

UNIVERSITY OF CENTRAL FLORIDA

Statement by President Dale Whittaker

January 18, 2019

Thank you, Chairman Marchena.

While today provides clarity about Trevor Colbourn Hall, it is not the end of our accounting for how we spend E&G funds.

We know inappropriate spending was not isolated to Trevor Colbourn Hall. As we've discussed with this Board, our staff identified additional projects during our internal look-back.

Combined with Trevor Colbourn Hall, this totals about \$85 million of construction projects that were either built ... or planned to be built, with inappropriate funds.

This is about more than one building. We understand the scope of what happened ... we accept responsibility for it ... and, frankly, we're embarrassed by it.

I read the report carefully. What I saw was a leadership culture in the Administration and Finance division that did not place enough value on integrity and competence, and per the report, "failed to foster a culture that encouraged challenging senior members of the administration and whistleblower activity."

I am committed to leading change that creates a stronger culture. That starts with knowing that we all have a responsibility to report unethical or illegal activity when we know about it.

Saying "my boss told me to do it" is not enough.

UCF has multiple ways employees can report — including anonymously — activity they believe is inconsistent with university and state policies.

This flawed leadership culture also purposefully prevented this Board from exercising its oversight and governance roles. That is completely unacceptable.

The Governor, Legislature, Board of Governors and this Board expect and deserve better from us. We expect better from ourselves.

Ultimately, this is an issue of trust. Specifically, the trust placed in UCF to properly manage its resources.

And trust is not rebuilt in a single afternoon or by a single report.

Trust is built by finding problems ... and fixing them.

By making promises ... and keeping them.

By reaffirming our values ... and living them.

I trust this board's wisdom. And I understand why you need to act concerning my time as provost.

I accept Chairman Marchena's recommendation about the performance unit plan from when I was provost. I ask that you vote on this today.

Although I knew E&G funds were used for Trevor Colbourn Hall, ***I was never told, and never knew***, that using E&G funds was inappropriate. As provost, I focused on the academic components of the university. If I had known these funds could not be used, I would have worked to stop it.

I told Mr. Burby this in my interview, and his report supports that.

Now as President, my responsibility is to guarantee that ***every dollar we spend is appropriate***.

As you know, I have already implemented changes, including:

- Separating the position of vice president for Administration and Finance from the CFO position to ensure independence in fiscal oversight.
- Requiring real-time audits for all major capital projects to ensure the funds we said would be used for projects are, in fact, being used.
- Issuing a moratorium on new capital projects using more than \$2 million of university funds.
- And, hiring Bob Caslen, retired Lt. General and former superintendent of West Point, to lead change at UCF by recommending and implementing new financial and operational structures, policies and procedures.

I hired General Caslen to ensure UCF is a model for financial and operational efficiency. But more importantly, I hired General Caslen as a leader who is known for integrity and organizational acumen.

He will help us quickly rebuild a culture where integrity, ethics and accountability are the norm.

In terms of what's next, I am immediately creating three new leadership positions.

In October, I charged Accenture ... a nationally recognized firm with experience in and outside of higher education ... to recommend the best structure and reporting relationships for the departments that currently make up the Administration and Finance Division.

As Accenture finalizes its report, its principal recommendation is clear: UCF should separate the financial and operational roles at the vice-presidential level.

This is consistent with the recommendation in the Bryan Cave report.

I made this change last year on an interim basis. With the Accenture and Bryan Cave recommendations, and in consultation with General Caslen and others, I am making this change permanent.

A new Chief Operating Officer will be responsible for many operational areas. A new Chief Financial Officer will oversee financial management services.

Importantly, this new model will increase checks and balances in our decision-making process.

The split model is in place at many universities around the country, including Carnegie Mellon, the University of Florida, Virginia Commonwealth, Southern California and more.

The Accenture report will detail several other recommendations that I will review and share in the coming weeks.

Because ethics and accountability are foundational values of my administration, the third leadership change I am making is to create a new position of Chief Accountability Officer. To start, this vice president will oversee the Office of Compliance, Ethics and Risk.

The position will report to me and to the chair of the trustees' Audit and Compliance committee. With that in mind, I look forward to working with Trustee Seay in developing the position and conducting a national search for the best candidate.

A new Chief Financial Officer, Chief Operating Officer and Chief Accountability Officer will infuse UCF with fresh ideas. These three new positions will also bring more checks and balances to our decision-making and rebuild a culture of integrity and accountability.

I will conduct national searches for these new leaders, and that process will start immediately.

Thanks to today's report — along with the reports coming from the Association of Governing Boards and Accenture — change has started at UCF. And as we know, change can be difficult, even when change is necessary and good.

So, as we prepare for what's next, let's remember that challenges are overcome through perseverance; that perseverance builds character; and that character leads to hope.

Taxpayers, students, parents and donors trust us to spend their money wisely. Doing so is a job that we have to get right.

Every.

Single.

Time.

As president, I am creating a culture where leadership — starting with me — serves the university with integrity, competency and openness.

Culture is driven by people. Together, we will make UCF a model for what higher education can be for the United States.

When I became president, I said that UCF has a bold future ahead ... and that I believe in the power of our people.

To the faculty, staff and students who come to UCF every day, work hard and act with integrity, let me say this: As difficult as it is now, your university will be stronger because of this — together, we will keep changing lives and creating opportunities for our community and state.

Thank you.