

**Business Administrator Services**

**Forum Minutes**

**Oct. 9, 2013 9:00 a.m. to 11:00 a.m.**

**Kent Student Center Governance Chambers**

**Mike Pfahl, Associate University Counsel**

**Contracting and Other Legal Reminders**

Mike started his presentation discussing contracts and authorized signers. He reminded the forum that the only persons authorized to sign contracts on behalf of the university (pursuant to University [Policy 5-04](http://www.kent.edu/policyreg/policydetails.cfm?customel_datapageid_1976529=2038123)) are the president, a vice president or by collective action by the board. The president and vice presidents can delegate signing authority and general counsel is in the process of working with deans to get such letters in place. Delegation of signing authority must be in writing by the vice president of your division.

There are certain clauses that are never acceptable in university contracts. If you are signing a contract you are signing it on behalf of Kent State University. Any employee who signs a university contract without the proper authorization may be held personally liable to the terms of the agreement. (Refer to Legal Brief: [Entering into a Contract on Behalf of Kent State University](http://www.kent.edu/einside/articledisplay.cfm?newsitem=C57F439E-F5BD-D17E-85894D3500B5EAB9&issueWeek=2011-03-21%2015:07:25) posted on March 21, 2011.)

Contracts, Memorandums of Understanding (MOU) and Memorandums of Agreements (MOA) should be forwarded to General Counsel to be reviewed before the contracts are signed. General Counsel will review the documents looking for legal sufficiency, form of the contract, offer and acceptance, and state law issues. Documents can be sent to [contracts@kent.edu](mailto:contracts@kent.edu) and they will be reviewed and returned. If you have a contract that needs immediate attention please mark your email as “high importance” so that it can be pulled from the queue.

If your department receives a subpoena or a request for public records the request needs to be sent to General Counsel immediately. Failure to respond to a subpoena could result in the receiving party or the university being held in contempt of court. Departments should not release any public records without the requestor going through the process with the office of general counsel. If your department has been named in a lawsuit or if you have been named as a defendant in a lawsuit relating to your job you must contact General Counsel immediately. The university must respond to lawsuits within a specified period of time once they are served so it is critical that General Counsel be notified as soon as you are served so the matter can be reviewed and a response be made in a timely manner.

If at any time you receive a phone call relating to a lawsuit or a potential lawsuit you should stop the conversation and refer the caller to General Counsel.

Mike reminded the forum that student employees are now limited to 28 hours per week. Refer to University Policy [6-25.1](http://www.kent.edu/policyreg/policydetails.cfm?customel_datapageid_1976529=2038597) for the Administrative Policy Regarding the Employment of Students.

There is a link on General Counsel’s website for [Immigration Services](http://www.kent.edu/generalcounsel/immigration/index.cfm). This site provides a direct link to the Office of Global Education and also provides items such as:

* Notice of I-94 automation
* Various forms relating to H-1B Visa requests, Recruitment Reports for faculty and staff and Immigration Services Intake Forms
* A guidance section including H-1B FAQs, USCIS fee changes, a guide for Recruiting and Hiring International Faculty and Professionals, guidance for beneficiaries seeking EB-1 Outstanding Professors and Researcher, and Department of Labor FAQs on Special Recruitment such as college and university teachers
* Helpful links to
  + United States Citizenship and Immigration Services
  + American Immigration Lawyers Association
  + American Immigration Council
  + NAFSA: Association of International Educators
* Information regarding lecturers and business visitors
* H-1B, H-4 and F-1 student visa information

Mike also touched base on the FERPA (Family Educational Rights and Privacy Act), University [Policy 5-8.101](http://www.kent.edu/policyreg/policydetails.cfm?customel_datapageid_1976529=2038159) and stressed the importance of knowing who you are giving information to. It is very difficult to verify someone’s identity over the telephone; it is best to discuss information in person where identification can be obtained and verified. Students can sign a release permitting information to be released to certain named individuals but you must be sure that the person receiving the information is the person named on the release form.

[Policy 5-16.2](http://www.kent.edu/policyreg/policydetails.cfm?customel_datapageid_1976529=3105947) is the Administrative Policy Regarding Complaints of Gender Discrimination, Sexual Harassment and Sexual Misconduct. The University is required to take prompt and effective action to stop the harassment, prevent future harassment and alleviate the effects of harassment. This policy requires employees to report harassment to the Title IX coordinator. If you are aware of someone being the victim of a sexual assault they should be referred to the Office of Sexual and Relationship Violence Support Services (SRVSS) in the Women’s Center.

Mike made a reference to two new policies being rolled out by the Office of Global Education on January 13, 2014. The new policies will cover Memorandums of Understanding (MOU) regarding international relationships with the university and a study abroad policy. These new policies will be numbered 5-17 and 5-18.

**Mark Vlacovsky, Treasury Manager**

**Tips for International Wire Transfers**

Mark spoke to the group about the increasing number of international wire transfers and some of the delays that occur when sending money to various countries. In most cases when sending money internationally we require the SWIFT code and the IBAN number. These numbers identify the international bank and also provide the bank account number information of the recipient. The IBAN is an international standard for identifying bank accounts across national borders.

It is important that the name of the beneficiary of the wire match the name as it appears on the bank records.

Some countries require additional information along with the SWIFT and IBAN numbers. When requesting international wire transfers going to Australia, Brazil and China be aware that additional information will be requested before the wire can be processed. Mark put together a “Tips for International Wire Transfers” sheet and it is available under the Oct. 9, 2013 BAS minutes on the BAS website at [www.kent.edu/bas](http://www.kent.edu/bas) under the Forum Information section and is also located in the forms library under “International Wire Transfer Tips”.

To summarize the tips handout, in addition to the information requested on the International/Foreign Wire Request form, the following information is also needed when sending money to Australia, Brazil and China.

* Australia
  + A Bank State Branch (BSB) number is required. This is a numerical code that identifies the individual branch of the financial institution.
* Brazil
  + A tax identification number is required
    - CNPJ number for companies (14 digits)
    - CPF number for individuals (14 digits)
  + Beneficiary branch name and address
  + “Agencia” number (Branch of beneficiary bank)
  + Contact person at the beneficiary bank
    - Name and telephone number
    - E-mail address if available
    - Purpose of payment
    - Remitter information
* China
  + Address and phone number of the beneficiary
  + Bank country and bank name
  + Information on wire must match bank records

If you are sending U.S. dollars overseas, the beneficiary can save on the associated cost of a wire transfer by providing an intermediary bank routing number and account number. Although the intermediary bank is optional, the fees paid by the recipient of the funds can be reduced if this information is included in the wire transfer process.

**Jo Ann Gustafson, Director Internal Audit**

**Ohio Inspector General Audit Results**

Kent State University was audited by the Office of the Inspector General (OIG). Jo Ann shared some of the information in the report that was issued to KSU on July 16, 2013 as a result of that audit.

The OIG selected 4 grants to audit. These grants received $754,054 of ARRA (American Recovery and Reinvestment Act) funds during the period of September 1, 2009 to August 31, 2012.

During the site visits the OIG tested policies and procedures to ascertain that the university was in compliance with university policy and rules set forth by the grants.

As a result of the findings in the audit, the OIG has recommended that Kent State consider revising the purchasing policies and procedures to further define when a sole-source provider designation is allowed and take steps to ensure that the equipment purchased has the appropriate tags and that the items have been included in the inventory system.

The OIG also extensively reviewed travel expense reimbursements. Although a finding was not noted, there were many questions asked regarding proof of travel. One of the questions revolved around mileage reimbursement budgeted for in a grant. Since the reimbursement of mileage was per IRS standard automobile mileage rates, how does KSU know that the travel actually took place? The university response referred to the certification statement required to be completed in the expense reimbursement work flow approval process by the supervisor/approver. This certification states the approver has first-hand knowledge that the expenditure is reasonable and necessary based on the university business purpose. The statement also indicates the expenditure is allowable within the approved budget and supported by original receipts. {Thus, copies of research documents or conference itineraries to substantiate reason for claiming mileage reimbursement should be retained in lieu of original receipts for IRS standard automobile mileage rates.}

In lieu of the audit finding one of the corrective action plans will be to revise the current purchasing policy and procedure. Other corrective action will include additional training as needed and physical inventory verification of departments’ inventory by KSU’s Internal Audit department along with verification of properly tagged inventory.

The OIG audit report is a public record and was forwarded to the State Auditor and the University’s external audit firm. Consequently, the FY2013 external auditors’ procedures included physical verification of selected federally funded inventory.

The forum was also reminded that any external audit requests received in a department must be forwarded to KSU Internal Audit.

**Jacky Kovach – Senior Accountant, Controller’s Office**

**Managing Equipment Inventory**

As a follow-up to the OIG audit and in lieu of the audit finding of improperly tagged and inventoried equipment, Jacky Kovach presented in detail the department’s responsibility in regards to managing equipment inventory. A copy of Jacky’s presentation is located on the BAS website under the Oct. 9, 2013 minutes and is also included on the Controller’s website at

<http://www.kent.edu/controller/forms/index.cfm>.

The Office of the Ohio Inspector General was created by the Governor to investigate the management and operations of state agencies. In 2012 the OIG began an audit at Kent State reviewing the use of federal grant funds awarded to Kent State through the American Reinvestment and Recovery Act of 2009. It was found during the course of the audit that we had failed to properly inventory a portion of the University’s research equipment. They found equipment that was purchased with these grant funds but the equipment did not have an asset tag affixed to the item nor was the item properly entered into the KSU inventory system.

OMB Circular A-110 sets forth standards for obtaining consistency and uniformity among Federal agencies in the administration of grants to and agreements with institutions of higher education, hospitals and other non-profit organizations. These standards are applied to all KSU awarded grants whether they are federal, state, local etc.

As a recipient of federal funding, the University is required to complete a physical inventory of its equipment and other assets every 2 years. The university has chosen this option for all equipment and asset inventory even if grant funds were not used for the purchase of the equipment. Inventory confirmation reports are sent out to departments every 2 years and must be completed and returned to the Controller’s office within the specified time. Failure to complete the inventory confirmation report results in the university being out of compliance with the regulation and policies of the university.

**Controller’s Office Responsibility**

The Controller’s office is responsible for maintaining accurate and complete information for all capital equipment which includes creating and updating the records of capitalized equipment and recording their retirement. Utilization of the Department Inventory Confirmation form aids in the verification process and allows the department the opportunity to modify the equipment and asset listing to reflect accurately the equipment and assets housed within their department. It is important that the inventory confirmation reports are completed and updated to verify that the equipment is still within the department and that the equipment is in the location listed on the report. Items moved within the department (location), transferred to another location or disposed of must be documented and forwarded to the Controller’s office. It is also important to notify the Controller’s office of any equipment or assets in excess of $2,500 in their possession that have not been included on the list so that these items can be researched.

It is the Controller’s office responsibility to determine if new acquisitions are considered capital equipment and to issue tags to the equipment coordinator of the department to affix to the equipment.

**Department Responsibility**

The financial responsibility (purchasing, payment, record keeping etc) for capitalized equipment is that of the relevant Chair or Department Head. Each Chair or Department Head should assign an equipment coordinator that will be responsible for reviewing the status of all capitalized equipment listed on the Department Inventory Confirmation which is sent out to organizations/departments bi-annually. Any asset management forms addressing the disposition of capital equipment must be signed by the Chair or Department Head prior to submission to the Controller’s office.

The equipment coordinator is responsible for maintaining accurate records of purchases, dispositions and location of all capitalized assets and for completing the bi-annual Department Inventory Confirmation report and returning it to the Controller’s office. It is also the equipment coordinator’s responsibility to tag the equipment upon receipt of both the asset’s inventory tag and Equipment Inventory Form and also filling out and returning the completed form to the Controller’s office.

In the event a piece of capitalized equipment is stolen, the police department must be notified immediately along with the Controller’s office. The Controller’s office will remove the asset from the books once the proper documentation has been received.

If the equipment coordinator changes or if the location or organization of the equipment/asset changes, the Controller’s office needs to be notified.

It is also important that the equipment coordinator notify the University Foundation when equipment is received as a gift to the University. University Development must acknowledge the gift and notify the Controller’s office. If the Controller’s office determines that the item is capital equipment then it is recorded in the asset management system.

**Capital Assets/Equipment**

Assets or equipment capitalized have an original cost of $2,500 or more (per unit) and have a useful life beyond a single reporting period (generally one year). The item is tangible, meaning it is physical in nature and can be appraised for a value. Additionally, it is not permanently attached to a building or to its utility system.

Included in the capitalized cost of the equipment is the original contract or invoice cost, shipping and handling, use tax imposed on the purchase (University is Ohio sales tax exempt) and the installation and training costs associated with the equipment.

Not included in the capitalized cost of the equipment includes warranties and expendable/disposable items (i.e. printer cartridges and other such items) purchased at the same time as the equipment.

**Classes of Equipment**

|  |  |  |
| --- | --- | --- |
| Audio visual equipment | Machinery | Office furniture |
| Computer hardware | Maintenance equipment | Vehicles – passenger |
| Lab equipment | Medical equipment | Vehicles – non-passenger |
| Food service equipment | Musical equipment | Aircraft |
| Grounds equipment | Office equipment |  |

Equipment purchases are made using FlashCart and must follow the policies issued by the Procurement/Purchasing department.

Equipment purchases should be coded to one of the following account codes:

* 78011 – Equipment/furniture greater than $2,500 (capital)
* 78013 – Computer hardware greater than $2, 500 (capital)
* 72024 – Equipment/furniture less than$2,500 (expendable)
* 72023 – Computer hardware less than $2,500 (expendable)
* 78019 – Fabricated equipment (should not be used without Controller’s office approval)
* 78021 – Service center equipment (only to be used by specific departments)

During the approval process the Controller’s office will verify the accuracy of the account codes based on dollar amount, item and quantities to ensure that the equipment is properly classified. You are requested to attach an itemized quote to the requisition as this helps with the approval process. The Controller’s office may need to contact the department for additional information to ensure that the item is recorded correctly.

It is important that one of the above account codes be used whenever purchasing equipment. If any other 7xxxxx account code is used, the approval will bypass the Controller’s office and the equipment may not be captured as a capitalized item resulting in a possible compliance violation. . Copiers, printers, filing cabinets etc. are not office supplies and should not be coded using the office supply account code. Please reference the above listing of equipment classes.

When the invoice associated with the resulting purchase order is paid, the Banner system creates the asset and assigns a temporary identification number to the asset for tracking purposes.

All capitalized equipment is then assigned a KSU inventory tag number by the Controller’s office:

* Blue tags with 6 digit ID – majority of equipment assigned will be issued a blue tag
* Gold tags with 7 digit ID – equipment funded all or partially by a Federal grant
* No physical tag – vehicles and airplanes are assigned a unique number based on their VIN or serial number, typically using the last 7 digits

After the tag is assigned, the tag is sent via campus mail to the organization’s equipment coordinator along with an Inventory Control Form. The tag should be affixed to the equipment on a flat surface near an externally visible manufacturer’s model/serial number. The Inventory Control form needs to be completed with additional identifying information about the asset and returned to the Controller’s office.

If it is not possible to affix the tag to the asset, the comment “unable to tag” must be noted on the Inventory Control form. Keep the tag along with the item’s purchase records in the department files for the life of the asset. This information will need to be referenced during the bi-annual inventory confirmation.

If you are not able to affix the tag to the asset due to the equipment’s size, shape or condition, an alternative is to write the tag number directly on the asset with a permanent marker. This method should only be used if you are absolutely unable to affix the tag to the asset.

**Changes in Equipment Status**

Types of changes in equipment status that must be reported to the Controller’s office include:

* Equipment relocated within a department/organization (change in room or location)
* Equipment transferred to another KSU department/organization
* Equipment that should be retired and removed from inventory records (disposition form is required)
  + Equipment past its useful life and is no longer used
  + Stolen equipment
  + Equipment that is traded in
  + Equipment that is lost
  + Equipment that is destroyed
  + Equipment that is sold
  + Equipment that is returned to a research sponsor

**Surplus Property**

Policies and procedures concerning surplus property are the responsibility of the Purchasing/Procurement department. The Purchasing/Procurement department website has instructions for [disposing of surplus property](http://www.kent.edu/procurement/surplus-options.cfm). Procurement is the only department authorized to sell or auction equipment.

Fleet Services should be contacted when trading in or disposing of a vehicle.

**Physical Audits**

Physical audits occur bi-annually (every other year). Every organization/department must have 100% of its capital assets reviewed once every two years. The department head is responsible for overseeing this and ensuring that the Department Inventory Confirmation is completed and returned to the Controller’s office; failure to do so results in a compliance issue. KSU Internal Audit will be provided a list of those organizations/departments not in compliance.

The Controller’s office should be notified of any equipment with an original cost over $2,500 (per unit) that is not on the list. The Controller’s office will research the item and determine if it should be added to the inventory listing.

The Department Inventory report is in an excel format and emailed to the equipment coordinator with instructions. The department can re-sort the file in whichever order makes most sense to them (by location, description, manufacturer, etc.) so that locating and verifying the information is easier. Under no circumstances should a department delete a record from the report. If the item has been disposed of, this should be noted on the report and a disposal form attached to the report. It is requested that any changes that the department makes to the form be highlighted so that the changes are clearly visible to the Controller’s office so that the changes can be updated in the inventory system.

The following list explains the “Condition” Code column listed on the Inventory Confirmation report:

T = Tagged (inventory control form returned to the Controller’s office)

P = Pending Tag (Inventory Control form never/not yet returned to Controller’s office)

N= Unable to Tag Asset

**Inventory Control Property Forms** are available in both excel and pdf formats. They can be found at: <http://www.kent.edu/controller/forms/index.cfm>.

Equipment Coordinator form

Disposition form (and instructions)

Change in Status form

Agreement for Assignment of University Equipment

**Other Resources**

Controller’s Office, [http://www.kent.edu/controller/financialaccounting](http://www.kent.edu/controller/financialaccounting%20) , 330-672-2352

Procurement/Purchasing, <http://www.kent.edu/procurement>, 330-672-2276,

Fleet Services, <http://www.kent.edu/ufm>; 330-672-2345

KSU Police Services, 330-672-3070

University Risk Management and Real Estate, 330-672-1944

**Kent State University Hotel and Conference Center Partnership**

**Mike Riccio, General Manager**

**Cindy Sherman, Director of Sales**

Cindy shared some statistical numbers with the group. In the third quarter, $76,000 of the hotel revenue came from Kent State University. Of this total, $52,000 was a result of catering and the other $24,000 associated with overnight stays.

Currently 55 departments have set up direct bill with the hotel and conference center. When making a reservation for university business, the following information must be provided:

* Department name
* Billing address and contact information of the university employee whose attention the bill will be sent to
* Guest’s name
* What portion of the bill is to be charged to the university
  + Room?
  + Food?
  + Parking?

Contracts that are sent to Accounts Payable requesting that a security deposit or 50% of the anticipated expense be paid must be signed by both the hotel and conference center and the approving authority for the university. Payment cannot be made without the signed contract.

The hotel and conference center will start putting the event number on the contract as well as the final invoice.

If an event is booked less than 30 days prior to the event, the total balance of the event is due within 14 days after the event.

The hotel and conference center can accommodate meetings, parties and receptions for up to 509 people depending on the setup that is desired. Below is a breakdown of the rooms and capacity for each room according to the set up.

* Pizzuti Grand Ballroom (can be divided into 3 sections)
  + Theater – 509 (170 each section)
  + Classroom – 270 (90 each section)
  + Banquet – 270 (90 each section)
  + Reception – 460 (150 each section)
  + U-Shape – 120 (40 each section)
* Boardroom
  + Conference style
    - High back boardroom style chairs (10)
    - Banquet chairs (15)
  + Terrace
    - Seasonal and weather permitting
    - Must reserve a section of the ballroom as a back-up
    - Can accommodate 40 for meals
    - Can accommodate 45 for reception
* PARTA Parking Meeting Room
  + Located in the PARTA building
  + Meeting room can be divided into 2 sections
    - 40 people per section
    - 80 total in both sections
    - Hotel and conference center can cater at these events

Cindy went through a brief cost analysis comparing large group rates vs. small group rates. Each event is reviewed independently taking into consideration the event date, day of the week, number of people, will there be overnight guests, is catering required, etc.

As part of the “Partnership in Excellence” the hotel is going to offer an educational training tool to explain how pricing is determined for group business. Participants will receive hands on experience of the hotel and scenarios of the timeline from when the meetings are booked to when the meetings conclude.

The rates for the parking garage were provided and are available below. Overnight parking rates include the privilege of being able to enter and exit the lot without paying additional fees. Parking fees can be charged to the master bill if the parking is part of a hotel and conference center event.

Parking Rates

First 30 minutes Free

30 minutes to 1 hour $1.00

1 hour to 1.5 hours $2.00

1.5 hours to 2 hours $3.00

2 hours to 3 hours $4.00

3 hours to 24 hours $5.00

Overnight $7.00

The hotel and conference center is working on developing a “Need” dates calendar that will be shared with the university. This calendar will provide information regarding dates that are in less demand or in some cases dates that are now available due to a cancellation. If the university is able to take advantage of these dates, group room block (10 or more rooms) and meeting space will be significantly discounted.

The hotel and conference center is also working on rolling out a “Stash Rewards” program. It will be similar to the frequent traveler program and will also enable you to earn meeting planner points. Points earned can be used on future travel arrangements and events.

**It is to be noted that the university is currently working with the hotel and conference center to determine how the points system will work. As you are all aware, we as university employees cannot take advantage of points earned on purchases made with university funds. Points redeemed will need to be used on university guest travel and university events within the hotel and conference center.**

Lastly, Cindy requested feedback on the University’s experience with the hotel and conference center. How is the food? How has the service been? What has your experience been like with the audio/visual? How is the ease of doing business? What can they do better?

Anyone wishing to relay their experience can respond to Cindy Sherman at [csherman@kentstatehotel.com](mailto:csherman@kentstatehotel.com) or you can send to Vicki Ladd at [vladd@kent.edu](mailto:vladd@kent.edu) and your response will go anonymously to the hotel.

NEXT BAS FORUM

WEDNESDAY

FEBRUARY 12, 2014

KENT STUDENT CENTER

GOVERNANCE CHAMBERS