

Executive Council

COLLEGE OF THE MARSHALL ISLANDS
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To: Executive Council Members: Wayne Schmidt, President
Richard Bruce, Dean of Student Services
Diane Myazoe, Dean of Cooperative Research and Extension
Tony Prout, Acting Dean of Kwajalein Campus
Raffy Nayon, Comptroller
Jane Taafaki Sam, Personnel Director
Seyoum Teshome, Faculty Senate President
Aluka Rakin, Staff Senate President

From: Cheryl Jorban, Executive Assistant to the President

Re: Minutes of 9/11/02 EC Meeting

The Executive Council convened at 3:00 p.m. on Wednesday, September 11, 2002.

EC Members present: Wayne Schmidt, Richard Bruce, Diane Myazoe, Raffy Nayon, Seyoum Teshome, Jane Sam, Cheryl Jorban.

Absent: Aluka Rakin, Tony Prout

The meeting began at 3:00 p.m. with a period of silent reflection.

Approval of Minutes

The minutes of the EC meeting on September 4, 2002, were approved.

September 11 Commemoration Ceremony

Wayne reported briefly on the ceremony in memory of the victims of September 11th terrorist attacks held at the Capitol Building in the morning. He stated that he received many good compliments from political and community leaders regarding the two essay winners from CMI (Clarence Aneo and Emrina Langidrik), who read their winning essays at the ceremony. Jane commented that Janet Hess deserves the credit, as she is the one who encouraged the students to enter. Wayne stated that as a result of the impressive quality of education and improving image of CMI, Senator Ruben Zackhras talked to him about possible grant money available for judicial training at CMI. COM and PCC have similar programs already. Jane reminded Wayne that we have a local RMI resource--Terry Paul, who received his B.A. in criminal justice.

Follow-Up on Student Accounts Receivable

Wayne presented the idea that as long as CMI holds an open account for students at the bookstore, then CMI could hold refunds until the end of the semester. He said this was one way our auditors have justified the procedures for case management.

Jane responded that this is still incorrect procedure according to Pell regulations. In the past, we have had a cutoff date for charging books at the bookstore. Wayne then suggested having students agree to hold a certain amount (\$100?) for charging books, etc.

Jane indicated that there are special circumstances that do apply to us, such as SS# and other waivers, and we can ask if we can "broaden the window"; however she feels we still need to try to adhere to the window of 14 days. All money left over must also be returned to the Department of Education. A promissory note can be implemented either before or at the time of refund.

Richard asked if we have been able to award refunds for this semester. The answer is "no" because of the add/drop period.

Jane pointed out that in CMI's circumstance, which is different from most other schools in the US, our accounts receivable rise significantly because of the high rate of student drops and withdrawals. So in avoiding this high growth of accounts receivables, we go out of compliance with Pell regulations. Another way to solve this problem would be to not award students their Pell grants until after midterm—but

this is impossible now because of our current cash flow problems.

WASC Financial Report

Wayne gave a quick overview of the financial report he has prepared for WASC. There are basically 4 parts of the financial review section:

1. Deloitte Touche Tohmatsu audits
2. Discovery of embezzlement of Funds by Louiston
3. Standard Nine Self-Study Committee Review
4. U.S. Department of Education Review

Jane asked for clarification regarding CMI's inauditable status--if that was the reason we didn't know about the misappropriation of funds. Wayne indicated that the agreements with Deloitte Touche Tohmatsu provided for communication to the President and the Board of Regents on any mishandling of money by senior management, but since general ledger accounts had not been reconciled since 1997, we were unaware of the problem. The report mentioned a "Nitijela Account," which Diane clarified as the Land Grant matching funds account. Discussion turned to the letter in last week's Journal by Jack Niedenthal. Wayne indicated that the top management (President/CEO) is ultimately responsible and should answer for any financial concerns.

Wayne briefed the EC members on the preliminary hearing scheduled for Friday, September 13. He said that CMI has now filed 98 counts against Louiston—2 counts (theft and false reporting) for each of the 49 checks.

Part 3 of the report to WASC includes a section entitled "Risk Factors Relating to Misstatements Arising from Fraudulent Financial Reporting." Wayne reviewed the major areas in which CMI is at risk.

Part 4 of the report is the review by the Department of Education. Jane mentioned that we are not on probation with the Feds because of accurate and timely reporting.

The last portion of the report deals with findings and actions taken by CMI to correct the findings.

Others:

Wayne reminded all EC members of the deadline for the WASC self-study draft reports for each standard—end of September.

He indicated another report to WASC—Audit of Student Financial Aid—is due November 1st. He needs further input from Deloitte & Touche auditors in order to complete that report.

In response to question on the progress of the audit, Wayne said that the money received from the DOI grant has been used up, although there are 2 minor things that will happen under the grant: completion of the Accounting Manual and additional training for the Business Office staff.

Departmental Reports:

Land Grant: Diane reported that Camilla started working as CRE/Land Grant secretary last week. Dr. Singeru is coming out next week for a CTSA Board meeting. CRE/Land Grant staff recently returned from Jaluit. The position of community extension agent is still open.

Student Services: Richard reported the student body elections will be held this coming Friday. There are currently 24 students living at Arrak now. The buses are running as well as can be expected.

Business Office: Raffy reported that "everything is OK." The audit for FY2000 has begun, and Raffy is working on all the schedules. Ric is helping to obtain documents that are missing in preparation for the FY2001 audit. Raffy mentioned that he would appear at the preliminary hearing for Louiston on Friday, and this statement raised questions among the group as to who would be going and what would happen at the preliminary hearing.

Wayne responded by saying that he would go, but only Raffy and the investigator, Bruce Russell, would have to testify. He said the following would probably happen:

1. CMI will present the amendment of charges, increasing to 98 counts for a total of approximately \$641,000.
2. We expect the defense to ask for a continuance as Louiston is requesting David Lowe represent him as co-counsel. He is now represented by Manassey from the Public Defender's Office.
3. We expect to present enough evidence for the final set of charges.

The trial may be set for the last week of October or the first week of November. Judge Henry will hear the case.

Louiston has already been convicted of a suit brought against him by Bank of the Marshall Islands—for falsifying information in order to obtain a loan after he was dismissed from CMI.

The question of higher bail was posed by Jane. Wayne said it will be requested, but nothing definite yet.

Faculty Senate: Seyoum reported that elections for Faculty Senate officers will be held tomorrow at the first meeting of the Faculty Senate. He hopes another person will be elected president since he has served for 2 years and feels someone else should have the opportunity. Jane asked if there are provisions for a representative for Faculty Senate during the summer months. Seyoum responded that in the absence of the president, the vice-president would represent the Faculty Senate. In the absence of both the president and vice-president, the secretary would represent.

Personnel: Jane reported that there are currently 14 open positions at CMI. The PAC met this morning to discuss the Registrar and Data Entry positions in SCSD. The PAC recommendations will be submitted to the President for his decision. Jane explained recent concerns regarding Matang Uinemetang, who was hired as an aquaculture research aide under the IFAFS Grant. She asked what procedures should be followed for people brought in under grant funding—What kind of contract? What is the hiring process? Are they CMI employees? Any benefits? Immigration concerns? **Wayne asked that this topic be placed on next week's agenda.** Jane concluded by stating that a memo to all employees was distributed to allow them to make changes/add beneficiaries to their life insurance policy.

Administration: Cheryl reported that the CMI Catalog is still waiting on revisions/changes from some departments. Richard mentioned that he would like to include a section regarding health insurance for our FSM students. The deadline for submitting catalog changes will be September 20.

Wayne reported that he would like to see the students' health fee go towards obtaining a part-time doctor or medical practitioner to start a regular clinic at CMI. Discussion and dismay ensued regarding the current practice of using the student health fee money to purchase toilet paper and cleaning supplies for the student bathrooms. It was agreed that money for

these supplies should come out of the physical plant budget. Richard added that presently garbage bags are purchased from the SCSD budget. Richard also added that he would like to see a nurse or medical practitioner here at CMI as early as spring semester. Everyone agreed.

The EC meeting adjourned at 4:30 p.m.