

***BUSINESS AFFAIRS SUB-COUNCIL***

***AGENDA***

***April 22, 2014***

***9:00 a.m.***

***TBR Board Room***

1. Chancellor's Remarks

The Chancellor will address the BASC.

2. Report of the Finance Committee

The BASC will discuss the following topics from the Finance Committee meeting:

- Reversion of Federal Funds
- Institutions' In-Kind Contributions to Foundation
- Emergency Reserve/Contingency for International Travel
- Review of Policies and Guidelines (Attachments G & H)
- New Budget Analysis Forms (Attachment M)
- Federal Cash Management Draft Rules (Attachment O)

3. Report of the Council of Buyers

The BASC will discuss the following topics from the Council of Buyers meeting:

- Community College/TCAT Grant Equipment Purchases
- Insurance Vendor Consolidation

4. Report of the Human Resource Officers Committee

The BASC will discuss the following topics from the Human Resource Officers Committee meeting:

- TBR Policy 5:01:01:11 – Days of Administrative Closing (Attachment P)
- Revisions to TBR Guideline P-043 – Compensation (Attachments Q & R)

5. Report of the Internal Audit Committee

The BASC will discuss the following topic from the Internal Audit Committee meeting:

- Funding Formula Audits

6. Report of the IT Sub-Council

Mr. Young will be available to answer questions from the April 16, 2014 IT Subcouncil meeting.

7. Financial Impact of Embedded Remediation of Community Colleges

The BASC will discuss learning support courses and the loss of R&D revenue.

8. Policy 4:01:07:02 - Foundations

The BASC will discuss the Foundations Policy. (Attachment I)

9. Out-of-State Tuition and Border Students

The BASC will discuss out-of-state tuition and border county students in TBR Policy 3:05:01:00 Regulations for Classifying Students In-State and Out-of-State for Paying College or University Fees and Tuition and for Admission Purposes. (Attachment J)

10. Budget Principals Policy

The BASC will discuss the proposed Budget Principals Policy. (Attachment K)

11. Financial Review Policy

The BASC will discuss the proposed Financial Review Policy. (Attachment L)

12. IT Policy/Guideline Changes

Tom Danford will present the following IT policy and guideline changes:

- Access Control Policy Draft (Attachment S)
- Password Policy Draft (Attachment T)
- Patch Upgrade Policy Draft (Attachment U)

- Personally Identifiable Information Policy Draft (Attachment V)

## Finance Committee/BASC Agenda Item Template

Description of Issue: The proposed revisions were discussed at the Finance committee as part of the process of reviewing policies and guidelines each quarter.

### Section I.C.2.

- Delete language “the major portion” and replace with “greater than 50%.”

This revision was to define what constitutes a major portion of an employee’s working time.

### Section I.F.2.

- Delete “unless the amount exceeds the maximum shown on the Addendum.”
- Reword the first sentence with “Receipts are not required.”

This revision was made because there are not any maximums on the addendum for taxi fares, tolls and ferry fees.

### Section I.G. 1-4

- Delete language 1-4. Replace with new language:

“Internet travel sites such as Expedia, Travelocity or Kayak can be utilized to purchase single travel services such as an airline ticket. Internet travel sites cannot be used to purchase a package of one or more travel services. Purchases of travel packages that combine services such as lodging, airline, or vehicle rentals are not allowed. These package deals do not usually provide sufficient itemized pricing for each service purchased and therefore do not allow for proper comparison to CONUS or conference rates as required by policy.”

This revision was made because of the inconsistency of prices on Expedia, Travelocity and Kayak for package deals and the lack of itemized pricing.

### Section II.B.3.

- A question regarding blanket travel authorizations was raised about verbal authorizations and frequency of authorizations.

The committee discussed this section and determined that it didn’t need further clarification.

Section III.C.1.

Change “regular coach fare” to “standard coach fare.”

This revision was made to be in compliance with TCA.

Section III.C. 3.

- Add new language:

“Baggage fees will be allowed when necessary. A receipt is required for reimbursement.”

This language was added to clarify that a receipt is required for baggage fees.

Section III.C.4.

- Add new language:

“Charges for trip insurance are not reimbursable. The State of Tennessee is self-insured and does not purchase separate insurance and therefore will not reimburse for insurance purchases made for trips.”

This language was added to clarify that trip insurance is not allowable.

Section III.E.1.e.

- Add the following section:

e. Reimbursement Rates-Courtesy Vehicle

(1) If a staff member has a “courtesy vehicle” due to his or her association with the institution, the maximum rate allowed will be the rate allowed under the Tennessee Board of Regents General Travel Policies and Procedures, less seven cents per mile.

This revision was made to be in compliance with IRS regulations.

Section III.G.1

- There was a question about whether language should be added that employees should document that car rental at the destination is the most economical form of transportation.

The committee discussed this section and decided no new language should be added. Most institutions already require car rental documentation.

### Section III. G.2

- Add the following language:

“The State of Tennessee is self-insured and does not purchase separate insurance and therefore will not reimburse for insurance purchases made for trips.”

This language was added to clarify that trip insurance is not allowable.

### Section IV. C.

- Add new section:

Out of Country Lodging

“Lodging expenses incurred while out of the country will be reimbursed at actual expenses with receipts”

This language was added to separate out of country lodging in the policy.

- There was a question about multiples rates for conferences and whether language should be added to clarify that the reimbursement is allowed at the lowest rate listed in the conference brochure. No language was added because the lowest rate is not always the available rate.

The committee recommended allowing reimbursement of all conference rates.

### Section V. B.

- Add new section:

Out of Country Meals

“Out of country meals are reimbursed at actual expense with receipts. If no receipts are provided, the maximum rate will be the maximum Conus rate of out-of-state travel.”

This language was added to separate out of country meals in the policy.

### Section VII

- There was a question that the policy does not state that advance payments made on the procurement card are subtracted out on the travel claim. The committee discussed this section and determined that employees should deduct any advance on their travel claim when

requesting reimbursement. They should show the advance as their total travel costs on the claim but just not for reimbursement.

The school recommending a change in the travel policy will amend their institutional policy to clarify this issue.

Section VII A.2.

- Add new language:

“Where adequate controls have been implemented to minimize risks associated with travel claim (such as the risk that duplicate claims will be submitted or alterations made to original claim subsequent to approval by approving authority), travel claims may be submitted for payment electronically.”

This language was added to ensure that electronic travel claims have adequate controls.

Other housekeeping changes were made.

See Attachment G

Related TBR Policy/Guideline: Policy 4:03:03:00 General Travel

Recommended Course of Action (if any): Approve and recommend approval by the Presidents.

## Finance Committee/BASC Agenda Item Template

Description of Issue: The proposed revisions were discussed at the Finance committee as part of the process of reviewing policies and guidelines each quarter.

### Policy/guideline area

- A question was raised about whether this policy applies to other non-profits such as Research Foundations and Clinical Practice Plans.

The committee discussed this and determined that this policy does not currently include research foundations or clinical practice plans.

### Section II.F.

- Proposed language:

“Institutions should not promote, encourage, or agree to use of a foundation in ways that appear to avoid or circumvent limitations placed on the institution by law or Board policy.”

The committee discussed the proposed language and determined that TBR Legal would work on the language in this section for clarification.

### Section III.A.

- Add new language:

“Institutions must use the standard agreement that is attached or another agreement that has been approved by the Chancellor. Every agreement must contain, at a minimum, the provisions of the standard agreement.”

This language was added to ensure that the college and foundation understand their relationship and provide documentation in a standard agreement.

### Section III.B.

- Proposed language:

“Other institutional employees may be foundation board members, either by appointment/election or ex officio; provided, however, only the president or



president's designee may be a voting foundation board member."

The committee discussed the proposed language and determined that TBR Legal would work on the language in this section for clarification.

#### Section III.D.3.

- Add new language:

"Policies that address the foundation's procurement and contracting activities. The intent of such policy should be to encourage, to the extent practical, competitive procurement of goods and services by the foundation. Institutions are prohibited from providing reimbursement to the foundation for any goods or services procured by the foundation; except that, in situations where such reimbursement is in the best interest of the institution, reimbursement is permitted if approved by the president with evidence of such approval and its rationale filed with the chancellor. Notwithstanding the forgoing, if a purchase was made by a foundation for the purpose of avoiding the institution's required procurement processes, the institution cannot reimburse the foundation for the purchase."

This language was added to encourage procurement policies and promote good stewardship of the Foundation.

#### Section III.D.4.

- New language:

"Such policies shall include a provision requiring annual review of the code of ethics by members and a procedure to be used by members when the appearance of a conflict of interest may arise."

This language was added to ensure that foundation members adhere to a code of ethics.

ection III.D.5.

- Proposed language:

“Policies that address the process for determining authority for executing contracts on behalf of the Foundation and for authorizing expenditure of Foundation funds. In any event where an institutional employee is granted authority to execute foundation contracts or authorize expenditure of foundation funds, such transaction shall be co-signed by a member of the foundation board who is not an employee of the institution. The policy may include an exception to this requirement for *de minimus* amounts, not to exceed five hundred dollars (\$500).”

The committee discussed the proposed language and determined that TBR Legal would work on the language in this section for clarification.

Section III.E.

- Add new language:

” provided, however, this shall not prohibit the institution from providing in-kind services to the foundation as envisioned in Paragraph III. A. of this policy.”

This language was added so that the institution may provide in-kind services to the foundation.

Section III. F.

- Add new language:

“Advance approval of the Chancellor shall be required if such payments are made to or for the benefit of the president or if the aggregate annual value of such payments to any individual institutional employee exceeds one thousand dollars (\$1,000.00) per year.”

This language was added so that payments in excess of \$1,000 to or for the benefit of the president require advance approval of the Chancellor.

Section III. I.

- Add new language:

“ In accordance with T. C. A. § 49-7-107(b), all annual reports, books of account and financial records of a foundation shall be subject to audit by the comptroller of the treasury.”

This new language was added for compliance with TCA.

Section III. K.

- Add new language:

“ A request for an exception must be submitted and granted in writing.”

This new language was added so that exceptions are in writing.

Section I.F.2.a.6.

- Add “The cost of accepting or keeping a gift in accordance with donor restrictions should not cost more than the benefit of the gift.”

This new language was added to ensure the cost of a gift does not exceed the gift’s benefit.

See Attachment H

Related TBR Policy/Guideline: Policy 4:01:07:02 Foundations

Recommended Course of Action (if any): Approve and recommend approval by the Presidents.

## Finance Committee/BASC Agenda Item Template

Description of Issue: The proposed revisions were discussed at the Finance committee as part of the process of reviewing policies and guidelines each quarter.

### Section I.F.2.a.6.

- Add “The cost of accepting or keeping a gift in accordance with donor restrictions should not cost more than the benefit of the gift.”

This new language was added to ensure the cost of a gift does not exceed the gift’s benefit.

See Attachment I

Related TBR Policy/Guideline: Policy 4:01:04:00 Solicitation and Acceptances of Gifts

Recommended Course of Action (if any): Approve and recommend approval by the Presidents.

## Finance Committee/BASC Agenda Item

Description of Issue: TBR Policy 5:01:01:11 – Days of Administrative Closing

The policy currently states an employee not scheduled to work will not be paid for the closing. An explanation of what was meant by “scheduled to work” was included within the policy.

Specifically:

Employees who were previously approved for leave for the duration of the emergency closing will be considered not scheduled to work and will be charged the appropriate leave.

Employees who were previously approved for leave for a portion of the emergency closing will be considered not scheduled to work for the portion of the time that was approved as leave. The employee will be considered scheduled to work for the remainder of the closing.

This definition is consistent with the practice for other state employees and UT employees.

Related TBR Policy/Guideline:

Recommended Course of Action (if any): Approve and recommend approval by the Presidents.

## Finance Committee/BASC Agenda Item Template

Description of Issue: Revisions to TBR Guideline P-043 – Compensation

The proposed revisions are to clarify reportable and non-reportable increases and update the Guideline consistent with the approval process for appointments in General Personnel 5:01:00:00.

Significant Proposed Changes/Clarification Include:

Consistent with General Personnel Policy, it is recommended that only the following increases would require Board of Regents Approval:

- (1) Any increases for Vice Presidents or other executives reporting directly to the President (academic, business, student affairs, etc.) including all interim appointments.
- (2) Any increases for Directors and chairs of the Centers of Emphasis and Excellence, including interim appointments.
- (3) Increases for any other positions which may be designated by the Chancellor.
- (4) All faculty promotions, included as part of the Committee on Personnel and Compensation Agenda at the Summer Quarterly Board Meeting.
- (5) New or revised compensation plans, included as part of the Committee on Personnel and Compensation Agenda at the Summer Quarterly Board Meeting.
- (6) Compensation plan adjustments, included as part of the Committee on Personnel and Compensation Agenda at the fall Quarterly Board Meeting.
- (7) Additional across the board increases, included as part of the Committee on Personnel and Compensation Agenda at the fall Quarterly Board Meeting.
- (8) Additional bonuses, included as part of the Committee on Personnel and Compensation Agenda at the fall Quarterly Board Meeting.

Proposed revisions attached.

Related TBR Policy/Guideline: P-010 – Personnel Transactions and Forms

5:01:00:00- General Personnel Policy

Recommended Course of Action (if any): - Approve and recommend approval by the Presidents.