6	0.8	0.6	0.5	0.5	0.4	0.4	0.4	0.4
Government Grants & Contracts	8.1	8.8	8.9	8.2	10.6	9.8	9.6	9.2	9.4	11.3
Private Gifts, Grants & Contracts	5.9	5.8	5.9	5.6	4.0	4.3	4.6	4.2	3.6	5.0
Endowment/Investment Income	0.8	2.2	2.3	2.2	2.4	2.7	3.1	3.0	3.5	4.3
Tuition & Fees	15.1	15.6	15.7	16.4	17.7	18.1	20.0	22.3	26.5	24.7
Sales & Services	3.6	3.8	4.0	3.8	3.6	3.8	3.9	3.3	3.1	3.3
Auxiliary Enterprises	13.1	12.9	12.1	12.5	13.1	13.2	12.5	13.0	12.5	12.6
Other Sources	4.0	2.4	2.3	2.3	2.1	2.0	2.2	1.9	1.9	2.0
Total (\$ Millions)	\$306.9	\$321.2	\$336.4	\$370.7	\$375.2	\$381.8	\$398.8	\$426.2	\$494.3	\$514.7

Source of Information

Website

Auburn University Office of Planning and Analysis

<http://www.panda.auburn.edu/pdorbs.htm>

Grants **must** be awarded and contracts **must** be made for specified periods of time.

Auburn University is in compliance.

An Auburn University Cover Form for Extramural Programs must be submitted to the Auburn University Office of Sponsored Programs with every proposal or award, new or revised. In Section (1f.) of this form, the duration of the particular budget or project period must be specified. The instructions on completing Section (1f.) are as follows:

Duration of the project should be stated for both the budget period and the project period, if known. The budget period should reflect the dates for the current funding period. The project period should reflect the dates for the entire project. If specific dates are not known at this time, make a best guess estimate based upon the number of months or years the project will require.

Source of Information

Website

Cover Form for Extramural Programs

http://www.auburn.edu/administration/iss/business_office/forms/

It is **also important** that an institution not become dependent upon indirect cost allowances from grants and contracts to support its regular operating budget.

Auburn University is in compliance.

As shown on Figures 6-2 and 6-3, the University is not dependent upon indirect cost allowances from grants and contracts to support its regular operating budget.

Figure 6-2 summarizes the budgeted revenue amounts at Auburn University Division 1 (Main Campus) for 2000-01. The two largest revenue sources are state appropriations and student fees and

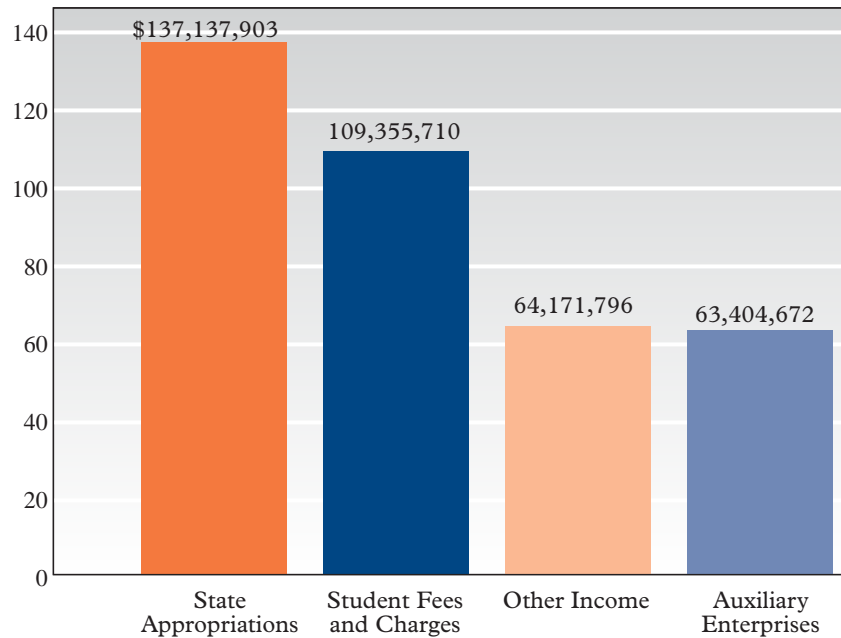


Figure 6-2 Auburn University Budgeted Revenue

charges. A breakdown of the Other Income category for Division 1 (Main Campus) is provided on Figure 6-3. Indirect cost recovery generated revenue of \$4,745,000 in 2000-01. These funds are only 1.27% of the total revenue for the University. Table 6-9 shows percent revenue by source for the time

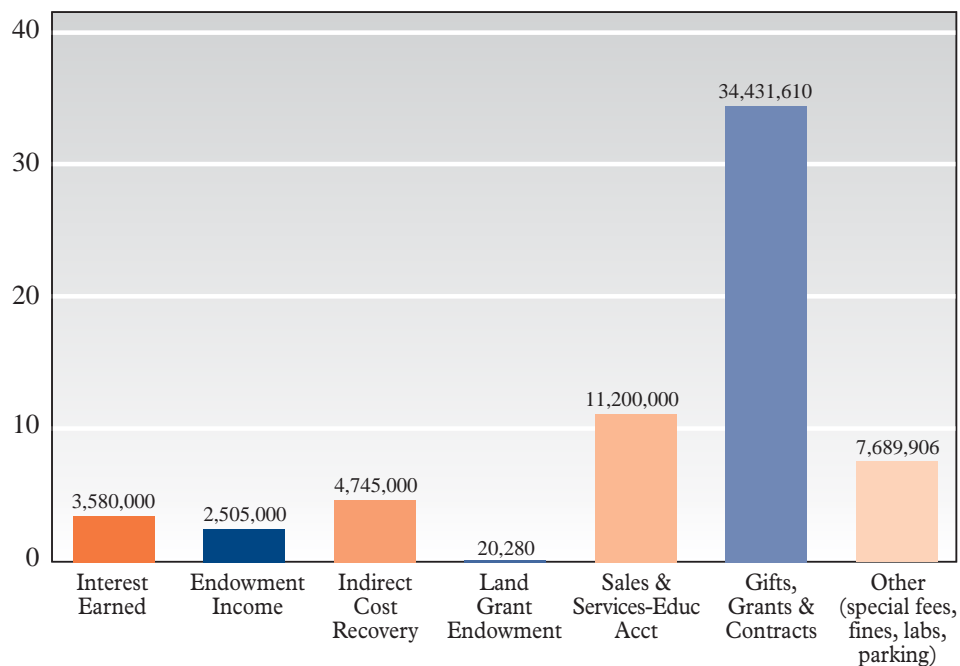


Figure 6-3 Breakdown of Other Budgeted Income Revenue Categories, 2000 - 2001

period 1991-92 to 1999-2000. The breakdown of income in this table is different from that in Figure 6-3. Indirect cost recovery is included in the Other Sources category in Table 6-9. Note that the Other Sources category has decreased from 4% in 1991-92 to 1.9% in 1999-2000.

Source of Information

Website

Budget, 2001 – 2002

http://www.auburn.edu/administration/iss/business_office/budget/02budget.html.

6.6 Related Corporate Entities

6.6

Institutions are often associated with related separately-incorporated units, such as radio or television stations, athletic foundations, research foundations, scholarship foundations, hospitals, for-profit enterprises, press operations and publications, and insurance trusts. When an institution is reliant upon such an entity, or when a separately-incorporated or related entity is reliant upon the institution, documentation outlining the mutual relationship and benefits must be maintained by the institution. This documentation **must** include the following:

- a description of the separately-incorporated unit's activities;
- a statement demonstrating the manner in which the activities relate to the purpose of the institution;
- a current roster of board members of the unit, including institutional personnel and board members who have responsibilities with both the institution and the incorporated entity, whether they are additionally compensated by the entity or not;
- a copy of the separately incorporated unit's annual financial audit report for the most recently completed year; and
- copies of the charter and bylaws of the unit.

If such entities are reliant upon the institution for fulfillment of their purposes, the institution **should** ensure that they complement, rather than detract from, the institution's purpose, and that they are subject to proper operating controls and risk-liability containment. The institution **should** demonstrate the manner in which each related entity contributes to its effectiveness.

Auburn University is in compliance.

It maintains two related corporate entities. The Auburn Alumni Association and the Auburn University Foundation are separately incorporated 501(c)(3) University corporations. Documentation of the mutual relationship and benefits of each entity are maintained by the University. Both entities were established and exist to further the many instructional, research, and outreach programs of the University.

Auburn Alumni Association

The Auburn Alumni Association describes itself in its bylaws:

The purposes of the Alumni Association are to promote the growth, progress, and general welfare of Auburn University; to foster mutually beneficial relationships between the University and its alumni; to foster and encourage improved educational enterprises, programs, and services of Auburn University; to enhance the general welfare of Auburn University through the formation and implementation, and management of development programs; to solicit and encourage alumni and friends of Auburn to make gifts, devises, bequests, and contributions of whatsoever nature to the Auburn University Foundation, Auburn University, and/or the Auburn

Alumni Association; and to perpetuate the traditions, purposes, growth, and progress of Auburn University. (Alumni Association Bylaws)

The Alumni Association is managed by a Board of Directors, which consists of 25 members, as well as the President and Chief Financial Officer of the University. Both University officers serve as non-voting ex officio members. Neither is additionally compensated for service on the Alumni Association Board. More specific information about the administration of the Alumni Association is included in the Auburn Alumni Association Bylaws.

The Auburn Alumni Association is audited yearly by an independent accounting firm. A copy of the most recent audited financial statement is on file in the SACS Library. Independent accountants also review accounting controls and risk liability of the Association. Both the accounting controls and the risk liability are appropriate.

The Auburn Alumni Association contributes to and complements the mission of Auburn University by fostering mutually beneficial relationships between the University and its alumni. The Auburn Alumni Association also works closely with the Auburn University Foundation (the fund-raising arm of the University) in the management of development programs by soliciting and encouraging alumni and friends to make gifts, devise, bequests, and contributions to the benefit of Auburn University

Auburn University Foundation

The Auburn University Foundation was organized in 1960 with the sole purpose being educational. Its objective is to develop and increase

the facilities of Auburn University for broader and increased opportunities in this educational realm and for service to its students, alumni, and the citizens of the State of Alabama and the Nation, by encouraging gifts, grants and donations of money, property, works of art, historical papers and documents, museum specimens, and any other such material and/or asset of educational value, and by such other proper means as may seem advisable; to receive, hold and administer such gifts, grants, and donations and also to act without profit as trustee and to have trust powers to be exercised when necessary or desirable and to perform any and all acts concerning: management, investment, reinvestment and expenditures in furtherance of the educational interests of Auburn University. (*Articles of Incorporation and By-Laws of the Auburn University Foundation*)

The Auburn University Foundation is governed by a Board of Directors consisting of not less than three and not more than 22 voting directors. All voting directors are elected for three-year terms except for the University President, who serves as an ex-officio voting director. Currently, the Board has 21 voting directors. Also serving on the Board are the Chancellor of Auburn University at Montgomery and the President of the Auburn Alumni Association as ex-officio non-voting directors, and the Executive Vice President as Treasurer. The University President and the Executive Vice President are not additionally compensated for their service. More specific information is included in the Auburn University Foundation Bylaws found in the SACS Library.

The Auburn University Foundation is audited yearly by an independent accounting firm, and its most recent financial statement is in the SACS Library. Independent auditors review internal controls and risk liability yearly and have found them to be appropriate.

The Auburn University Foundation serves as the fund-raising arm of Auburn University and contributes significantly to and complements the mission of the institution as a result of the fund-raising efforts.

Sources of Information

Documents

Alumni Association Bylaws, 2001

Annual Audit of the Auburn University Foundation, 2001

Annual Audit of the Office of Alumni Affairs, 2001

The Articles of Incorporation and Bylaws of the Auburn University Foundation

Report of Office of Development, January 2002

Interviews

Charles W. Bruce, Assistant Treasurer, April 24, 2002

Wil Miller, Acting Vice President, Office of Development, February 21, 2002

