

**WESTERN WASHINGTON UNIVERSITY
BOARD OF TRUSTEES
AGENDA
October 13, 14, 2011**

FRIDAY, October 14, 2011

Location: Diamond Club, Safeco Field, Seattle, WA

Time: 8:00 a.m.

- 1. CALL TO ORDER**
8:00 – 8:05

DISCUSSION ITEMS

- 2. CAMPAIGN UPDATE**
8:05 – 8:15 Presentation: Stephanie Bowers, VP for University Advancement
8:15 – 8:25 Discussion
- 3. FALL ENROLLMENT AND DISCUSSION OF CONSULTING FIRM DRAFT REPORT**
8:25 – 8:35 Presentation: Eileen Coughlin, VP for Enrollment and Student Services
8:35 – 8:45 Discussion
- 4. WESTERN BY THE NUMBERS**
8:45 – 8:55 Presentation: Catherine Riordan, Provost & VP for Academic Affairs
Ming Zhang, Director, Institutional Research
8:55 – 9:05 Discussion
- 5. WESTERN IN SEATTLE: PAST, PRESENT, FUTURE**
9:05 – 9:20 Presentation: Stephanie Bowers, VP for University Advancement
Catherine Riordan, Provost & VP for Academic Affairs
Eileen Coughlin, VP for Enrollment and Student Services
Steve Swan, VP for University Relations
Earl Gibbons, Vice Provost for Extended Education
9:20 – 9:40 Discussion

BREAK - 9:40 – 10:00 a.m.

SPECIAL REPORT

10:00 AM – 12:00 PM

- 6. “LINKAGE BETWEEN HIGHER EDUCATION AND THE FUTURE OF THE STATE”**
A Conversation with Legislators and Business Leaders in Washington State
 - Speaker Frank Chopp, Speaker State House of Representatives
 - Sen. Ed Murray, Chair, Senate Ways & Means Committee
 - Rep. Larry Seaquist, Chair, House Higher Education Committee
 - Rep Reuven Carlyle, Vice Chair, House Higher Education Committee

- Lewis McMurrin, Vice President, Government and External Affairs, Washington Technology Industry Assoc.
- Howard Lincoln, former WWU Trustee
- John Warner, former WWU Trustee
- Other invited panelists

7. INFORMATION ITEMS

Alumni Relations Report
Capital Program Report
Development Report
External Funding for Research, 2007-2011
Office of Internal Auditor Annual Report
Energy Efficiency Performance Contract Update
Quarterly Academic Program Report: Survey on Transfer Students
University Relations Report
WWU Annual Report - <http://news.wvu.edu/go/doctype/1538/37502/>

8. MEETING EVALUATION & FUTURE AGENDA TOPICS

9. DATE FOR NEXT REGULAR MEETING: December 8 & 9, 2011

10. ADJOURNMENT

11. LUNCH

1. CALL TO ORDER

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: President Bruce Shepard by Stephanie Bowers
Vice President for University Advancement and
Executive Director, WWU Foundation

DATE: October 14, 2011

SUBJECT: **Campaign Update**

PURPOSE: Informational

Purpose of Submittal:

Provide an update to the Board on Western Washington University Campaign.

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: President Bruce Shepard by Vice President Eileen V. Coughlin

DATE: October 14, 2011

SUBJECT: **Fall Enrollment and Discussion of Consulting Firm Draft Report**

PURPOSE: Discussion Item

Purpose of Submittal:

At the time of writing this report, fall enrollment numbers have not been finalized. Vice President Coughlin will present an oral report with final numbers at the meeting.

In addition, this will be an opportunity to discuss the preliminary results of the report from enrollment consultants Scannell & Kurz, Inc. They were charged with conducting an analysis and making recommendations regarding the institution's financial aid/discounting and awarding strategies and their impact on shaping enrollment, enhancing net tuition revenue and maintaining Western's niche.

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: President Bruce Shepard by Provost Catherine Riordan

DATE: October 14, 2011

SUBJECT: **Western by the Numbers**

PURPOSE: Presentation and Discussion

Purpose of Submittal:

Catherine Riordan, Provost and Vice President for Academic Affairs, and Ming Zhang, Director of Institutional Research, will provide a presentation and lead a discussion based on information about the U.S. News College Rankings and State Performance Metrics.

US News 2012 College Ranking: West Public Regional Universities

Rank	School	Overall score	Peer Assessment Score	Freshmen retention rate	Average graduation rate	Percent of class that are less than 20 students	Percent of classes that are 50 or more students	Student/F aculty ratio	Percent of FTE faculty that are full-time	SAT V+M/ACT 25th-75th percentile	Percent of freshmen in top 25% of high school class	Acceptance rate	Average alumni giving rate
1	California Polytechnic State Univ.--San Luis Obisp	75	4	90%	73%	15%	14%	19/1	85%	1120-1320	86%	33%	7%
2	N.M. Inst. of Mining and Tech.	58	3	72%	46%	58%	4%	11/1	89%	24-29	65%	32%	N/A
3	Western Washington University	54	3.2	84%	68%	36%	16%	21/1	83%	1010-1230	57%	74%	5%
4	California State U.--Long Beach	51	3.3	86%	52%	22%	11%	21/1	75%	920-1160	84%	34%	11%
5	Evergreen State College	47	3.3	71%	58%	38%	11%	23/1	87%	970-1230	27%	94%	6%
6	Calif. State Poly. Univ.--Pomona	44	3.5	85%	53%	12%	13%	26/1	77%	950-1200	N/A	45%	4%
7	California State Univ.--Chico	44	2.9	82%	54%	27%	12%	23/1	79%	930-1140	76%	67%	5%
8	California State U.--Fullerton	44	3.3	81%	51%	20%	10%	26/1	75%	890-1110	52%	45%	3%
9	California State Univ.--Fresno	41	3	83%	49%	18%	10%	20/1	79%	820-1060	80%	56%	4%
10	San Jose State University	40	3.3	82%	44%	25%	9%	25/1	64%	910-1150	N/A	57%	2%
11	Texas State University--San Marcos	40	3.1	78%	55%	19%	19%	19/1	88%	960-1160	52%	76%	5%
12	Univ. of Colo.--Colorado Springs	40	3.2	70%	45%	36%	12%	18/1	95%	21-26	39%	62%	3%
13	Central Washington University	38	2.9	76%	56%	40%	5%	21/1	88%	890-1100	N/A	81%	4%
14	Sonoma State University	38	3	76%	52%	40%	8%	23/1	74%	910-1130	N/A	81%	1%
15	Humboldt State University	36	2.9	73%	41%	36%	14%	24/1	72%	910-1150	38%	78%	9%
16	San Francisco State University	36	3.3	76%	46%	20%	21%	26/1	76%	890-1130	N/A	63%	2%
17	California State U.--Stanislaus	35	2.8	83%	51%	22%	11%	22/1	81%	810-1040	N/A	34%	1%
18	California State U.--Monterey Bay	32	2.8	70%	40%	26%	6%	27/1	63%	840-1080	44%	52%	2%
19	Calif. State U.--San Bernardino	32	2.8	82%	52%	27%	17%	25/1	78%	810-1010	N/A	19%	2%
20	Eastern Washington University	31	2.7	73%	48%	33%	12%	22/1	85%	850-1080	N/A	82%	7%
21	University of Texas--Tyler	31	2.9	65%	36%	32%	10%	16/1	88%	970-1170	53%	48%	1%
22	Boise State University	30	3.1	67%	27%	33%	11%	21/1	72%	20-25	35%	65%	8%
23	California State U.--Sacramento	30	3	78%	42%	21%	17%	25/1	80%	830-1060	N/A	71%	2%
24	Southern Oregon University	28	2.9	68%	33%	51%	2%	20/1	83%	890-1130	N/A	93%	2%
25	Southern Utah University	28	2.6	63%	40%	38%	9%	25/1	88%	19-26	56%	77%	4%
26	Texas A&M International University	28	2.7	66%	39%	33%	14%	21/1	79%	790-980	50%	52%	11%
27	West Texas A&M University	28	2.8	65%	39%	35%	8%	20/1	85%	19-24	46%	72%	4%
28	California State University--Channel Islands	26	2.8	76%	52%	N/A	N/A	19/1	76%	880-1090	N/A	68%	1%

US News 2012 College Ranking: West Public Regional Universities

Rank	School	Overall score	Peer Assessment Score	Freshmen retention rate	Average graduation rate	Percent of class that are less than 20 students	Percent of classes that are 50 or more students	Student/F aculty ratio	Percent of FTE faculty that are full-time	SAT V+M/ACT 25th-75th percentile	Percent of freshmen in top 25% of high school class	Acceptance rate	Average alumni giving rate
29	California State University--San Marcos	26	2.8	73%	46%	27%	9%	24/1	69%	870-1080	N/A	41%	0%
30	Stephen F. Austin State Univ.	26	2.8	64%	42%	29%	8%	20/1	88%	870-1070	44%	65%	3%
31	Weber State University	26	2.8	72%	43%	42%	6%	27/1	74%	18-24	N/A	100%	3%
32	California State U.--Northridge	25	3.1	74%	43%	12%	16%	25/1	69%	810-1040	N/A	74%	2%
33	University of Central Oklahoma	25	2.9	63%	36%	31%	3%	22/1	74%	19-24	37%	78%	1%
34	Montana State Univ.--Billings	24	3	59%	30%	43%	5%	20/1	70%	19-24	29%	97%	7%
35	U. of Texas of the Permian Basin	24	2.4	60%	32%	28%	12%	19/1	85%	890-1120	56%	81%	9%
36	Western Oregon University	24	2.7	69%	42%	50%	5%	18/1	76%	850-1080	33%	89%	N/A
37	California State Univ.--Bakersfield	22	2.7	72%	41%	29%	9%	22/1	85%	575-940	N/A	66%	2%
38	Southwestern Oklahoma State U.	22	2.6	65%	34%	44%	5%	20/1	96%	18-23	39%	91%	3%
	mean	35	3.0	73%	46%	31%	10%	22/1	80%	N/A	51%	66%	4%
	min	22	2.4	59%	27%	12%	2%	11/1	63%	N/A	27%	19%	0%
	max	75	4.0	90%	73%	58%	21%	27/1	96%	N/A	86%	100%	11%

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: Bruce Shepard, President by Stephanie Bowers, Vice President for University Advancement and Executive Director, WWU Foundation

DATE: April 16, 2010

SUBJECT: **Western in Seattle: Past, Present, Future**

PURPOSE: Discussion Item

Stephanie Bowers, Vice President for University Advancement will lead the discussion on plans for the future of Western's presence in Seattle. Catherine Riordan, Provost and Vice President for Academic Affairs; Earl Gibbons, Vice Provost for Extended Education; Eileen Coughlin, Vice President for Enrollment and Student Services; and Steve Swan, Vice President for University Relations will share plans for future programs and projects to enhance and strengthen Western's visibility in the greater Seattle and King County area.

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: Bruce Shepard, President

DATE: October 14, 2011

SUBJECT: **Special Report**

PURPOSE: Discussion Item

“LINKAGE BETWEEN HIGHER EDUCATION AND THE FUTURE OF THE STATE”

A Conversation with Legislators and Business Leaders in Washington State

- Speaker Frank Chopp, Speaker State House of Representatives
- Sen. Ed Murray, Chair, Senate Ways & Means Committee
- Rep. Larry Seaquist, Chair, House Higher Education Committee
- Rep Reuven Carlyle, Vice Chair, House Higher Education Committee
- Lewis McMurrin, Vice President, Government and External Affairs, Washington Technology Industry Assoc.
- Howard Lincoln, former WWU Trustee
- John Warner, former WWU Trustee
- Other invited panelists

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: President Bruce Shepard by Stephanie Bowers
Vice President for University Advancement and
Executive Director, WWU Foundation

DATE: October 14, 2011

SUBJECT: **Alumni Relations and Advancement Communications Report**

PURPOSE: Information Item

Purpose of Submittal:

Provide an update to the Board on Alumni Relations and Advancement Communications activities.

OFFICE OF ALUMNI RELATIONS AND ADVANCEMENT COMMUNICATIONS

News

Approximately 300 faculty and staff attended the 4th Annual Get Your Blue On BBQ & Concert in September at which Woods Coffee Company presented a gift for scholarship based on \$1 per bag sold of the Viking Blend coffee since August 2010. This event is part of a Get Your Blue On series to encourage Western pride and community. Since this effort began, we have seen a 159% increase in Western staff who have become Alumni Association members.

Viking Vines Wine Club launches in November and is for members of the Western community to join and receive multiple shipments of award-winning premium wines including organic wines as part of our eco-friendly commitment to health and the environment with proceeds benefiting student scholarships.

Brian Sibley joined the Advancement team as Campaign Communications Manager. Brian comes to us with more than 13 years of public relations, media, communications and brand experience in the consulting and corporate worlds locally and nationally. Additionally, Brian knows Western a bit as he has served as an adjunct professor in CFPA. We are lucky to have him with us helping us toward a successful Campaign for Western!

Alumni Events

Ongoing broad-based engagement opportunities continue to be a focus. Since July 2011, we have planned and executed 10 events and programs with an additional 8 in the upcoming four months including two that were sold out:

RECENT PROGRAMMING INCLUDES:

Student Programming	Broad Based Alumni Programs
8/11 Senior Celebration	8/13 Alumni & Family Day @ Seattle Mariners
8/13 Graduation	8/25 Alumni Networking Social @ WAC
9/7 Get Your Blue On BBQ on campus	9/10 13th Annual Salmon BBQ in Olympia
9/19 & 20 Info Fair – ASK! promotion	9/24 Alumni Bike Ride in Snoqualmie Valley
	9/24 Tour of the Heritage of the Americas' Museum in San Diego
	10/8 Oktoberfest on Bellingham Bay

UPCOMING PROGRAMS:

Student Programming	Broad Based Alumni Programs
12/9 Senior Celebration	10/9-10/22 Travel Program: China
12/10 Graduation	10/15 Alumni and Family Day @ Seattle Sounders
3/15 Senior Celebration	10/15-10/23 Travel Program: Peru
3/17/2012 Graduation	10/24-11/4 Travel Program: Mediterranean Cruise
	10/25-11/3 Travel Program: Tuscany
	11/3-6 Disney Classic Basketball Tournament
	11/5-11/12 Travel Program: Chile & Argentina
	11/14 Traveling Professor in Seattle
On-going ASK! Promotion	11/27-12/4 Travel Program: Mexican Riviera Cruise
	12/9 Zoo Lights @ Pt. Defiance Zoo
	12/ Seattle Networking event
	2/1 First shipment of the Viking Vines Wine Club
	2/9 Travel Program
	2/17-2/26 Travel Program: Egypt Cruise
	3/7 Alumni Financial Series
	3/21 Martinis with Drizzle
	4/10 Travel Program: Beijing
	4/20 Travel Program: East Coast
	4/21-4/29 Travel Program: Holland Cruise
	5/17 Alumni Awards Celebration Dinner
	5/17-5/21 B2B Alumni & Family Weekend

WESTERN WASHINGTON UNIVERSITY

Capital Program Report

Board of Trustees

October 13, 2011

MAJOR CAPITAL PROJECTS

- **Miller Hall Renovation**

Substantial completion for the Miller Hall project was achieved on August 18, 2011. The General Contractor/Construction Manager, Dawson Construction, has completed the majority of their punch list items. Final completion of the project is scheduled for the end of October.

Faculty and staff in the Woodring College of Education, Modern and Classical Languages and the Center for International Studies have moved into both Phases I and II areas of the building as of mid-September, also utilizing conference rooms and all public spaces.

Classrooms located in Phase II of the building will be ready for students at the beginning of winter quarter (January 3, 2012). Classes are being held this fall in Phase I of the building.

The project is on track for LEED Silver status.

A construction team appreciation event was held on October 1st. A dedication of the renovated building is scheduled for November 2nd.

- **Buchanan Towers Addition**

The contractor for the completion project, Tiger Construction Inc., achieved Substantial Completion on August 16, 2011 and students moved into the addition for the start of fall classes. Work continues to complete minor punch list items and closeout has begun for this phase of the project.

- **Carver Academic Renovation**

The process has begun to select the design consultant for the Carver Academic Renovation project. The selection committee reviewed submittals from 10 firms that were received by the University. The committee then interviewed four firms in their offices as well as toured example projects. The committee has made its recommendation to the University, and Board approval is being requested at the October meeting.

- **Classroom and Lab Upgrades**

The University contracted with RMC Architects of Bellingham, Washington to design classroom and lab upgrades in multiple buildings. Work includes hazardous materials abatement; new lecture podium systems with computer, video and projection equipment; projection screens; whiteboards; modifications to doors, walls, and ceilings; new flooring,

ceilings and acoustical wall treatments; and modifications to mechanical and electrical systems.

RMC is scheduled to complete design by mid-February 2012. Western will solicit bids from general contractors in March 2012. A request to approve the construction contract is scheduled to be submitted to the Board in April 2012. Construction will occur during Summer Quarter 2012 and be complete by the start of Fall Quarter 2012.

2013-2015 CAPITAL PLANNING AND BUDGET PROCESS

The 2013-2015 Capital Planning and Budget process has begun with submission of the major and intermediate projects by University divisions. The University Planning and Resources Committee is in the process of reviewing and prioritizing the project submissions. The minor works request process will begin mid-October.

For more information about the major projects and the Capital Program and 2013-15 Capital Planning Process, visit the Office of Facilities Development and Capital Budget website: <http://www.wvu.edu/wwuarchitect/>

For more information about the 2011-2013 Capital Budget see <http://www.wvu.edu/depts/capitalb/index.shtml>

WESTERN WASHINGTON UNIVERSITY ITEM SUBMITTED TO THE BOARD OF TRUSTEES

TO: Members of the Board of Trustees

FROM: President Bruce Shepard by Stephanie Bowers
Vice President for University Advancement and
Executive Director, WWU Foundation

DATE: October 14, 2011

SUBJECT: Development Report

PURPOSE: Information Item

Purpose of Submittal:

Provide an update to the Board on Western Washington University Foundation activities.

OFFICE OF DEVELOPMENT

Stephanie Bowers launched the new Seattle office for Western in early September; it is located at Two Union Square, Suite 4200 in the downtown business core. She is spending 2-3 days per week there meeting with alumni and supporters of WWU. Sherry Burkey also has an office set up there and Bruce Shepard will be using the office as well. Western faculty and staff are all welcome to use the meeting and business space; it is set up to accommodate this use.

The Foundation Board held its first meeting of the academic year in Seattle last month, enjoyed tours of the new office, and met for a casual supper at the Club room of Stephanie's apartment. Students currently interning in Seattle presented information about Western's visual journalism program, again making the point that Western is in Seattle.

The Bellingham Business Forum was held on Tuesday, October 11 at the Hotel Bellwether, with Erin Baker, founder of Erin Baker's Wholesome Baked Goods, as the keynote speaker. The event was a sell-out. Following the successful model of Western students at the podium for the Seattle event last spring, Anna Ellermier AS President and Stephanie Grow, recent grad, spoke about Western's partnerships in the community, as demonstrated by student involvement in the community, scholarships, and internships.

The Foundation is organizing community welcome events for the two new deans. Foundation Board member Dave Mann and his wife Ann hosted the first small dinner

party for Woodring Dean Francisco Rios in Seattle on October 13th, and College of Sciences and Technology Dean Jeff Wright will be welcomed in Bellingham on November 1. Additional welcome events are being planned.

In order to fully engage those interested in helping Western, and to attract individuals who want to take an active role in the governance of the Foundation, the Foundation Board approved a plan to change the structure of the board. We will create a governing board and an advisory board, each with specific expectations of its members. Over the coming months, members of the Executive Committee and VP Bowers will meet with each current board member and prospective members, to explore the best engagement opportunity for each person.

Foundation Executive Committee members have agreed to make their campaign commitments by the beginning of December. The Executive Committee will also function as the board campaign gifts committee, and to that end have set a goal of meeting with every board member by May to determine campaign commitments.

The softball and multi-purpose field projects continue to move forward. Many generous individuals and companies have committed gifts in kind and we expect to start the softball field renovation this fall. This model partnership between the university and the foundation is an exciting one, and the partnership and commitment to success is strong.

Gifts of Note

A gift of \$112,000 from the Murdock Charitable Trust to fund a multi-disciplinary research project in the AMSEC (Advanced Materials Science and Engineering Center) program

A gift of \$15,000 from Puget Sound Energy for the new Clean energy program

A gift of \$50,000 from The Bullitt Foundation to support Environmental Toxicology

A total of \$26,000 from The Boeing Company to provide scholarships and support student programs within the College of Business and Economics, the College of Sciences and Technology and Huxley College.

\$10,000 from The Nims Family Trust to support scholarships

A gift of \$15,000 from Peoples Bank to add to their scholarship endowment to support students within the College of Business and Economics

An estate gift of \$26,000 from Louise Edmundson.

Upcoming Events

December 1, 2, 3, 5 – Bellingham Holiday Receptions

December 8 – WWU Foundation Board Meeting

December 13 – Seattle Holiday Reception

WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES

TO: Members of the Board of Trustees

FROM: President Bruce Shepard by Provost Catherine Riordan

DATE: October 14, 2011

SUBJECT: **Grant Report: Five Year Summary**

PURPOSE: Informational Item

Purpose of Submittal:

Information about external funding is provided by Western Washington University's Office of Research and Sponsored Programs for the period 2007 – 2011, including:

- Five Year Trends in External Funding at WWU
- National Trends in Research Funding
- Prospects for Future External Funding

**WESTERN WASHINGTON UNIVERSITY
EXTERNAL FUNDING FOR RESEARCH
2007 - 2011**

Introduction

Western believes that involving students in the process of discovery through research and scholarship is critical for quality education. To train students in research and scholarship faculty members need to be researchers and scholars at the cutting edges of their disciplines. In many disciplines this requires seeking external funding through grants and contracts to support the research and to acquire the instrumentation needed for both research and instruction. The external support Western receives includes funds from Federal agencies such as the National Science Foundation, the National Institutes for Health, the Department of Education and the Department of Energy as well as from Washington State agencies such as the Superintendent of Public Education, the Department of Ecology and the Department of Commerce and Industry. Some of the research is funded by local agencies such as Whatcom County and the City of Bellingham. External funding also includes funds from private foundations and professional organizations such as the Murdock Trust and the American Chemical Society and from companies such as Shell Oil Company and Boeing. The funds are obtained in the form of grants and contracts which require performance of research or training. Funds that are given as gifts – not requiring performance of specific projects - are donated to the Western Washington University Foundation and are not included in this report.

Compared to the Global Challenge University peers, Western is successful in obtaining external funding for research and scholarship, ranking fourth in funding per full time faculty as can be seen from the following table using the data on FY 08 which were compiled last year for the office of University Relations.

Global Challenge Peer University	Students	Full-time Faculty	07/08 Research Funding \$ Million	Funding per Full-time Faculty
California State University-Chico	15,919	563	\$24,280,818	\$43,128
James Madison University	17,964	897	\$24,081,704	\$26,847
Towson University	21,111	780	\$19,045,341	\$24,417
Western Washington University	12,538	505	\$10,509,752	\$20,811
California Polytechnic-San Luis Obispo CA	19,471	1,293	\$25,345,699	\$19,602
Rowan University	10,271	441	\$7,155,048	\$16,225
Radford University	9,157	400	\$5,566,670	\$13,917
California Polytechnic-Pomona	21,477	1,181	14,614,256	\$12,374
William Paterson University of New Jersey	10,256	379	\$4,226,359	\$11,151
Southern Connecticut State University	11,769	438	\$2,839,995	\$6,484
Montclair State University	17,475	1028	\$6,587,652	\$6,408
Central Connecticut State University	11,702	434	\$2,320,559	\$5,347

Five-Year Trends in External Funding at WWU:

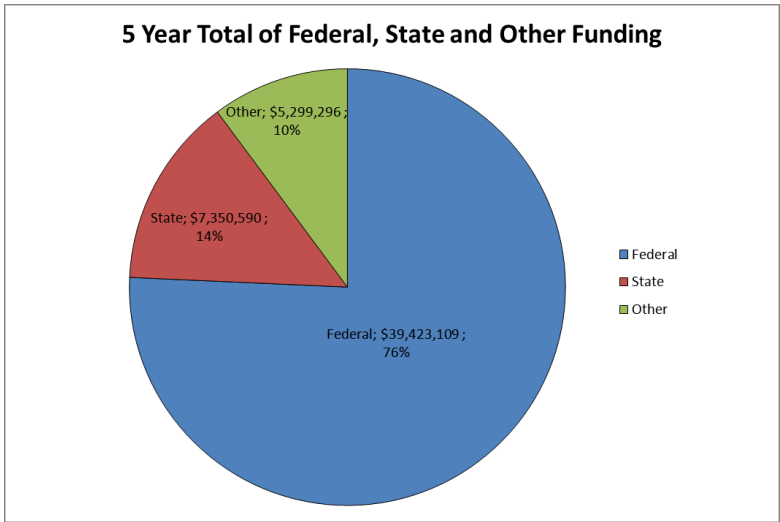
To obtain grant and contract funding a faculty member prepares a proposal describing the intended work and the expected outcome and how the outcomes advance the knowledge in the discipline and benefit society. The proposal includes a budget detailing the needed funds and their uses. The proposal is reviewed by experts in the funding agency, and if recommended for funding an award notice or a contract is received by the University and the research project is initiated. Over the past five years the number of proposals submitted by faculty and staff to external agencies seeking funding through grants and contracts varied between 115 and 168 with an average of 146 proposals per year, that is in each year about 30% of the full-time faculty members submit proposals – an impressive rate since in many disciplines in the humanities and arts the research, scholarship and creative activities typically no external funding is needed. . These proposals resulted in an average of 94 awards per year, for a remarkably high “success rate” of 64.5% [most federal agencies supporting research fund between 10% and 15% of proposals submitted].

	Number of Proposals Submitted	Number of Proposals Awarded	Percent of Proposals Awarded
2007	126	93	73.81
2008	115	88	76.52
2009	167	93	55.69
2010	168	104	61.90
2011	156	94	60.26
5 Year Total	732	472	64.48

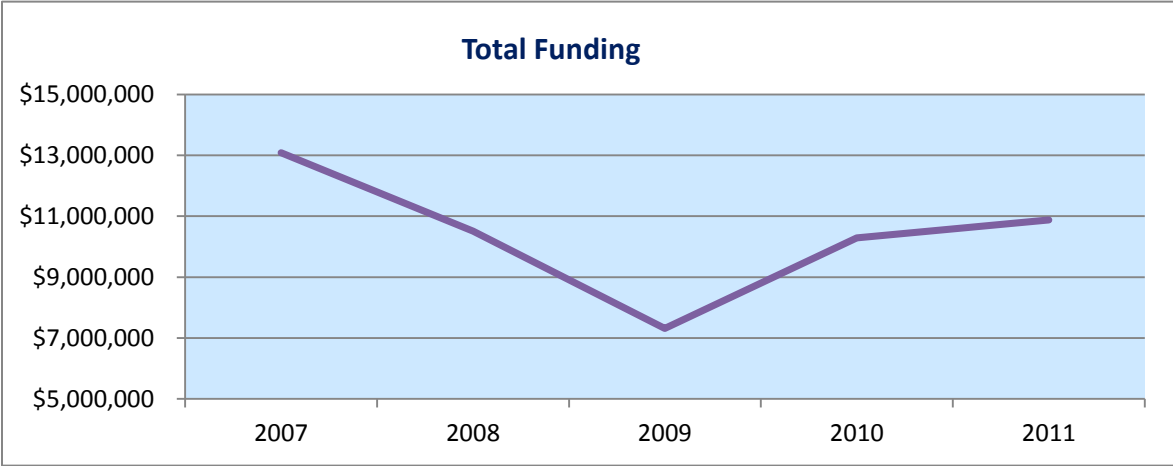
The awards received for external grants and contracts funding are shown in the table below:

	Federal	State	Other	Total
2007	\$11,627,244	\$577,236	\$881,901	\$13,086,381
2008	\$9,051,904	\$755,916	\$701,932	\$10,509,752
2009	\$5,003,584	\$1,128,802	\$1,180,004	\$7,312,390
2010	\$5,998,477	\$2,834,038	\$1,453,806	\$10,286,321
2011	\$7,741,900	\$2,054,598	\$1,081,653	\$10,878,151

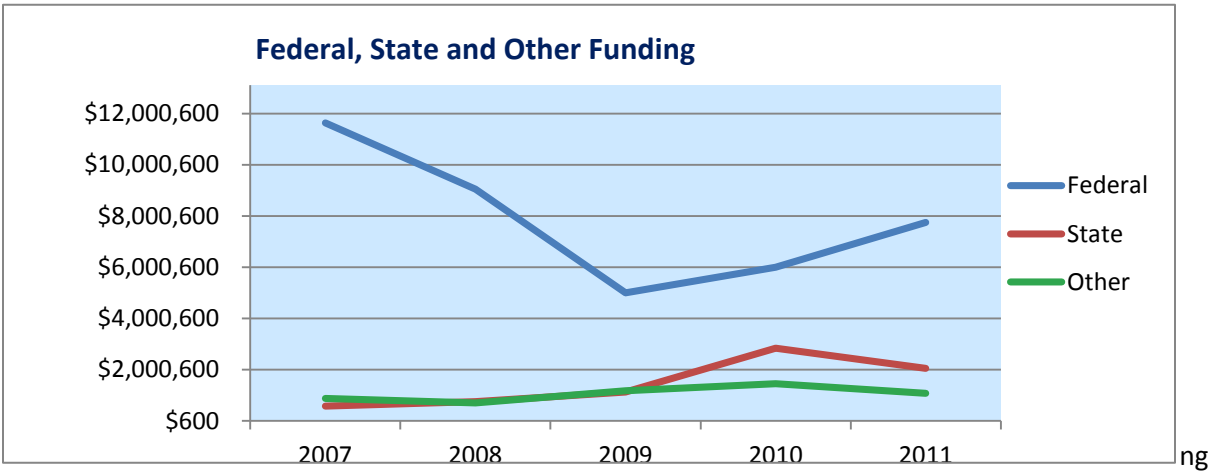
The bulk, 76%, of the external grants and contracts funding WWU received in the past five years was from Federal funding agencies.



In the two fiscal years 2008 and 2009 total external grants and contracts declined from \$13 million in FY 2007 to \$7.3 million in FY 2009.



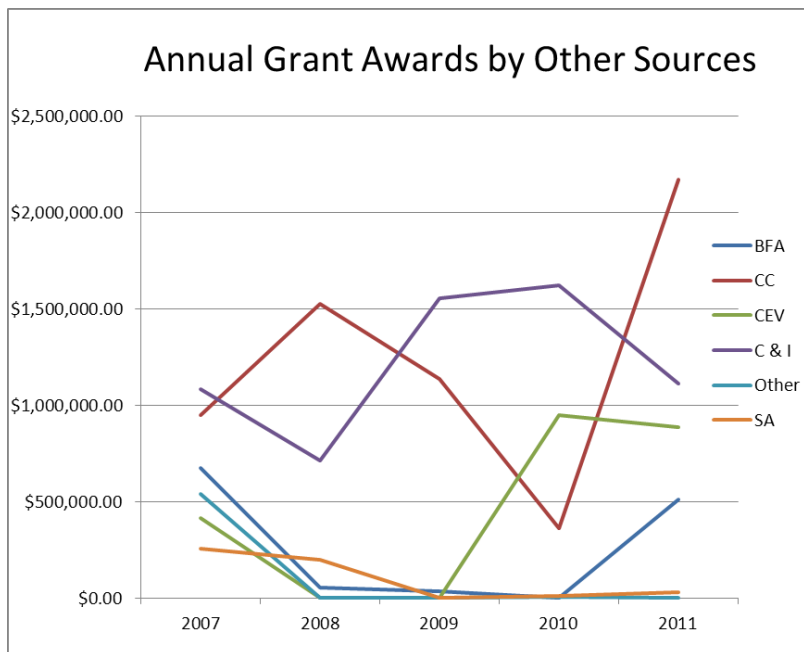
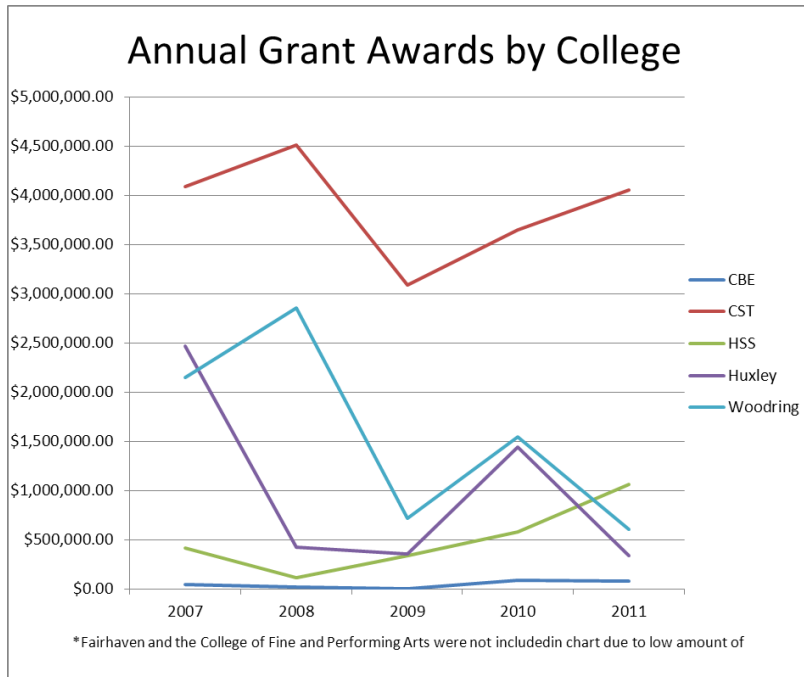
The Decline in Federal funds



received is responsible for the decline over fiscal years 2008 and 2009.

The data show that since 2007 when Federal funding received reached a high of \$11.6 million, the amount of Federal funding received declined reaching \$5 million in FY 2009 and recovering slightly to \$6 million in FY 2010. Because of increases in funding from non-Federal sources, the decline of total external funding was not as sharp as the decline in Federal funding.

The five-year funding trends by college and for the non-college units are shown in the following two graphs.



BFA = Business & Financial Affairs; CC= Campus Compact; CEV= Center for Economic Vitality/Small Business Development Center; C& I= Research Centers and Institutes; SA= Student Affairs.

Much of the decline of \$2.6 million between FY 2007 and 2008 was the result of the fact that 2007 was an unusually high funding year for Huxley College of the Environment (\$2.5 million). It is not unusual to see decline in the subsequent two or three years when a faculty member receives a large multi-year grant. In addition, WWU received a one-time \$.7 million DOT grant in FY 07 for the Lincoln Creek Transportation Center that did not recur in FY08.

The \$4 million decline in Federal funding between FY 2008 and FY 2009 was primarily due to the transfer of the Center for Continuing Education in Rehabilitation (WCE) (\$2.2 million in FY 08) to another university in FY 2009; and declines in funding for: Science Education by \$1.5 million, Biology by \$1 million and Campus Compact by .5 million. Increases in funding for other programs mitigated some of these declines.

In the table below we report the largest five grants obtained in each of the past five years.

DESCRIPTION	FUNDING		PI	DEPARTMENT
FY 2007				
Disability & Bus Tech Assist	1,105,000	UD-DOE	Matrone, K	CCER
Coastal Habitat Restoration	879,247	US-EPA	Rybczyk, J	Huxley
Count Me In: Learn & Serve	450,000	CNCS	Dorr, J	Campus Compact
Remote Scientific Instrumentation	500,000	NSF	Cancilla, D	Sci. Tech Services
Lake Whatcom Monitor '06-09	645,921	City Bellingham	Matthews, R	Huxley
FY 2008				
Disability & Bus	1,105,000	US Dept. Educ.	Matrone, K	CCER
North Cascades Science Partnership	2,550,508	NSF	Nelson, G	SMATE
Students in Svc-AmeriCorps	360,000	CNCS	Dorr, J	Campus Compact
RUI: Impacts of Refugia	418,943	NSF	DeChaine, E	Biology
Region X CRP RCEP	499,000	US Dept. Educ.	Ford, L	CCER
FY 2009				
Curriculum Integration	288,282	US Dept. Educ.	Salzman, S	Woodring
Retention Project 08-09	327,600	WA-CNCS	Dorr, J	Campus Compact
Noble Metal Phosphide Catalysts	360,000	NSF	Bussell, M	Chemistry
AmeriCorps Project	375,000	CNCS	Dorr, J	Campus Compact
North Cascades Science Partnership	598,649	NSF	Nelson, G	SMATE
FY 2010				
Dairy Biomethane for Transport	514,688	Puget Sound Clean Cities	Leonhardt, E	Engineering/Technology
Plankton Food Web Dynamics	557,708	NSF	Olson, B	Shannon Point Marine Ctr.
CTED Agreement	619,120	WA Dept. Commerce	Dorr, T	Center for Economic Vitality
Lake Whatcom Monitoring '10-12	708,456	City of Bellingham	Matthews, R	Huxley
ARRA: Teach Washington Noyce	899,947	NSF	Larson, Bruce	Woodring

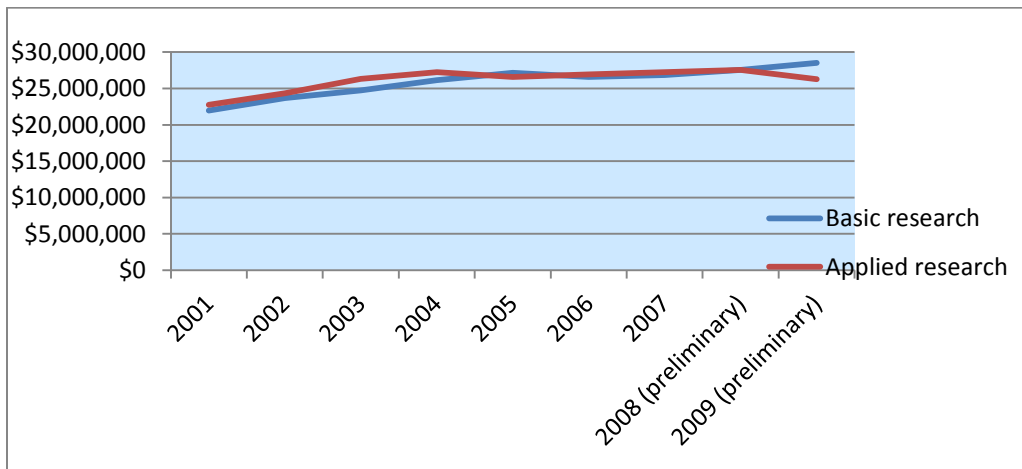
FY 2011

Retention Project '10-11	585,000	CNCS	Dorr, J	Campus Compact
Graduating more Women in CS/Math	590,480	NSF	Fizzano, P	Computer Science
Jump Start WA Exports CERB Grant	664,726	WA-Dept. Commerce	Dorr, T	Center for Economic Vitality
Hybrid Bus Design & Development	730,500	WA Dept. of Transportation	Fleishman, S	Engineering Technology
Students in Service	774,096	CNCS	Dorr, J	Campus Compact

National Trends in Research Funding:

Data on Federal funding for R&D are available from NSF only up to 2009. As a result of the recession The stagnant funding for research since 2005 most likely continued in FY 2010 and FY 2011. Below are the data for 2001 – 2009 and a plot of the data on Federal obligations for Basic and Applied Research.

Federal obligations for research and development, by character of work, and for R&D plant: FY 2001–2009					
(Dollars in thousands) Source: NSF National Center for Science and Engineering Statistics					
Fiscal year	Total	Total R&D	Basic research	Applied research	Development
2001	84,003,042	79,933,214	21,958,136	22,755,600	35,219,478
2002	90,157,711	85,852,968	23,668,345	24,338,366	37,846,257
2003	97,927,856	93,661,338	24,751,441	26,320,402	42,589,495
2004	105,370,666	101,376,514	26,120,663	27,237,148	48,018,703
2005	112,994,648	109,223,521	27,140,335	26,597,910	55,485,276
2006	112,270,585	110,145,803	26,584,592	26,951,058	56,610,153
2007	115,922,493	113,754,108	26,865,786	27,227,779	59,660,543
2008 (preliminary)	116,476,299	114,624,895	27,558,569	27,538,346	59,527,980
2009 (preliminary)	116,568,840	114,453,919	28,536,105	26,264,902	59,652,912



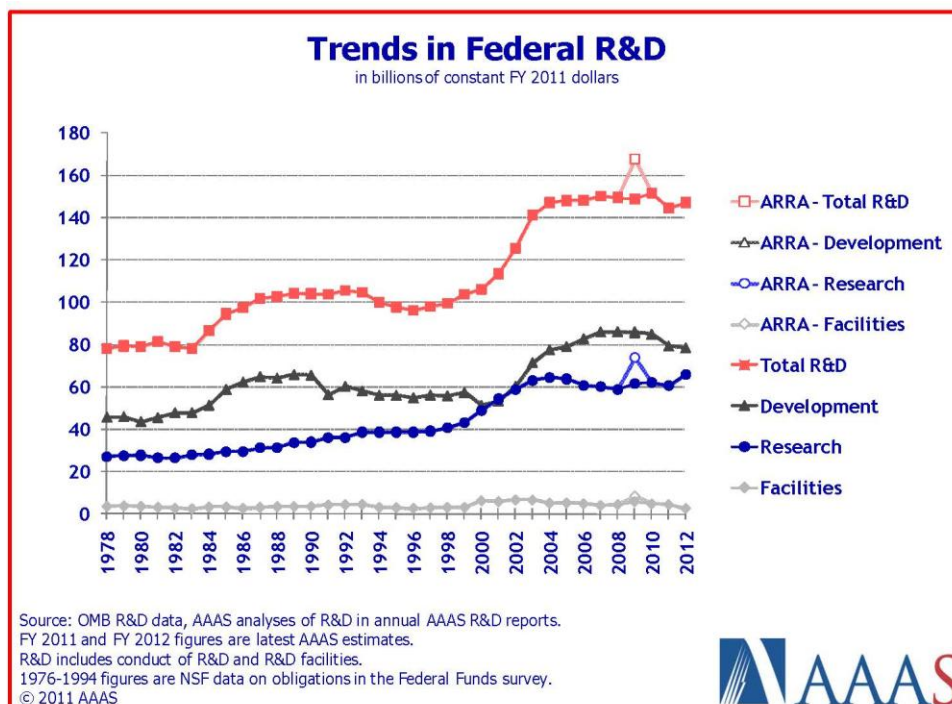
The explanation of these trends between 2001 and 2009 (the latest available data from NSF – 2008 and 2009 are preliminary because the data are collected through a survey conducted by NSF)) as given by the American Association for the Advancement of Science (AAAS) is as follows:

“The federal investment in basic and applied research would fall in real terms for the fifth year in a row if the FY 2009 budget is enacted. Federal research did very well between 1998 and 2003 because of the campaign to double the budget of NIH, the largest federal supporter of research. Other agencies also increased their research investments in that time period because a string of budget surpluses freed up resources for domestic appropriations. But with the return of budget deficits in 2002 followed by restraints on domestic spending thereafter, growth in research funding for NIH and other domestic agencies slowed in 2004 and then reversed. At the same time, DOD research support lagged as the Pentagon went to war in 2003 and shifted resources away from research toward near-term projects, and NASA research fell even within a stable R&D budget as it shifted resources from research to development. As a result, federal support for research is now in decline, with potential gains in the physical sciences more than offset by eroding support for biomedical research and other disciplines. The 2009 budget would continue the downward slide in federal research funding and leave the federal research portfolio 9.1 percent below the 2004 level in inflation-adjusted dollars.

<http://www.aaas.org/spp/rd/guihist.htm>

Prospects for Future External Funding:

Federal Support for Research: The American Association for the Advancement of Science (AAAS) projection for Federal support for R & D is shown in the following chart. If the projected increase in research funding in FY 12 continues in FY 13 and FY 14, opportunities for WWU external funding for grants and contracts, 76% of which is from Federal agencies, will likely grow.



Tenure Track Faculty: The freeze on hiring tenure track faculty and the reduction of the number of tenured faculty over the past two years has resulted in limiting the University's ability to compete for research funding – the number of proposals submitted last fiscal year was 7.2% lower than the preceding year. This is likely to result in a decline in awards in FY 12. The return to hiring tenure track faculty, particularly in the sciences, in FY12 will likely increase the number of proposals submitted for external funding in FY 13 and FY 14, with subsequent increase in the volume of awards in FY 14 and FY 15.

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: President Bruce Shepard and Board Audit Committee by Kim Herrenkohl,
Director of Internal Audit

DATE: October 14, 2011

SUBJECT: 2010-2011 Office of the Internal Auditor Annual Report

PURPOSE: Information Item

Purpose of Submittal:

To provide the Board of Trustees an annual overview of the 2010-2011 operations of the Office of the Internal Auditor. Report includes descriptions of internal audit services, results of audit and investigative activities, and goals for the upcoming academic year.

Supporting Information:

- *2010-2011 Annual Report to the Board of Trustees, Office of the Internal Auditor* – document attached.



**2010 - 2011
ANNUAL REPORT TO
THE BOARD OF TRUSTEES**

**Office of the Internal Auditor
Western Washington University**

October 14, 2011

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Prepared by Kim Herrenkohl, Director of Internal Audit

**Western Washington University
Office of the Internal Auditor**

**2010-2011 ANNUAL REPORT
TO THE BOARD OF TRUSTEES**

INTRODUCTION

The purpose of the annual report is to provide the Audit Committee and Board of Trustees with information on the university's internal audit program.

Historical Information:

The Office of the Internal Auditor has been providing internal auditing services to Western since the early 1980s. The oversight responsibilities for the Internal Audit program have changed over the years. In 2001, Internal Audit's reporting structure was changed from the division of Business and Financial Affairs (BFA) to the President's Office. The reporting responsibilities changed again May 1, 2005, when the Board of Trustees adopted the Audit Committee Charter. The Charter established that the Office of the Internal Auditor would report functionally to the Audit Committee of the Board of Trustees and administratively to the President. The Internal Audit Office was a one-person department until December 2005, when an additional staff auditor and a half-time administrative assistant were hired.

2010-2011 Governance Highlights:

The Audit Committee held six meetings between July 1, 2010 and June 31, 2011. The President and Office of the Internal Auditor participated in each of these meetings as did management from Business and Financial Affairs for relevant agenda items. The Audit Committee meetings also included entrance and exit meetings with the university's financial statement auditors and Washington State Auditor's Office. At the April 15, 2011 Board of Trustee meeting, the Board approved amendments to an Internal Audit policy and procedure and approved the 2011-2013 Internal Audit Schedule at the June 10, 2011 Board of Trustees meeting.

Statement of Independence: The Internal Audit Director confirms the Office of the Internal Auditor's organizational independence during 2010-2011.

International Standards for the Professional Practice of Internal Auditing

1110 – Organizational Independence

The chief audit executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The chief audit executive must confirm to the Board, at least annually, the organizational independence of the internal audit activity.

2060 – Reporting to the Board and Senior Management

The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.

ORGANIZATION

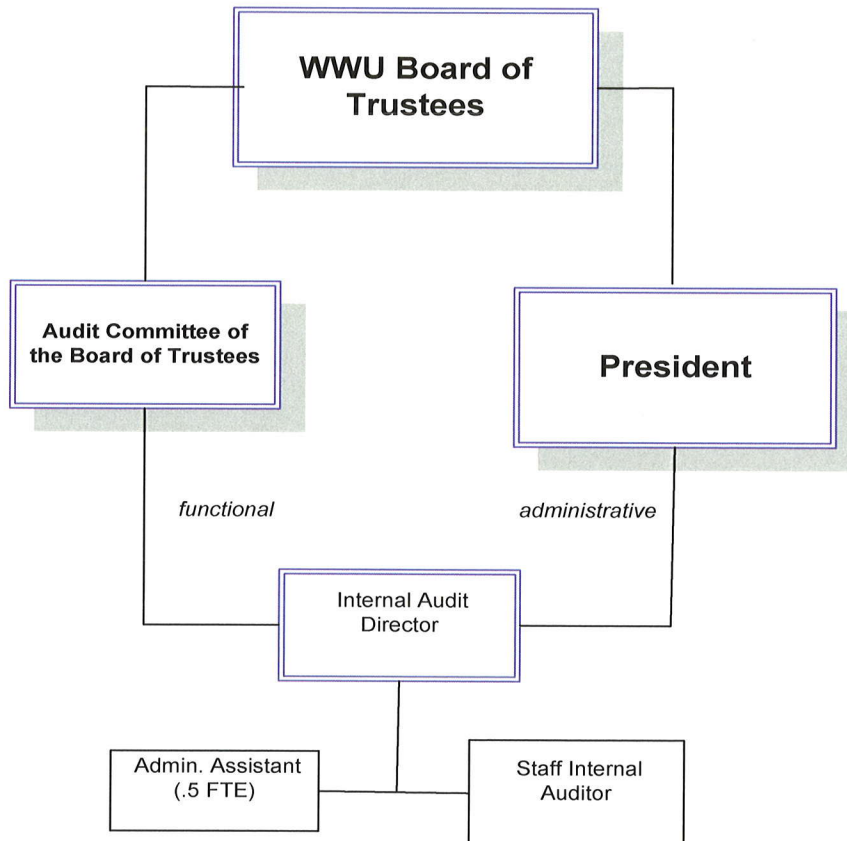
Personnel working in the Office of the Internal Auditor at the end of 2010-2011 are:

Kim Herrenkohl, CPA, CIA, Director

Paul Schronen, Internal Auditor

Suzanne Baker, Assistant to Internal Audit and Assistant Attorney General (.5 FTE)

Office of the Internal Auditor Organization Chart:



PURPOSE

Internal Auditing is an independent function established within the university to examine and evaluate its activities as a service to the organization. The objective of the Office of the Internal Auditor is to assist the Board of Trustees, President and University Management in the discharge of their oversight, management and operating responsibilities. This objective is accomplished by providing analyses, appraisals, recommendations and information about the activities reviewed by the Office of the Internal Auditor. The Office of the Internal Auditor assesses the efficiency and effectiveness of internal controls with the goal of promoting effective controls at reasonable costs to the university. The internal audit function is an integral part of the institution and plays an important role in the management control system by measuring and evaluating controls. The internal audit review and appraisal process does not in any way relieve other university personnel of the responsibilities assigned to them.

Western Washington University's Office of the Internal Auditor is committed to the professional practice of internal auditing. Internal Audit's functional reporting to the Audit Committee of the Board of Trustees and administrative reporting to the President of the university provides the ability to maintain the proper level of independence noted as best practice as well as the Institute of Internal Auditor's standards. In addition, independence requires that the Internal Auditors perform work freely and objectively.

The Office of the Internal Auditor performs internal operational, compliance, and financial related audits of programs, services, departments and accounts that come under the budget authority of the University. Internal Audit performs four types of audit services:

1. Assurance Services: Assurance services are objective reviews of evidence for the purpose of providing an independent assessment. The scope and nature of assurance services includes reviewing and evaluating for: operational efficiencies and effectiveness; reliability of financial and operational systems; adequacy and clarity of policies and procedures; compliance with university policy and state and federal law; safeguarding of assets; and accomplishment of objectives and goals.
2. Consulting Services: Consulting services are advisory and other service activities include counsel, advice, facilitation, process design and limited training. The objective of consulting services is to add value in the development or modification of processes, procedures, and controls to minimize risk and achieve objectives. The nature and scope of particular consulting services are agreed upon with management. Internal Audit will not assume management's responsibilities in order to maintain appropriate objectivity and independence.
3. Special Investigations: Investigations evaluate allegations of unethical business practices and financial and operational misconduct to determine if allegations are substantiated and to prevent future occurrences.
4. Follow-up Engagements: Follow-up engagements evaluate plans and actions taken to correct reported conditions.

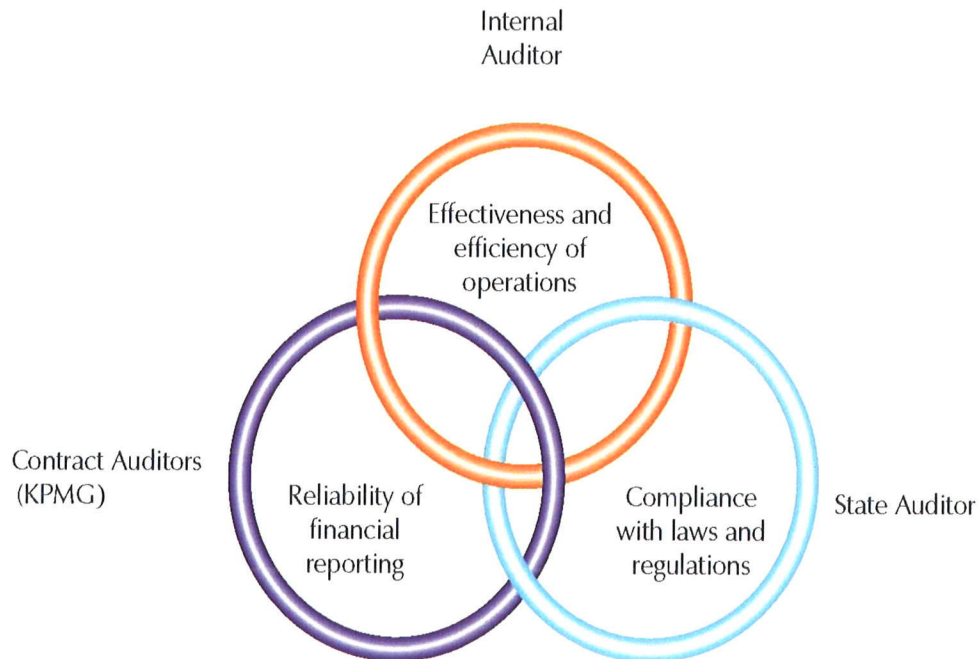
A biennial, risk-based audit schedule is created each year which allows for contingencies that develop during the year. The audit schedule is developed with input from the Audit Committee, President, Provost, Vice Presidents, and other university management. The Audit Committee reviews and makes recommendations regarding the audit schedule and the Board of Trustees approves the audit schedule. Audit services are coordinated with external auditors to reduce duplication of efforts and increase audit coverage of the University

Final audit reports are distributed to the Audit Committee, President, Vice Presidents, and Deans or Directors involved in the audit. The President and appropriate university management have an opportunity to review and discuss all draft reports. Written responses are requested from management and are included in the audit reports to provide information on the university's plans to address the issues identified in the reports.

UNIVERSITY AUDIT COVERAGE OVERVIEW

The Office of the Internal Auditor works with the university's external auditors to provide a coordinated audit approach that maximizes audit coverage and avoids duplication of efforts. Each audit organization has a specific role which is defined by law or university contract.

The following picture illustrates the primary objectives of each audit organization as well as how the audit activities intersect and complement each other:



RESULTS OF 2010-2011 AUDIT AND INVESTIGATIVE ACTIVITIES

Summaries of the audit and investigation reports issued by the Office of the Internal Auditor during fiscal period July 1, 2010 through June 30, 2011 are provided below:

AUDITS AND CONSULTING

Accounts Payable Process Audit

The objectives of the audit were to evaluate the adequacy of system and operational controls relating to the university's centralized accounts payable process and to verify that controls were operating effectively, efficiently, and in accordance with management's criteria and legal requirements. We made recommendations to the Vice President of Business and Financial Affairs, Financial Services, Business Services and Financial Systems related to invoice approvals and delegation of authorities, establishing, changing and monitoring vendor accounts in the Banner system, business process efficiencies, Banner Finance module system controls, reimbursing coffee and light refreshments/meal expenses, travel advance process, group travel and rental car expense reimbursements.

Public Safety Assistant – Falsified Time-Keeping Records Internal Controls Special Investigation Follow Up Audit

We performed a follow up audit of the original audit report issued September 21, 2006. In the original report we recommended that University Police improve controls over processing employee termination paperwork, time-keeping review and approval, and timely report known or suspected loss of funds or property or other illegal activities. Also, that the Payroll Office review their payroll overpayment process and Business and Financial Affairs notify campus of the reporting loss policy and procedure. In addition, there were recommendations for the Center for Student Work Experience's process for monitoring student eligibility. During the follow up audit, we determined that all of the

original recommendations had been completed or substantially completed.

Theatre Department Faculty Use of University PCard Irregularities and Internal Controls Follow Up Audit

We performed a follow up audit of two special investigation reports issued on March 6, 2008, one on irregularities and one on internal controls. In the original special investigation, we evaluated a Theatre Department faculty member's use of the university's procurement card (PCard) for personal purchases. In the original internal controls report, we recommended that the Theatre Department improve their PCard review and approval process, timely report known or suspected loss of funds or property or other illegal activities, and improve control over equipment in the Bond Hall Sound and Light Lab and Scene Shop and use of the Theatre Department van. In the original irregularities report, we recommended that the Theatre Department coordinate with the Provost's Office for any employment action deemed necessary and seek recovery of any remaining unreimbursed personal purchases. During the follow up audit, we determined that all of the internal control recommendations had been completed and the irregularities recommendations were satisfied due to an agreement between the university and faculty member.

Decentralized Accounts Payable – Western Libraries Audit

The focus of the audit was to evaluate the adequacy of system and operational controls relating to Western Libraries' decentralized accounts payable process and to verify that the controls were operating effectively, efficiently, and in accordance with management's criteria

and legal requirements. We made recommendations related to processing vendor refund checks, creating policies and procedures on adding, maintaining and monitoring system user access, and ensuring that system access provides appropriate separation of duties or compensating controls are in place.

Student Form I-9 Process Follow Up Audit

We performed a follow up audit of the original audit report issued July 31, 2008. In the original report we determined that there was significant non-compliance with federal regulations governing the completion and retention of Form I-9, Employment Eligibility Verification, for undergraduate student employees. Each university department hiring undergraduate student employees is responsible for following federal requirements. During the follow up audit we determined that the university created written guidance and performed training as recommended in the original audit, however the follow up audit testing results indicate that these steps were not successful in mitigating the risks inherent in a decentralized Form I-9 process. Specifically, the follow up audit tested 105 undergraduate student employee Form I-9s and we were not able to locate 11 forms. In addition, most of the forms that were located had one or more errors or aspects that did not comply with the federal rules for completing and retaining Employment Eligibility Verification forms.

Quarterly Audit of President's Expenses

Internal Audit was delegated responsibility from the Audit Committee of the Board of Trustees to perform a quarterly audit of all state funded travel and entertainment expense reimbursements to President Shepard. During fiscal year 2010-2011, Internal Audit performed four audits and reported on the results to the Audit Committee. The reviews did not identify any reimbursed expenses that were not allowed by state rules.

SPECIAL INVESTIGATIONS

Lakewood Center Use of Resources Special Investigation

Internal Audit reviewed allegations that the Lakewood Center Manager inappropriately used the university's truck and boat. We substantiated that the university's truck was utilized for limited personal use, including driving his son to school. This personal use is not allowed under the Office of Financial Management's transportation rules and is a violation of the Ethics In Public Service Act. In addition, the manager made personal use of the university's boat approximately two times per year. We noted that the manager had not completed the state mandated basic driver safety training.

Facilities Management Metal Recycling Process Internal Controls Special Investigation

Due to a potential misappropriation of university metal materials by a Facilities Management employee, Internal Audit reviewed Facilities Management's process for administering recycled metal materials. We recommended that Facilities Management implement additional procedures for improving the administration and monitoring of the university's recycled metal materials. We also recommended that Facilities Management work with other university departments to undertake a competitive bid, establish a written contract, implement a cash receipting process that provides separation of duty control and record general receivables into the university's financial system. In addition, any restitution amount or agreement should be processed only after receiving proper approval by the Attorney General's and State Auditor's Offices.

Center for Canadian-American Studies Financial Transactions Special Investigation

Due to concerns about missing interoffice mail, which were subsequently substantiated, Internal Audit performed a review of the financial and payroll related responsibilities performed by the

Program Manager. Our testing of financial transactions processed by the Program Manager noted appropriate university business expenditures except for a few small dollar personal purchases that were subsequently reimbursed by the Program Manager. We also noted an opportunity to improve oversight of financial and payroll time-keeping transactions by the Center Director.

College of Business and Economics – Alleged Work Time Falsification Special Investigation

Internal Audit reviewed allegations that two former College of Business and Economics employees were receiving compensation from the university but performing “few or no duties.” Based on our review of email messages, written documents and interviews with university employees, we did not substantiate the allegations.

2011-2013 PLANNED INTERNAL AUDIT ACTIVITIES

Internal Audit Schedule and Risk Assessment Processes:

As outlined in Internal Audit’s charter, policy and procedure, the Office of the Internal Auditor creates a risk-based annual audit schedule to maximize the effective use of Western’s Internal Audit resources. In establishing the biennial audit schedule for 2011 – 2013, we met with the President, Provost and each Vice President. We also solicited input from Deans, Assistant Vice Presidents, Assistant Vice Provosts, Executive Directors, Directors and Academic Chairs regarding potential or inherent risks warranting review by Internal Audit. We also met with Business and Financial Affairs’ Interim Director of Financial Services.

Input provided from the campus provides us with both a broad overview as well as specific areas of university risk for consideration. Internal Audit’s experience with university operations as well as understanding of inherent operating risks was also considered in identifying areas for audit. In addition, the *International Standards for the Professional Practice of Internal Auditing* requires internal auditors to perform follow-up audits of prior audit activities to ascertain that appropriate action is taken on reported audit recommendations. The audit schedule is also developed to allow for contingencies that may develop during the year. Finally, the Internal Audit schedule considers the audit services provided by outside audit organizations in order to reduce a duplication of efforts and increase audit coverage to the university. A preliminary audit schedule was drafted and discussed with the Audit Committee and President and the Board of Trustees approved a final biennial audit schedule for 2011-2013 at their meeting on June 10, 2011.

See Appendix A.

Other Audit and Consulting Activities:

The Office of the Internal Auditor also performs the following other activities throughout the year:

- Questions and advice consulting services **
- Department ethics training upon request
- Participation on university committees, including Policy Technical Review Committee and Banner Initiatives Project
- Participation in audit meetings and discussions with the State Auditor's Office and financial statement auditors
- Tracking incidents of reportable losses or other illegal activities to the State Auditor's Office
- Liaison to the State Auditor's Office Whistleblower Program

** Internal Audit receives questions and requests for advice throughout the year. These inquiries require research and summary opinions and advice. Internal Audit works closely with the Assistant Attorney Generals in responding to many of these requests.

	2010	2009	2008	2007	2006	2005	2004	2003
Number of questions and requests for advice received by Internal Audit per calendar year	71	77	80	66	68	68	60	57

Internal Audit Goals for 2011-2012:

- Complete a minimum of 75 percent of the scheduled audit and consultation activities for the fiscal period 2011-2012.
- Continue to provide proactive services such as ad hoc advice and department ethics training, upon request.
- Continue to participate on university or division risk, budget, Banner and policy committees.
- Continue to improve and refine the annual risk assessment processes for identifying inherent university risks to ensure that the university's internal audit resources are being appropriately deployed. We plan on expanding our meetings to include College Deans since we have not had face-to-face meetings for several years and due to recent leadership changes.
- Ensure that reviews assist departments by identifying and highlighting opportunities for operational efficiency and effectiveness improvements, especially in light of economic factors causing increased pressure to downsize university staff positions.

QUALITY ASSURANCE

The Office of the Internal Auditor evaluates its audit and consultation services to ensure useful and high quality service, compliance with university policies and audit standards, and development of staff.

Customer Surveys:

One of the primary methods to obtain feedback about the effectiveness of Internal Audit's audit and consultation services, as well as the value received by the audit clients, is through Internal Audit's Customer Survey process. The Office of the Internal Auditor's Customer Survey forms are sent to the Vice Presidents and members of management, faculty and/or staff most involved in the audit or consultation after the completion of each review. Internal Audit considers the feedback provided in the customer survey responses and takes action deemed necessary to address quality service or performance issues. Internal Audit summarizes each audit or consultation Customer Survey results and discusses the results with the President and Audit Committee during Audit Committee meetings.

The Customer Survey results for the five audit and follow up audit reports issued from July 1, 2010 through June 30, 2011 are as follows:

	SURVEY QUESTIONS	AVERAGE SCORE
1	The Internal Audit department conducted business in a courteous and professional manner	3.75
2	Audit or consulting related activities were conducted with as little inconvenience to me as possible	3.56
3	The objectives of audit or consulting related activities were clearly communicated to me	3.63
4	The results of the audit or consultation were discussed with me on a timely basis	3.27
5	Deliverables or reports were clearly written and logically organized	3.50
6	The audit covered key business and operational risks	3.63
7	My input regarding the scope and objectives were solicited, considered and addressed in a reasonable manner	3.46
8	My concerns and perspectives were adequately considered during interactions	3.54
9	The duration of the audit was reasonable	3.07
10	Audit recommendations were accurate and constructive	3.44
11	Overall, the involvement of internal audit provided value to my organization	3.56

AVERAGE RESPONSE 3.49

Survey Scale: 4= Excellent; 3 = Good; 2 = Fair; 1 = Poor; and N/A Applicable

In addition to the above questions, the Customer Survey form also provides the opportunity for written comments. Some positive feedback provided included:

“The audit provided me with an opportunity to review our routines and practices from an outside independent perspective.”

“Appreciate their good work and the equitable manner in which they conduct business (balanced).”

“The Internal Audit team is highly professional and respected.”

“Excellent follow-up. As a result, practices will be changing to ensure compliance.”

**Western Washington University
Office of the Internal Auditor
2011-2013 Internal Audit Schedule**

2011-2012

2012-2013

2011-2012	2012-2013
<p style="text-align: center;">OPERATIONAL/FINANCIAL AUDITS</p> <p>Decentralized Accounts Payable Process – AS Bookstore – IN PROCESS</p> <p>To review and evaluate the operational efficiency, effectiveness and compliance of the University’s decentralized accounts payable process in the Associated Students Bookstore.</p> <p>Services and Activities Fee Process</p> <p>To review and evaluate the operational efficiency, effectiveness and compliance of the University’s processes for administering services and activities fees.</p> <p>Athletics Department – Financial Operations</p> <p>To review and evaluate the efficiency, effectiveness and compliance of the Athletic Department’s financial operations.</p> <p>Student Travel Abroad Oversight Compliance</p> <p>To review and evaluate if all events or programs where Western Washington University students travel and study outside of the United States are administered under the direction of the Center for International Studies in compliance with University policies.</p>	<p style="text-align: center;">OPERATIONAL/FINANCIAL AUDITS</p> <p>Admissions Office</p> <p>To review and evaluate the operational efficiency, effectiveness and compliance of the University’s student admission processes, maintenance of sensitive data, and processing of admissions revenues.</p> <p>Registrar’s Office</p> <p>To review and evaluate the operational efficiency, effectiveness and compliance of the University’s registration, transcript, and grade reporting processes and maintenance of sensitive information.</p> <p>Grant Administration Process</p> <p>To review and evaluate the operational efficiency, effectiveness and compliance of the University’s grant processes.</p> <p>Department Purchasing Card Audit</p> <p>To review and evaluate department’s compliance with state law and University purchasing card policies and procedures.</p>

2011-2012

2012-2013

<p>Ethics Program</p> <p>To review and evaluate the design and implementation of the University's ethics-related objectives, programs, and activities for efficiency, effectiveness and compliance.</p> <p>Fraud Risk Management Program - Assessment</p> <p>To evaluate the University's fraud risk management practices and controls to determine if the potential risk of fraud is reasonably managed.</p> <p>Cash Audits</p> <p>This on-going project monitors the efficiency, effectiveness and compliance of the University's cash handling processes.</p> <p>Quarterly President Expense Reviews</p> <p>To review the President's state-funded travel and entertainment expenses for compliance with state rules and University policies.</p>	<p>Laboratory Chemicals Audit</p> <p>To review and evaluate the administration and handling of the University's laboratory chemicals for safety and compliance.</p> <p>Cash Audits</p> <p>This on-going project monitors the efficiency, effectiveness and compliance of the University's cash handling processes.</p> <p>Quarterly President Expense Reviews</p> <p>To review the President's state-funded travel and entertainment expenses for compliance with state rules and University policies.</p>
<p>FOLLOW UP AUDITS</p> <ul style="list-style-type: none"> • Vending Machine Contracts – IN PROCESS • Payroll Time Keeping Audit • Extended Education & Summer Programs - Conflict of Interest and Food Services Investigation • Center for International Studies Investigation • Public Safety Ethical Use of Resources Investigation • Facilities Management Ethical Use of Cell Phone Investigation 	<p>FOLLOW UP AUDITS</p> <ul style="list-style-type: none"> • Purchasing Card Audit • Outside Consulting and Employment Audit • Payments and Reimbursements to Board of Trustees Audit • Accounts Receivable and Collections Audit • Property Management Contract Consultation • Computer Science Department Payroll Overpayment Investigation

WESTERN WASHINGTON UNIVERSITY

Energy Efficiency Performance Contract Update

Board of Trustees

October 13, 2011

To encourage investment in infrastructure upgrades that lead to reduced energy consumption, the State established the Energy Service Performance Contracting (ESPC) program. Western has used this program on a small scale with good results – 10% higher than expected energy savings, under budget construction and higher than expected Puget Sound Energy (PSE) rebates.

In order to advance sustainability goals, reduce our carbon footprint and to gain cost savings in the long term we have been investigating additional energy savings projects through the ESPC program. Working with the Department of General Administration, we engaged Seattle-based McKinstry Consultants in October 2010 to conduct an energy audit of Western's principle academic buildings and auxiliary buildings. The audit identified a number of potential projects with significant energy savings. Based on those results Western contracted with McKinstry to conduct a Directed Engineering Study on those projects.

The Directed Engineering Study includes 38 separate Facility Improvement Measures in 26 buildings with a cumulative value of nearly \$3.2 million. It includes lighting controls, energy efficient lamps, insulation in attic spaces, HVAC controls, and water conservation. The improvements are expected to reduce Western's annual electrical, gas, water and sewer consumption by an aggregate 4.5%. Initially the annual utility costs are estimated to decrease by over \$227,000 growing to \$370,836 in annual savings by the end of the ESPC agreement.

In all, 21 academic buildings, the Wade King Student Recreation Center and four residence halls will be affected by these improvements. Eight of the 38 measures will be completed by Facilities Management's in-house work force using PSE rebates while the other 30 will be completed by McKinstry through the ESPC program in which the State will issue \$3.04 million bonds. The utility savings will be used to make the bond payments. When combined with expected rebates the anticipated payback period is just over 12 years.

The Department of General Administration is reviewing the Directed Engineering Study. If it agrees with the assumptions and recommendations, they will approve the project for the ESPC program and we will move ahead with the project.

Project Milestones

October 14, 2011	GA approves the project for an Energy Savings Performance Contract
October 28, 2011	WWU signs ESPC, GA issues Notice to Proceed to McKinstry
December 1, 2011	Final request to State Treasurer to issue bonds
Mid-February 2012	State bond sale
June 2013	Construction complete

Affected Buildings

- **Academic Buildings**

- Academic Instructional Center
- Arts Annex
- Administrative Services
- Arntzen Hall
- Biology
- Bond Hall
- Campus Services
- Chemistry
- Communications
- College Hall
- Ross Engineering Technology
- Environmental Studies
- Fine Arts
- Fraser Hall
- Haggard Hall
- Humanities
- Old Main
- Parks Hall
- Performing Arts
- Physical Plant
- Science Math and Technology Education
- Wilson Library

- **University Residences and Wade King Recreation Center**

University Residences has selected Highland Hall, Fairhaven Academic, Fairhaven Residence Halls, Mathes Hall, and Buchanan Towers to be included in the project. Two measures to be implemented are water conservation for all four buildings and insulation in attic spaces at Fairhaven Residence Halls.

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: President Bruce Shepard by Provost Catherine Riordan

DATE: October 14, 2011

SUBJECT: **Quarterly Academic Program Report**

PURPOSE: Information Item

Purpose of Submittal:

Information detailing specific highlights of the *2010 Survey of Western Transfer Students* is provided. The full survey may be accessed at <http://www.wvu.edu/socad/osr/> .

2010 SURVEY OF WESTERN TRANSFER STUDENTS

Update to the Board of Trustees

October, 2011

The Western Educational Longitudinal Survey (WELS) survey of transfers was administered by the Office of Survey Research (OSR) over the summer, 2010, before the cohort began their Western career. Of the 1,047 transfer students entering in the fall of 2010, the OSR received responses from 614, a response rate of 58.6%.

Besides basic demographics characteristics, the survey queried transfers about their previous college, their college application process, their familiarity and comfort with Western, their choice of major, their issues with expenses and employment, and their skills, goals, and expectations.

Survey Highlights

1. Besides Western, to which schools did this cohort of transfers apply?

Although they applied to most schools in the northwest region (UW, CWU, WSU, etc.), **95% of this cohort of transfers listed Western as their first choice.**

2. Now that they are here, how well does this cohort of transfers like their class schedules?

While most (51%) were very or somewhat satisfied with their class schedules, some (21%) were very or somewhat dissatisfied. Of the 21% who were dissatisfied, 81% reported that their dissatisfaction was with the fact that the classes they needed to take were full.

3. Why did this cohort of transfers choose Western?

“Out of all your college options, how important were each of the following in your decision to attend Western?” (Somewhat or very important.)

- Good academic reputation 82%
- Interest in a specific academic program at Western 74%
- Recreational opportunities in the area 59%

4. How did this cohort of transfers find out about Western?

“Which of the following sources were most valuable in helping you to learn about Western?” (Check the three most valuable sources.)

- Western’s website 67%
- Friends at Western 50%
- Visit to campus 48%

A full copy of the survey report can be downloaded at the OSR web site: <http://www.wvu.edu/socad/osr/>

**WESTERN WASHINGTON UNIVERSITY
ITEM SUBMITTED TO THE BOARD OF TRUSTEES**

TO: Members of the Board of Trustees

FROM: President Bruce Shepard by Steve Swan, V.P. for University Relations

DATE: October 14, 2011

SUBJECT: **University Relations Report**

PURPOSE: Information Item

Purpose of Submittal:

A written report is provided on the recent activities of University Relations.

Supporting Information:

Report Attached

**WESTERN WASHINGTON UNIVERSITY
OFFICE OF THE VICE PRESIDENT FOR UNIVERSITY RELATIONS**

REPORT FROM THE VICE PRESIDENT TO THE BOARD OF TRUSTEES

GOVERNMENT RELATIONS

State Relations

The Government Relations Office has been working on a variety of legislative activities and working closely with the other four year public institutions on a series of interim activities that were mandated by the recent legislature. The Governor appointed the Higher Education Steering Committee that will make recommendations as to what will replace the current Higher Education Coordinating Board. We are working closely with the Committee which includes two of the four year Presidents. We are working with our four year and two year partners to put together a new set of management efficiency measures that may require statutory change. We are also working closely with our partners in the Northwest Higher Education Coalition to put together a House Higher Education “Chautauqua” at Skagit Valley College on October 13th that focuses on the important links between higher education and the regional economy with a special focus in our region on Advanced Manufacturing and Aerospace.

We had legislators join us for Convocation on September 16th where President Shepard recognized their hard work on behalf of Western. We are also working on a few opportunities to invite legislators to the campus including the Miller Hall Dedication, the 3rd Annual Kick-Off of Compass 2 Campus on October 25th and we are in the process of putting together some day long agendas for campus visits by individual legislators and legislative staff.

We are also working on the Panel discussion for the Board of Trustees meeting on October 14th at Safeco Field. All of this activity is in the context of the September revenue forecast that has estimated a \$1.4 billion deficit in the current biennium. The Governor has called a thirty day special session of the legislature beginning November 28th in order to cut the budget. We are working in all of our settings to advance the importance of higher education to the future of this State, to give some context to the cuts that higher education has already taken and we are working closely with our Western Advocates group of parents, alumni, faculty, staff and friends of Western to help get the message out about the important role Western plays in providing a brighter future for this State.

Federal Relations

The future of the Federal Pell Grant program continues to be a concern. The chairman of the House Subcommittee on Labor, Health and Human Services and Education Appropriations has issued a draft proposal that likely will not be debated, but will be used as the marker as the U.S. House of Representatives begins negotiations with the Senate on an omnibus appropriations bill. Unlike the Senate [version](#) that found savings elsewhere and applied them to the Pell Grant Program, the House subcommittee proposal calls for several programmatic changes. The House proposal would make the following changes:

- Eliminates eligibility for less than half-time students.
- Eliminates eligibility for awards that are less than \$555
- Reduces Pell use from 18 semesters to 12 starting July 1, 2012
- Reduces zero Estimated Family Contribution from \$30,000 to \$15,000
- Expands the definition of Untaxed Income to include 5 items that are currently NOT included as income. They are:
 - The amount of additional tax credit claimed for tax purposes
 - Welfare benefits
 - Earned income credit claimed for tax purposes
 - Credit from tax paid on special fuels
 - Untaxed social security benefits.

In addition, the draft proposal significantly reduces or eliminates the following institutional support accounts: Strengthening HBCUs (-\$85 million), Hispanic Serving Institutions (-\$87 million), Strengthening Predominantly Black Institutions (eliminated), Asian American Pacific Islander (eliminated), Strengthening Alaska Native and Native Hawaiian Serving Institutions (eliminated), Strengthening Native American Serving Nontribal Institutions (eliminated), and Strengthening Tribal Institutions (eliminated).

UNIVERSITY RELATIONS

Website Reconstruction

Western's new internet web site homepage went live on September 1st. The new homepage (located at <http://www.wvu.edu/>) was more than one year in the making and was developed by students and staff members from Academic Technology User Services and University Communications.

The new internet web site is designed to meet the needs of prospective students and their parents while also promoting Western to other external stakeholders. It has direct links for alumni, donors and families, and the site strongly conveys the new Western brand.

Phase II of the project entails the creation of templates for colleges, departments and programs along with the creation of a new intranet site for internal campus use. A temporary intranet website has been created through the current My Western portal for the campus community and a link is provided to it on the new homepage.

Community Relations

- Contract negotiations between the City of Bellingham and Comcast have been completed and the tentative agreement creates a new Educational Channel. The Bellingham City Council recently held a public hearing on the new contract and it is expected to take action on its approval in the next month. Western lobbied for the creation of the E-channel, but also with the caveat that an allocation of funds from increased franchise fees be made available for assistance in producing content for the channel. Lobbying of City Council members is continuing to garner that support.
- The creation of a new economic development model for Whatcom County has been finalized and is in the early stages of the approval process with the Northwest Economic Council (NVEC). Western is a partner in leading the effort to create a new model that reduces costs and makes more funds available to economic

development practitioners, and transitions the Associated Development Organization designation from the NVEC to the Port of Bellingham. The ADO designation is made by the Whatcom County Executive.

UNIVERSITY COMMUNICATIONS

Our skilled professionals worked hard on a wide range of online, print, social media, video and graphic design communications and marketing, which included:

- Continued participation with the university team reworking the university [website](#), which launched before Sept. 1. This office is now the primary provider of story content for Western's new home page.
- Western's social media outreach, which continues to expand, and our next robust enterprises – Foursquare and Google+ -- are just around the corner.
- Spearheading a new web-content section of the Western Style Guide that will be released this fall, with the goal of correctly branding and implementing the elements of the newly redesigned home page into all of Western's web content.
- Successfully moving the [Viking Village moderation](#) responsibilities to our office.
- Successfully placing stories in local, regional and national media that enhance Western's reputation, such as Huxley College Professor David Wallin's research on the [declining goat population](#), which ran in newspapers throughout the state. Other media stories focused on fall opening and Western opening the renovated Miller Hall and Buchanan Towers residence hall additions.
- Continued improvement to the daily online campus newsletter [Western Today](#).
- Preparing the fall edition of [Window magazine](#) and the fall edition of the [Soundings](#) family online newsletter. [The Annual Report](#) is available online and also has been published in a small press run.
- Completion of graphic design projects with many campus offices, including Admissions, Athletics, colleges, academic departments, Facilities Management, Western Libraries, the campus directory, and Canadian-American Studies.
- Booking faculty speakers through [Western's Speakers Bureau](#).

MEETING EVALUATION & FUTURE AGENDA TOPICS

DATE FOR NEXT REGULAR MEETING: December 8, 9 2011

ADJOURNMENT