

## BUSINESS AFFAIRS SUB-COUNCIL

October 19, 2005

### MINUTES

The meeting began at 9:00 a.m. in the TBR conference room. Present were Dr. Claire Stinson (Chair, NSTCC); Ms. Debra Bauer (NSCC); Ms. Cynthia Brooks (TSU); Mr. Horace Chase (JSCC); Dr. David Collins (ETSU); Ms. Beth Cooksey (VSCC); Mr. John Cothorn (MTSU); Mr. Bill Fuqua (RSCC); Mr. Mike Gower (MTSU); Dr. Ted Heidloff (APSU); Mr. Ken Horner (COSCC); Dr. Charles Hurley (CLSCC); Dr. Rosemary Jackson (WSCC); Mr. Ron Kesterson (PSTCC); Ms. Linda Maxwell (TTU); Mr. Mike Posey (MSCC); Ms. Susan Rains (STCC); Mr. Mitch Robinson (APSU); Ms. Tammy Swenson (CSTCC); Ms. Velma Travis (DSCC); Mr. Greg Wilgocki (ECOM); Mr. David Zettergren (UOM); Dr. Bob Adams, Ms. Kathy Crisp, Ms. Alicia Ector, Ms. Tammy Gourley, Ms. Angela Gregory, Ms. Deanna Hall, Ms. Lisa Hall, Ms. Debbie Johnson, Ms. Brooke Shelton, Mr. Ron Simmons, Ms. Renee Stewart, Mr. Bob Wallace, and Ms. Heidi Zimmerman (TBR).

Mitch Robinson introduced Dr. Ted Heidloff as the new Director of Human Resources at APSU.

#### 1. Report of the Committees

##### A. Finance Committee

Dr. Collins highlighted the following issues from the October 5, 2005, Finance Committee meeting.

- NCAA Reporting

The committee discussed the new NCAA agreed-upon procedures that are effective for FY 05. The following three changes were highlighted:

- (1) Indirect administrative and facility costs will be reported. For administrative costs, the same model used for auxiliary costs will be used. For indirect costs, a pro rata method will be used. Revenues will also include an amount for indirect administrative and facility costs.
- (2) Sports camps will be included.
- (3) Any third party items will be reflected on the report.

Dr. Adams discussed a media inquiry regarding sports camps at UOM. MTSU had a similar inquiry from a local television reporter. MTSU interpreted the new reporting requirements to exclude coach camps if the coach pays MTSU for use of the facilities. ETSU felt that these camps should still be included in the NCAA report.

- Risk Assessment

A committee was formed to develop a uniform approach on determining at what management level risk assessment should be performed at each of the institutions.

The committee members are Bill Fuqua (RSCC), Larry Wakefield (TSU), Bill Scott (VSCC), Edwina Greer (ETSU), Brooke Shelton (TBR), and Tammy Gourley (TBR).

- Energy Saving Performance Projects

The Finance Committee discussed the appropriate accounting entries to use when recording all phases of the energy saving performance contracting projects. Example entries are included as Attachment A.

- Returned Check Service Charge

Effective June 2005, the maximum amount allowed by law for returned check service charges was increased to \$30. The Finance Committee decided that this increase would be implemented in the next academic year and would be included with the incidental fee request in June. A revision to Guideline B-060 will also be proposed in June.

- TCRS and ORP Compensation Limits

The Finance Committee discussed the limits on retirement contributions for employees participating in the TCRS and ORP retirement program. The Finance Committee referred this to Human Resources to be included in the Personnel Guidelines.

- Guideline 080 Memberships and Guidelines

The Finance Committee discussed the reimbursement of professional license fees. A recommendation was made that no professional license fees should be reimbursed.

- Guideline 110 Lead Institutions

The Finance Committee discussed the internal audit costs of the Tennessee Technology Centers. It appears that some institutions are charging the TTC's for audits and others are not.

It was the recommendation of the Finance Committee to not charge the TTC's for Board required audits. Any other audits will be billed to the TTC's.

- Lottery Scholarships – Dual Enrollments

The Finance Committee discussed how institutions would handle refunds to students prior to receiving the lottery funds from TSAC. Dr. Adams said that it would be up to each individual institution to decide whether or not to reimburse the students now or wait until they receive the lottery funds from TSAC. As soon as instructions are received from TSAC, they will be forwarded to the institutions.

Mr. Cothorn inquired if any administrative relief would be forthcoming from lottery funds. Dr. Adams stated that he addresses this topic each time he meets with THEC and TSAC regarding the lottery. Mr. Cothorn suggested including administrative relief funding as a legislative initiative for the upcoming legislative session. Dr. Adams agreed to discuss this with David Gregory.

- Student Attendance Screen

The committee discussed the student attendance screen in relation to Banner. It was determined that since this affected all institutions, it would be beneficial to have a modification written by SCT to address this issue. Dr. Adams agreed to bring the modification issue to the Banner Steering Committee.

- Presidents/Chancellor Audits

The Finance Committee discussed some of the problems found in the presidents and chancellor's audits, such as retirement gifts, employee recognition events, and social gatherings. Revisions to Policy 4:07:00:00 were recommended to address retirement events.

The BASC raised concerns regarding imposing a limit of two gatherings per year, as well as imposing a \$100 limit on retirement gifts. A recommendation was made to change the language in the Business Meals Policy concerning retirement recognition events and gifts. It was recommended that the policy be changed to include a "reasonable" number of events and a "reasonable" value limit on retirement gifts. It was also recommended that the language regarding the departmental gifts and events be removed from the policy. Additionally, it was suggested that the name of the policy be changed to "Business Meals and Recognition Events" which more accurately reflects what this policy now addresses (see Attachment B).

A subcommittee was appointed by Dr. Adams to further address these issues. The subcommittee will consist of David Collins (ETSU), John Cothorn (MTSU), Mike Posey (MSCC), Dr. Claire Stinson (NSTCC), and David Zettergren (UOM). Subsequent to the meeting, Dr. Adams appointed Renee Stewart to the subcommittee.

The Finance Committee minutes were approved with the revisions to Policy 4:07:00:00 noted above.

## **B. Council of Buyers**

Ms. Gregory highlighted the following issues from the October 11, 2005, Council of Buyers meeting.

- **Staples Contract**

The system is going to utilize UT's contract with Staples for office supplies. Institutions will not be required to cancel their current office supply contracts, but they will come on board as their current contracts expire. A question was raised inquiring whether this would be an exclusive contract. Dr. Adams indicated that this was a system-wide initiative and that if institutions could document cheaper pricing for an item, they would be able to use someone other than Staples. Subsequent to the meeting it was determined that if an institution operates its own bookstore or has a contract with an outside company for bookstore services, no documentation of cheaper pricing is required for central supplies purchased from its bookstore.

The committee was also reminded that if furniture was being purchased for an SBC project, the TBR Office of Facilities would have to approve the use of this contract.

Dr. Collins discussed the lack of a Staples location in the ETSU vicinity and whether he was expected to ensure that procurement card purchases for office supplies were made at Staples. Ms. Gregory stated that documentation of better pricing would not be required for procurement card purchases of office supplies from vendors other than Staples.

- **Purchasing Policy and Contracts Guideline Revisions**

Ms. Gregory and Ms. Crisp will be holding training sessions to further address the policy revisions for purchasing and contracts at the following locations:

1. November 3, 2005 – TBR Central Office, Genesco Training Room, 9:00a.m.-4:00p.m. CST.
2. November 7, 2005 – PSTCC, Performing Arts Auditorium, Alexander Building, 9:00a.m.-4:00p.m. EST.

- **Horizon Resource Purchases**

The 04/05 Group Purchasing Report revealed that the system saved approximately \$16,900 by using Horizon and \$44,500 by not using Horizon. Ms. Gregory informed the committee that the state would begin auditing the group purchasing report legislation in October.

- **Address Verification Software**

TBR is in final contract negotiations with Runner Technologies. Ms Gregory has compiled which institutions will be purchasing the software and with what options. She will e-mail the contract and purchase information when it is finalized.

- Microsoft

The Microsoft Campus Agreement was finalized last week. Ms. Gregory will e-mail the agreement to the schools and begin working on the Microsoft Select Agreement. Dell was awarded the reseller bid for the UT/TBR system.

- Flexible Benefits

The TBR System will no longer be using Fringe Benefits as its Flexible Benefits provider. A new contract was awarded to 1 Point Solutions for the next five year period.

- Kroll

An amendment is being processed for the criminal background check to include a package for allied health faculty, as well as an international option. This will be provided to the schools when it is finalized.

- TETLE (Technology Enhanced Teaching & Learning Environment)

TBR is in the process of preparing specifications for a new course management system. The current contract with WebCT expires on 12/31/06, and TBR anticipates a contract in place by February to allow for any conversion time if necessary. The RFP committee should have the first draft of the RFP to the legal department by next week.

- Temporary Services

The TBR Human Resources Department is collecting information from the institutions concerning who they are using for temporary services. TBR is looking to bid this early next year in order to provide more consistency across the system.

- Library Agreements

The library agreements are progressing well, with agreements from the Chronicle of Higher Education, Oxford University Press, and College of Dupage being finalized. The agreements with Westlaw and American Psychologist Association are near completion.

- Software Spectrum

As a result of receiving several complaints on Software Spectrum, who is our Adobe Reseller, Ms. Gregory is now having a monthly conference call with them in hopes of correcting the service issues. She encouraged everyone to notify her of any problems they were experiencing.

- **Apple**

Ms. Gregory informed the committee that Apple had expressed interest in working with TBR to develop a system-wide contract for their products. She has sent an e-mail to the institutions to survey whether they would be interested in utilizing any of the Apple products.

The Council of Buyers minutes were approved.

### **C. Human Resources**

Ms. Debbie Johnson highlighted the following from the minutes of the Human Resource Officers Committee meeting held on October 5, 2005.

- **1 Point Solutions**

Ms. Johnson highlighted some of the details in the service provided by 1 Point Solutions as our flexible benefits provider. Enrollment forms and brochures will be available online. Administrative fees will be reduced due to the use of debit cards among participants, instead of the manual check processing that was used by our previous flexible benefits provider. The debit card will also eliminate the turn-around time that was associated with receiving a manual check.

- **P-080 Harassment, Sexual or Racial**

The committee recommended approval of the revision to the guideline.

- **TBR Policy 5:01:01:08 Parental Leave**

As a result of new legislation which equates Maternity Leave, Paternity Leave, and Adoptive Parents Leave, these three policies have been condensed into one general policy on Parental Leave. The Office of General Counsel conducted a review of this policy to assure compliance with relevant State and Federal legislation.

- **TBR Policy 5:01:01:00 Employment Classification**

A subcommittee of HR staff was formed and recommended a five-day break in service with a temporary appointment defined as “up to six months in service”, with exception by the appropriate campus approving authority for up to an additional six months. However, when the HR Officers reviewed this policy, they felt that a longer break in service was needed. Therefore, they recommended a break in service for 30 days. Several business officers expressed concern with

this policy and the effect on adjuncts (paid and unpaid), PRNs, and standardized patients. Ms. Johnson asked that all concerns regarding this issue be forwarded to her and she would work to resolve them.

- TBR Policy 4:03:03:00 General Travel – Immigration Expense Allowance Agreement

The amendment to the General Travel Policy regarding Immigration Expense was recommended by the HR Committee. This would allow institutions the option to pay this expense, but it is not a requirement that they pay the immigration expense.

- TBR Guideline P-160 Post-Retirement

Legislation was passed that increased the number of days a retiree on a temporary contract may work to 120 per year. The legislation also increased the number of credit hours that may be carried by a teacher to 24 quarter credit hours, or 18 semester credit hours.

- ORP Compensation Limit

Ms. Johnson reiterated the IRS regulation on ORP matching funds, which was discussed earlier in the meeting.

There was a discrepancy regarding a salary limit on ORP matching funds for those who joined the OPR prior to July 1, 1996. The Finance Committee had received information stating that there was a \$315,000 limit. However, upon further investigation, Ms. Johnson verified that there was no limit on calculating contributions for these employees.

- EEO Classifications

In order to gain more consistency throughout the system, F&A will separate administration into administrative and professional between EEO 1 and EEO 3 for next year's budget. Ms. Johnson will appoint an EEO Coding subcommittee of HR and AA officers for further clarification.

- Guideline P-130 Educational Assistance

This guideline has now been separated into four guidelines for ease of understanding: P-130 Educational Assistance for TBR Employees; P-131 Educational Assistance for Spouse and Dependents of TBR Employees; B-061 Educational Assistance for State Employees and Dependents of State Employees or Public School Teachers; and B-062 Other Educational Assistance Programs.

- Changes in Vendors

Hartford is the new vendor for long-term disability insurance. They are providing a reduction in premiums for both hourly and salary employees.

There has also been a change in the vendor for the POS and HMO health insurance plans. The new provider will be Cigna. Ms. Johnson encouraged everyone to look at the physicians and hospital directories before making any decisions on choosing a plan.

The HR Officers minutes were approved.

#### **D. Internal Audit**

Ms. Tammy Gourley highlighted the following from the minutes of the Internal Auditors' meeting held on October 18, 2005.

- Training

A tentative plan has been made for Reid and Associates of Chicago to provide training on Investigation and Interrogation on February 21-23, 2006. The training is subject to obtaining an agreement and approval. This training was recommended by staff of the State Comptroller's Office.

- 2005 Public Acts, Chapter 310

A provision of this new law allows audit committees to meet in private under certain circumstances. Questions have been submitted to the State Comptroller's Office regarding this law but responses have not yet been received.

- Presidents' and Chancellor's Audits

Concerns were expressed regarding the consistency in disclosures among institutions, differentiation of presidential from institutional expenditures, consistency in disclosing presidential-directed expenditures from accounts not under the presidents' control, and clear criteria regarding entertainment events and employee recognition expenditures.

It was decided that auditors would now spend two years at the same institutions on these audits. The committee felt that this would be beneficial because the auditors could build on recent experience with the institutions.

The quarterly reporting format for reporting presidential expenditures has now been changed to a cumulative format. This should make it easier for those involved to tie the information back to their financial systems.

- TAF Audits

The Audit Committee Chairman agreed to auditing TAF every other year rather than annually to allow auditors to focus more time on areas with higher risk. This will require a change to the language in the TAF Guideline which will be presented at the December Board meeting.

Dr. Adams stated that the annual TAF reports need to include more detailed information. The institutions need to list individual projects, instead of consolidating them into large categories. An example will be included with the next TAF spending plan request.

- Enrollment Audits

THEC agreed with TBR that enrollment audits could be performed every other year instead of annually. This change will take place immediately. Therefore, the next enrollment audit will be performed for Fall 2006.

- Internal Audit Work Groups

Internal Audit Work Groups will work together in the next year to make recommendations for improvements in the following areas:

1. IA Policy/Guidelines (B-080)
2. Audit Manual & Audit Programs
3. Audit Plans
4. Quality Assurance Reviews & Self Assessment
5. Fraud/Hotline Calls/Investigations
6. TAF Audits
7. Report Format/Content/Submission
8. Risk Assessment Tools

- Peer Reviews

Ms. Gourley reminded the committee that peer reviews should be performed every five years. However, it has been about ten years since the last peer review was performed. She is developing a plan to begin peer reviews sometime within the next year.

## 2. **Travel Policy Updates**

Effective October 1, 2005, the CONUS rates increased. The travel policy was updated by Ms. Stewart to reflect these changes (see Attachment C). Additionally, language was added to state that future changes required by a change in CONUS rates will not require Board approval.

## 3. **Format for Reporting President's Quarterly Expenditures**

Ms. Gourley reiterated the change in the format for reporting the president's quarterly expenditures. The report will now be cumulative in order to make it easier for those involved to tie the information back to their financial system. The committee approved the change in format.

#### **4. Approval of Agreements Policy**

Ms. Crisp asked the committee if anyone had questions regarding the amendments to the policy. There were no questions, and the amendments to the policy were approved, (see Attachment D).

#### **5. Chairs of Excellence Issues**

Ms. Stewart informed the committee of concerns which were expressed at the Chair of Excellence Board of Trustees meeting. Three of their main concerns were:

1. TBR had ten unfilled chairs during the last fiscal year
2. The TBR chairs are not generating federal grants at the same pace as UT
3. The number of chairs varies greatly from institution to institution

#### **6. Application Fees for Dual Enrollment Students**

An institution has requested permission to waive the application for their dual enrolled students. Dr. Adams inquired whether any of the other institutions had a desire to waive this fee also. Since none of the other institutions were interested in this, Dr. Adams will refer this institution to the Chancellor for his approval.

#### **7. Other**

- Dr. Adams informed the committee that he hadn't received any guidance on the treatment of Hurricane Katrina students for the Spring Semester. He will get clarification on this matter as soon as possible.
- Dr. Collins informed the committee that he is still working with Sci Quest in order to develop a combined contract with SCT. Sci Quest and SCT are currently negotiating the details among themselves. Subsequent to the meeting, Dr. Collins was informed that SCT will not agree to any mark-up concessions and negotiations between Sci Quest and SCT have not been successful.
- Mr. Cothorn discussed Geier program funding, which is scheduled to end next fiscal year. Dr. Short has sent a questionnaire inquiring how campuses will continue the Geier programs without state funding. We will not know if additional state funding will continue until the Governor submits his budget next February.
- Mr. Wilgocki inquired if any special utility funding will be pursued to offset the expected increase in heating costs this winter. Dr. Adams stated that this has not been included in the list of special initiatives, but that he will discuss this with the Chancellor. Dr. Adams encouraged each business officer to also discuss this issue with their presidents.

There being no further business, the meeting was adjourned.