

THE FLORIDA INTERNATIONAL UNIVERSITY



BOARD OF TRUSTEES

FINANCE AND AUDIT COMMITTEE

MEMBERS:

ROSA SUGRAÑES, *CHAIR*

BETSY ATKINS, *VICE-CHAIR*

ALBERT DOTSON

MIRIAM LOPEZ

MARCEL ESCOFFIER

FIU FOUNDATION BOARD OF DIRECTORS' LIAISON

TED SPAK

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES'
FINANCE AND AUDIT COMMITTEE**

MONDAY, 9 FEBRUARY 2004
9:00 A.M.

FLORIDA INTERNATIONAL UNIVERSITY
UNIVERSITY PARK CAMPUS
PC 521
MIAMI, FL

MEMBERSHIP

ROSA SUGRAÑES, *CHAIR*
ALBERT DOTSON
MARCEL ESCOFFIER
MIRIAM LOPEZ
TED SPAK, *FIU FOUNDATION BOARD LIAISON*

AGENDA

- | | | |
|-------------|--|-------------------------|
| I. | CALL TO ORDER | CHAIR SUGRAÑES |
| II. | APPROVAL OF MINUTES | CHAIR SUGRAÑES |
| III. | CHAIR'S REMARKS | CHAIR SUGRAÑES |
| IV. | ITEMS FOR COMMITTEE ACTION | |
| | 1. UNIVERSITY TRANSITION PLAN | EVP GALLAGHER |
| | 2. UNIVERSITY TRAFFIC AND PARKING RULE | EVP GALLAGHER |
| | 3. ATHLETIC FEE | EVP GALLAGHER |
| | 4. LAKEVIEW HOUSING PROJECT | SVP TELLES-IRVIN |
| V. | REPORTS <i>(NO ACTION REQUIRED)</i> | |
| | 5. FOUNDATION REPORT | DR. TED SPAK |
| | 6. PANTHERSOFT UPDATE | VP MCGOWAN |
| | 7. LEGISLATIVE BUDGET UPDATE | EVP GALLAGHER |
| | 8. OPERATIONAL AUDIT REPORT | EVP GALLAGHER |
| VI. | OTHER BUSINESS <i>(IF ANY)</i> | CHAIR SUGRAÑES |
| VII. | ADJOURNMENT | CHAIR SUGRAÑES |

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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

**FINANCE AND AUDIT COMMITTEE MEETING
FRIDAY, 22 AUGUST 2003**

2:00 PM

**FLORIDA INTERNATIONAL UNIVERSITY
UNIVERSITY PARK CAMPUS
GL 835
MIAMI, FL**

MINUTES

I. CALL TO ORDER

The Florida International University Board of Trustees' Finance and Audit Committee meeting was called to order by Chairperson Rosa Sugrañes at 2:00 pm, on Friday, 22 August 2003, at Florida International University, Room GL 835, Miami, FL.

The following attendance was recorded:

Present:

Rosa Sugrañes, *Chairperson*
Albert Dotson
Marcel Escoffier

Excused:

Miriam Lopez

FIU Staff:

Provost Mark Rosenberg
EVP Paul Gallagher
VP John McGowan
VP Patricia Telles-Irvin
Chuck Tinder, *Associate VP, Budget and Planning*
Alex Zyne, *Assistant VP, Business and Finance*
Cristina Mendoza, *General Counsel*
Mayra Beers
Erica Martinez

Erica Martinez took a silent roll.

II. APPROVAL OF MINUTES

Chairperson Rosa Sugrañes recommended that the minutes of the Finance and Audit Committee meeting of 12 May 2003 be approved as submitted. Approval of the minutes was MSC.

III. CHAIR'S REMARKS

Chairperson Sugrañes welcomed everyone to the meeting. She asked EVP Gallagher to give an overview of the last Board of Governors' meeting. EVP Gallagher reported there will be an estimated 35,000 students on campus this year and the preparations for the Fall 2003 semester are underway.

On behalf of President Maidique, Vice President Gallagher thanked Trustees Dotson and Sugrañes for attending the Board of Education meeting the previous week. He added their attendance was noted and appreciated by the members of the Board. He also thanked Trustee Sugrañes for her efforts on behalf of FIU and for her recent letter to the editor at the *Miami Herald*.

IV. ITEMS FOR COMMITTEE REVIEW

1. PeopleSoft Update

VP John McGowan reported on the PeopleSoft implementation. He noted the admission components went live without incident and the proto-type was working well. He added all other PeopleSoft projects were progressing on-schedule and on-budget.

2. 2003-04 Budget, Fee Waiver Allocation

Chairperson Sugrañes reported that during the 2 July 2003 Board meeting, the Board approved a tuition increase as well as an increase in fee waivers. She continued to report the University has allocated \$6.5 million dollars as the upper limit for waivers.

EVP Gallagher provided an update of the Fee Waiver Allocation, which would put the budget at \$251 million. A motion was made to approve the 2003-04 Fee Waiver Allocation. The motion was MSC.

3. Application Fee and Admissions Deposit

Chairperson Sugrañes reported, this year the Florida legislature gave the state universities the authority to charge a non-refundable application fee not to exceed \$30.00. The current application fee for FIU students is \$20.00. She added the University has recommended the application fee be increased to \$25.00 for all applicants, but remain \$20.00 for applicants to the College of Law.

In addition, Chairperson Sugrañes reported the University was requesting authority to initiate a non-fundable deposit of \$200 to indicate intention of attending FIU. He noted, should a student enroll at the University, the deposit would be applied toward tuition. In

the case a student decided not to attend the University, the deposit would be forfeited. He added the deposit would be waived for special financial aid cases.

Chairperson Sugrañes recommended the Committee request Board approval of an application fee increase and the new admissions deposit fee. The motion was MSC.

4. 2003-2004 Challenge Grant Appropriation

Chairperson Sugrañes reported that during 2002-2003, the Legislature appropriations totaled approximately \$3.9 million for FIU Challenge Grant funding. The University was given the authority to use the money against any waiting projects. The current list for Challenge Grant funds totals \$11 million for major gifts, and another \$2 million for construction. A recommendation was made to approve the allocation as submitted. The motion was MSC.

5. 2004-2005 Legislative Budget Request

Chairperson Sugrañes gave an overview of the 2004-05 Legislative Budget Request, concentrating on option three, which is supported by the Board of Governors. She reported the option requested \$60 million for Major Gift Matching, \$82 million for enrollment, and \$13 million for meeting critical state needs.

A summary of the University's priorities to meet the State's critical need was given by EVP Gallagher. He reported FIU has requested \$25 million for critical needs and only \$3.5 million has been recommended for FIU.

Chairperson Sugrañes made a motion for the Committee to recommend Board approval of the 2004-2005 Legislative Budget Request as submitted and for approval of the local initiative request. Both motions were MSC.

6. Florida Lambda Rail Project

VP McGowan explained the Lambda Rail Project initiative, which aims to combine the statewide Internet network with the nation. He reported, the cost of the project had already been allocated as part of the Technology budget. However, he added the State required the specific line-item allocation be approved by the Board of Trustees. Chairperson Sugrañes requested the Committee recommend Board approval of an allocation in the 2003-2004 FY budget for the University's participation in the Lambda Rail project. The motion was MSC.

7. Five Year PECO Request Priorities

Chairperson Sugrañes reported the University has requested a total of \$190 million for infrastructure and 10 major buildings over the next five years. She requested the Committee recommend Board approval of FIU's Five Year PECO request priorities. The motion was MSC.

**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES'
FINANCE AND AUDIT COMMITTEE**

9 February 2004

SUBJECT: University Transition Plan

PROPOSED COMMITTEE ACTION

Recommend Board approval of the University Transition Plan as presented.

Supporting Documentation Included:

- Proposed University Transition Plan
- Transition Plan Checklist
- Inspector General Review of Program
- HRMS Implementation Detailed Milestones

Facilitator/Presenter:

- EVP Gallagher



CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

TOM GALLAGHER

December 22, 2003

Mr. Adolfo Henriques, Chair
Board of Trustees
Florida International University
11200 S.W. Eighth Street, PC 258
Miami, FL 33199

Dear Mr. Henriques:

Over the last two years there has been a concerted effort between staffs of the various universities and my office to develop transition plans for each university. Numerous issues were discussed with appropriate resolution being reached by these workgroups.

We concur with the plan submitted by Florida International University (FIU). The attached plan should allow FIU to successfully transition from the Florida Accounting Information Resource Subsystem (FLAIR) for financial accounting/reporting on July 1, 2004, and payroll processing on January 1, 2006. You are commended for involving your Inspector General in this transition process. We encourage continued involvement to help assure your systems have been tested and internal controls are in place.

To assist in the transition from FLAIR, Mike Manderfield has been designated as your contact for this office. He can be reached at (850) 410-9402 or email at mmanderf@dfs.state.fl.us. FIU has selected Andy Fornaguera as the transition contact for our office.

We look forward to the continued coordination between our staffs to ensure that FIU's transition from FLAIR is successful.

Sincerely,

Tom Gallagher

TG:rar

Attachment

cc: Jim Horne, Commissioner of Education
Modesto A. Maidique, President, Florida International University
Ted Guba, Inspector General, Florida International University
Vivian I. Delgado, Interim University Controller, Florida International University
Andy Fornaguera, Chief Financials Lead, Florida International University
Mike Manderfield, Department of Financial Services

**FLORIDA INTERNATIONAL UNIVERSITY
TRANSITION PLAN
October 20, 2003**

Contact Person: Andy Fornaguera
E-mail: fornague@fiu.edu
Telephone: SC 441-2098

INTRODUCTION

The transition plan presented in this document was prepared by Florida International University in accordance with provisions of FS 1011.4105 and in accordance with guidelines provided by the Chief Financial Officer (CFO) of the State of Florida. This plan will be used as a guide to ensure a smooth transition from FLAIR. Included in this transition plan are actions that the University intends to take to implement the transition from FLAIR, timelines for implementation, a plan for testing the accounting system and the Inspector General attestation that the accounting system will be reviewed during its implementation to ensure that appropriate internal controls will be in place. The attached documents listed below are an integral part of FIU's transition plan:

- Letter from the University's Inspector General
- Inspector General Review Program
- HRMS Milestones

GO-LIVE DATES

Financial System: July 1, 2004
Payroll: January 1, 2006

BACKGROUND

Florida International University purchased three PeopleSoft systems: Student Administration, HRMS and Financials. The selection of this vendor was made after several months of evaluating proposals submitted by software vendors in response to an RFP. A number of vendors made presentations to the Selection Committee and to other interested parties at the University.

The University started the implementation of the Student Administration System at the beginning of calendar year 2001. This system contains most aspects of student administration including the following modules: Admissions, Registration, Financial Aid, Student Financials and Student Collaboratives. The Admissions module went live in August 2003 for students applying for admissions to the Fall 2004. The remaining modules will go-live in stages starting in May 2004 with full roll out by the end of July 2004.

Financial System:

Implementation of the Financial System started in March 2003. After an extensive search, the University contracted with the consulting firm of Cedar to assist us with the implementation of the system. Cedar is a PeopleSoft partner and has had ample experience implementing financial systems at institutions of higher education. Most recently, Cedar successfully implemented the financial system at the University of Central Florida. FIU is using the same implementation team that implemented the system at UCF.

The University purchased a series of financial modules and is implementing these in two phases. Phase I of the implementation includes the four modules that are essential to transition off of FLAIR. These modules are:

General Ledger: The General Ledger Module delivers an extensive financial management solution that goes beyond traditional ledger functions. PS Pure Internet Architecture (PIA) enables users to manage global financial performance on a browser. The general ledger module has a flexible accounting structure. We can define how to capture and access financial information based on FIU's requirements. It goes beyond traditional accounting information to include actual, budget, statistics, and forecast data to support the demands of the University's financial reporting. It can manage commitments and expenditures automatically by checking them against predefined, authorized budgets. High volume journals can be imported from spreadsheets. Templates can be created for recurring transactions. Accounting entries can be integrated from other PeopleSoft applications such as Asset Management, Accounts Payable, Purchasing, Human Resources and Student Financials. PeopleSoft General Ledger also provides excellent reporting capabilities.

Accounts Payable: The Accounts Payable Module contains integrated functionality to allow prompt payments, cash management and offers the tools for analytic review of payment related activities. It allows flexible user-defined setup, streamlined data entry, extensive vendor maintenance and powerful inquiry capabilities that enable the management of cash disbursements and efficient collaboration with vendors. From invoice capture to payment, the accounts payable module provides automation tools such as electronic invoices, evaluated receipt settlement, and electronic payments, thus reducing costs and enabling the workforce to concentrate on improving cash flow and vendor relationships.

Purchasing. The Purchasing Module manages purchasing activities online for the most efficient, cost-effective procurement of raw materials, goods and services. The procurement process can be streamlined by using electronic processes, which will be

included in subsequent phases of this project. The Purchasing module has a flexible system setup structure, which allows control to be centralized or decentralized to the level appropriate for FIU's business. Critical procurement processes can be moved to this online system. Requisitions, purchase orders, change orders, contracts and shipment receipts can become totally electronic, reducing errors, redundancy and time spent, while increasing process consistency.

Asset Management: The Asset Management module is designed to help maintain physical control over the University's assets and perform complex financial and accounting functions. Scanning capability using a hand-held device makes inventory data collection faster and more easily reconciled. It allows the University to plan future asset needs, calculate and maintain lease information and be central data repository for complex asset information. One of the central purposes of the Asset Management Module is to calculate depreciation. It will calculate the annual depreciation based on the asset's life, depreciable cost basis, placed-in-service date, and any depreciation limits specified. The asset profiles functionality provides a quick way to enter asset information, especially depreciation criteria. Rather than enter the book, method, convention, life, and tax credit information each time an asset is added, these values are defaulted by the asset profile. The Asset Management Module provides a full complement of depreciated-related reports and maintains easily retrievable data for ad hoc reporting.

Human Resources/Payroll System:

Implementation of the Human Resources/Payroll System will start during the first part of fiscal year 2004-05. Because of the magnitude of implementing the Student Administration and Financial Systems simultaneously, and the drain on resources, the University decided to postpone by one year the implementation of its HRMS. As a result, FIU will go live with payroll on January 1, 2006.

FINANCIAL SYSTEM MILESTONES

2003									2003	2004					
Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June
Planning/Prep															
		System Design													
				Config & Set-up											
					Development										
						Conversion									
										System & Stress Test					
											Training				
												Parallel Test			
															Go Live

IMPLEMENTATION METHODOLOGY

Testing:

The objective of system test is to ensure that the PeopleSoft application functions properly and supports FIU's unique business processes. Testing will be focused on the

FIU's business processes and not PeopleSoft's technical specifications. Testing will include:

- A test of all PeopleSoft application functionality unique to FIU that will be used in the production environment upon implementation.
- A test of all process and procedures
- A test of the integration of all components to support business requirements.

FIU has hired an individual whose primary responsibilities will be to test the system and to develop a training program for the University community. This individual has extensive experience with the PeopleSoft Financials modules.

System Test will be organized in the following hierarchy: Pass > Cycle > Business Process > Test Case.

Passes

A pass is a full run of system test including all Cycles. The system test at FIU will consist of a multi-pass execution model utilized during system test with several Passes being executed. The first pass will be conducted by the FIU Implementation Team. The second and third passes will be conducted by FIU user community with support from the FIU Implementation Team and should provide for the necessary regression testing of the first and second passes respectively.

Cycles

A cycle consists of a logical grouping of business processes associated with a time element, i.e., Daily Processing; Month-End Processing and Year-End Processing

Business Processes

A business process consists of a logical grouping of Test Cases to test the main business functions that the FIU's Accounting Department performs on a regular basis and will be supported by the PeopleSoft application.

Test Cases

A test case tests specific application functionality.

Training

The training approach embraces a "just –in-time" strategy. Functional end-user training will be offered in advance of deploying each module. End user training is being developed for Financials. A trainer is dedicated to each module and participates as an active member of each functional team. Trainers will develop formal training presentations, as well as end-user manuals and job aids. Trainers will participate in the testing phase in order to validate the end-user procedures being written.

Training and documentation will be process-based, containing information on both the new processes and step-by-step instructions on using PeopleSoft. Post-implementation, trainers will continue to support the functional area in order to anticipate and support

changes that impact either business processes or PeopleSoft. In that way, training materials and documentation will be updated to reflect any changes.

SUS TRANSITION PLAN CHECKLIST

Refer to Attachment A

**FLORIDA INTERNATIONAL UNIVERSITY
TRANSITION PLAN CHECKLIST
October 20, 2003**

CHECKLIST ITEM NUMBER	
1	A letter from the Inspector General is attached describing procedures being followed by that Office to certify the adequacy of internal controls contained in the financial system being implemented. Attached also is a copy of the audit programs that the Inspector General will follow to evaluate the system of internal controls.
2	FIU has reviewed the documents noted in the SUS Transition Plan Checklist, item 2, and considered in this transition plan all of the issues and deadlines identified therein.
3	Refer to the sections above under the heading Financial System Milestones and Implementation Methodology.
	ACCOUNTING TRANSACTIONS
4	FIU will cease processing Journal Transfers within FLAIR on June 22, 2004 Deposits into the State Treasurer will also cease on June 22, 2004. External JT-2s (transfers between FIU and another state agency) will be completed by May 28, 2004.
	CONSOLIDATED EQUIPMENT FINANCING
5	It is estimated that the University will finance approximately \$869,000 during the current fiscal year (2003-04) for a new server through the Consolidated Equipment Financing Plan of the CFO.
6	FIU will establish a Direct Deposit with the CEFM financing institution. A fax or transmission will be provided to the CFO that is the equivalent of a remittance advice for each payment made directly to the financing institution. The information will include the payment effective date, amount and the CEFM financing contract number
	DIRECT DEPOSIT OF FUNDS
7	The University intends to deposit invested funds into a Special Purpose Investment Account (SPIA) under the CFO's contract. The University will coordinate this effort with the CFO by May 15, 2004.
8	The University will provide the CFO with the appropriate direct deposit authorization forms to

	establish deposits for the periodic distribution of appropriated funds from the BOE. We will work with Mr. Manderfield to determine the appropriate time to submit these forms. The University is currently working with our financial institution to set up the bank account(s) to administer these funds.
9	By June 1, 2004, Mr. Manderfield will be provided with the name of the individual that will receive and secure the electronic data to be provided by the CFO, Direct Deposit Section.
10	By June 30, 2004, the University will provide Mr. Manderfield the name of the person that will be responsible for handling returned expense payments.
	GENERAL CASH MANAGEMENT ISSUES
11	Funds invested in the Treasury's Investment Pool will be transferred to SPIA accounts. Cash in the State Treasury will be transferred to the University's local bank account. The liquidation of investments and cash will occur in accordance with the dates and procedures set forth in the SUS Clearing EOY Cash From University Accounts document, expected in May 2004.
12	A new SPIA account will be established with the Treasury to transfer funds in accordance with item 11 above, no later than May 31, 2004.
13	The University will cease making deposits into the State Treasury on June 22, 2004.
14	The University does not receive any direct deposit into the State Treasury from sources outside of state government. However, should any direct deposit be made into the State Treasury after June 30, 2004, regardless of the source, we will request that the deposit be credited to the University's devolution clearing account. These funds should then be disbursed to the University, with appropriate documentation as to its source.
	LIQUIDATION OF INVESTMENTS
15 & 16	All investments in the State Treasury as of June 23 will be transferred to the newly established SPIA accounts. The voucher will be entered on June 23 rd for settlement on June 28, 2004.
	VOUCHER PROCESSING
17	We will transition off of FLAIR for voucher processing in accordance with the schedule that will be provided in the Distribution of State Funds document.
18	The vendor file will flag the record of vendors who have an IRS or DOR levy placed against payments made to them. Upon issuance of a payment to the vendor, the Accounts Payable module will automatically issue the check payable to the IRS or the DOR, as applicable. We will develop procedures internally to assign the responsibility for processing levies upon receipt by the University and for maintaining a record of such levies.

19	March 31, 2004 will be the last day that the University will process travel advances through FLAIR.
20	The University will establish a vendor prompt payment policy. This policy will be developed and promulgated into rule no later than March 31, 2004.
21	The University's ERP system is capable of setting multiple Direct Deposit Authorizations to handle travel reimbursement payments made to employees after we transition off of FLAIR and up until we devolve from the BOSP for payroll processing. As we implement the Accounts Payable module of the ERP system this feature will be set up and tested before the go live date of July 1, 2004.
	EDI
22	Yes, FIU currently processes one major vendor (FPL) through EDI. We plan to continue to process this vendor's payments via EDI after devolution. The University understands that we will have to work with the vendor to develop this process from the very beginning. We also understand that DFS cannot support an EDI program after the University has devolved from the State.
23	We will notify the vendor participating in the EDI process to stop transmitting electronically by the end of February 2004.
24	All invoices will be cleared from the approval queues by May 31, 2004. Paper invoices will be requested from FPL beginning with billings sent after March 1, 2004.
25	All trade account records will be placed in a "D" status by May 31, 2004.

PURCHASING CARD

26	FIU has selected Option 3 to devolve from the State of Florida Purchasing Card Program.
27	On March 1, 2004 the University will start a “local government/participating entity” program using the State of Florida PCard Program contract.
28	The University will need State funds to process payments through the local account. We have projected \$3.9 million for the period March 1, 2004 through June 30, 2004. A biweekly schedule of funds will be provided to support this needed. Refer to Attachment B for an analysis of the projected estimate.
29	The University will use option “a” as presented in the Accounts Payable Devolution Team document to record PCard transaction back into FLAIR.
30	The University will close all cardholder accounts and the University corporate account in the Purchasing Card Module (PCM) by March 31, 2004. Negotiations have commenced to set up the PCard Program with Bank of America. The application has been approved by the University Legal Office and has just been submitted to Bank of America. The University will start issuing new cards to existing and new cardholders on March 1, 2004.
31	All debits and credits will be processed for payment through the PCM by June 10, 2004, whether disapproved or disputed. Immediately after the close of the State Purchasing Card Module on March 31, 2004, the Purchasing Card Approver in the Controller’s Office will start monitoring all outstanding charges in the PCM on a daily basis to ensure resolution of the charge prior to June 10.
32	The University PCard Administrator will override all charges not approved by departments by June 10, 2004. If disputes need to be filed, we will still approve the charge and file a dispute directly with Bank of America.
33	The University will have paid all charges prior to June 21, 2004.
34	The PCard Administrator will begin closing all PCM records on June 11, 2004 and completed by June 30, 2004 in the required sequence.
35	The University will stop all PCard reports in the Report Distribution System (RDS) by July 30, 2004.
36	Access control to the PCM will be deleted no later than June 30, 2004. A list identifying users with access to the CD function will be obtained from the University Security Administrator no later than May 31, 2004. Access will be deleted to all except the Purchasing Card Administrator and the Approver in the Controller’s Office in order to settle any disputed charges. Access to these individuals will be deleted by June 30 th .

	INTERIM PAYROLL PROCESSING
37	We will work very closely with Mr. Manderfield to set up the payroll clearing account prior to June 30, 2004. We will also take advantage of the payroll training that is being conducted by the BOSP.
38	The University will maintain sufficient balances in the payroll clearing account to cover the bi-weekly payrolls. One individual in the Controller's Office will be assigned the responsibility of monitoring this account and requesting transfers from the SPIA as needed prior to each payroll.
	PAYROLL PROCESSING
39	FIU will continue to operate under the State's 125 Cafeteria Plan allowing employees to continue participation in the State's current pre-tax benefit programs without any interruption of services, employer provided benefits and employer matching will continue. FIU is working together with the UWF Consortium to ensure we finalize the specifications/layout requirements for input and output files that need to be tested with Convergys, DSGI and BOSP to continue the administration of state sponsored insurances. We will continue to work with DSGI (and Convergys) to address training needs and delivery dates to be able to interface data and meet all specifications/layout requirements for input and output files needed to continue the administration of state sponsored insurances after January 1, 2006. With respect to Workers' Compensation (Risk Management), Deferred Compensation (and Florida Records Administrator) and Florida Retirement System plans, FIU will coordinate with each one of these areas to identify the training needs and delivery dates for interface data, also will assure that each one of these areas can allocate adequate resources within the appropriate timeframes for our staff to learn processes and run tests for administration of these benefits to continue without interruption after January 1, 2006.
40	FIU signed the "Adoption of State Florida Salary Reduction Cafeteria Plan" on March 3, 2003 and was received by the Department of Management Services on March 6, 2003..
41	Alternate processes for existing interfaces will be provided by June 2005.
42	The University has requested training from BOSP relating to tax reporting and other payroll related issues. We will continue to train through calendar year 2005.
43	FIU intends to use the same pay cycles used through BOSP.
44	By June 30, 2005 the University will provide a plan for staffing, implementing, reporting and remitting taxes, as well as employee and/or employer contributions to the appropriate federal, state and local entities and third party administrators, where applicable.
45	By June 30, 2005 the University will provide a plan for staffing, implementing, processing and remitting all collections types i.e., bankruptcy cases, court order support (child support,

	dependent support, spousal support), employee deduction agreements, federal student loans, federal wage garnishment orders, tax levies and wage garnishment orders/
46	Transfers will not take place until we devolve from the BOSP. By November 15, 2005 we will obtain a file from BOSP with pertinent information relating to collection recipients. During the month of December 2005, the University will send letters to these collection recipients notifying them that, effective January 1, 2006, FIU will be the “employer”, and advising them of the federal employer identification number.
47	No later than November 30, 2005, FIU will obtain new Employee’s Withholding Allowance Certificate (W-4 forms) from those employees for whom the exemption has expired and for those for whom the University does not have a W-4 on file. Procedures will be written by November 30, 2005 to monitor and control the expiration date for exempt status W-4 records, Earned Income Credit (EIC) W-5 records and excluded employment status W-4 records (including, but not limited to non-resident aliens). Procedures will also be written by November 30, 2005 describing the maintenance and retention schedule of these forms.
48	The loading and/or inputting of production data will take place during the Conversion Phase, which is scheduled to take place between July and December of 2005. Employee’s personal data such as salary, withholding, deductions, demographic information, etc will be loaded from the University’s current payroll system by December 1 2005. Changes that might take place during the month of December will be manually entered into the system. No later than October 31, 2005, the University will request data from BOSP for testing.
49	FIU uses a payroll system that was designed by the University of West Florida for a Consortium of various universities in the SUS formed a number of years ago. This system has been used by FIU for the past twenty plus years. Should the University not be able to go-live with its payroll system on January 1, 2006, arrangements will be made to continue the use of the current University of West Florida payroll system. FIU’s contingency plan would include making arrangements with the BOSP to continue processing its payroll beyond July 1, 2006 if needed. Should this not be possible, the University will contract with a third party to process its payroll.
50	By June 30, 2005 the University will provide a plan for staffing and implementing limit monitoring for social security wage maximum, deferred compensation 457, and tax sheltered annuities 403(b). As we implement the new payroll system these items will be included in the implementation plan. The University will coordinate with the Division of Retirement and the State Board of Administration’s third party administrator with respect to the Optional Retirement Program and FRS Investment Plan monitoring activity.
51	The testing of interfaces and data feeds with vendors and agencies receiving reports and data from the State Payroll System will take place during the Unit & System stress testing that will take place between August 2005 and December 2005. This will include interfaces with Convergys, DOR, Deferred Comp, Garnishments, Court Orders, etc.
52	By June 30, 2005 the University will develop a process to report to the Bureau of State Payrolls for a period of three years adjustments to wages paid through the State Payroll System. The

	development of these procedures will be coordinated through Mr. Manderfield.
	PAYROLL
53	FIU will replace all payroll related functions currently performed by FLAIR on January 1, 2006. The University will begin implementing the PeopleSoft HRMS system, including the Payroll module, at the beginning of fiscal year 2004-05. We will identify and address these functions and include them in the implementation plan. We will work closely with the BOSP to ensure that all functions are properly accounted for.
	DATE OF BOARD OF TRUSTEES' APPROVAL
54	The University Board of Trustee approved the initial transition plan at its meeting of March 12, 2003. The final plan will be taken to the BOT for approval at the February 2004 meeting and after the plan has been reviewed and approved by the Department of Financial Services.
	DEPARTMENT OF EDUCATION REQUIREMENTS
55	A payroll clearing account has been established by DFS. An individual in the Controller's Office will be assigned the responsibility of monitoring this account to make sure sufficient cash and releases are available to cover each payroll.
56	Capital Improvement and Building Fees will be transferred to the DOE in accordance with guidelines provided in the document titled "State University System Accounting Transition Policies, dated June 9, 2003.
57	The account structure for the new accounting system includes the State standard codes developed by the ICOFA Consortium. Through these codes and PeopleSoft reporting capabilities, the University will produce the necessary reports to meet the reporting requirements of the State and other regulatory agencies.
58	The implementation plan identifies processes for monitoring accounts receivables, billings and receipts. The financial system will interface with the student administration system, including student accounts receivable information. It should be noted that FIU is currently implementing the PeopleSoft Student Administration System. This system will go live in the Fall 2004. The system design also include processes for billing agencies and other third parties.
59	No later than April 30, 2004 the University will specify the Vendor ID and remittance address to be used by the Department of Education in making future transmittals. These transmittal will be made via direct deposit to the University's local bank account. By the same date, we will notify DOE the EFT banking information.
60	The Purchasing Module will include sufficient detail to capture the data necessary to satisfy the requirements of the One Florida Initiative. Most of the required information will be captured through categories and the vendor file.

	DATA REQUIREMENTS
61	<p>The chart of accounts designed for PeopleSoft includes the detail necessary to generate the files required by Operating Budgets, Salary Category Detail File and Expenditure Analysis. In the month of November 2003, we will begin designing and testing these reports. The University Budget Office is very involved in the implementation of PeopleSoft financials. The BO staff was instrumental in the design of the chart of account and will continue to be involved in the implementation project through its go-live date, including the design and testing of reports.</p>

October 10, 2003

Tom Gallagher
Chief Financial Officer
Department of Financial services
The Capitol
Tallahassee, Florida 32399-0301

In response to your letter dated September 30, 2003, the following summarizes the transition plan for Florida International University, Office of Inspector General (OIG):

Throughout the implementation period of the University's financial system, which includes the General Ledger, Purchasing, Accounts Payable and Asset Management Modules of PeopleSoft version 8.4, the OIG will provide services, and dedicate the equivalent of two full time auditors, to ensure that the system components being implemented contain adequate internal controls, the implementation methodology provides adequate separation of duties, and the components will be able to provide the BOE with appropriate data required by the Legislature.

By June 24, 2004, we will submit a certification letter indicating that the system components, as implemented, contain adequate internal controls and processing controls, and are functioning as required. Also, during the week prior to the transition to the University payroll system (1/06), we will prepare a similar certification regarding the systems and controls.

The post-implementation monitoring activities scheduled by the OIG will include tests of transactions, security, internal controls and other procedures deemed necessary to ensure the systems are working as intended.

If you have any questions, please feel free to call me at (305) 348-2465.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Ted Guba".

Ted Guba
Inspector General

Review of: PeopleSoft Financials Implementation

Approved by IG on 9/29/03

	WP Reference	By
<p><u>Scope and Objectives:</u></p> <p>To conduct a review of the implementation of the University's financial system, which includes the General Ledger, Purchasing, Accounts Payable and Asset Management Modules of PeopleSoft version 8.4, scheduled for implementation July 1, 2004.</p> <p>The objectives are to determine that the financial system being implemented contains adequate internal controls, provides adequate separation of duties, and includes key data elements to meet reporting requirements. Our review will be performed in accordance with the Standards for the Professional Practice of Internal Auditing.</p>		
<p><u>Review Procedures - Key Business Processes:</u></p> <ol style="list-style-type: none"> Review the design documentation and discuss with the Functional Lead, to determine the key business processes for your module. Review prior audit reports and findings related to your module, and identify high-risk areas, as well as the most important controls expected, and discuss with the IG. For each key business process with the high risk areas, analyze internal controls: <ol style="list-style-type: none"> Following the basic business flow, identify the major controls. Navigate the PS application for each key business process to understand the process. Determine that appropriate input/output controls have been addressed. Identify processes that require interfacing with your module to determine if they have been properly addressed. Determine that key queries and reports have been identified and developed. Determine whether PS Audit feature has been turned on, if necessary. Determine whether any desired controls are missing in the PeopleSoft design. Determine if there are any compensating controls such as exception reports and audit trail reports, etc. Review the developed Roles and Permission Lists for your module. <ol style="list-style-type: none"> Determine whether Correction Mode has been limited to appropriate pages and persons. (Note: When the Correction Mode is used there will be no audit trail.) Determine whether Add/Update access appears appropriate for the job function. Determine who has super user access and whether appropriate. Analyze separation of duties. Especially, review separation of duties for persons involved in security administration in conjunction with their other job functions. Determine whether any sensitive or confidential data is limited to appropriate persons. Work with IT Auditor to evaluate users who have access to multiple modules. Determine whether combined access is appropriate and duties are adequately separated. Work with IT Auditor to review Query access rights. Discuss any control weaknesses with the Functional Lead and Implementation Team, and provide these weaknesses to Audit Manager for the PS Quarterly Report. 		

Review of: PeopleSoft Financials Implementation

Approved by IG on 9/29/03

	WP Reference	By
<p><u>Review Procedures – Development and Testing:</u></p> <ol style="list-style-type: none">1. Review the Cedar Development Standards for appropriate controls and process.2. Review the strategy documents for Testing, Conversion and Interface and note controls.3. Conversion for your module:<ol style="list-style-type: none">a. Review the conversion process and relevant documentation, such as crosswalk tables.b. Determine whether the conversion process includes cleaning data before conversion.c. Determine whether the conversion process includes edit checks and level for balancing is appropriate (i.e., just enough detail in terms of number of records, dollar totals, and mapping of specific duties).d. Determine whether testing results are properly documented.e. Reconciling items (unconverted data) are clearly identified and resolved.f. Determine whether non-converted data is assessable as needed.g. Determine whether there are owner sign offs/approvals, after successful conversion.4. Interfaces for your module:<ol style="list-style-type: none">a. Determine the interfaces planned.b. Review testing of interfaces.c. Determine that interfaces include procedures for ensuring data is complete.d. Determine whether interfaces are documented and included in workflows.5. Obtain the schedule of pre-implementation testing for your module. For each test:<ol style="list-style-type: none">a. Obtain the specific test plans and review testing method, documentation, technical and user involvement. Review the test data for adequacy and sufficiency of example transactions.b. Participate in the testing and review testing results, including resolution of errors.c. Obtain copies of testing sign-off.6. Determine whether there is an adequate process for change control, including development, maintenance and patches, and upgrades. Determine whether changes are appropriately document, authorized, tested and reviewed.7. Determine if all data elements identified by management as required by the Federal or State government are available in proper format to meet reporting requirements.8. Communicate any findings to the Functional Lead and Implementation Team, and provide these findings to Audit Manager for the PS Quarterly Report.		

FIU – Office of Inspector General
Review Program

PROG 1.3

Review of: PeopleSoft Financials Implementation

Approved by IG on 9/29/03

	WP Reference	By
<p><u>Review Procedures – Training:</u></p> <ol style="list-style-type: none">1. Obtain the training schedule for your module, and review for reasonableness, timing, appropriate training for different levels of users, and appropriate sequence of training.2. For your module, obtain and review the training plan and materials, and discuss with the Functional Lead or other appropriate personnel, and determine if the training includes the following areas:<ol style="list-style-type: none">a. Business processesb. Run processesc. Interfacesd. Balancing and Reconcilinge. Error resolutionf. Queries and reports (including timing and distribution of reports)g. Security procedures3. Check with the Functional Lead or other appropriate personnel, and assess whether there is sufficient personnel for training, help desk, and technical support.4. Ensure that there is a reliable mechanism for tracking persons receiving training.5. Communicate any findings to the Functional Lead and Implementation Team, and provide these findings to Audit Manager for the PS Quarterly Report.		

FIU – Office of Inspector General
Review Program

PROG 1.4

Review of: PeopleSoft Financials Implementation

Approved by IG on 9/29/03

	WP Reference	By
<p><u>Review Procedures – Transition Plan Checklist:</u></p> <ol style="list-style-type: none">1. Review the SUS Transition Plan Checklist.2. Obtain and review the University’s detail transition plan submitted to the State Chief Financial Officer to substantiate the Checklist items, and determine whether the action was completed timely in the following areas that are related to your module:<ol style="list-style-type: none">a. General transition requirementb. Accounting and financial reportingc. Treasury issuesd. Accounts payablee. Date of Board of Trustees’ approvalf. DOE requirements3. For banking and deposits, determine that the bank/account is correct and all moneys accounted for.4. Communicate any findings to the Functional Lead/University Controller, and provide these findings to Audit Manager for the PS Quarterly Report. <p>(Note: The Transition Plan Checklist for Payroll will be separately addressed when the University Payroll System is implemented.)</p>		

Review of: PeopleSoft Financials Implementation

Approved by IG on 9/29/03

	WP Reference	By
<p><u>Review Procedures – Control Access and Security:</u></p> <ol style="list-style-type: none">1. Review the PantherSoft Security Roll-out Strategy and Procedure for adequacy.2. Obtain and document an overview of security administration, showing which persons are responsible for the various aspects of security, including PeopleSoft application, database and operating system.3. Work with other auditors to evaluate users who have access to multiple modules. Determine whether combined access is appropriate and duties are adequately separated.4. Determine whether all panels (ALLPNLS) access is limited to appropriate persons.5. Review the password security system, including password attempts and periodic change of passwords.6. Determine whether default ID's and passwords were changed.7. Determine the process for establishing roles/permission lists and for adding users. Review whether there are adequate written procedures for adding users, establishing roles/permission lists, maintaining/reviewing security, and removing access for former employees.8. Review all users assigned to the following access types and determine reasonableness of assignment:<ol style="list-style-type: none">a. Security administrationb. Set Up, configuration, business rulesc. Tree Managerd. Application enginee. Object securityf. Operator security, process groups and process schedulerg. Utilities, including setting up Query securityh. Mass changei. Any other access type, if necessary9. Work with other auditors to review Query access rights. Verify whether users are authorized to create run queries based on their job functions. Determine whether there are policies/procedures for creating user written queries.10. Verify that a limited number of appropriate persons have direct access to the database. Review programmer access to production database. Determine whether database access ID's and passwords are regularly changed and that defaults have been changed. If scripts/programs refer to the database account ID, determine whether this is stored in an encrypted file.11. Assess whether access to the operating system is appropriately limited12. Discuss any control and security issues with appropriate personnel, and provide these issues to Audit Manager for the PS Quarterly Report.		

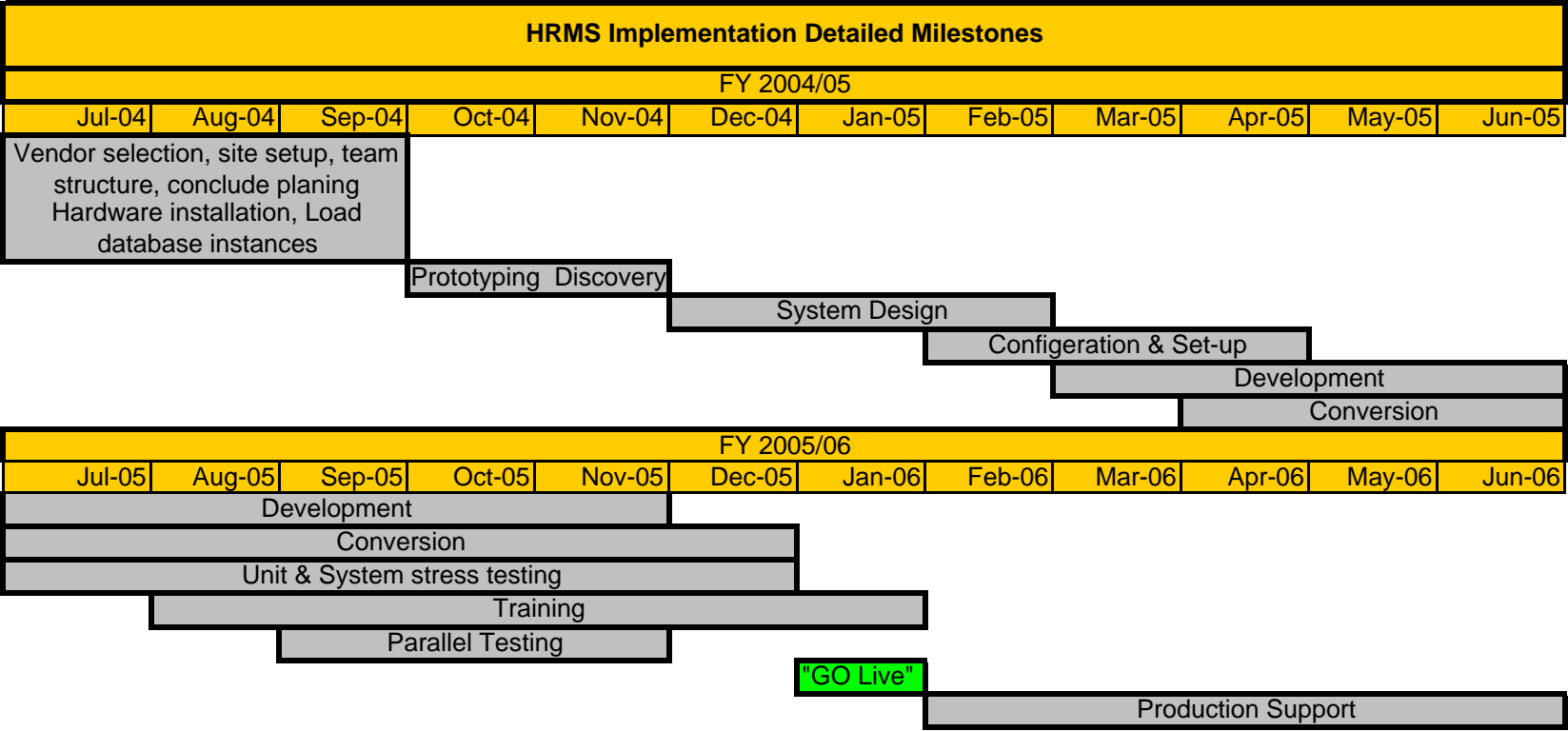
FIU – Office of Inspector General
Review Program

PROG 1.6

Review of: PeopleSoft Financials Implementation

Approved by IG on 9/29/03

	WP Reference	By
<p><u>Review Procedures – Performance and Business Continuity Plan:</u></p> <ol style="list-style-type: none">1. Determine what servers have been purchased for the financial and student administration system and any assessment by University Technology Services (UTS). Obtain the test results of performance testing.2. Discuss on-going performance monitoring of both servers and network with appropriate technical staff. Determine how UTS monitors performance.3. Determine what additional security, such as firewalls and monitoring of traffic, have been installed.4. Review remote access and whether sufficiently restricted.5. Obtain the Business Continuity Plan in the event of problems with PeopleSoft implementation, interruption of work, or disaster.6. Evaluate whether the Plan addresses the major risks and provide adequate solutions. Determine what elements of the Plan the University already has in place.7. Determine whether the system for backing up data is adequate.8. Review physical environment and controls over equipment.9. Communicate any findings to appropriate personnel, and provide these findings to Audit Manager for the PS Quarterly Report.		



**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES'
FINANCE AND AUDIT COMMITTEE**

9 February 2004

SUBJECT: University Traffic and Parking Rule

PROPOSED COMMITTEE ACTION

Recommend Board approval of proposed amendments to the University Traffic and Parking Rule ("Rule"), Rule 6C8-5.006 of the Florida Administrative Code.

Recommend that upon approval of the Rule by the Board, the Board delegate authority to the University President to approve any subsequent amendments that are based on comments to the Rule received by the University in writing or at a public hearing on the Rule to be held after the Board's action and to file the rule for adoption.

BACKGROUND INFORMATION

A. Statutory Authority

Section 1001.74, Florida Statutes (2002), Powers and Duties of University Boards of Trustees, provides in part:

(35) Each board of trustees may govern traffic on the grounds of that campus pursuant to s. 1006.66.

Section 1006.66, Florida Statutes (2002), Rules of universities; municipal ordinances, states, in pertinent part:

Each university shall adopt rules which govern traffic on the grounds of that university; which provide penalties for the infraction of such traffic rules; and which the university finds necessary, convenient, or advisable for the safety or welfare of the students, faculty members, or other persons.

B. Explanation for Proposed Committee Action

The University is amending the Rule to increase the annual decal fees in the following classifications: administrative (5% increase), faculty/staff (variable increase), student (20% increase), and alumni (20% increase). Decal fee increases for faculty/staff vary depending on salary level and whether the decal is purchased for a semester or a full year, as follows:

Income	Semester Decal	Annual Decal
Faculty/Staff > \$45,000	20%	20%
Faculty/Staff > \$35,000	15%	15%
Faculty/Staff > \$25,000	10%	10%
Faculty/Staff \$25,000 or less	5%	5%

The amendments to the rule also establish a two-year duplicate student hangtag; revise visitor parking permit fees; increase fines for golf-cart infractions; and clarify language in the rule. The amendments have been approved by the Traffic and Parking Committee and the Executive Council.

If the Board approves the Rule amendments, the University will take the following steps, which are required by state law:

1. Publish a notice regarding the Rule in a newspaper of general circulation;
2. Conduct a public hearing (if a hearing is requested) on the Rule approximately twenty-one (21) days after publication of the notice. The purpose of the hearing is to receive comments by students, staff, faculty, and other persons affected by the Rule; and
3. Consider any requests for changes received either in writing or at the hearing, and determine whether to amend the rule or proceed with the rule as published.

Given that the Board will not meet again until November, it is further recommended in order to complete the rule adoption process without delay, that the Board delegate to the President authority to consider requests for changes and to file the rule for adoption with or without further amendments based on his determination.

Supporting Documentation Included:

- Legal Notice Regarding Proposed Rule Development
- Proposed Rule 6C8-5.006

Facilitators/Presenters:

EVP Gallagher

**THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES
DIVISION OF COLLEGES AND UNIVERSITIES
DEPARTMENT OF EDUCATION**

NOTICE OF PROPOSED RULE DEVELOPMENT

RULE NO.: RULE TITLE:
6C8-5.006 University Traffic and Parking Rules

PURPOSE AND EFFECT:

The amendments to Rule 6C8-5.006 will increase decal registration fees for administrative, faculty/staff, student, and alumni classifications; establish a two-year duplicate student hang-tag; revise visitor parking permit fees; increase fines for golf-cart infractions; and clarify language in the rule.

SUBJECT AREAS TO BE ADDRESSED:

Decals; Decal Registration Fees; Visitor Parking Fees; Schedule of Fines.

SPECIFIC AUTHORITY:

6C8-5.006: 1001.74(35), 1006.66 FS.

LAW IMPLEMENTED:

6C8-5.006: 1001.74(35), 1006.66 FS.

IF REQUESTED IN WRITING AND NOT DEEMED UNNECESSARY BY THE AGENCY HEAD, A RULE DEVELOPMENT WORKSHOP WILL BE HELD ON THE TIME, DATE AND PLACE SHOWN BELOW.

TIME AND DATE: 10:00 A.M. on February 12, 2004.

PLACE: Florida International University, University Park, PC 521, Miami, Florida 33199.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE DEVELOPMENT IS:

6C8-5.006: Melinda L. Parrott, Administrative Assistant, Parking and Traffic, Florida International University, (305) 919-5902.

THE PRELIMINARY TEXT OF THE PROPOSED RULE IS AVAILABLE AT NO COST FROM THE CONTACT PERSON LISTED ABOVE.

**THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES
DEPARTMENT OF EDUCATION
DIVISION OF COLLEGES AND UNIVERSITIES**

6C8-5.006 University Traffic and Parking Rules.

(1) General. This rule is applicable to all persons who operate or park a motor vehicle on the campuses of Florida International University. All Miami-Dade County traffic and parking ordinances which are not in conflict or inconsistent with University regulations and all provisions of Chapter 316, Florida Statutes, shall extend and be applicable to the University's campuses. The Department of Parking and Traffic is authorized and empowered to enforce all University parking and traffic regulations. The University Public Safety Department is authorized and empowered to enforce University regulations, all county ordinances and state laws. Copies of the University parking and traffic regulations are available from the Department of Parking and Traffic, the Department of Public Safety, the Visitor Information Center and through the Florida International University web site URL <http://www.fiu.edu/~xtranspo/>. The University assumes no liability for vehicles parked or operated on University property. The issuance of a decal or permit does not guarantee a place to park.

(2) Registration of Motor Vehicles. Vehicles used by members of the faculty, staff, students, (full or part-time), concessionaire employees and others who regularly operate a vehicle on campus must be registered with the Department of Parking and Traffic during the first day the vehicle is on campus. Vehicle registrations expire on the expiration date indicated on decal or permit. All visitors must purchase a non-refundable parking permit when parking on campus or use parking meters. Any motor vehicle parked on University property during designated hours must display a valid University parking decal or parking permit. Use of a motor vehicle on University property is a privilege, not a right and is made available only under this rule.

(a) Decals.

1. Faculty/Staff. A Faculty/Staff parking decal must be obtained for each vehicle which is, or may be, parked on the University's campuses. Decals are issued according to the classifications contained in these regulations. A decal will be issued by the Department of Parking and Traffic, upon the following conditions:

- a. The owner or driver registers the vehicle with the Department of Parking and Traffic.
- b. The owner or driver, unless otherwise exempt, pays the appropriate fee and provides proof of the decal classification to which he or she is entitled.
- c. The owner or driver settles all outstanding parking and traffic fines and fees before a current decal or permit will be issued.
- d. When two or more persons who are employed by the University reside in the same household and register more than one vehicle, each is required to purchase a separate original decal; duplicate decals will not be issued for either person except upon proof of replacement of the originally registered vehicle. If two or more persons travel together in one vehicle, only one decal is required but a duplicate decal cannot be purchased except upon proof of replacement of the originally registered vehicle.

2. Students: Students will pay a Parking and Transportation Access Fee per semester. A student decal will be issued by the Department of Parking and Traffic to each student under the following conditions, and it is the students' responsibility to properly display the current decal in accordance with this rule.

- a. The student must be currently enrolled at the University.
- b. The student must provide a valid vehicle registration for the vehicle on which the decal will be placed.
- c. The student must settle all outstanding parking and traffic fines and fees.

3. Decal Classifications: The issuance of decals is restricted to the classifications specified in these rules. The following decal classifications are in effect:

a. Faculty/Staff -- An "F/S" decal is available only to persons currently employed as regular or adjunct faculty; Administrative and Professional staff; University Support Personnel System employees and as Other Personal Services employees. Individuals who are currently employed by vendors or contractors with the University, or who are otherwise required by contract to obtain a decal, are also entitled to obtain a decal in this classification. A semester decal is available to faculty/staff persons who wish to purchase a decal on a semester only basis.

b. Student -- An "S" decal will be issued to those persons who are currently enrolled as students. For purposes of this rule, a person shall be considered a student regardless of the number of hours or courses for which he or she is enrolled at the University. Students residing in the University's housing complexes are required to display a current semester housing sticker in addition to the current student decal. Students employed at the University at least thirty-five (35) hours a week may elect to purchase a faculty/staff decal.

c. Alumni -- An "ALUM" decal is available to FIU graduates who are not currently enrolled at the University and entitles the holder to park in spaces designated for student parking.

d. Administrative -- An "A" decal is available only to those employees who receive written authorization from the Director of the Department of Parking and Traffic and have special parking needs based upon work requirements.

e. Executive -- An "E" decal is available only to those employees or visitors to the University who are given written authorization by the President.

f. Duplicate/Replacement Decals -- A Duplicate/Replacement decal is available to faculty/staff persons who have purchased an original decal for that semester or the current year. This category is for additionally owned vehicles used alternately and for situations where the original decal must be replaced due to an accident, the re-painting of the vehicle, etc. The address on the vehicle registration for the second vehicle must be the same as that on the registration of the vehicle listed on the original decal application. A vehicle with a duplicate decal is not permitted on campus at the same time as the vehicle with the original decal.

g. Duplicate Hang-tags -- A Duplicate Hang-tag is available to students who have been issued an original decal for the current year. This hang-tag must be displayed on the vehicle that the hang-tag is registered for. This category is for additionally owned vehicles used alternately and for situations where the original decal must be replaced due to an accident, the

re-painting of the vehicle, etc. The address on the vehicle registration for the second vehicle must be the same as that on the registration of the vehicle listed on the original decal application. A vehicle with a duplicate hang-tags/~~decal~~s is not permitted on campus at the same time as the vehicle with the original decal.

h. **Validity of Duplicate Hang-Tags – Duplicate hang-tags are valid for one academic school year, unless the student purchases a two-year duplicate hang tag. The fee for the two-year duplicate hang-tag is \$25.00 exclusive of sales tax.**

4. Decal Registration Fees.

a. Decals must be purchased and affixed each year. Annual executive, administrative, faculty/staff, and corresponding duplicate decals expire October 31st of each year. Faculty/Staff semester decals expire at the end of each semester for which they are issued. Alumni decals **and duplicate hang-tags** expire August 31st of each year. The following are the annual registration fees, **exclusive of sales tax**, for each decal classification:

	Original	Duplicate /Replacement
Executive	\$696.00	\$25.00 <u>30.00</u>
Administrative	\$298.00 <u>315.00</u>	\$15.00 <u>20.00</u>
Faculty/Staff		
(Annual base pay over \$45,000)	\$150.00 <u>180.00</u>	\$10.00 <u>15.00</u>
Faculty/Staff		
(Annual base pay over \$35,000)	\$138.00 <u>159.00</u>	\$10.00 <u>15.00</u>
Faculty/Staff		
(Annual base pay over \$25,000)	\$ 99.00 <u>109.00</u>	\$10.00 <u>15.00</u>
Faculty/Staff		
(Annual base pay \$25,000 and under)	\$ 91.00 <u>96.00</u>	\$10.00 <u>15.00</u>
Alumni	\$139.00 <u>167.00</u>	\$10.00 <u>15.00</u>
Student		
Fall -	\$ 47.90	\$10.00 <u>15.00</u>
Spring -	\$ 47.90	\$10.00 <u>15.00</u>
Summer A, B, or C -	\$ 43.60	\$10.00 <u>15.00</u>

(The fee for a student duplicate hang tag listed above is for a hang-tag that is valid for only one academic school year. The fee for a two-year student hang tag is \$25.00 exclusive of sales tax.)

b. The following are the semester registration fees, **exclusive of sales tax**, for each decal classification:

Executive	N/A	N/A
Administrative	N/A	N/A
Faculty/Staff		
(Annual base pay over \$45,000)	\$79.00 <u>95.00</u>	N/A <u>\$15.00</u>
Faculty/Staff		
(Annual base pay over \$35,000)	\$74.00 <u>85.00</u>	N/A <u>\$15.00</u>
Faculty/Staff		
(Annual base pay over \$25,000)	\$61.00 <u>67.00</u>	N/A <u>\$15.00</u>
Faculty/Staff		
(Annual base pay \$25,000 and under)	\$55.00 <u>58.00</u>	N/A <u>\$15.00</u>
Alumni	N/A	N/A

Student	Fall -	\$ 47.90 <u>57.50</u>	\$10.00 <u>N/A</u>
	Spring -	\$ 47.90 <u>57.50</u>	\$10.00 <u>N/A</u>
	Summer A, B, or C -	\$ 43.60 <u>52.30</u>	\$10.00 <u>N/A</u>

c. Duplicate/Replacement Decals. If a decal or hang-tag has been lost or stolen, the incident shall be reported to the Department of Parking and Traffic, and a replacement decal or hang tag shall be purchased. A Parking and Traffic Lost or Stolen Decal Affidavit, Form PT #11, effective 5/97, which is incorporated by reference into this rule, must be filled out.

d. Change in Status. Any individual requesting a change in decal classification due to a change in status shall pay the difference between the fee appropriate to the classification currently in effect and that being requested. The old decal or identifiable parts, including numbers, must be returned to the Department of Parking and Traffic for auditing purposes.

e. Non-Refundable Fees. All fees paid for decal registration by faculty/staff persons shall be non-refundable except for instances where a person has mistakenly made a double payment and the request for refund is made within the same academic year in which the payment was made. The Parking and Transportation Access Fee paid by the students shall be refunded in the same manner as other student fees are refunded.

(b) Permits and Permit Fees.

1. Temporary permits are issued only by the Department of Parking and Traffic to those persons who require temporary parking authorization and who are not otherwise required by these rules or contract to obtain a decal. Permits must be applied for and are issued for durations that are commensurate with their purposes. Permits may or may not include the payment of parking fees as provided below.

2. The circumstances under which a permit rather than a decal shall be issued include but are not limited to use of a temporary vehicle; parking on the University's campuses for occasional business-related purposes; parking on the University's campuses for attendance at conferences and meetings; and visitors who are not otherwise required to obtain a decal. Any person who has a current decal and needs to use temporary transportation must obtain a temporary parking permit. Temporary parking permits are issued, free of charge, for a maximum of thirty (30) consecutive days.

3. Temporary 30, 60, and 90-day permits are available to persons not otherwise required by these rules or contract to obtain a parking decal. The following are the permit fees, **exclusive of sales tax**:

30-day permit \$20.00
60-day permit \$36.00
90-day permit \$54.00

4. Specific visitor, vendor and contractor, and volunteer permits will be issued by the Department of Parking and Traffic upon payment of a fee as follows:

a. Visitor fees. ~~Visitors can purchase a student surface parking permit for \$1.00 per day or a Faculty/Staff permit for \$2.00 per day.~~ Short-time parking is **also** available at meters throughout the University at a cost of 25 cents per 15 minutes. Visitors can also park inside the

Blue Parking Garage at University Park Campus for \$1.00 per hour with a maximum of \$ 6.00 per day. University departments hosting an event can purchase garage visitor permits in advance.—

b. Vendors and Contractors fees. All vendors and contractors conducting business on campus are required to purchase a contractor permit. The following are the permit fees, **exclusive of sales taxes**:

30-day permit \$20.00
60-day permit \$36.00
90-day permit \$54.00

c. Volunteers' Fees. Individuals outside the University who volunteer their time at either campus can purchase a volunteer permit for the following fees **exclusive of sales tax**:

30-day permit \$ 5.00
60-day permit \$10.00
90-day permit \$15.00

(c) Vehicle Registration Exemptions. The following persons shall not be required to register their vehicles with the Department of Parking & Traffic:

1. Representatives of news media on official business.

2. Members of the Florida International University Board of Trustees who are on campus to attend meetings and functions of the Board of Trustees. Trustees shall be issued identification which shall be prominently displayed in their vehicles.

3. Members of the FIU Foundation Board of Directors who are on campus to attend meetings and functions of the Foundation. Directors shall be issued identification which shall be prominently displayed in their vehicles.

(3) Decal, Traffic and Parking Regulations, Golf Cart and Garage Parking.

(a) Decal Regulations.

1. Display of Decal. Each driver who regularly parks a vehicle on campus shall display a valid decal, hang-tag, or permit. It is the responsibility of the driver to properly display a hang-tag, decal or permit so it is easily visible and readable. Failure to display it correctly may result in a violation for not having a valid decal, hang-tag or permit.

2. Decals shall be permanently affixed to the outside of the vehicle on the left side either on the rear bumper, or the outside of the window. Decals must be permanently affixed and not altered. For unusually constructed vehicles, decals shall also be permanently affixed in the manner directed by the Department of Parking and Traffic.

3. The entire decal, hang-tag, or permit must be displayed unaltered.

4. It is a violation of these rules to transfer a decal, hang-tag or permit from one vehicle to another; alter a decal, hang-tag or permit, falsify documents to obtain a decal, hang-tag or permit or otherwise obtain or display a decal, hang-tag or permit in violation of the University

rules and regulations. Any such act shall constitute decal fraud and will cause the decal, hang-tag or permit to be revoked.

(b) Traffic Regulations:

1. Speed Limit. The speed limit on University property is 25 miles per hour on main roads unless otherwise posted. The speed limit inside the garage is 5 mph. Speed limit inside surface lots is as posted.

2. Right-of-Way. Pedestrians and wildlife have the right-of-way over motor vehicles, including golf-carts. Pedestrians must use crosswalks when crossing a roadway.

3. Barriers. Barriers may be placed by the University at any point deemed necessary for specific temporary use. Except as required for the passage of emergency vehicles, removal of any such barrier without permission is prohibited.

4. Enforcement Directives. A directive given by a police officer or parking patroller or designee supersedes the regulations posted by sign or signal.

(c) Golf-Carts.

1. Golf-carts are restricted by the Florida Department of Highway Safety and Motor Vehicles and Florida International University for use on facility premises only. Golf-carts are used primarily for the transportation of persons or cargo, are designed and regulated to be operated at speeds of less than 25 miles per hour, and are generally recognizable as a passenger or utility type cart, vehicle, club car or conveyance.

2. Any person who operates a golf-cart on University premises is deemed, by so doing, to have the knowledge, training and skill to safely operate this vehicle and shall be fully accountable for their actions and the consequences thereof.

3. Golf-cart Enforcement. Golf-carts shall be operated in accordance with the following specific rules:

a. Golf-carts shall not be parked within 6-8 feet of the entrance or exit of any building, except at loading docks or approved designated golf-cart parking spaces.

b. Operators shall stop golf-carts at all blind intersections and sound their horns before proceeding.

c. Golf-carts shall not be parked or operated in any manner likely to obstruct or interfere with the flow of pedestrian or vehicular traffic in heavily traveled areas.

d. Operators shall not stop for any extended period of time in the middle of roads and walkways. Golf-carts shall not be parked on pedestrian crosswalks.

e. Safety precautions shall be taken while driving golf-carts through parking lots.

f. Golf-carts shall not be driven through buildings except: 1) under circumstances of police or medical emergency, 2) in order to service that specific building wherein equipment and supplies, but not people, are being transported to the work site, or 3) in order to make a delivery of materials which cannot be otherwise transported to a specific location in a building.

g. Where circumstances warrant operation of a golf-cart in or through any University building, as described in "f." above, operators shall take the most unobtrusive route and shall follow all other operating requirements.

(d) Parking Regulations for Surface and Garage Parking.

1. Posted signs, bumper blocks, and other markings designate the various parking areas on campus. Parking areas may be restricted by classification, time or purpose. Parking areas restricted by classification, time or purpose shall be considered no parking zones to those individuals who do not fall within the restriction of the classification. Individuals parking in areas so restricted require a decal, hang tag, or permit. The following parking restrictions are found in areas on the University's campuses:

- | | |
|-------------------------------|-------------------------|
| a. Executive | h. State Vehicles |
| b. Administrative | i. Time Limit Parking |
| c. Faculty/Staff | j. Housing Parking |
| d. Student | k. Loading Zone |
| e. Meters | l. Garage Visitors |
| f. Disabled | m. Head-In Parking Only |
| g. Motorcycle/Motorbike/Moped | n. Golf-Cart |

2. Parking meters are for **short-term** visitors. Use of parking meters is enforced daily, from 7:00 a.m. to 10:00 p.m. including weekends and holidays. If a meter is malfunctioning, parking at that meter is prohibited. A current decal, hang-tag or permit does not entitle the driver to park at a meter without paying the appropriate meter fee.

3. Use of parking areas designated as Faculty/Staff shall be enforced between the hours of 6:00 a.m. to 7:00 p.m., Monday through Friday, unless otherwise indicated by signage. Parking in all other areas shall be observed and enforced at all times.

4. Changes in designated parking areas shall become effective at such time as signage or other identifying markings are posted.

5. No motor vehicles, other than police, emergency, service vehicles or golf-carts may be operated or parked at any time on the walkways, grass, service areas, driveways or other prohibited zones, except where specifically permitted by signage. No motor vehicle, motorcycle or other type of vehicle, including a bicycle, shall be parked in such a way as to create a hazard or obstruction to traffic or access. Temporary parking areas may be designated in grass areas by the placement of delineating signs, bumper blocks or other identifying marks. Parking adjacent to any University building shall be prohibited except as identified by authorized signs.

6. No person, other than a current housing resident whose vehicle is left in a housing lot, shall leave a vehicle overnight on University property without notifying the Public Safety Department. Vehicles that are inoperable shall be reported immediately to the Public Safety Department. Vehicles left for more than three (3) consecutive days and nights, without prior approval, or which are apparently abandoned shall be subject to towing, impoundment, and

disposal at the owner's expense. The University does not assume any responsibility for motor vehicles or their contents while they are parked on campus. Vehicles registered to current housing residents may be left in housing lots during session breaks but in no event for more than three weeks, except with permission from University housing.

7. Major repairs to vehicles shall not be performed on either campus.

8. Double-parking is not allowed at any time.

9. The fact that a person may park or observe others parked in violation of the regulations without receiving a citation does not mean that the regulation is no longer in effect. Observing others illegally parked is not a valid excuse.

10. Parking on lawns, landscaped areas, sidewalks, or other areas not specifically designated by signs or curb markings as parking areas is a violation. The absence of a "No Parking" sign does not mean parking is permissible in an area.

11. Residents of housing shall abide by the parking regulations contained in the housing agreement in addition to the requirements of this rule.

12. Parking a vehicle on campus following failure to pay or appeal any citation for a university traffic infraction within the time provided, or parking on campus with a revoked decal shall be considered illegal parking and is subject to towing.

13. Parking areas designated as disabled are enforced at all times and a current state issued disabled placard/hang-tag must be visible and properly displayed.

(e) Garage Parking.

1. A current FIU parking decal is required to park in the garages at no additional cost.

2. Current FIU decal holders cannot park in a visitor spaces without paying the additional fee.

3. Garage hours: 6:00 a.m. - 2:00 a.m. Mondays – Thursdays
 6:00 a.m. - 11:00 p.m. Fridays
 Closed weekends and holidays except for Special Events

4. No overnight parking. Vehicles must be removed prior to posted closing hours. Any vehicle left in the garage will be ticketed and is subject to towing at vehicle owner's expense.

5. Head-in parking only.

6. Garage speed limit is 5 mph. Garage speed is radar-enforced.

(4) Enforcement.

(a) Violations. Failure to abide by any of the provisions of these rules shall be considered a university parking infraction. The University may enforce university parking infractions through use of warnings, citations and fines, vehicle immobilization, towing and any other means authorized by statute.

(b) Citations. The Public Safety Department and the Department of Parking and Traffic are authorized to issue written citations to persons who violate university parking and traffic regulations. The Public Safety Department is also empowered to issue citations for violation of Chapter 316, Florida Statutes, and county ordinances. Only one citation will be issued for each violation.

1. Schedule of Fines. The schedule below establishes fines for the various categories of violations which are considered to be university parking infractions:

No Decal	\$ 20.00
Parking on the Grass	\$ 20.00
Hazardous Parking	\$ 25.00
Overtime Parking (meter)	\$ 20.00
All Moving Violations	\$ 25.00
Restricted/Improper Parking	\$ 25.00
Overtime Parking (garage)	\$ 25.00
Unlawfully Parked in Disabled Space	\$250.00
Decal Fraud	\$100.00
Head-In Parking Only	\$ 15.00
Radar/Speeding Violation	\$ 25.00
Restricted "E" or "A"	\$ 30.00
Golf-Cart	\$ 5.00 <u>25.00</u>
Decal/Permit-Improper Display	\$ 20.00

a. Impoundment and vehicle immobilization charges vary according to type of vehicle, type of tow needed and cost of contract with current towing company.

b. Any vehicle which remains in violation of the same regulation for twenty-four (24) hours is subject to additional citations. Violations of Chapter 316, Florida Statutes, and county ordinances are returnable to the Miami-Dade County Court and may carry higher fines or other penalties.

2. Late Charges. If a university citation is not paid or appealed in the time provided by this rule, a \$5.00 late charge shall be assessed in addition to the fine established for the violation. The assessment of the late charge shall not preclude the University from enforcing these rules through alternative means such as withholding grades, transcripts, receiving your diploma and/or towing, or immobilizing the vehicle.

3. Remedies for Failure to Pay Fines. In addition to the assessment of a late charge fee, and other penalties as provided in this rule, the following remedies are available to the University:

a. Revoke parking and driving privileges on University property. A person whose parking privileges are revoked may not be issued a new parking decal until all prior outstanding citations are satisfied.

b. Prevent the person from registering as a student.

c. Withhold issuance of transcripts or degrees.

d. Use vehicle immobilizer.

e. Tow and impound the person's car.

f. Take other action as necessary to collect the outstanding fines as delinquent accounts owed to the University.

4. Responsibility for Citations. The person(s) in whose name a motor vehicle is registered with the State Department of Highway Safety and Motor Vehicles shall be held responsible for citations issued to the vehicle. The presumption of responsibility may be overcome by furnishing the Department of Parking and Traffic with a sworn statement identifying the person who had custody of the vehicle at the time the citation was issued. Employees of FIU operating state university vehicles and golf-carts shall be responsible for citations issued to such vehicle(s).

(c) Procedures for Payment of Fines and Appeals. A person to whom a citation has been issued shall have ten (10) business days from the date of issuance to respond to the citation either by paying the fine or by filing an appeal. If payment or request for an appeal is not received within the allotted time, a late fee shall be assessed, and the University may take any authorized action to enforce the penalty.

1. Payment of Fines. Fines may be paid in person at the Department of Parking and Traffic by check, money order, cash payment, the FIU Panther debit card, or credit card. Alternatively, payments may be mailed to the Department of Parking and Traffic located on University Park Campus; however, late fees shall be applied in the event payment is not received by the Department of Parking and Traffic within the time provided by these rules. Fines may also be paid at the Cashier's Office during its regular hours of operation. All payments should include the payee's social security number and citation number. It is the responsibility of a person who pays cash at the Cashier's Office to notify the Department of Parking and Traffic that the citation has been paid in order to assure that his or her account is properly credited.

2. Appeals Process and Procedures. Appeals of citations for university parking infractions and towing/vehicle immobilization procedures and charges may be instituted by filing a written appeal with the Department of Parking and Traffic on Form PT #4, 'Parking Citation Appeal,' (effective date 6/96) according to the instructions provided on the form. This form is hereby incorporated by reference into this rule. County citations are not open to appeal through the University appeal process. County citations must be processed through the Miami-Dade County Court system. Appeal form PT #4 may be obtained at the Department of Parking and Traffic and at other locations throughout the University, such as the Cashier's Office and Visitor Information Center, and Public Safety Department at both campuses. Inability to locate parking spaces or the failure of others to observe these rules shall not be considered to be valid defenses. The appeal shall include a current and accurate address where notices can be sent and received. Complete appeal forms will be forwarded by the Department of Parking and Traffic to an Appeal Hearing Officer for review and decision. Appellants do not have the option to appear in person.

a. Appeal Hearing Officers. There shall be appointed on each campus a University Appeal Hearing Officer or Officers who shall be responsible to resolve appeals of citations for university parking infractions and/or towed or immobilized vehicles. The Appeal Hearing Officer(s) of each campus shall be appointed, by the appropriate vice president, to serve a two-year term, and may be appointed for additional terms. It is intended that Appeal Hearing Officers will be members of the University Community.

b. Appeal Hearing Officer Procedures. Appeal Hearing Officers will receive and evaluate written appeals. They will be guided by the Parking Rules and shall consider any

relevant circumstances, as articulated in the written appeal, in making their decision(s). Appeal Hearing Officers may request further information or interview the appellant, witnesses or the citing officer. Appeals will be reviewed and appellants notified by mail.

c. Appeal Hearing Officer Decisions. Following consideration of the grounds for an appeal, the Appeal Hearing Officer shall decide on the appeal. The Appeal Hearing Officer's decision shall contain findings of fact and be reduced to writing and a copy shall be furnished to the appellant by the Department of Parking and Traffic. The decision of the Appeal Hearing Officer is final without further right of review. Upon denial of an appeal, the fine assessed shall be paid within ten (10) business days of the date of notification to the appellant or a late fee will be assessed.

(d) Immobilization, Towing and Impoundment-Appeals. The University may immobilize, tow and/or impound any vehicle which is found to be parked illegally or in violation of these rules. Parking after failing to pay a parking citation(s) within the allotted time constitutes illegal parking. Cash payment for tows shall be accepted at the Department of Parking and Traffic only after the University's Cashier's Office is closed. A person whose vehicle has been immobilized, towed and/or impounded may appeal the tow or immobilization by filing a written appeal within ten (10) business days from the date of the impoundment. An Appeal Hearing Officer shall review the appeal within seventy-two (72) hours of receipt of the written appeal. The appellant shall receive notification of the appeal decision through the mail. If the immobilization or tow appeal is granted, the University shall refund the amount charged for the immobilization or tow. In lieu of the appeal, or pending such appeal, or if the appeal is denied, the owner of the vehicle or his/her authorized agent may obtain release of the vehicle by paying the citation(s), the immobilization and/or towing charges and any applicable delinquent fines.

(e) University Departmental Events. All departments hosting an event, which will require additional visitor parking for guests, will require visitor ~~passes~~ **permits** for each vehicle per day. Pre-purchased parking spaces are available by filling out a "Request Form For Special Event Parking Permits", PT #5 (effective 7/99), no later than three (3) business days, but preferably five (5) business days before the date of the event. Departments are encouraged to post directional signs for each event.

Specific Authority 1001.74(35), 1006.66 FS. Law Implemented 1001.74(35), 1006.66 FS. History--Formerly 6P-5.06, 10-1-75, Repromulgated 12-23-76, Amended 1-15-80, 8-20-81, 4-24-83, 8-12-85, Formerly 6C8-5.06, Amended 7-6-86, 8-31-89, 7-17-90, 7-21-91, 8-25-93, 10-26-93, 8-17-94, 8-20-95, 8-11-96, 6-12-97, 7-08-99, 5-16-00, 5-24-01, 7-25-02, 12-2-02, 8-11-03, _____.

**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES'
FINANCE AND AUDIT COMMITTEE**

9 February 2004

SUBJECT: Athletic Fee

PROPOSED COMMITTEE ACTION

Recommend Board approval of the proposed athletic fee increase as presented.

Supporting Documentation Included:

- Fee Committee Results-
Letter to President
Maidique
- Fee Committee Meeting
Minutes, Fall 2003
- Calculation of Fee Cap and
Allowable 5% Increase

Facilitator/Presenter:

- EVP Gallagher



Florida International University

MEMORANDUM

November 24, 2003

TO: Mitch Maidique
FROM: Chuck Tinder
SUBJ: Fee Committee Results

The University Fee Committee met five times over the past month and has concluded its responsibilities for this year. Attached is a brief summary of those meetings, two of which were public hearings. The Committee deliberated over a proposal from Athletics to increase the Athletic Fee for football by \$1.21 per credit hour, from \$8.45 per credit hour to \$9.66 per credit hour, effective in the Fall term of 2004. The existing \$8.45 per credit hour contains a segregated fee exclusively for football of \$1.25 per credit hour, which means that the fee dedicated to football would increase to \$2.46 per credit hour. At the final meeting, a vote was taken and the results were unanimous in favor, 8-0.

There were, however, several caveats that the Committee attached to the unanimous support of the fee increase proposal. First, they asked that the diversity and breadth of the existing sports programs be retained, and second, that \$35,000 in the proposed football budget be redirected toward support of the SGA Football Committee, which sponsors events and publicity to get students out to the games.

Please let me know if you would like to meet to discuss the results, or if you have any questions regarding the proceedings. Thank you.

Attachment

cc: University Fee Committee
Executive Vice President Paul D. Gallagher

University Fee Committee, Fall 2003
Summary of Meetings and Activities
November 21, 2003

The University Fee Committee was appointed in early October, 2003. The four student voting members are Clayton Solomon, SGA President UP and Nicaise Parilon, SGA President BBC, Arturo Arca, Comptroller UP and Thatine Camargo, Comptroller BBC. The four Faculty/staff voting members are Bob Coatie, Ivon Foster, Lynda Raheem and Jim Wassenaar. Chairperson is Chuck Tinder, who will vote only in the case of a 4-4 tie. Other interested parties attending meetings included John Bonanno, Rick Mello and Julie Berg.

Three meetings were held by the committee, plus two public hearings:

October 21, 2003

The first meeting of the committee was held. The chairperson outlined the process and provided a package of handouts which included the roster and contact information for the committee members, Florida Statue 1009.24 relating to increasing local fees (Athletics fee, A&S fee and Health fee), a history of local fees at FIU, a comparison of FIU local fees to the other State universities, and a worksheet showing the calculation of the fee cap and 5% limit which are prescribed in law. The sum of the local fees at FIU when put on a per credit hour basis (we have both credit hour fees and per student or headcount fees) is \$24.12. The cap, which is 5% of the undergraduate matriculation fee is \$25.36, which provides \$1.24 of leeway to reach the cap. The allowable increase, however, is only \$1.21 since we are limited to the lesser of 5% of the existing fees or the cap, whichever is lower. Athletics expressed a desire to request a fee increase for next year, while SGA and the Health Center declined. Athletics consented to present their request at the next meeting scheduled for that purpose.

November 4, 2003

Athletics presented their plan for the use of the proceeds from a proposed increase of \$1.21 per credit hour in the athletic fee, especially earmarked for football. The existing athletic fee is \$8.45 per credit hour, which includes \$1.25 for football. The football money is strictly segregated from the rest of athletics revenues. The new athletics fee would be \$9.66 if approved, with \$2.46 specifically earmarked for football.

Rick Mello presented the case for the increase, which is needed if the program is going to make the move from I-AA football to I-A status. He reiterated the agreement that if the football program is not upgraded to the I-A level, the proceeds from this fee increase, if approved, would revert to the student government. Rick explained the various requirements for moving up to be a I-A program, including the requirement to add a total of 54 scholarships, of which 22

University Fee Committee, Fall 2003
Summary of Meetings and Activities
November 21, 2003
Page 2

would be for football and the remainder for other sports. The first year of the new fee, if approved, would produce \$785,000 in new revenues, and athletics plans to use \$750,000 of that for the additional scholarships and the remaining \$35,000 for "operations." The chairperson noted that the following year the summer enrollment would add about \$200,000 in new recurring revenue to that total. The committee decided to hold two public hearings, each in conjunction with the student government meetings on each campus, and a separate meeting would be held to record the vote on the proposed increase. The hearings would be widely publicized on both campuses. The committee does not vote on the proposal until members have heard from the students on both campuses via the public hearings.

November 12, 2003

The first public hearing was held at University Park in GC 150. There were approximately 30-40 students present during the one hour duration of the hearing. The chairperson opened the hearing, introduced the committee members and introduced the request for an increase of \$1.21 per credit hour, to be effective in Fall of 2003. He then turned the meeting over to Rick Mello, who presented his fact sheet regarding the reasons for requesting the increase and how the proceeds would be used. A handout was provided as well. There were a wide range of very good questions asked and some concerns raised. Overall it was an informative and productive session.

November 19, 2003

The next public hearing was held at Biscayne Bay in Panther Square located in the Wolfe Center. There were approximately 10-20 students present during the hearing, which lasted more than an hour. The chairperson opened the hearing, introduced the committee members present and introduced the request for an increase of \$1.21 per credit hour, to be effective in Fall of 2003. He then turned the meeting over to Rick Mello, who again presented his fact sheet regarding the reasons for requesting the increase and how the proceeds would be used. A handout was provided as well. Again, there were a wide range of very good questions asked and some concerns raised. Overall it was an informative and productive session.

November 20, 2003

The committee convened to vote on the proposed increase. The chairperson invited Rick Mello to attend to answer any questions that remained before the vote. The result of the vote was 8 in favor and 0 against. The chairperson registered two votes by proxy, both in favor. The committee discussed proviso language prior to voting, and the chairperson was instructed to include the

University Fee Committee, Fall 2003
Summary of Meetings and Activities
November 21, 2003
Page 3

proviso when the results of the vote were transmitted to the President and the Board of Trustees. There are two parts to the proviso:

1. The diversity and breadth of the existing sports programs should be retained.
2. The \$35,000 in the proposed budget should be directed toward support of the SGA Football Committee, which sponsors events and publicity to get students out to the games.

The Chairperson thanked the committee for their hard work and indicated that they would receive copies of the committee activities as it is forwarded to the President for approval and recommendation to the Board of Trustees.

**FLORIDA INTERNATIONAL UNIVERSITY
CALCULATION OF FEE CAP AND ALLOWABLE 5% INCREASE**

STEP 1: Put all local fees on a per credit hour basis:

2003-04

PER STUDENT CR. HR.:	<u>Fees</u>	<u>SCH</u>	<u>Revenues</u>
<u>FALL 03</u>			
Athletics	\$8.45	330,387	\$2,791,770
Activity and Service Fee	\$9.14	330,387	\$3,019,737
<u>SPRING 04</u>			
Athletics	\$8.45	317,763	\$2,685,097
Activity and Service Fee	\$9.14	<u>317,763</u>	<u>\$2,904,354</u>
		648,150	\$11,400,959

PER STUDENT HEADCOUNT

		<u>HEADS</u>	
<u>FALL 03</u>			
Athletics	\$10.00	33,765	\$337,650
Health Fee	\$54.00	33,765	\$1,823,310
<u>SPRING 04</u>			
Athletics	\$10.00	32,411	\$324,110
Health Fee	\$54.00	<u>32,411</u>	<u>\$1,750,194</u>
		66,176	\$4,235,264

TOTAL REVENUES	\$15,636,223
TOTAL STUDENT CREDIT HOURS	648,150
TOTAL CREDIT HOUR EQUIVALENT FEE	\$24.12

STEP 2: The CAP	2003-04 Undergraduate Matriculation	\$63.41 per student credit hour
	40% of Undergraduate Matriculation	\$25.36 per student credit hour
	Room under the 40% Cap	\$1.24

STEP 3: The 5%	Allowable Increase per Credit Hour	\$1.21 <<5% Limit
	Allowable Increase per Headcount	\$11.85

**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES'
FINANCE AND AUDIT COMMITTEE**

9 February 2004

SUBJECT: Lakeview Housing Project

PROPOSED COMMITTEE ACTION

Recommend Board approval of the financing plan and adopt a resolution authorizing the issuance of fixed rate, tax-exempt revenue bonds by the Division of Bond Finance of the State Board of Administration of Florida ("the Division") on behalf of Florida International University. The funds will be used to finance the construction of an 825-bed student housing facility, in an amount expected not to exceed \$37,000,000. Authorize the Chair, the Vice Chair, the Chief Education Financial Officer and other authorized representatives of the Board of Trustees to execute the necessary contractual documents related to the financing of the project.

BACKGROUND INFORMATION

Florida International University has submitted a program for the construction of an 825-bed student housing facility with a total of approximately 238,672 Gross Square Feet. The Lakeview Housing project will be designed to serve undergraduate student housing requirements. The expansion of student housing at the University Park campus will be comprised of several newly constructed buildings, maximum of ten stories high. The building(s) will provide students with two types of units from which to select. The first unit type "A" is a four bedroom suite, each bedroom design for single occupancy, with one bathroom, and a shared common area, housing a total of four students (total of 150 units). The second unit type "B" is a two-bedroom suite, each bedroom designed to accommodate two students, with a shared bathroom, housing a total of four students (total of 50 units). Twenty-five bed spaces are identified to accommodate live-in Residential Life support staff.

The financing plan includes the issuance of fixed rate, tax-exempt revenue bonds through the Division in an amount expected not to exceed \$37,000,000. The project cost for the Lakeview Housing Project is estimated to be \$32,680,000.

Supporting Documentation Included:

- Project Summary
- Financial Summary
- Enrollment Memo
- Revised Enrollment Growth Plan

Facilitator/Presenter:

- Senior Vice President Patricia Telles-Irvin

BOARD OF TRUSTEES’
Project Summary
Florida International University
Lakeview Housing Project

Project Type:	Construction of a traditional residence hall with a designed Housing capacity of approximately 825 beds, of which 800 beds will be revenue producing. The project will be financed from tax-exempt revenue bonds issued by the Division of Bond Finance of the State Board of Administration of Florida in an amount expected not to exceed \$37,000,000. The Board of Trustees of Florida International University will administer construction of this project. The total estimated cost of the project is \$32,680,000, which is to be funded from Housing Revenue Bonds, and interest earnings derived from revenue bonds. The project will be administered by Florida International University.
Facility Site Location:	The Lakeview Housing site is located in Miami Florida on the University Park campus directly east of Everglades Hall and to the south of the University Park Towers complex.
Student Market:	The project consists of newly constructed housing facilities providing students with suite style living accommodations designed to meet the needs of undergraduate students.
Physical Description:	The Lakeview Housing project will consist of an eight hundred and twenty five bed residential complex designed to serve undergraduate student housing requirements. This expansion of student housing at the University Park campus will be comprised of two (2) to four (4) newly constructed buildings, maximum of ten stories high. This housing complex will be designed to house 825 residents; provide housing to groups of forty (40) students to every one (1) Resident Assistant to be identified as a “residential community”. The Lakeview Housing Project will be comprised of twenty (20) “residential communities”. Serving these residential communities will be ten (10) community lounges, which are provided to accommodate residential life programs and activities. In addition five staff apartments will be constructed; (2) two bedroom apartments, and (3) one-bedroom apartments will be provided to house two full-time professional staff members and three graduate assistants.

The new housing facilities will provide students with two types of units from which to select. The first unit type “A” is a four bedroom suite, each bedroom design for single occupancy, with one bathroom, and a shared common area, housing a total of four students (total of 150 units). The second unit type “B” is a two-bedroom suite, each bedroom designed to accommodate two students, with a shared bathroom, housing a total of four students (total of 50 units).

20 Resident Assistants, two Graduate Assistants, and one Residence Life Coordinators will staff the residence halls. Each Resident Assistant will be housed in a single occupancy unit with private bathroom. Three Graduate Assistants will be housed in (3) one bedroom apartment with kitchen and private bathroom. The Residential Life Coordinator will be housed in a two-bedroom apartment with living room, full kitchen, dinning room, bathroom, and laundry room.

Additional space is provided for support services including offices, maintenance work areas, and storage spaces. This element includes the Front Desk / Reception; administrative Residential Life staff offices; entrance lobby area with public restrooms; academic support services suite including a Computer lab (20 workstations), six (6) tutorial rooms, and a Seminar room; Mail processing room / mail boxes; Laundry / Vending machine room; two (2) Multipurpose rooms to serve as meeting space to host student programs and activities; a large recreation / TV lounge; and Maintenance Workshop / Storage.

The building (s) will be constructed of concrete and steel with a stucco and paint exterior finish. The project will conform to all current State of Florida code requirements, including life/safety, hurricane and ADA requirements.

Current Housing:

Currently there are 2,200 beds on University Park campus. 400 beds are allocated in traditional suite style residence hall and 1,800 beds are configured as apartment style housing facilities.

Demand Analysis:

Demand for on campus housing has continued to grow as new facilities have been brought into service. The University has successfully constructed and opened over 800 beds over a two-year period (2000-2002). Fall term opening occupancy rates at the University Park campus have averaged 98% for the past three years. Fall 2003, a waiting list of 300 students developed. The waiting list was capped and an undeterminable number of student housing applications were rejected. Presently, the University Park housing facilities are at 100% capacity. In the past three years, the contract renewal rate for current residents has averaged above 50% and has been as high as 58%.

The University's approved Enrollment Plan projects significant growth in the number of First Time in College (FTIC) students. Fall 2003 the University enrolled 3,712 FTIC's and projects this number to increase to 4,500 (net increase of 788) students by fall term 2006. In order for the University to successfully achieve this enrollment goal; the addition of 825 beds will be necessary to facilitate the growth according to University planners.

The University has devised a "out of local area" freshmen residency policy, which is intended to ensure additional demand for on campus housing to generate the necessary revenue to cover debt service and operating expenses. The financial plan for the Lakeview project anticipates an occupancy rate of 80% fall 2006, increasing to 95% capacity fall 2007.

The current housing rent charged for a traditional residence hall accommodation (double occupancy) is approximately \$2,000 per semester. A four-bedroom apartment (single occupancy bedroom) currently rents for \$2,860 per semester with all utilities, Cable TV, Telephone, and unlimited fast Ethernet connection included. Current rental rate structure is considered to be competitive for the South Florida area and is comparable with the area universities and colleges.

Pledged Revenues:

Pledged revenues for the payment of debt service will include all housing system revenues derived primarily from rental income, after deducting operating expenses. The 2004 Bonds will be issued on parity with the outstanding \$14,605,000 Florida International University Student Housing Facility Revenue Bonds, Series 2000, of which

\$14,074,315 is currently outstanding; and the \$26,525,000 Florida International University Student Housing Facility Revenue Bonds, Series 1998, of which \$24,919,455 is currently outstanding. Additionally the 2004 Bonds will have a subordinate lien on revenues generated by housing facilities at the University Park and the Biscayne Bay Campus, which were financed from bonds issued by the Dade County Educational Facilities Authority. In addition, excess annual revenues from current housing facilities at both campuses are pledged for debt service on bonds issued through the Dade County Educational Facilities Authority.

Summary of Pro-forma:

The projected rental rate for the new residence hall, upon opening, is \$2,400 per semester for a two-bedroom suite (double occupancy) per bed and \$2,800 per semester for a four-bedroom suite (single occupancy) per bed. The rental rate projection is based on the current rental rate structure for on campus housing with annual 3.5% increases until the year of completion (2006). The projected revenues for this project are based on an 80% occupancy rate for fall and spring semesters and 10% for summer term. It is estimated that first year revenue for the new facility will be \$3,888,000 with operating costs not including debt service of \$1,488,395.

The assumptions for current housing include a continuation of current occupancy rates, 3.5% annual increase in rental rates and 3% increase in expenses. Cash Balance Ending is devoted to funding building depreciation, capital improvements, and operating reserves.

Debt Service Coverage:

The projected debt service coverage ratio in 2006-2007 for the Lakeview Student Housing Complex is 1.92 and 1.20 in 2007-2008. The debt service ratio for 2006-2007 for the entire Student Housing auxiliary serving Florida International University is estimated to be 1.59.

Student Life Program:

This facility will provide ample support service space to accommodate residential programs and activities. Special attention has been given to providing space dedicated to academic support services which has been deemed a high priority to aid in retaining freshmen students and promoting hire graduation rates.

Planned Occupancy Date: Fall of 2006

**Florida International University
Housing System Financial Summary**

	<u>Actual 2000-01</u>	<u>Actual 2001-02</u>	<u>Actual 2002-03</u>	<u>Projected 2003-04</u>	<u>Projected 2004-05</u>	<u>Projected 2005-06</u>	<u>Projected 2006-07</u>	<u>Projected 2007-08</u>	<u>Projected 2008-09</u>
<u>Revenues</u>									
Interest Income	\$298,505	\$277,966	\$275,573	\$223,078	\$265,386	\$329,035	\$358,048	\$503,445	\$644,973
Rent	\$7,965,879	\$9,244,944	\$10,901,552	\$11,526,924	\$12,213,863	\$12,641,349	\$16,795,998	\$18,236,489	\$18,874,766
Conference Fees	\$0	\$145,150	\$164,121	\$117,718	\$123,603	\$129,784	\$136,273	\$143,086	\$150,241
Other	\$181,004	\$195,633	\$212,064	\$221,837	\$232,928	\$244,575	\$256,804	\$269,644	\$283,126
Concessions	<u>\$0</u>	<u>\$10</u>	<u>\$5,677</u>	<u>\$5,677</u>	<u>\$5,677</u>	<u>\$5,677</u>	<u>\$5,677</u>	<u>\$5,677</u>	<u>\$5,677</u>
Total Revenues.....	\$8,445,388	\$9,863,703	\$11,558,987	\$12,095,233	\$12,841,458	\$13,350,419	\$17,552,800	\$19,158,341	\$19,958,782
<u>Expenditures</u>									
Salaries	\$1,265,406	\$1,436,469	\$1,717,308	\$1,786,000	\$1,857,440	\$1,890,629	\$2,206,130	\$2,294,376	\$2,386,151
OPS	\$628,281	\$696,926	\$915,238	\$942,695	\$970,976	\$996,956	\$1,221,987	\$1,258,646	\$1,296,406
General Expense	\$1,878,380	\$1,980,479	\$2,892,593	\$2,993,416	\$3,098,210	\$3,207,166	\$3,868,360	\$4,006,233	\$4,149,735
Transfers-Net (Operating)	<u>\$146,516</u>	<u>\$233,645</u>	<u>\$214,512</u>	<u>\$228,884</u>	<u>\$237,065</u>	<u>\$243,790</u>	<u>\$291,859</u>	<u>\$302,370</u>	<u>\$313,292</u>
Total Operating Expenditures.....	\$3,918,583	\$4,347,519	\$5,739,651	\$5,950,996	\$6,163,691	\$6,338,540	\$7,588,336	\$7,861,625	\$8,145,583
 Gross Income.....	 <u>\$4,526,805</u>	 <u>\$5,516,184</u>	 <u>\$5,819,336</u>	 <u>\$6,144,236</u>	 <u>\$6,677,767</u>	 <u>\$7,011,879</u>	 <u>\$9,964,464</u>	 <u>\$11,296,717</u>	 <u>\$11,813,199</u>
 Debt Service	 \$3,080,060	 \$3,910,463	 \$4,419,274	 \$5,026,539	 \$5,026,539	 \$5,026,539	 \$6,276,539	 \$7,698,539	 \$7,698,539
<u>Non-Operating Expenditures</u>									
Capital Expenditures	<u>\$33,379</u>	<u>\$1,721,954</u>	<u>\$39,020</u>	<u>\$60,000</u>	<u>\$60,000</u>	<u>\$1,260,000</u>	<u>\$53,000</u>	<u>\$60,000</u>	<u>\$61,000</u>
 Net Income.....	 \$1,413,366	 -\$116,233	 \$1,361,042	 \$1,057,697	 \$1,591,228	 \$725,340	 \$3,634,925	 \$3,538,178	 \$4,053,660
Cash Balance Ending	\$4,332,135	\$4,215,902	\$5,576,945	\$6,634,642	\$8,225,870	\$8,951,210	\$12,586,135	\$16,124,313	\$20,177,973
 Debt Service Coverage Ratio.....	 1.47	 1.41	 1.32	 1.22	 1.33	 1.39	 1.59	 1.47	 1.53

**Florida International University
Lakeview 825 Bed Financial Summary**

	Projected <u>2006-07</u>	Projected <u>2007-08</u>	Projected <u>2008-09</u>
<u>Revenues</u>			
Interest Income	\$0	\$45,864	\$66,708
Rent	\$3,888,000	\$4,694,760	\$4,859,077
Conference Fees	\$0	\$0	\$0
Other	\$0	\$0	\$0
Concessions	\$0	\$0	\$0
Total Revenues.....	\$3,888,000	\$4,740,624	\$4,925,785
<u>Expenditures</u>			
Salaries	\$244,630	\$254,415	\$264,592
OPS	\$200,000	\$206,000	\$212,180
General Expense	\$563,544	\$584,160	\$605,628
Transfers-Net (Operating)	<u>\$480,221</u>	<u>\$496,952</u>	<u>\$514,283</u>
Total Operating Expenditures.....	\$1,488,395	\$1,541,527	\$1,596,682
 Gross Income.....	 <u>\$2,399,605</u>	 <u>\$3,199,097</u>	 <u>\$3,329,103</u>
 Debt Service	 \$1,250,000	 \$2,672,000	 \$2,672,000
<u>Non-Operating Expenditures</u>			
Capital Expenditures	<u>\$3,000</u>	<u>\$6,000</u>	<u>\$8,000</u>
 Net Income.....	 \$1,146,605	 \$521,097	 \$649,103
Cash Balance Ending	\$1,146,605	\$1,667,702	\$2,316,805
 Debt Service Coverage Ratio.....	 1.92	 1.20	 1.25

January 23, 2004

MEMORANDUM

TO: Patricia Telles-Irvin, Vice President Student Affairs

FROM: Rosa L. Jones, Vice President Academic Affairs and
Undergraduate Studies

RE: Enrollment Plan – Undergraduate Students

Attached is the approved Enrollment Plan for Florida International University through 2016/17. The goal for undergraduate students – First Time in College (FTIC) students has been accelerated beyond the plan for the ***2004-05 to 4100*** and ***4500 for 2005-06***.

Our goal is to increase the new transfer student enrollment by 4%, each year for the next two years.

If you have any questions, please do not hesitate to let me know.

C: Mark Rosenberg
Marie Zeglen

Florida International University
Request for Enrollment Growth and Final 2003-2004 SUS Enrollment Plan
REVISED as per Discussion with Chancellor Austin on August 13, 2003
August 19, 2003

Florida International University

	Actual	Actual	Projected	SUS Planned Enrollment					SUS Planned Enrollment							
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
University Park - Main																
FTIC Heads	3,601	3,665	3,712	3,860	4,015	4,500	5,000	5,500	6,000	6,500	7,000	7,000	7,000	7,000	7,000	7,000
Lower FTEs	5,682.0	5,924.6	6,005.3	6,187	6,487	6,837	7,618	8,479								
Upper FTEs	7,527.0	8,050.4	8,214.6	8,340	8,524	8,746	9,129	9,527								
Law FTEs	0.0	82.3	196.4	276	301	316	348	449								
Grad FTEs	2,258.0	2,625.7	2,632.9	2,793	2,998	3,112	3,413	3,740								
Biscayne Bay																
Lower FTEs	1,032.0	1,010.8	1,041.1	1,072	1,105	1,138	1,172	1,207								
Upper FTEs	2,188.0	2,023.3	2,084.0	2,147	2,211	2,277	2,346	2,416								
Grad FTEs	528.0	375.3	386.6	398	410	422	435	448								
Lower FTEs																
Lower FTEs		8.3	30.0	31	32	33	34	35								
Upper FTEs	61.0	91.4	137.0	170	170	172	173	175								
Grad FTEs	162.0	131.6	240.0	278	288	291	294	297								
Other Sites																
Lower FTEs	133.0	157.0	158.6	160	162	163	165	167								
Upper FTEs	231.0	141.0	142.4	144	145	147	148	150								
Grad FTEs	159.0	154.0	155.5	157	159	160	162	164								
FIU - E&G Total																
Lower FTEs	6,847.0	7,100.7	7,235.0	7,450	7,785	8,171	8,988	9,887	10,876	11,964	13,160	13,160	13,160	13,160	13,160	13,160
Upper FTEs	10,007.0	10,306.1	10,578.0	10,800	11,050	11,342	11,796	12,268	13,188	14,177	15,240	15,621	16,012	16,412	16,822	17,243
Law FTEs	0.0	82.3	196.4	276	301	316	348	449	491	515	523	523	523	523	523	523
Grad I	2,751.0	2,903.4	2,981.0	3,165	3,362	3,473	3,738	4,019	4,317	4,632	4,964	5,313	5,679	6,060	6,457	6,867
Grad II	356.0	383.2	434.0	461	493	513	566	629	703	790	892	1,011	1,151	1,316	1,509	1,736
Total Grad FTEs	3,107.0	3,286.6	3,415.0	3,626	3,855	3,986	4,304	4,648	5,020	5,422	5,856	6,324	6,830	7,376	7,966	8,603
Total	19,961.0	20,775.7	21,424.4	22,152	22,991	23,815	25,436	27,252	29,575	32,078	34,779	35,628	36,525	37,471	38,471	39,529

NOTE: REVISED ENROLLMENT PLAN BASED ON DISCUSSION WITH THE CHANCELLOR ON AUGUST 13, 2003

1. Includes original FIU projection for graduate FTE disaggregated by projected growth in Grad I and Grad II.
2. Includes FIU's projection for 2003-04 FTE rather than DCU funded enrollment.

NOTE: Planned enrollment from 2004-05 to 2016-17 is contingent upon additional funding to support the costs of the expected growth over and above the Board-approved 2002-03 funded enrollment plan. The expected growth in FTE's at all levels is not sustainable without additional funding.

**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES'
FINANCE AND AUDIT COMMITTEE**

9 February 2004

SUBJECT: Foundation Report

PROPOSED COMMITTEE ACTION

Information item.
No action required.

Facilitator/Presenter:

• Ted Spak

**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES'
FINANCE AND AUDIT COMMITTEE**

9 February 2004

SUBJECT: PantherSoft Implementation Update Documents

PROPOSED COMMITTEE ACTION

Information item.
No action required.

Supporting Documentation Included:

- Executive Update
- Financials Project-Progress Report
- Administration Project-Progress Report

Facilitator/Presenter:

- VP McGowan

**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES'
FINANCE AND AUDIT COMMITTEE**

9 February 2004

SUBJECT: Legislative Budget Update

PROPOSED COMMITTEE ACTION

Information item.
No action required.

Supporting Documentation Included:

- Governor's Proposed Budget for Universities – FIU Issues
- SUS Proposed 2004 Priorities
- Key Dates 2004 Session

Facilitator/Presenter:

- EVP Gallagher

GOVERNOR' S PROPOSED BUDGET FOR UNIVERSITIES

SUMMARY OF FIU ISSUES

1/20/04

- No Equity Funding Provided
 - The Governor does provide parity for future lower level undergraduate students by providing that increased lower level enrollment is calculated at the system standard of \$7,118 per FTE. (Last year, FIU received \$6,489 per lower level FTE, and last year's SUS lower level FTE average was \$7,118.)
- No Reduction to University's Base Budget
- Enrollment Growth Funding of \$68M – systemwide
 - \$30M recurring + \$20M nonrecurring + \$18M from student fees
 - This is 60% of the BOG's enrollment growth request
 - No information on how this funding is distributed per institution
 - Additional enrollment may be funded from \$58M mandated tuition increase.
 - Mandatory tuition increase = 7.5% for instate undergraduate, 12.5% for everyone else – This generates \$76.1M, \$18M of which must be used to fund enrollment.
- Each university received an increase to their base budget. Included in this increase is the \$50M for enrollment growth, \$2.7M to annualize facilities operating costs (new space was not funded), \$3M for universities to spend on the increased FRS requirements.
- BOG receives an additional \$10M to allocate as incentive awards to individual university BOTs for establishing “programs, policies, and procedures which lead to increased degree production in critical needs. For 04-05 critical needs = nurses, teachers, engineers and information technology.
- BOG will allocate an additional \$20M to NEW university Centers of Excellence. This will be distributed on a competitive basis.
- \$25M provided for the matching gifts program. No information on how it will be distributed. FIU is owed \$5.1M.

Other issues:

- 1) Governor announced increases: K-12=7.1%, CC=7.6%, SUS=5.7%
- 2) FSU Medical School-\$4.3M
- 3) FAMU Law School-\$1M
- 4) Annualization of Salary/health insurance incr-\$22.7M
- 5) Alec Courtelis Facilities Matching- 0
- 6) Public Education Capital Outlay-The Governor allocated the additional \$192.9M PECO revenues that were estimated by the PECO Estimating Conference in September. Universities received an additional \$50.8M. In allocating funds to the universities, the Governor followed the second year of the 3-year PECO Request.
- 7) Tuition Policies-
 - a. Mandatory Increases- Generates \$58 M
 - i. In-state undergraduate- 7.5%
 - ii. All other- 12.5%
 - b. Discretionary Increases: 0
 - c. Block tuition for full-time students authorized at a rate of 15 credit hours
 - d. Non-degree seeking students to pay out-of-state tuition rates
 - e. Students taking greater than 110% of degree requirements to pay out-of-state tuition
 - f. Each student's tuition bill must delineate true cost of student's education by fund source and entity bearing the cost.
- 8) Administered Funds (Salary bonuses)- universities not included
- 9) Included in Economic Development part of the budget(SA 1876)
 - a. Alzheimer's- \$11M
 - b. FSU Chiropractic- \$5.4M
 - c. FSU/UF High Magnetic Field Lab- \$5.4M
- 10) Programs funded from non-recurring for 2003-04 funded for 2004-05: MPLE-\$.7M, FI Center for Teachers \$.4M

STATE UNIVERSITIES PROPOSED 2004 LEGISLATIVE PRIORITIES

**House of Representatives Education Appropriations Subcommittee
January 13, 2004**

INCREASE AVAILABLE REVENUE

- Support the Florida Board of Governors 2004-05 Legislative Budget Request, specifically including the requested funding levels for enrollment growth, new space, major gifts, and funding for initiatives designed to meet state critical needs and enhance research, economic development and graduate education.
- Tuition increases should be used for local discretionary university board of trustees initiatives – should not be used to replace General Revenue
- Tuition “flexibility” means the authority for the local university boards of trustees to determine whether to charge block tuition, differentiate tuition among degree programs, or offer tuition incentives for night and weekend courses, and removal of the 40% cap on the Activity & Service, Health and Athletic fees.
- Authorize each board of trustees to charge a discretionary technology fee. This discretionary fee would remain with each university and be used for high demand technology access and support projects in keeping with student input. Using the transportation access fee as a model, we are proposing that this fee remain outside of Bright Futures, with the fee established and spent in a collaborative decision-making process with student leaders on each campus.
- Authorize an increase in the CITF and building fees by \$2.00 (\$1 mandatory; \$1 discretionary).
- Eliminate the requirement that universities must use the SUNCOM Network communications services allowing for less expensive solutions for these services.

INCREASE LOCAL CONTROL

- Pass legislation to authorize the university boards of trustees to name university buildings for living persons.
- Streamline the bonding process for the universities - (1) Transfer authority from the State Board of Education to the university boards to approve DSO-issued bonds, and (2) eliminate legislative approval for projects which are supported by user fees (such as parking and dormitory fees) but do not require state funds for maintenance.
- Transfer the several university “glitch” issues from the 2003-04 Implementing Bill into law, including the updated version of UMIFA which conforms it to the uniform act.

ESTABLISH BRIGHT FUTURES VOUCHERS

KEY DATES FOR 2004 SESSION

Tuesday, 3/2 - FIRST DAY OF SESSION

Tuesday, 3/16 - FIU DAY at the Capitol

3/17 - 18 - GMCC Tallahassee Initiative

Thursday, 3/25 - BOG meets

3/31 - 4/1 - DADE DAYS in TALLAHASSEE

Thursday, 4/22 - BOG meets

Thursday, 4/29 – FIU BOT Governmental Relations Committee meets

Friday, 4/30 - LAST DAY OF (regular) SESSION

**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES'
FINANCE AND AUDIT COMMITTEE**

9 February 2004

SUBJECT: Operational Audit Report

PROPOSED COMMITTEE ACTION

Information item.
No action required.

Supporting Documentation Included:

- Operational Audit Report-
August 2003

Facilitator/Presenter:

- EVP Gallagher



AUDITOR GENERAL

WILLIAM O. MONROE, CPA



BOARD OF TRUSTEES FLORIDA INTERNATIONAL UNIVERSITY Operational Audit

Summary

Finding No. 1: The January 2003 clearing account bank reconciliation showed 150 unresolved reconciling items, totaling approximately \$328,000, that originated between August 1998 and December 2001.

Finding No. 2: Control procedures over collections and accounts receivable at certain decentralized locations were not adequate.

Finding No. 3: Property records were not timely updated to reflect missing items, property transfers, and property taken off campus. Eight tangible personal property items, with a total cost of approximately \$35,000, were still unaccounted for as of June 10, 2003.

Finding No. 4: University property taken off campus was not always supported by timely and accurately completed authorization forms. Property records were not updated for items returned to campus.

Finding No. 5: Property survey forms used to support the deletion of eight tangible personal property items with a total cost of approximately \$225,000 did not adequately document the required reasons or explanations for the deletions.

Finding No. 6: Charge receipts were not always signed and receipt of goods or services were not always documented for purchasing card transactions. Purchasing card accounts were not timely closed upon an employee's termination.

Finding No. 7: Vehicle trip logs did not include the supervisors' review and approval. Logs were not prepared for 2 vehicles and logs prepared for 13 vehicles were not always accurate.

Finding No. 8: There was no documentation to evidence the review and follow-up of fuel exception reports. Procedures were not in place to calculate the reasonableness of fuel consumption. For 7 vehicles, errors in odometer readings distorted our calculation of miles driven between refueling transactions.

Finding No. 9: For 12 construction projects, the available balances at June 30, 2002, differed between the FLAIR records and the Facilities Planning and Construction Department's project ledgers. The FLAIR records for two completed projects did not include \$3.7 million of expenses.

Finding No. 10: Background checks and fingerprinting were not on file for four employees that were working as cashiers. Background checks and fingerprinting were not required for employees working in the Administrative Computing Department.

Finding No. 11: Salary increases granted to five employees based on the market conditions or salary inequity criteria were not properly documented and supported in the personnel files.

Background

During the audit period, the University was under the general direction and control of the State Board of Education. A board of trustees governs and operates the University. The Board constitutes a corporation and is composed of 12 members appointed by the Governor and confirmed by the Senate. In addition, the student body president serves as an ex officio voting member. The members of the Board of

Trustees who served during the audit period are listed on Exhibit 1.

The President of the University is responsible for the operation and administration of the University. The President is appointed by the Board, subject to ratification by the State Board of Education. Dr. Modesto A. Maidique was the President of the University. For the 2001-02 academic year, the University reported an average enrollment of 19,986 full-time equivalent students.

The University's financial statements are included in audit report No. 03-117. An examination of expenditures of Federal awards administered by the University under contract and grant agreements to finance specific programs and projects is included in our Statewide audit of Federal awards administered by the State of Florida, audit report No. 03-167.

Findings and Recommendations

Finding No. 1:

Bank Reconciliations

Our review of bank reconciliations disclosed a significant number of reconciling items in the clearing account that were continuously carried forward on the monthly bank reconciliations as unresolved items. For example, the January 2003 reconciliation showed 150 unresolved reconciling items, totaling approximately \$328,000, which originated between August 1998 and December 2001. University records indicated that most of these items resulted from disputed credit card charges and deposit transactions rejected by the accounting system for incorrect information. A similar finding was noted by the University's Inspector General in a report dated June 21, 2002. The timely resolution of reconciling items would facilitate the prompt detection and correction of unrecorded or improperly recorded transactions.

Recommendation:

We recommend that the University investigate and timely resolve reconciling items in the clearing account.

University's Response:

The Controller's Office is currently working on the unresolved items in the clearing account bank reconciliation. Some of the discrepancies have been identified.

Finding No. 2:

Decentralized Collections and Receivables

We reviewed collection procedures and accounts receivable records for several departments. Moneys collected at these locations consisted primarily of student fees which were remitted to the University's Cashiers Office for deposit. University procedures provide that student fees can be deferred if the student is a financial aid recipient. We noted that each department maintained records for collections and accounts receivables that were independent of the University's official accounting records. Our review disclosed several control weaknesses which are discussed below:

Collections for the College of Business Administration – Executive Master of Business Administration (EMBA) Program totaled approximately \$853,000 for the calendar year 2002. Our review of collection procedures disclosed the following weaknesses:

- Prenumbered receipts were not issued to document collections.
- Checks were not restrictively endorsed immediately upon receipt.
- Mail log collections were not reconciled to subsequent deposits.
- A Program Assistant performed the incompatible functions of collecting money, maintaining records, and remitting moneys to the Cashiers Office for deposit.

Accounts receivable related to fee deferments for the EMBA Program totaled approximately \$600,000 as of March 2003. Our review of 15 accounts disclosed the following:

- There was no documentation on file to support that eight of the receivables, ranging from approximately \$2,800 to \$17,000, were financial aid recipients. The documentation provided for another six receivables indicated

that they were financial aid recipients. However, our review of the March 2003 receivable aging report showed balances, ranging from \$8,900 to \$17,700, that have been outstanding from 91 to over 360 days for these students. In most of these instances the financial aid was not sufficient to cover the EMBA Program fees. Students with outstanding balances were also permitted to enroll in subsequent terms.

- Eleven receivables were not reported in the University's student accounts receivable records, and four receivables did not agree with those maintained in the University's accounts receivable records. Differences ranged from approximately \$100 to \$10,400.

Collections for the College of Business – Weekend Bachelor of Business Administration (WBBA) Program totaled approximately \$663,000 for the calendar year 2002. Our review disclosed that collections were not reconciled to subsequent deposits recorded in the University's accounting records.

Accounts receivable related to fee deferments totaled approximately \$197,000 as of January 2003. Our review of 12 accounts disclosed 7 receivables in which the financial aid recipients had outstanding balances ranging from approximately \$3,300 to \$10,700 as of January 2003. Account receivable records showed that four of these balances related to fees from the Summer 2001 term. In most of these instances, the financial aid was not sufficient to cover the WBBA Program fees. Students with outstanding balances were also permitted to enroll in subsequent terms. Accounts receivable amounts for five of the students were greater than those shown in the University's accounts receivable records. Differences ranged from approximately \$1,200 to \$2,300.

Accounts receivable for the Legal Studies Institute totaled approximately \$113,000 as of February 2003. Also, accounts receivable related to the rental of the Roz and Cal Kovens Conference Center totaled approximately \$178,000 as of January 2003. These receivables, which relate to charges by the Continuing and Professional Studies Department, were not

recorded in the University's accounts receivable records.

In the absence of prenumbered receipts, checks restrictively endorsed immediately upon receipt, reconciliations to subsequent deposits, and proper separation of functions, the University may not be assured that moneys collected were deposited or be able to detect and fix responsibility for losses that may occur. In addition, ineffective procedures or failure to follow established procedures for the collection and recording of accounts receivable decreases the likelihood of collection.

Recommendation:

We recommend that the University take appropriate action to enhance control procedures and record keeping over collections and accounts receivable at decentralized locations.

University's Response:

Executive MBA

The program will incorporate the following procedures to its collection process: Pre-numbered receipts will be used to account for collections. Check logs will include the name of the person responsible for initially collecting the money. Cashier's office receipts will be verified to the check log. Also, checks made payable to FIU will be restrictively endorsed at the time of receipt.

The program is currently reviewing different procedures in order to prevent students from being allowed to register with unpaid balances owed to the program. Also, review and update of accounts receivables balances not yet recorded to the official university accounts receivable system will be conducted.

Weekend BBA

The Accounting Program Support Office has assigned an individual the responsibility of reconciling collections to the departmental ledgers. That person will meet with Weekend BBA staff to ensure that proper procedures are being followed as required by the OIG. The University accounts receivable balances now reflect actual amounts owed. All of the differences have been corrected, with the exception of one student's balance, which is in the process of being corrected.

Regarding students with unpaid accounts receivable balances, the program has taken appropriate measures to ensure that students do not receive their diplomas until their financial liability, as per the University accounts receivable system, is paid in full.

Continuing and Professional Studies

Revenue and Collection reconciliations are now being performed on a timely basis. The accounts receivable for our programs will be properly recorded in the University's official accounts receivable.

Finding No. 3:

Tangible Personal Property Inventory

Section 273.02, Florida Statutes, and Section 10.380, Rules of the Auditor General for State-Owned Tangible Personal Property, require that an inventory of tangible personal property be taken annually, that the inventory be compared with the tangible personal property records, and that all discrepancies be traced and reconciled. Items not located during the inventory process shall be promptly reported to the custodian and a thorough and timely investigation made. The University's Property Control Manual requires the Property Control Department to establish guidelines and procedures governing the accountability, control, transfer, and ultimate disposal of tangible personal property. The Property Control Department is to be notified in writing when property items are transferred or used off campus.

The University reported tangible personal property of approximately \$103 million at June 30, 2002. Our tests of 50 items listed on the property records disclosed 18 instances in which the items could not be located for physical inspection. Upon inquiry, Property Control Department personnel informed us that eight of the items had been incorrectly included in the active property records. Survey forms to delete these items from the property records were completed subsequent to our inquiry. Two items were being used off campus by employees without completing the required authorization forms. The other eight items, with a total cost of approximately \$35,000, remain unaccounted for. University personnel were

attempting to locate the missing items as of June 10, 2003. In addition, nine of the items inspected were found at locations other than those stated on the property records. When tangible personal property records are not accurate, there is limited accountability and an increased risk that property items may become lost, stolen or otherwise not properly accounted for.

Recommendation:

We recommend that University procedures be enhanced to ensure that property records are timely updated to (1) report items noted as missing during the annual inventory, (2) account for property transfers, and (3) report instances where the property has been taken off campus. We also recommend that if the eight unaccounted for items are not located after diligent efforts, reports of missing property be filed with the appropriate law enforcement agency.

University's Response:

The items that could not be located during the audit are in the process of being identified at their current location. If the item cannot be found, Property Control will seek the proper documentation and have the item removed from the property master file and a form sent to the Survey Board.

Regarding the items located in a different location other than the location listed in the property records; the University departments are responsible for notifying the Property Control department when an item has been moved. If this does not occur the location of the item is corrected when the yearly inventory is taken.

Finding No. 4:

Tangible Personal Property Used Off Campus

The University's Property Control Manual provides that employees can take tangible personal property off campus if such use will further the mission of the University. Department heads can authorize such action by completing a form which is to be submitted to the Property Control Department for accountability. Property to be taken off campus for over one year requires the approval of the Property Control Department. In addition, the Property Control Department is to be notified when off-campus property is returned to campus.

As of March 2003, the property records indicated that 400 property items with a total cost of approximately \$984,000 were off campus. Our tests of 60 property items, listed as being used off campus, included a review of the authorization forms and related renewals effective during our audit period. We noted several instances in which procedures for documenting tangible personal property taken off campus were not followed. Some examples of these instances are described below:

- Five authorization forms were not on file with the Property Control Department until our inquiry.
- Six authorization forms did not contain the appropriate signature from the department head authorizing the removal of property from campus.
- Five items that were listed as being off campus on the property records had been returned to campus; however, notification had not been provided to the Property Control Department.
- At the time of our review (March 2003), the off-campus period shown on the authorization or renewal forms for 21 property items showed an expiration date of June 2002. These items were primarily portable computers with a total cost of approximately \$52,000. Although procedures were in place for Property Control Department personnel to request renewal forms for these items, timely responses were not always obtained from the property custodians.

The failure to properly monitor property taken off campus decreases accountability over the property.

Recommendation:

We recommend that property taken off campus be supported by authorization forms that are timely and accurately completed. Property records should be adjusted for items returned to campus.

University's Response:

Property Control will ensure that all off campus forms have the proper authorization signature before processing. Any forms still missing the authorization signature will be completed.

Some items were included in the off-campus report, but located on-campus. This was the result of items that were returned to their campus location prior to the end of the fiscal year, however, the department did not notify Property Control that the item was returned to campus prior to the expiration of the form.

Regarding the expired off-campus forms, many of the forms have since been renewed and the items returned. Efforts are underway to either obtain authorization to keep the items off-campus or return the items to campus.

Finding No. 5:

Property Deletions

University records indicated that tangible personal property with a cost value of approximately \$12 million was deleted from the property records for the 2001-02 fiscal year. The University's Property Control Manual requires the property custodian to complete a survey form to request the deletion of property items. The survey form requires the custodian to explain the reason for the requested deletion. If the reason is theft or an inventory shortage, a statement explaining the circumstances is also required, including the corrective action that will be taken to prevent the loss or shortage again. Our tests of 30 tangible personal property items deleted from the property records disclosed 8 instances in which the survey forms did not document the required reasons or explanations for the deletions. The total cost of these deleted items was approximately \$225,000.

Properly completed survey forms for deleted items would reduce the risk of misappropriation of such items.

Recommendation:

Considering the significant amount of property deletions, we recommend that survey forms be accurately completed by the property custodians.

University's Response:

Property Control will require a memo from the Project Leader or a police report for missing items prior to taking to Survey Board.

Finding No. 6:**Purchasing Card Program**

The University administers a purchasing card program in which it issues credit cards to personnel to procure certain goods and services. The purchasing card gives individuals the convenience of purchasing items without using the standard purchase order process. The University issued purchasing cards to approximately 600 employees as of December 31, 2002, and paid purchasing card charges totaling approximately \$7.2 million during the audit period.

The University appointed a card administrator (the Purchasing Director) and developed a Purchasing Card User Manual that addressed procedures and controls over the purchasing card program. Our tests of 57 purchasing card transactions from 6 departments disclosed some instances in which administrative procedures were not followed, as described below:

- In ten instances, the cardholders failed to sign the purchasing card charge receipts prior to forwarding them to their approver.
- In 25 instances, primarily involving purchases made online, there was no documentation to evidence the accuracy of the date goods or services were received. In most of these instances, the receiving date noted on the transaction record was not updated to report the actual receiving date.
- An employee used the purchasing card to pay for out-of-state tuition and related expenses towards a Master's Degree in Education. These expenses appeared to be of a personal nature. Upon our inquiries, the President indicated that the charges were approved because they enhanced the employee's professional development. Subsequent to our inquiry, we were provided documentation showing that the Florida International University Foundation, Inc., reimbursed the University \$8,649 for the employee's educational expenses.
- The purchasing card accounts for 14 out of 25 former employees were not closed until 24 to 417 days after the individual's termination date. None of these accounts were used after the employees' terminations.

The above control weaknesses increases the risk that unauthorized purchases may be made.

Recommendation:

We recommend that charge receipts be signed, receipt of goods or services be documented, and purchases serve a public purpose. Also, purchasing card accounts should be timely closed upon an employee's termination.

University's Response:

The approvers acknowledged that all receipts are to be signed by the cardholders. The receipts in question were subsequently signed and provided to the auditors.

Evidence of receiving date on the supporting documentation is not a required procedure mandated by the State's Purchasing Card Program. Cardholders and approvers are instructed verbally and in the training manual to confirm and verify the date goods were received. These dates are documented on the charge receipts and on the transaction record. Approvers are not to process a charge prior to the physical receipt of goods and when applicable on the charge approval screen the receiving date should be updated if the date differs from the charge date. We will send to cardholders and approvers notification reminding them of their responsibilities under the Purchasing Card Program.

In the instance where the purchasing card was used to pay for out-of-state courses and related expenses, the full cost of the fees totaling \$8,648.70 associated with this has been paid from Foundation funds.

In order to ensure the timely closing of purchasing card account upon an employee's termination a new procedure has been fully implemented. The Purchasing department receives a monthly listing of terminated employees. The list is reviewed by a card administrator and those terminated employees that are cardholders are deactivated.

Finding No. 7:**Vehicle Records**

University policy states that University-owned vehicles are not to be used for personal use. Vehicle trip logs are to be maintained up-to-date and properly completed by the user department detailing each trip taken. The University's vehicle trip log provides pre-

printed areas to document the driver's name, destination and purpose of the trip, date, time, and mileage. However, the vehicle trip logs did not provide a pre-printed area where the supervisors could document their review and approval of the information.

We selected 15 vehicles used for off-campus travel to review the accuracy of vehicle trip logs. Logs were not prepared for two vehicles that were used at the Wolfsonian Museum because University personnel were not aware of the vehicle log requirement. The logs for the other 13 vehicles did not evidence supervisory review and, in some instances, failed to document the driver's name, destination and purpose of the trip, and trip dates. We also noted gaps between the ending mileage on one trip and the beginning mileage on the next trip. The largest mileage gaps noted related to logs maintained at the English Language Institute and Admissions. In one instance, the log showed a mileage gap of 1,737 miles. Accurate vehicle trip logs serve to document that vehicle use is for University purposes. Timely supervisory review of these records would further ensure the accuracy of the records.

Recommendation:

We recommend that the University personnel properly and completely maintain vehicle trip logs. We further recommend that vehicle trip logs evidence the review of supervisory personnel.

University's Response:

Most of the departments originally identified by the auditors were able to account for the missing miles and supplied the auditors with copies of their complete logs. The supervisors were advised of their duty to review the logs in their department and strengthen procedures to ensure that the logs are complete and all miles are accounted for.

In the instance of the department that did not maintain a log, the motor vehicles University policy "Motor Vehicles – Use Maintenance and Assignment" was sent to the department and the supervisor acknowledged the desire to comply with all University policies and correctly maintain the vehicle trip log.

Finding No. 8:

Monitoring Fuel Efficiency of Vehicles

University records indicated that during the calendar year 2002, gasoline and diesel fuel expenses totaled approximately \$114,000. The University's computerized fuel system requires the vehicle operator to use a key and a password to operate the fuel pumps. Vehicle odometer readings must be entered into the system before the pumps become operational. The fuel system generates several reports that provide vehicle fuel usage information such as, transaction date, vehicle operator, odometer reading, and fuel quantity. An exception report is also generated that compares the quantity of fuel dispensed to the maximum number of gallons (fuel capacity) established for each vehicle. The Superintendent of Vehicle Services indicated that the exception report is reviewed daily and discrepancies are forwarded to the appropriate department heads for follow-up. However, there was no documentation to evidence this review.

Procedures were not in place to calculate the reasonableness of fuel consumption (i.e., miles per gallon) using the fuel system reports or vehicle trip logs. University personnel indicated that the odometer readings entered into these records are generally not reliable to calculate a miles per gallon figure. We selected 17 vehicles to determine the reasonableness of fuel consumption by calculating miles per gallon, using the odometer readings shown on the fuel system reports and vehicle trip logs during calendar year 2002. For seven vehicles, we noted errors in odometer readings that distorted our calculation of miles driven between refueling transactions. Under these circumstances, the University has limited assurance of the reasonableness of fuel consumption and there is an increased risk of unauthorized use of University fuel.

Recommendation:

Since accurate mileage records are essential to monitor the fuel consumption of vehicles, appropriate action should be taken to minimize and correct significant errors in odometer readings. To determine the reasonableness of fuel consumption, we recommend that the University establish fuel efficiency parameters (e.g., miles per gallon) for all vehicles and periodically reconcile these parameters to actual miles per gallon.

University's Response:

An exception report is generated daily, which is reviewed by the Superintendent of Vehicles Service. Any discrepancies are reported and investigated with the individual department head. No record is kept of this verification unless an unreasonable explanation is given. We will evaluate the feasibility of maintaining a record of the exception reports.

Finding No. 9:**Reporting of Construction Projects**

We compared the records maintained for 12 construction projects in the Florida Accounting Information Resource (FLAIR) to those maintained by the Facilities Planning and Construction Department (Facilities Department). The Facilities Department maintains detailed project ledgers to monitor the expenses and available balances (budget less expenses) for each project by funding source. University personnel were not reconciling amounts reported by the Facilities Department to the amounts reported in FLAIR. Differences at June 30, 2002, between the available balances noted in the FLAIR records and the project ledgers are summarized below:

Project No.	Funding Source (1)	Available Balance		Difference
		FLAIR	Project Ledgers	
823	1998 PECO	\$ 158,222	\$ 332,940	\$ (174,718)
850	1999 PECO	3,624,517	3,591,447	33,070
821	2000 PECO	2,476,704	2,698,008	(221,304)

Note: (1) PECO = Public Education Capital Outlay

We also noted that the Facilities Department's project ledgers showed two projects (802 and 859) with total expenses of approximately \$5.2 million that were completed prior to June 30, 2002; however, the

FLAIR records for these two projects did not include expenses totaling approximately \$3.7 million. Documentation maintained at the Facilities Department indicated that some of these discrepancies had been reported to the University Controller's Office for corrective action as far back as August 2001.

Without a timely reconciliation and resolution of differences between the FLAIR records and project ledgers maintained by the Facilities Department, there is an increased risk that construction expenses may be charged to improper projects or funding sources. In addition, the lack of timely reconciliation limits management's ability to properly monitor available budget balances of the construction projects.

Recommendation:

We recommend that the University provide for the timely reconciliation and resolution of differences between the Facilities Department's project ledgers and the FLAIR records.

University's Response:

The Controller's Office has reviewed these differences and has taken corrective actions to address this issue. The Controller's Office has replaced the old FLAIR SS800 report to a new version IC800. This new report version will properly classify projects within funding sources and year. The auditors used Facilities Management records to compare with FLAIR. However, the University official record is FLAIR. The COIP and worksheet in Facilities do not always reflect the actual expenses and budgeted information of each project. For example, the COIP is based on projected budget and expense information. The Controller's Office has established procedures to review each project with the Office of Facilities Management on a regular basis and has provided Facilities Management the IC800 report for them to use in reconciling to their internal reports.

Finding No. 10:**Fingerprinting and Background Checks**

Section 110.1127(1), Florida Statutes, requires that persons occupying certain State employment positions, because of the special trust or responsibility

or sensitive location of those positions, be subject to a security background check, including fingerprinting, as a condition of employment. University policy requires background checks and fingerprinting as a condition of employment for designated positions. The Position Description forms provide whether background checks and fingerprinting are required.

Our tests of 15 employees hired to positions of special trust, subsequent to the implementation of the above policy, disclosed that background checks and fingerprinting were not on file for four employees working as cashiers. Subsequent to our inquiry, background checks were performed for the four employees. A similar finding was noted by the University's Inspector General in a report dated June 21, 2002. In addition, our review of five employees working in the Administrative Computing Department disclosed that background checks and fingerprinting were not required for these employees even though these employees have direct access to information technology resources.

Recommendation:

We recommend that the University comply with its policies and procedures regarding fingerprinting and background checks for employees in sensitive positions. We also recommend that these same policies and procedures be considered as a condition of employment to new employees that have direct access to information technology resources.

University's Response:

According to the Bursar in the Cashier's office the four employees were all given background checks and fingerprinted prior to hiring. However, in order to be in compliance the Office of Human Resources fingerprinted and did background checks on the employees. The checks all came back clear, and a copy was provided to the auditors. Also, procedures have been modified to fingerprint all Cashier's Office employees, whether full-time permanent or part-time OPS, and to perform background checks prior to employment.

Implementation of these policies and procedures for new employees having direct access to information technology resources will be further evaluated.

Finding No. 11:

Salary Increases

University records indicated that during the calendar year 2002, salaries for employees classified as Administrative and Professional (A&P) and University Support Personnel Services (USPS) totaled approximately \$65.7 million. The University's compensation policies and procedures provide, in part, that an employee may be granted a salary increase when market conditions create a reasonable and documented expectation that the employee could receive an offer of employment from outside the University at a higher salary and there is a considerable investment in the employee. A salary increase also may be granted when documentation indicates that specific circumstances have resulted in an inequity on the employee's salary in comparison to other employees' salaries.

We reviewed salary increases granted under these conditions to 15 employees classified as A&P or USPS. Our review disclosed instances where the increases were not properly documented and supported in the personnel files. The details of these instances are noted below:

- Two employees were granted salary increases based on market conditions; however, their personnel files did not document the basis for this justification. For two other employees, there was no documentation of the justification and basis for the increases. Upon inquiry, University personnel again cited market conditions as the justifications. The annual salary increases for these four employees ranged from approximately \$4,000 (5 percent) to \$9,000 (10 percent). Subsequent to our inquiries, we were provided documentation which consisted solely of a salary comparison for positions with similar titles at various agencies. This comparison did not take into consideration other relevant factors that may affect salary levels such as, the employees' educational background, work experience, and level of responsibility.
- An employee was granted a 12 percent salary increase that was justified as needed to correct a salary inequity. The personnel file indicated

that the basis for the increase was a comparison of the employee's salary with that of a new employee hired for a similar position at a higher salary. The personnel file also indicated that prior to granting the increase, University personnel reviewed the salaries of 41 University employees with the same position and similar experience. The review showed that salaries for the position ranged from \$28,455 to \$51,019, with an average salary of \$38,729. After the 12 percent increase, the employee's new salary exceeded the average salary of employees in similar positions by \$11,831. Upon inquiry, University personnel stated that the salary was increased to maintain equity among similar positions and also cited some additional duties and satisfactory performance as justification for the pay increase.

While these salary increases may be justified, when salary increases are not properly documented and supported, the University has limited assurance that the employees met the prescribed criteria for the given increase. Salary increases granted under the above circumstances may also have a negative effect on employee morale.

Recommendation:

We recommend that the University adequately document in the employees' personnel files that salary increases are granted in accordance with established policies and procedures.

University's Response:

In certain cases the departments conducted the market analysis and the back-up documentation was not forwarded to Human Resources. Human Resources has since followed up and the adequate supporting documentation has been obtained and filed in the personnel file. Human Resources will take adequate steps to ensure that all back-up documentation is attained according to established policies and procedures.

Other Matters

The Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104-191, addresses data interchange, privacy, and information security standards for personal health information. Pursuant to HIPAA, the United States Department of Health and Human Services has published regulations on electronic data interchange standards, privacy, and security regulations. The final Transaction Rule, which contains electronic data interchange standards, was incorporated as a Federal regulation and has a compliance date of October 16, 2002. The final Privacy Rule was incorporated as a Federal regulation and compliance is required by April 14, 2003. HIPAA also provides for civil and criminal penalties for noncompliance. Because of the significance of these provisions on the handling and transmission of personal health information, the University should continue to evaluate the impact of the HIPAA requirements on the University as new requirements are finalized.

Scope, Objectives, and Methodology

The objectives of this operational audit were to obtain an understanding and make overall judgments as to whether University management controls promoted and encouraged compliance with applicable laws, administrative rules, and other guidelines; the economic, effective, and efficient operation of the University; the reliability of records and reports; and the safeguarding of assets. Specifically, we reviewed management controls and administration of budgetary controls, cash and investments, receivables, capital assets, decentralized collections, purchasing card program, campus concession funds, competitive procurement, travel and vehicle usage, non-Federal student aid and grants, communication charges, construction projects, employee compensation, insurance, and student records system for the period January 1, 2002, through December 31, 2002, and selected transactions through March 31, 2003.

We conducted this audit in accordance with applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Prior Audit Findings

During our current audit, we found that the University substantially corrected the deficiencies noted in audit report Nos. 02-008, 02-025, and 02-039.

Authority

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



William O. Monroe, CPA
Auditor General

Auditee Response

As reported, University management generally concurred with our findings. The University's response, as originally submitted to this office, may be viewed in its entirety on the Auditor General's Web site.

To promote accountability in government and improvement in government operations, the Auditor General makes operational audits of selected programs, activities, and functions of community colleges. This operational audit was made in accordance with applicable *Government Auditing Standards* issued by the Comptroller General of the United States. This audit was conducted by Marilyn E. Tolley, CPA, and supervised by Agustín Silva, CPA. Please address inquiries regarding this report to Jim Raulerson, CPA, Audit Manager, via e-mail at jimraulerson@aud.state.fl.us or by telephone at (850) 487-4468.

This report, as well as other audit reports prepared by the Auditor General, can be obtained on our Web site (<http://www.state.fl.us/audgen>); by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

EXHIBIT 1
BOARD OF TRUSTEES
FLORIDA INTERNATIONAL UNIVERSITY

The Board of Trustee members who served during the audit period are listed below:

Board Member

Adolfo Henriques, Chair from 1-13-03(1)
Davis R. Parker, Vice-Chair from 1-13-03(1)
Armando M. Codina, Chair to 1-6-03(2)
Paul C. Cejas, Vice-Chair to 1-6-03(2)
Betsy S. Atkins
Rafael A. Calderon
Alvah H. Chapman, Jr., to 1-6-03(2)
Albert E. Dotson, Sr.
Patricia Frost
Miriam Lopez
Jessica M. Morffi from 5-6-02(3)
Sergio Pino from 1-7-03
Claudia Puig from 1-7-03
Howard Rock
Victor Romano to 5-5-02(3)
Rosa Sugrañes
Herbert A. Wertheim

- Notes:
- (1) Chair and Vice-Chair positions remained vacant from 1-7-03 through 1-12-03.
 - (2) These Board of Trustee members were replaced with new members starting 1-7-03.
 - (3) The student body president, who is a voting member of the Board in accordance with Section 1001.71(1), Florida Statutes.

**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

9 February 2004

SUBJECT: Prompt Payment Rule

PROPOSED COMMITTEE ACTION

Recommend approval of a University Prompt Payment Rule ("Rule"), Rule 6C8-7.032, of the Florida Administrative Code.

Recommend that upon approval of the Rule by the Board, the Board delegate authority to the University President to approve any subsequent amendments that are based on comments to the Rule received by the University in writing or at a public hearing on the Rule to be held after the Board's action and to file the rule for adoption.

BACKGROUND INFORMATION

A. Statutory Authority

Section 1010.04, Florida Statutes (2003), Purchasing, provides in part:

(2) Each district school board, community college board of trustees, and each university board of trustees shall adopt rules to be followed in making purchases

B. Explanation for Proposed Committee Action

As part of the devolution from the state financials system (known as FLAIR) to its own financials system, the University is required to adopt a rule regarding the prompt payment of goods and services received by the University. The rule provides the timelines for payments to vendors by the University and an interest penalty for failure to meet said timelines.

If approved by the Board, the University is required by law to take the following actions:

1. Publish a notice regarding the Rule in a newspaper of general circulation;
2. Conduct a public hearing (if a hearing is requested) on the Rule approximately twenty-one (21) days after publication of the notice. The purpose of the hearing is to receive comments by students, staff, faculty, and other persons affected by the Rule; and

3. Consider any requests for changes received either in writing or at the hearing, and determine whether to amend the rule or proceed with the rule as published.

It is further recommended in order to complete the rule adoption process without delay, that the Board delegate to the President authority to consider requests for changes and to file the rule for adoption with or without further amendments based on his determination.

Supporting Documentation Included:

- (1) Legal Notice Regarding Proposed Rule Development;
- (2) Proposed Rule 6C8-7032.

Facilitators/Presenters:

EVP Gallagher

**THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES
DIVISION OF COLLEGES AND UNIVERSITIES
DEPARTMENT OF EDUCATION**

NOTICE OF PROPOSED RULE DEVELOPMENT

RULE NO.: RULE TITLE:
6C8-7.032 Prompt Payment

PURPOSE AND EFFECT:
Establish policies providing for the prompt payment of vendors by the University.

SUBJECT AREAS TO BE ADDRESSED:
Purchasing; payments to vendors.

SPECIFIC AUTHORITY: 1010.04(2) FS.

LAW IMPLEMENTED: 1010.04(2) FS.

IF REQUESTED IN WRITING AND NOT DEEMED UNNECESSARY BY THE AGENCY HEAD, A RULE DEVELOPMENT WORKSHOP WILL BE HELD ON THE TIME, DATE AND PLACE SHOWN BELOW.

TIME AND DATE: 10:00 A.M. on February 19, 2004.

PLACE: Florida International University, University Park, PC 521, Miami, Florida 33199.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE DEVELOPMENT IS:
Vivian Delgado, Interim University Controller, Florida International University, (305) 348-3079.

THE PRELIMINARY TEXT OF THE PROPOSED RULE IS AVAILABLE AT NO COST FROM THE CONTACT PERSON LISTED ABOVE.

**THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES
DIVISION OF COLLEGES AND UNIVERSITIES
DEPARTMENT OF EDUCATION**

RULE NO.: 6C8-7.032
RULE TITLE: Prompt Payment

(1) It is the policy of the University that documentation authorizing payment of an invoice shall be approved for payment not later than thirty (30) days after receipt of a proper invoice and receipt, inspection, and approval of the goods or services, except that in the case of a bona fide dispute, the payment voucher shall contain a statement of the dispute and authorize payment only in the amount not in dispute.

- (a) Inspection and approval of goods or services shall take no longer than five (5) business days after receipt of goods or completion of services, unless the bid specifications, purchase order or contract specifies otherwise.
- (b) For purposes of determining the date an invoice was received, the University will be deemed to have received an invoice on the date on which a proper invoice is first received at the location designated by the University.
- (c) The University may make partial payments to a contractor upon partial delivery of goods or services or upon partial completion of construction when a request for such partial payment is made by the contractor and approved by the Controller.
- (d) In cases of disputes regarding invoice amounts, the vendor will be contacted and references will be made on the invoice as to the date(s) and person(s) contacted. For calculation of the invoice receipt date, the final resolution date on the disputed amount(s) will be used. In cases where the vendor invoice is incorrect and the vendor is required to furnish a revised invoice, the revised invoice receipt date will be used.
- (e) If the terms of the invoice provide a discount for payment in less than thirty (30) days, the University shall preferentially process it and use all diligence to obtain the savings by complying with the invoice terms.

(2) Travel and other reimbursements to University employees are subject to the provisions of this Rule, and must be paid within the same timeframes as payments to vendors under this section, except for Class C travel expenses, which, to the extent reimbursable, shall be paid in accordance with the schedule established by the State's Chief Financial Officer pursuant to Section 112.061(5)(b), Florida Statutes.

(3) The University is authorized to advance payments for goods and services, including, but not limited to, maintenance agreements and subscriptions when it is in the best interest of the University to make payments in advance and it has been determined there is adequate protection to ensure that such goods or services will be provided.

(4) If a check in payment of an invoice is not issued within forty (40) days after receipt of a proper invoice and receipt, inspection, and approval of the goods and services, the University will pay to the vendor, in addition to the amount of the invoice, an interest penalty at the rate established pursuant to Section 55.03(1), Florida Statutes. Such interest will be calculated on the unpaid balance from the expiration of such 40-day period until such time as the payment is issued to the vendor. The interest penalty will be processed within 15 days after issuing the payment. The provisions of this paragraph apply only to undisputed amounts for which payment had been authorized.

(5) All purchasing agreements between the University and a vendor shall include a statement of the vendor's rights and the University's responsibilities under this Rule. The vendor's rights shall include being provided with the telephone number of the vendor ombudsman within the Office of Business and Finance at the University.

(6) Invoices received from vendors which have failed to supply the University with a complete and accurate Internal Revenue Service Form W-9 or other form that provides all necessary data to determine 1099 status will be deemed insufficient for payment until such information is received. Invoices will not be deemed received until vendor has supplied all data necessary to determine 1099 status.

(7) This Rule does not apply to payments made to state agencies or other governmental entities within the State of Florida.

Specific Authority: 1010.04(2), FS.

Law Implemented: 1010.04(2), FS.

History: New _____

**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

9 February 2004

SUBJECT: Banking Contract Authority

PROPOSED COMMITTEE ACTION

Recommend the Board delegate the responsibility of entering into banking contracts to the President of FIU. In addition recommend that as agency head, the President have the authority to delegate that authorization.

BACKGROUND INFORMATION

Prior to January 7th, 2003, all new banking contracts required approval from the Florida Department of Banking & Finance (Treasury Department). This authorization is no longer required but is devolved to the University Boards of Trustees.

Supporting Documentation Included: None

Facilitators/Presenters: EVP Gallagher