

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Revisions to Board of Regents Policy Manual
Date: January 6, 2003

Recommended Actions:

Approve for publication the revised sections of the Board of Regents Policy Manual –

- Chapter IV: “Personnel”, §4.39 - “Conflict of Interest of Public Officers and Employees – Gifts”, §4.40 - “Conflict of Interest – Duty of Loyalty”; and §4.41 - “Inclement Weather”;
 - Chapter VII: “Business Procedures”, §7.01 - “Authority”; §7.02 - “General Practices”, §7.04 - “Financing”, §7.06 - “Risk Management”, §7.07 - “Compliance and Reporting”, 7.08 - “Audits”; and
 - Chapter IX: “Property and Facilities”, §9.03 - “Register of Capital Improvement Business Transactions”, §9.04 - “Permission to Proceed with Project Planning”, §9.05 – “Program Statement”, §9.06 - “Project Descriptions and Budgets”, §9.07 - “Consultant Agreements and Amendments”, §9.08 - “Construction Contracts and Change Orders”, §9.09 - “Acceptance of Completed Construction Contracts”, §9.10 - “Final Reports”.
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Executive Summary:

Policy Manual
under intensive
review

The Board Office and Regent institutions have been in the process of reviewing the Board of Regents Policy Manual (Policy Manual), formerly the Procedural Guide, for more than a year. The process has involved the Board reviewing proposed changes at one meeting, commenting on the proposals, and allowing institutional comments to be incorporated prior to a subsequent Board meeting at which final approval is given.

Revisions proposed
in November 2002

In November 2002 the Board gave tentative approval to a first reading of several sections of the Policy Manual. Those sections proposed for approval which have no revisions since the November first reading are as follows:

Sections with no
change since
November

- Chapter IV: “Personnel”, §4.39, “Conflict of Interest of Public Officers and Employees – Gifts”; §4.40 – “Conflicts of Interest – Duty of Loyalty”; and §4.41 – “Inclement Weather”;

Sections with
change since
November

Those sections which have had additional revisions since the November first reading are as follows:

- Chapter VII: “Business Procedures”, §7.01 - “Authority”; §7.02 - “General Practices”, §7.04 - “Financing”, §7.06 - “Risk Management”,

§7.07 - “Compliance and Reporting”, 7.08 - “Audits” (Attachments 1 shows changes since the November version. Attachment 2 is the final version for publication); and

- Chapter IX: “Property and Facilities”, §9.03 - “Register of Capital Improvement Business Transactions”, §9.04 - “Permission to Proceed with Project Planning”, §9.05 – “Program Statement”, §9.06 - “Project Descriptions and Budgets”, §9.07 - “Consultant Agreements and Amendments”, §9.08 - “Construction Contracts and Change Orders”, §9.09 - “Acceptance of Completed Construction Contracts”, §9.10 - “Final Reports”. (Attachment 3 shows changes since the November version. Attachment 4 is the final version for publication).

Sections still under review since November

Sections given a first reading in November which are still under review are as follows:

- Chapter VII: “Business Procedures”, §7.03 - “Banking and Investment Activity” and §7.05 - “Purchasing”.

Strategic Plan:

Revision relates to Quality and Accountability

Revision of the Policy Manual is consistent with the Board of Regents’ Strategic Plan, KRA 1.1.0.0, Quality. More specifically this revision relates to KRA 4.0.0.0, Accountability, and particularly to Objective 4.2.0.0--to improve the operational effectiveness and efficiency of the institutions.

Background:

Review of Policy Manual linked to Executive Orders

The Policy Manual has not been revised for several years. This revision process is also timely in light of the review and revision of the Iowa Administrative Code (IAC), as required by the Executive Orders No. 8-11.

Policy Manual to be consistent with Iowa Administrative Code

The review of the Policy Manual has focused on consistency with state and federal laws, with policies and practices of the Board of Regents, elimination of redundancy with the IAC, and compliance with the requirement of Iowa Code Chapter 17A: Iowa Administrative Procedures Act.

Sections of Policy Manual previously approved

The Board has approved revisions of sections of the Policy Manual as follows:

- Chapter V: “Equal Opportunity” in January 2002;
- Chapter II: “Meetings” and Chapter IV: “Personnel” in March 2002;
- Chapter IV: “Personnel”, §4.04—“Appointment of Presidents, Superintendents, and Executive Director” and §4.11—“Employment and Supervision of Immediate Family Members” in April 2002;
- Chapter III: “Board Office” in April 2002;
- Chapter VI--“Academic Policies and Procedures” in April 2002 (with the exception of §§6.03 and 6.04);
- Chapter I: “Board of Regents” in May 2002;
- Chapter VI: “Academic Policies and Procedures”, §§6.03 and 6.04 in

May 2002;

- Chapter VIII: "Charges and Fees" in May 2002;
- Chapter IV: "Personnel", §4.37--"Regent Employees Representing the Board of Regents and the Regent Enterprise" and §4.38—"Regent Employees Serving on State Committees as Regent Employees" in June 2002;
- Chapter I: "Board of Regents", §1.07(A)(2)(b) in June 2002 (amended to include a community college president as a representative on the Committee on Educational Coordination);
- Chapter VII: "Business Procedures", §7.04--"Purchasing" in July 2002 (This month's report shows that this section is being revised further.).

Highlight of changes since November:

"Business Procedures" chapter is streamlined and clarified.

All sections of Chapters VII and IX proposed for this meeting have been restructured and reorganized for better flow. Also --

- Chapter VII deletes several sections that were redundant with either statutes or administrative rules or not consistent with existing law, such as details on payroll withholdings, special schools transportation reimbursement, livestock disease research fund.
- Chapter VII includes a number of changes to update existing procedures. For example, the capitalization policy is raised from \$2,000 to \$5,000, the master lease report becomes annual, Executive Council 29c.20 procedures are updated, and the process for Executive Council matters is updated.
- Chapter IX incorporates the changes requested by the institutions.

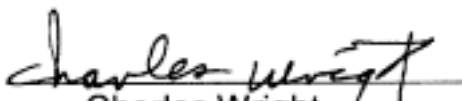
Future Submissions:

Sections yet to be revised

Chapter IX – "Property and Facilities" and the remaining section of chapter VII, "Banking and Investment Activity" of the Policy Manual are undergoing substantial modification. These subsections will be brought to the Board for approval as they are completed. The subsections for Chapter IX will be renumbered at that time.

Analysis:

- Review of the Policy Manual is needed to ensure that it is consistent with federal and state laws, regulations and Executive Orders of the Governor.
- The review process involves consultation among the Board, Regent institutions and the Board Office.
- The Board has final authority to approve changes in the Policy Manual and reviews proposed sections and makes recommendations for further changes as it sees fit.


Charles Wright

Approved: 
Gregory S. Nichols

BUSINESS PROCEDURES

- 7.01 Authority
- 7.02 General Policies
- 7.03 Banking and Investment Activity (not included)
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- 7.05 Purchasing (previously approved, not included)
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BUSINESS PROCEDURES

7.01 Authority

- A. A business office shall be maintained at each of the institutions of higher learning, with such organizations, powers, and duties as the Board may prescribe and delegate. (I.C. §262.20)

7.02 General Policies

A. Budgets

1. Budget Process

- a. The Board's strategic plan requires it to continue its long-standing practice of seeking state appropriations annually.
 - 1) The chronological appropriations process for the institutions governed by the Board of Regents includes the following:
 - a) Regent institutions develop institutional appropriation requests based on the established criteria for operating and capital requests.
 - b) The Board considers preliminary institutional operating appropriations requests at its July meeting.
 - c) Between July and September, Board Office staff visit the institutions, as necessary, to gather additional information, discuss priorities, and refine the appropriations requests.
 - d) At its September meeting, the Board approves institutional appropriations requests.
 - e) By October 1, the Board-approved appropriations requests are submitted to the Governor, as required by law.
 - f) The Governor prepares state appropriations recommendations, including appropriations recommendations for Regent institutions prior to the legislative session.
 - g) During the legislative session, the General Assembly and Governor consider and authorize appropriations.

2. Appropriations Request Criteria

a. Operating Requests Criteria

- 1) Relationship of initiatives to institutional strategic plans.
- 2) Prior appropriations for similar or connected initiatives.

- 3) External funding which provides a leverage of state resources.
- 4) Impact of initiatives on state's economic development.
- 5) Equity among institutions.
- 6) Accountability.

b. Capital Requests Criteria

- 1) Relationship of projects to institutional strategic plans.
- 2) Priority order of projects in the prior Board-approved five-year plan.
- 3) Priority ranking of projects as submitted by institutions.
- 4) Prior appropriations for planning and/or construction.
- 5) Consistency of the project with the campus master plan.
- 6) External funding which provides a leverage of state resources.
- 7) Impact of projects on state's economic development.
- 8) Equity among institutions.
- 9) Accountability.

3. Budget Approvals – All institutional budgets are to be approved by the Board.

4. Budget Transfers

- a. The chief executive officer of each institution is authorized to approve budget transfers and allocations, except those transfers that increase the current approved budget or the budget ceiling or those required by loan agreements and bond resolutions. The exceptions shall be docketed by each institution for Board action, and such action shall be recorded in the Board minutes.
- b. The chief executive officer of each institution is authorized to approve supplemental budgets which are supported by gifts, grants, and service contracts.

5. Budget Ceilings

- a. Regent institutions will docket for Board action proposed changes in budget ceilings for General Fund operations and will do so prior to institutional action modifying their obligations.

B. Collection of Delinquent Accounts

1. Authority: I.C. §262.15 provides that the Board shall have charge of the foreclosure of all mortgages and of all collections from delinquent debtors to said institutions. All actions shall be in the name of the Board of Regents, for the use and benefit of the appropriate institution.
2. A collection policy shall be established at the Regent institutions to ensure responsible fiscal management of receivables. The objectives of the collection policy are to combine both internal and external collection resources in a manner which will maximize collection experience.
3. External collection techniques shall allow the use of independent collection agencies selected through a competitive process.
4. To provide staff with an understanding of collection techniques and a well defined collections process to facilitate effective collection practices, the staff at the institutions will be made familiar with collection policies.
5. Collection policies should be publicized so that obligation to pay and payment procedures are clearly understood. Collection policies concerning students shall be displayed on or at, but not limited to, the following sources:
 - a. Schedule of courses book
 - b. Brochures to newly-admitted students
 - c. Pamphlets for off-campus packets
 - d. Points of sale
 - e. Statements mailed each month to students
 - f. Loan and note documents
 - g. University catalog
 - h. Internet web page
6. Collection policies concerning general accounts should be displayed. Electronic posting on an Internet web page is an acceptable option.
7. The Regent institutions should remain in compliance with: state and federal laws regarding privacy and confidentiality.
8. In addition to the aforementioned objectives, procedures and collection techniques, each Regent institution shall maintain its own more detailed written policies.
9. The Regent institutions are encouraged to participate in the state's offset program for collection purposes.
10. The institutions shall handle their own uncollectible student loans with settlements carried out through statutory procedures. Any changes in current or new policies are to be docketed by the chief business officer for Board action.

C. Indirect Cost Rate

1. The policy of the Board of Regents is to provide services to other state agencies based on contractual agreements that include clearly specified tasks related to the missions of the institutions and established payment for both direct and indirect costs. This policy is consistent with standard management practices and provides equitable support of programs conducted from all sources of funding by institutions under the jurisdiction of the Board of Regents.
2. For federal programs, the provisions of Office of Management and Budget (OMB) Circular A-21 will be followed.

D. Accounting Issues

1. The Board shall direct the expenditure of all appropriations made to the institutions and of any other moneys belonging thereto, but in no event shall the perpetual funds of the Iowa State University of Science and Technology, nor the permanent funds of the State University of Iowa derived under Acts of Congress, be diminished. (I.C. §262.9[7])
2. I.C. §262.23 requires a number of specific items for compliance by the treasurer of each Regent institution. The Business Officers of each institutions shall maintain accounting records and supporting documentation in accordance with accepted business standards for accountability and auditability and shall prepare reports as required, including an annual financial report.
3. All appropriations made payable annually to each of the institutions under the control of the Board of Regents shall be paid in 12 equal monthly installments on the last day of each month on order of the Board. (I.C. §262.28)

E. Payroll Withholding

1. Payroll withholding programs are permitted according to the following guidelines:
 - a. Withholdings authorized by federal or state laws.
 - b. Withholdings in connection with employee retirement and insurance plans approved by the Board of Regents.
 - c. Withholdings authorized by individual employees for institution-wide contributive programs of direct benefit.
 - d. Withholdings authorized by individual employees for United States savings bonds.
 - e. Withholdings for amounts due the institution from and authorized by its employees.
 - f. Withholdings for amounts authorized by individual employees for dues for the convenience of organizations which relate to employment conditions, such as union organizations or university-wide professional organizations. Payroll withholding programs in this category shall not be initiated without 100 participants at Iowa State University and the University of Iowa, 50 participants at the University of Northern Iowa, and 25 participants at Iowa School for the Deaf and Iowa Braille and Sight Saving School, unless

justification exists for fewer participants; payroll programs in this category may be discontinued if the number of participants falls below 25.

g. Insurance deductions in accordance with IAC 681—§8.7.

2. Each Regent institution shall require the employee or eligible organization to submit written authorization for payroll withholding for each withholding program, including the assent of the spouse of the employee, as required.
3. The business officers are required to maintain such records as necessary for audit purposes.

F. Reimbursement of Travel Expenses for Employees of Regent Institutions

1. It is the intent of the Board of Regents that employees of Regent institutions be reimbursed for reasonable expenses associated with work-related travel.
2. It is the further intent of the Board that the Regent institutions adopt institutional policies consistent with this statement, along with any other provisions relating to travel reimbursements which are more specific or restrictive.
3. Some travel reimbursements may be taxable. For example, any meal reimbursement not associated with overnight travel is taxable income which must be reported in the next pay period. It is subject to federal and state income tax withholding and Social Security tax payments. Travel advances must be substantiated in a timely fashion (generally within 90 days of completion of travel) or they will be reported as taxable income.
4. Travel expense vouchers should be submitted promptly on return from the trip. Employees will be reimbursed for transportation, lodging, and meals on the following basis:
 - a. The use of state-owned vehicles is encouraged. However, transportation reimbursement for official travel by private automobile when the use of a personal car is authorized by the appropriate institutional official shall be paid at no more than:
 - 1) At a rate of \$.31 per mile, for travel when a motor pool vehicle is not available and the employee must use his/her personal vehicle.
 - 2) At a rate of \$.25 per mile, for travel if a motor pool vehicle is available, but the employee chooses to use his/her own vehicle.
 - 3) At a rate of \$.31 per mile, for travel when an employee chooses to use his/her own vehicle and the round trip is less than 100 miles.
 - 4) At a rate to be determined by the institutions' chief business officer on a case-by-case basis when an individual must use a substantially modified or specially equipped privately owned vehicle.
 - b. Air or rail transportation should be by common carriers. Use of university or chartered aircraft is permitted when advantageous.

- c. Meals would be reimbursed based on actual and reasonable costs using the following maximum guidelines:

	<u>In-State</u>	<u>Out-of-State</u>
b) Breakfast	\$ 5.00	\$ 8.00
c) Lunch	7.00	12.00
d) Dinner	<u>14.00</u>	<u>20.00</u>
	\$26.00	\$40.00

- d. The individual amounts for each meal would apply only in the case of persons being in travel status for partial days. Otherwise, the total amounts for each day would apply, thus allowing some discretion in adjusting meal allowances within the day.
- e. Exceptions to these meal standards requested in advance of travel could be accommodated if justified to senior university officials (e.g., vice presidents, business officers, collegiate deans, and major directors of administrative units). Exceptions not authorized in advance of travel may be considered by senior university officials only after careful review and consideration of any unanticipated costs incurred by the university traveler.
- f. Lodging reimbursement is limited to the actual/reasonable cost for a standard single room. Lodging rates set by Federal regulations will be used as a guide. This rate is reviewed and amended periodically.

5. Reimbursement for Foreign Travel

- a. Meal and lodging policies and rates approved by the U.S. Department of State are to be followed unless university or granting agency regulations are more restrictive. For partial days of travel, one-fourth of the rate for a full day will be reimbursed for each six-hour period or the fraction thereof that the employee is in travel status.
- b. The traveler may be reimbursed at more than the standard per diem if approved by authorized university officials. The traveler must provide an explanation of the extenuating circumstances and original receipts supporting all lodging and meal expenditures. Reimbursements in excess of the standard rates will not be approved if prohibited by granting agency regulations.

G. Selection of Employees and Agents Utilized in the Issuance of Bonds or Notes (I.C. §262.9(17) and IAC 681—8.8)

1. The IAC provides specific guidelines for the open selection process of financial advisors and bond counsel necessary to carry out the issuance of bonds or notes by the Board. Agreements are to provide for annual renewals during a period not to exceed five years.

2. Requests for proposals (RFP) for these services are to be brought before the Banking Committee. These RFP's will be sent to a list of candidate firms and any other firms the Banking Committee wishes to consider.
3. Representatives of the Board Office and the universities will review the submissions received in response to each of the RFP's, and recommend three or four finalist firms to be interviewed by a selection committee. The selection committee will be comprised of representatives of the Banking Committee, the Board Office, and the universities.
4. The Banking Committee will recommend the final selection of service providers for Board approval.

H. Awards to Private Agencies

I.C §11.36 requires that Regent institutions, prior to awarding a grant or a purchase of service contract of more than \$150,000 to a private agency, excluding architect/engineering agreements, shall obtain from the auditor of state a certification of the entity's accounting system and an evaluation of its internal controls.

I. Inventory (Moved to Chapter 9 except the following paragraph)

1. Pursuant to I.C. Chapter 7A.30 , all equipment valued at \$5,000 or more and held for one year or more shall be included in the institution's equipment inventory.
2. Surplus Property Disposal
 - a. Regent institutions and the Board Office have established surplus property disposal procedures to insure items defined as surplus by departments are placed within the institution to the extent feasible.
 - b. Items declared surplus and not placed within the institution or the Board Office may be disposed of in one or more of the following ways:
 - 1) Use as a trade in;
 - 2) Transfer to another Regent institution or state agency;
 - 3) Sell to highest bidder after soliciting three or more bids;
 - 4) Auction to the highest bidder;
 - 5) Sell internally through surplus sales open to the public;
 - 6) Dismantle for parts utilization; or
 - 7) Scrap if no other value can be determined.
 - c. See Chapter 9 of the Policy Manual for disposal, transfer, or sale of buildings.

7.03 Banking and Investment Activity (Draft to be presented next Board meeting)

A. Investment Policy (Draft to be presented next Board meeting)

7.04 Financing

A. Mortgages and Loans

1. The Board of Regents may invest funds belonging to the institutions under its jurisdiction, subject to I.C. §262.14, I.C. 633.123A, and the investment policies adopted by the Board through the use of mortgages and loans.
2. The Board shall have charge of the foreclosure of all mortgages and of all collections from delinquent debtors to the institutions under its jurisdiction. All actions shall be in the name of the Board of Regents, for the use and benefit of the appropriate institution. (I.C. §262.15)
3. When loans are paid, the Board shall release mortgages securing the same. (I.C. §262.16)
4. In case of a sale upon execution, the premises may be bid off in the name of the Board of Regents for the benefit of the institution to which the loan belongs. (I.C. §262.17)
5. Deeds for premises so acquired shall be held for the benefit of the appropriate institution and such lands shall be subject to lease or sale the same as other lands. (I.C. §262.18)
6. No lapse of time shall be a bar to any action to recover on any loan made on behalf of any institution. (I.C. §262.19)

B. Lease Financing of Equipment and Facilities

1. Upon the recommendation of the chief business officer of an institution the executive director may execute lease agreements on behalf of the institution with a third-party leasing agent with which the Board has approved master lease documents and when outstanding leasing is within dollar allocation amounts set by the Board.
 - a. Master lease drawdowns shall be reported to the Board's Banking Committee at its next meeting following the drawdown.
 - b. Annual reports on outstanding master lease activity shall be made to the Board's Banking Committee.
2. Vendor installment purchase agreements may be executed by the chief business officer of an institution under the delegated purchasing authority as outline in §7.05, Purchasing , subject to the provisions below:
 - a. Vendor installment purchase agreements with a total value of greater than \$250,000 for the universities and \$25,000 for the special schools shall be approved by the executive director and reported to the Banking Committee at its next meeting following the agreement date.

- b. All vendor installment purchase agreements of \$50,000 or more shall be reported to the legislative fiscal bureau as required by I.C. §8.46 and to the Board in the Annual Purchasing Report.
 - c. Vendor installment purchase agreements shall meet all other standards pertaining to purchasing, including obtaining cash price quotes, and shall be evaluated against the relative economics of a cash purchase, the Board's Master Lease Agreement and other third-party leases.
 3. True leases of equipment where ultimate ownership of the equipment is not intended, other than through the future exercise of an option to purchase, may be executed by the chief business officer or designee of an institution under the delegated purchasing authority.

C. Parietal Rules and Dormitories

1. Students may choose to live in university residence halls, university apartments, fraternities, sororities, or off-campus housing.
2. When and if a requirement for a parietal rule requiring students to live in university housing is needed, in the university's judgment, to carry out the responsibility of the Board under its bond covenants to assure maximum occupancy of the dormitories, the university shall first present a recommendation to the Board.
3. If the above parietal rule for any of the three Regent universities is to be invoked, the Board will publish notice before any enforcement of the parietal rule.
4. The Board encourages the directors of student housing and dining services to meet regularly to exchange information and to discuss policies, practices, and procedures and for the three universities to prepare appropriate information that will enable analysis trends in occupancy by class, sex, and age, and assist in the preparation of an annual report to the Board.
5. The Board covenants and agrees that, so long as any of the bonds (dormitory) shall remain outstanding, it will continuously operate and maintain the system; will adopt such rules and regulations for occupancy, including parietal rules, as will assure maximum occupancy of the buildings; and will fix, maintain, revise and adjust from time to time such rates, rents, fees, and charges for the use of said system as will provide revenues sufficient at all times to pay the reasonable cost of operating and maintaining the system and to provide and maintain the "Dormitory Revenue Bond Sinking Fund" and the required reserve therefore; that it will not permit any free use of the system; and that it will collect and account for and apply the rents, profits, income, and revenues in accordance with [its bond resolutions].

D. University of Iowa Hospitals and Clinics

1. Rate schedules will be presented to the Board annually for approval prior to submission of final budgets.
2. The director of the department of Human Services, in respect to institutions under the director's control, the administrator of any of the divisions of the department, in respect to the institutions under the administrator's control, the director of the Iowa Department of Corrections, in respect to the institutions under the department's control, and the Board of Regents in respect to the Iowa Braille and Sight Saving School and the Iowa School for the Deaf may send any inmate, student, or patient of an institution, or any person committed or applying for admission to an institution, to the hospital of the medical college of the state university for treatment and care as provided in this chapter, without securing the order of court required in other cases. The Department of Human Services, the Iowa Department of Corrections, and the Board of Regents, shall respectively pay the traveling expenses of any patient thus committed, and when necessary the traveling expenses of an attendant for such patient, out of funds appropriated for the use of the institution from which the patient is sent. (I.C. 255.28)

7.05 Purchasing (Approved by the Board in July)

7.06 Risk Management

A. Statement of Risk Management Policy

1. The policy of the Board of Regents with respect to risks of property and liability loss is to:
 - a. Protect the Regent budgets and assets against large losses
 - b. Minimize and stabilize total risk management costs
 - c. Protect Regent employees against losses.
2. When risks of a catastrophic nature exist, they will be eliminated or reduced to the extent practical. Funding will be arranged when the potential loss is large. Funding will be obtained from:
 - a. The State General Fund,
 - b. Insurance, when it is available at a premium judged acceptable by the Board, or
 - c. Self-insurance, with appropriate reserves for incurred but unpaid claims.
3. The Board will not insure risks that do not present a significant loss potential unless the purchase is indicated by other factors, such as a need required by contract, bond or statute.
4. The Regent institutions shall work with the Board Office to develop appropriate protocols to implement Regent-wide risk management programs, in accordance with the Board's policies and procedures.

B. Liability Coverage

1. I.C. Chapter 669, also known as the "Iowa Tort Claims Act" provides for the defense and indemnification of state employees, volunteers and agents for monetary claims for property damage, personal injury or death, caused by the negligent or wrongful act or omission of the covered individuals while acting within the scope of their authorized responsibilities.
2. Under the provisions of an interagency 28E Agreement for Settlement of Small Tort Liability Claims, the three Regent universities are authorized to settle small tort liability claims, subject to the financial responsibility limits within the 28E Agreement.
3. Motor Vehicle Self-Insurance Program
The Board has established a self-insurance program for automobile liability, including expanded coverage for comprehensive and collision for vehicles owned or rented by the institutions.

C. Property Program

1. Auxiliary and Self-Supporting Property

The Regent institutions shall purchase property insurance for self-supporting operations in accordance with the Risk Management Policy. (See Section 7.06A.)

2. General Fund Supported Property

- a. The Regent institutions shall purchase catastrophic property insurance with a single incident deductible of \$2 million for each university for general fund buildings and \$1 million for each special school.
- b. A Regent institution may seek reimbursement of General Fund property losses over \$5,000 and under the insurance deductible, from the State of Iowa under the provisions of I.C. Chapter 29C.20 (see below). Money from the state contingent fund may be requested for repairing, rebuilding, or restoring state property injured, destroyed, or lost by fire, storm, theft, or unavoidable cause.
- c. General Fund - State Property Loss Program
 - 1) I.C. Chapter 29C.20, Contingent Fund-Disaster Aid provides for a contingent fund for the purpose of paying for repair, rebuilding, or restoring of state property injured, destroyed, or lost by fire, storm, theft, or unavoidable cause.
 - 2) Losses in excess of \$5,000 shall be promptly reported to the Board Office under procedures established administratively. Such notification shall occur no later than the next regular working day following the loss.
 - 3) The institution should prepare immediately and submit to the Board Office within five working days of the loss, a preliminary loss report including cost estimates. Within 45 days of the loss, the institution should submit a formal loss report including proposed plans and specifications for repairs or replacement of equipment, and buildings.
 - 4) The Executive Council of Iowa's Guidelines for Allocation of 29C.20 Funds prescribe the protocol for written notice and request for allocation of funds, required documentation for review by the State Auditor, the process for approval, payment, resolution of differences, and appeal.

4. Type of Coverage and Valuation Basis

- a. To the extent practical and when available at a reasonable cost, property shall be insured for:
 - 1) 'All risk' or perils of fire; windstorm; lightning; earthquake and flood and extended coverage including theft, vandalism, and malicious mischief.
 - 2) Replacement cost or on a 90 percent coinsurance basis.

D. Purchase of Insurance

Purchasing terms and bid requirements are provided in IAC §681—8.4.

7.07 Compliance and Reporting

A. Financial Reports

1. The executive officer of each Regent institution shall, make a report to the Board, setting forth such observations and recommendations for appropriations for the

ensuing budget period as in the executive officer's judgment are for the benefit of the institution. (I.C. Chapter 262.24)

2. The business officers for each institution shall report to the Board in such detail and form as it may prescribe:
 - a. The funds available each fiscal year from all sources for the erection, equipment, improvement, and repair of buildings.
 - b. Interest on endowment and other funds, tuition, state appropriations, laboratory and janitor fees, donations, rents, and income from all sources affecting the annual income of the support funds of said institution.
 - c. How the funds so received were expended, giving under separate heads the cost of instruction, administration, maintenance and equipment of departments, and the general expense of the institution.
 - d. The number of professors, instructors, fellows, and tutors, and the number of students enrolled during each year, stating separately the number of students attending short courses.
 - e. The amount of unexpended balances of departments remaining in the hands of the treasurer and the amounts undrawn from the state treasury on June 30 of each year.
 - f. The report for the Iowa State University of Science and Technology shall also show the receipts of the experiment station from all sources for each fiscal year, and how the same were expended. (I.C. Chapter 262.25)
3. The Board shall, at the time provided by law, report to the Governor and the Legislature such facts, observations, and conclusions respecting each of such institutions as in the judgment of the Board should be considered by the Legislature. Such report shall contain an itemized account of the receipts and expenditures of the Board, and also the reports made to the Board by the executive officers of the several institutions or a summary thereof, and shall submit budgets for appropriations deemed necessary and proper to be made for the support of the several institutions and for the extraordinary and special expenditures for buildings, betterments, and other agreements. (I.C. Chapter 262.26)

B. Gifts and Grants

1. The Board shall accept and administer trusts and may authorize nonprofit foundations acting solely for the support of institutions governed by the Board to accept and administer trusts deemed by the Board to be beneficial. Notwithstanding the provisions of I.C. § 633.63, the Board and such nonprofit foundations may act as trustee in such instances. (I.C. §262.9[8])
2. The chief executive officer of each institution is authorized to accept and approve all gifts, grants, and service contracts except gifts of real estate. Gifts, grants,

and service contracts are to be accepted only if supportive of the mission of the institution.

3. Each institution, on or before the 15th day of each month, shall send the report of gifts and grants that was received during the preceding month to the executive director for transmittal to the director of the Department of Management and the director of the Legislative Fiscal Bureau. The members of the Board of Regents shall receive an annual report detailing amounts, sources, and purposes of these gifts and grants. The Board Office shall retain one copy of all reports for its files. The institution will make this report in the form currently used to comply with I.C. § 8.44.
4. Each university, on or before the 15th day of the month following the end of the quarter, shall send, electronically to the Board Office, the detail of gifts and grants for the quarter for transmittal to the designated individual of the Legislative Fiscal Bureau. The Board Office shall retain one copy of all reports for its files.

C. Policy on Competition with Private Enterprise

1. IAC 681—9.4 implements I.C. Chapter 23A, which restricts government entities from competing with private enterprise, unless specifically authorized by statute, rule, ordinance, or regulation.
2. The Board has adopted a policy that Regent institutions shall not engage in competition with private enterprise unless the activity will assist in the education, research, extension, or service mission of the institutions.
3. To fulfill their missions effectively, institutions under the control of the Board occasionally provide goods and services which enhance, promote, or support the instructional, research, public service, and other functions to meet the needs of students, faculty, staff, patients, visitors, and members of the public participating in institutional events.
4. Each institution has established written policies regarding competition with private enterprise. These policies ensure that:
 - a. Activities provided by the institutions are consistent with Board policy.
 - b. Processes are identified to handle inquiries about activities carried out by the institution.
 - c. There is a means for community businesses to interact with the institutions including discussion of complaints.
5. Annually, a report will be provided to the Board of institutional activities which may compete with private enterprises, including any formal complaints related to competition with private enterprise, during the past calendar year.

D. Traffic and Parking Regulations

1. I.C. 262.68 authorizes the Board to establish speed limits for all vehicles on the institutional roads and streets.
 2. I.C. 262.69 authorizes the Board to make rules for the policing, control, and regulation of traffic and parking of vehicles and bicycles on the property of any institution under its control.
 3. All traffic and parking regulations shall be subject to Board approval prior to enforcement. Changes in existing regulations, general or specific, shall be brought to the Board annually for approval.
 4. If any change in traffic and parking regulations include an increase in monetary sanctions, notification of students is to be consistent with §8.01 of this Policy Manual.
 5. General traffic and parking regulations for each university shall be filed in accordance with Chapter 17A, Iowa Administrative Procedure Act. (Regulations are in IAC Chapter 681-4.)
- E. Records Management and Examination of Public Records

1. Records Management

- a. I.C. §304.17 requires the Board of Regents to adopt rules for their employees, agencies, and institutions for records management. The Board's rules are in Chapter 10.

2. Examination of Public Records (I.C. 22)

The following language excerpts and paraphrases key statutory provisions applying to the Board and Regent institutions:

- a. "Public records" include all records, documents, tape or other information, stored or preserved in any medium.

"Public records" also include all records relating to the investment of public funds including but not limited to investment policies, instructions, trading orders, or contracts, whether in the custody of the public body responsible for the public funds or a fiduciary or other third party.
- b. Every person shall have the right to examine and copy public records and to publish or otherwise disseminate public records or the information contained therein as provided by law.
- c. Such examination and copying shall be done under the supervision of the lawful custodian of the records or the custodian's authorized deputy. The rules adopted by the Board are in IAC Chapter 17.
- d. Those public records which shall be kept confidential unless otherwise ordered by a court, by the lawful custodian of the records, or by another person duly authorized to release information are detailed in I.C. § 22.7.

F. Administrative Procedure Act

1. The Board of Regents operates in compliance with the Iowa Administrative Procedure Act, pursuant to I.C. Chapter 17A.
2. Each Regent institution establishes institutional procedures to administer I.C. Chapter 17A, subject to Board approval as necessary.
3. When a timely request for making an oral presentation in regard to a rule is presented to the Board as provided by I.C. § 17A.4, the executive director will set a time and place for the presentation. The time will be not less than 20 days after notice is published in the Iowa Administrative Bulletin. The notice will state whom the executive director has designated to conduct the presentation, the subject matter, and the location.
 - a. In addition to the rules adopted by the Board in IAC Chapter 19, the person in charge of a public hearing may, in his/her discretion, announce and invoke any or all of the following rules for orderly conduct and the proper decorum:
 - 1) Request that those present sign an attendance roll giving their names and addresses and representative status, if any;
 - 2) Request that those requesting to make oral presentations, including those entitled to make oral presentations, sign a roster, giving their names and addresses and representative status, if any;
 - 3) Permit oral presentations from anyone present or by a spokesperson for those present, including those not otherwise entitled to make an oral presentation;
 - 4) Limit individual oral presentations to a fixed time;
 - 5) Fix the time for the entire public hearing;
 - 6) Establish and amend the agenda and the order of oral presentations;
 - 7) Cause unruly or disorderly persons to be ejected;
 - 8) Make and enforce other reasonable regulations for the good order and the proper decorum for the conduct of the public hearing.

G. Fire Protection Contracts

1. The Board of Regents shall have power to enter into contracts with the governing body of any city, town, or other municipal corporation for the protection from fire of any property under the control of the Board, located in any such municipal corporation or in territory contiguous thereto, upon such terms as may be agreed upon. (I.C. §262.33)

2. New contracts or renewal of contracts shall be brought to the Board for approval. Annual payments as specified in a multi-year contract previously approved by the Board shall be made by the institution involved without further Board approval.

H. Matters for the State Executive Council

Items to be submitted to the State Executive Council shall be submitted through the executive director.

- a. Subsequent to Board approval for any transactions requiring Executive Council approval, institutions are to submit a letter to the Board Office, under institutional head signature, requesting that the transaction be submitted to the Executive Council for approval. The letter should include the following information:
 - 1) Information on Board approval of the transaction with date of approval, a short description, and the approved purchase or sale price;
 - 2) The legal description for the transaction (include as an attachment to the letter if the description is lengthy);
 - 3) A general description of the transaction as presented to the Board in the docket memorandum, including a map of the property (if used for the docket item);
 - 4) Justification for the transaction, source of funds (for property purchases), and the planned use of the proceeds (for property sales); and
 - 5) Any additional information beyond that presented to the Board that may be needed for Executive Council consideration.
 - 6) Requests will be reviewed in the Board Office. Upon satisfactory submission of all requested data, the Executive Director will forward the institutional request to the Executive Council for its consideration (along with the Attorney General's Office review of the transaction).
 - b. The institution is responsible for arrangements when institutional officials are to attend an Executive Council meeting to discuss the transaction. The institution should notify the Board Office of these arrangements.
- #### I. Conflict of Interest - Sales and Purchases and Prohibited Interest in Public Contracts (I.C. 68B)
1. IAC §681—8.9 details the Board's policy on conflict of interest in public contracts and identifies specific conditions for exceptions to those policies.
 2. When requesting Board action on potential conflict of interest vendors, the Regent institutions shall submit, in addition to the information required by IAC §681—8.9(3), that the institution has adequate internal controls in place to ensure that the individual is so precluded from decisions.

3. Employees, officers, and members of the Board of Regents also shall comply with the I.C., Chapter 68B, "Conflicts of Interest of Public Officers and Employees" and Chapter 4 of the Regent Policy Manual.

7.08 Audit Activity

A. Audits

1. State Audits

- a. The auditor of state shall annually make a complete audit of the books and accounts of every department of the state, a quarterly audit of the educational institutions, and audit testing of the Board's investments.
(I.C. 11.2)
2. Each department and institution of the state shall keep its records and accounts in such form and by such methods as to be able to exhibit in its reports the matters required by the auditor of state, unless otherwise specifically prescribed by law. Each department and institution of the state shall keep its records and accounts in a current condition. The failure of the head of any department of the state to comply with this provision shall be grounds for their suspension from office. (I.C. §11.5)
3. The Board Office will receive from the State Auditor's Office all draft State audit comments and recommendations for review.
4. Proposed institutional responses to State audit comments and recommendations will be developed by the institutions in consultation with the Board Office. The proposed responses must be approved by the Executive Director before they are submitted to the State Auditor's Office.
5. A copy of all state audits related to a Regent institution shall be, upon completion, sent to the Board Office for docketing on the Banking Committee agenda.

B. Internal Audits

1. Purpose. The Board of Regents authorizes the University presidents to hire internal audit staff to provide independent appraisal services to the Board and institutional administrators. Internal auditing is a managerial control which functions by measuring and evaluating the effectiveness of other financial and managerial controls.
2. Objective and Scope. The objective of internal auditing is to assist the Board of Regents and institutional administrators in the effective discharge of their responsibilities by furnishing them with analyses, appraisals, recommendations and pertinent comments concerning the activities reviewed. The attainment of this objective involves such activities as:
 - a. Reviewing and appraising the soundness, adequacy and application of accounting, administrative and other operating controls, and promoting effective control at reasonable cost.
 - b. Ascertaining the extent of compliance with established policies, plans and procedures.

- c. Ascertaining the extent to which assets are accounted for and safeguarded from losses of all kinds.
 - d. Ascertaining the reliability of management data developed within the organization.
 - e. Conducting special examinations and reviews at the request of the Banking Committee, the Board of Regents or institutional heads.
 - f. Evaluating the economy and efficiency with which resources are employed and recommending improvements in operations, including reviews of administrative and support services with the objective of reducing operating costs.
3. Authority. The internal audit staffs are authorized by the Board of Regents to conduct a comprehensive program of internal auditing. To accomplish their objectives, the internal auditors are authorized to have unrestricted access to university functions, records, properties and personnel. The three universities have internal auditors to perform these functions. The University of Iowa internal auditor is responsible for internal audits at the Iowa School for the Deaf. The Iowa State University internal auditor is responsible for internal audits at the Iowa Braille and Sight Saving School.
 4. Reporting. The internal audit staffs report to the University presidents, and where appropriate, to the Superintendents of the special schools, for all auditing activities except those related to the offices of President and Superintendent. Audit activities related to the offices of President and Superintendent are to be reported directly to the President of the Board of Regents.
 5. Responsibility. Each year, the internal audit staffs will develop and execute a comprehensive audit plan to be conducted in accordance with applicable professional auditing standards. A comprehensive report on the internal audit function will be made to the Board through the Banking Committee in July of each year.
 6. The report will include the annual audit plan, review of all previous fiscal year audits completed and in progress, including any follow-up reviews and any audits which were scheduled but not done, and a list of all audits completed within the last three fiscal years.
 7. A copy of each internal audit report and follow-up review, upon its completion, will be sent to the Board Office for docketing on the Banking Committee agenda.
 8. Any activity which is illegal or the legality of which is questioned by the audit staff (e.g. conflict of interest, embezzlement or theft) shall be reported to the appropriate institutional administrator or President of the Board (consistent with Section 4 of this policy) immediately upon discovery by audit staff. Other appropriated authorities should also be notified.

9. In the performance of their functions, internal audit staff will have no direct responsibility for, nor authority over, any of the activities and operations reviewed.

C. Hospital Audits

1. To arrive at proper basis for the payment of said bills for treatment, care, and maintenance [of indigent patients], the Board of Regents shall cause to be made annually an audit of the accounts of the University Hospital and determine the average cost per day for the care and maintenance of each patient therein, exclusive of the salaries of the members of the faculty of said university College of Medicine, and said bills shall be allowed at such average cost. All accounts shall be so adjusted and paid as to reimburse the funds of the hospital used for the purposes of this chapter. (I.C. 255.25)
2. The University of Iowa Hospitals and Clinics will arrange for an annual external audit of hospital accounts and shall submit, upon completion, a copy of the audit to be docketed on the Banking Committee agenda.

D. External Audits

A copy of all external audits conducted on any component of a Regent institution (such as bonded enterprises or Graduate Study Centers) shall be, upon completion, sent to the Board Office for docketing on the Banking Committee agenda.

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7.08 Audits

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BUSINESS PROCEDURES

7.01 Authority

- A. A business office shall be maintained at each of the institutions of higher learning, with such organizations, powers, and duties as the Board may prescribe and delegate. (I.C. §262.20)

7.02 General Policies

A. Budgets

1. Budget Process

- a. The Board's strategic plan requires it to continue its long-standing practice of seeking state appropriations annually.
 - 1) The chronological appropriations process for the institutions governed by the Board of Regents includes the following:
 - a) Regent institutions develop institutional appropriation requests based on the established criteria for operating and capital requests.
 - b) The Board considers preliminary institutional operating appropriations requests at its July meeting.
 - c) Between July and September, Board Office staff visit the institutions, as necessary, to gather additional information, discuss priorities, and refine the appropriations requests.
 - d) At its September meeting, the Board approves institutional appropriations requests.
 - e) By October 1, the Board-approved appropriations requests are submitted to the Governor, as required by law.
 - f) The Governor prepares state appropriations recommendations, including appropriations recommendations for Regent institutions prior to the legislative session.
 - g) During the legislative session, the General Assembly and Governor consider and authorize appropriations.

2. Appropriations Request Criteria

a. Operating Requests Criteria

- 1) Relationship of initiatives to institutional strategic plans.
- 2) Prior appropriations for similar or connected initiatives.

- 3) External funding which provides a leverage of state resources.
- 4) Impact of initiatives on state's economic development.
- 5) Equity among institutions.
- 6) Accountability.

b. Capital Requests Criteria

- 1) Relationship of projects to institutional strategic plans.
- 2) Priority order of projects in the prior Board-approved five-year plan.
- 3) Priority ranking of projects as submitted by institutions.
- 4) Prior appropriations for planning and/or construction.
- 5) Consistency of the project with the campus master plan.
- 6) External funding which provides a leverage of state resources.
- 7) Impact of projects on state's economic development.
- 8) Equity among institutions.
- 9) Accountability.

3. Budget Approvals – All institutional budgets are to be approved by the Board.

4. Budget Transfers

- a. The chief executive officer of each institution is authorized to approve budget transfers and allocations, except those transfers that increase the current approved budget or the budget ceiling or those required by loan agreements and bond resolutions. The exceptions shall be docketed by each institution for Board action, and such action shall be recorded in the Board minutes.
- b. The chief executive officer of each institution is authorized to approve supplemental budgets which are supported by gifts, grants, and service contracts.

5. Budget Ceilings

- a. Regent institutions will docket for Board action proposed changes in budget ceilings for General Fund operations and will do so prior to institutional action modifying their obligations.

B. Collection of Delinquent Accounts

1. Authority: I.C. §262.15 provides that the Board shall have charge of the foreclosure of all mortgages and of all collections from delinquent debtors to said institutions. All actions shall be in the name of the Board of Regents, for the use and benefit of the appropriate institution.
 2. A collection policy shall be established at the Regent institutions to ensure responsible fiscal management of receivables. The objectives of the collection policy are to combine both internal and external collection resources in a manner which will maximize collection experience.
 3. External collection techniques shall allow the use of independent collection agencies selected through a competitive process.
 4. To provide staff with an understanding of collection techniques and a well defined collections process to facilitate effective collection practices, the staff at the institutions will be made familiar with collection policies.
 5. Collection policies should be publicized so that obligation to pay and payment procedures are clearly understood. Collection policies concerning students shall be displayed on or at, but not limited to, the following sources:
 - a. Schedule of courses book
 - b. Brochures to newly-admitted students
 - c. Pamphlets for off-campus packets
 - d. Points of sale
 - e. Statements mailed each month to students
 - f. Loan and note documents
 - g. University catalog
 - h. Internet web page
 6. Collection policies concerning general accounts should be displayed. Electronic posting on an Internet web page is an acceptable option.
 7. The Regent institutions should remain in compliance with: state and federal laws regarding privacy and confidentiality.
 8. In addition to the aforementioned objectives, procedures and collection techniques, each Regent institution shall maintain its own more detailed written policies.
 9. The Regent institutions are encouraged to participate in the state's offset program for collection purposes.
 10. The institutions shall handle their own uncollectible student loans with settlements carried out through statutory procedures. Any changes in current or new policies are to be docketed by the chief business officer for Board action.
- C. Indirect Cost Rate

1. The policy of the Board of Regents is to provide services to other state agencies based on contractual agreements that include clearly specified tasks related to the missions of the institutions and established payment for both direct and indirect costs. This policy is consistent with standard management practices and provides equitable support of programs conducted from all sources of funding by institutions under the jurisdiction of the Board of Regents.
2. For federal programs, the provisions of Office of Management and Budget (OMB) Circular A-21 will be followed.

D. Accounting Issues

1. The Board shall direct the expenditure of all appropriations made to the institutions and of any other moneys belonging thereto, but in no event shall the perpetual funds of the Iowa State University of Science and Technology, nor the permanent funds of the State University of Iowa derived under Acts of Congress, be diminished. (I.C. §262.9[7])
2. I.C. §262.23 requires a number of specific items for compliance by the treasurer of each Regent institution. The Business Officers of each institutions shall maintain accounting records and supporting documentation in accordance with accepted business standards for accountability and auditability and shall prepare reports as required, including an annual financial report.
3. All appropriations made payable annually to each of the institutions under the control of the Board of Regents shall be paid in 12 equal monthly installments on the last day of each month on order of the Board. (I.C. §262.28)

E. Payroll Withholding

1. Payroll withholding programs are permitted according to the following guidelines:
 - a. Withholdings authorized by federal or state laws.
 - b. Withholdings in connection with employee retirement and insurance plans approved by the Board of Regents.
 - c. Withholdings authorized by individual employees for institution-wide contributive programs of direct benefit.
 - d. Withholdings authorized by individual employees for United States savings bonds.
 - e. Withholdings for amounts due the institution from and authorized by its employees.
 - f. Withholdings for amounts authorized by individual employees for dues for the convenience of organizations which relate to employment conditions, such as union organizations or university-wide professional organizations. Payroll withholding programs in this category shall not be initiated without 100 participants at Iowa State University and the University of Iowa, 50 participants at the University of Northern Iowa, and 25 participants at Iowa School for the Deaf and Iowa Braille and Sight Saving School, unless

justification exists for fewer participants; payroll programs in this category may be discontinued if the number of participants falls below 25.

g. Insurance deductions in accordance with IAC 681—§8.7.

2. Each Regent institution shall require the employee or eligible organization to submit written authorization for payroll withholding for each withholding program, including the assent of the spouse of the employee, as required.
3. The business officers are required to maintain such records as necessary for audit purposes.

F. Reimbursement of Travel Expenses for Employees of Regent Institutions

1. It is the intent of the Board of Regents that employees of Regent institutions be reimbursed for reasonable expenses associated with work-related travel.
2. It is the further intent of the Board that the Regent institutions adopt institutional policies consistent with this statement, along with any other provisions relating to travel reimbursements which are more specific or restrictive.
3. Some travel reimbursements may be taxable. For example, any meal reimbursement not associated with overnight travel is taxable income which must be reported in the next pay period. It is subject to federal and state income tax withholding and Social Security tax payments. Travel advances must be substantiated in a timely fashion (generally within 90 days of completion of travel) or they will be reported as taxable income.
4. Travel expense vouchers should be submitted promptly on return from the trip. Employees will be reimbursed for transportation, lodging, and meals on the following basis:
 - a. The use of state-owned vehicles is encouraged. However, transportation reimbursement for official travel by private automobile when the use of a personal car is authorized by the appropriate institutional official shall be paid at no more than:
 - 1) At a rate of \$.31 per mile, for travel when a motor pool vehicle is not available and the employee must use his/her personal vehicle.
 - 2) At a rate of \$.25 per mile, for travel if a motor pool vehicle is available, but the employee chooses to use his/her own vehicle.
 - 3) At a rate of \$.31 per mile, for travel when an employee chooses to use his/her own vehicle and the round trip is less than 100 miles.
 - 4) At a rate to be determined by the institutions' chief business officer on a case-by-case basis when an individual must use a substantially modified or specially equipped privately owned vehicle.
 - b. Air or rail transportation should be by common carriers. Use of university or chartered aircraft is permitted when advantageous.

- c. Meals would be reimbursed based on actual and reasonable costs using the following maximum guidelines:

	<u>In-State</u>	<u>Out-of-State</u>
b) Breakfast	\$ 5.00	\$ 8.00
c) Lunch	7.00	12.00
d) Dinner	<u>14.00</u>	<u>20.00</u>
	\$26.00	\$40.00

- d. The individual amounts for each meal would apply only in the case of persons being in travel status for partial days. Otherwise, the total amounts for each day would apply, thus allowing some discretion in adjusting meal allowances within the day.
- e. Exceptions to these meal standards requested in advance of travel could be accommodated if justified to senior university officials (e.g., vice presidents, business officers, collegiate deans, and major directors of administrative units). Exceptions not authorized in advance of travel may be considered by senior university officials only after careful review and consideration of any unanticipated costs incurred by the university traveler.
- f. Lodging reimbursement is limited to the actual/reasonable cost for a standard single room. Lodging rates set by Federal regulations will be used as a guide. This rate is reviewed and amended periodically.

5. Reimbursement for Foreign Travel

- a. Meal and lodging policies and rates approved by the U.S. Department of State are to be followed unless university or granting agency regulations are more restrictive. For partial days of travel, one-fourth of the rate for a full day will be reimbursed for each six-hour period or the fraction thereof that the employee is in travel status.
- b. The traveler may be reimbursed at more than the standard per diem if approved by authorized university officials. The traveler must provide an explanation of the extenuating circumstances and original receipts supporting all lodging and meal expenditures. Reimbursements in excess of the standard rates will not be approved if prohibited by granting agency regulations.

G. Selection of Employees and Agents Utilized in the Issuance of Bonds or Notes (I.C. §262.9(17) and IAC 681—8.8)

1. The IAC provides specific guidelines for the open selection process of financial advisors and bond counsel necessary to carry out the issuance of bonds or notes by the Board. Agreements are to provide for annual renewals during a period not to exceed five years.

2. Requests for proposals (RFP) for these services are to be brought before the Banking Committee. These RFP's will be sent to a list of candidate firms and any other firms the Banking Committee wishes to consider.
3. Representatives of the Board Office and the universities will review the submissions received in response to each of the RFP's, and recommend three or four finalist firms to be interviewed by a selection committee. The selection committee will be comprised of representatives of the Banking Committee, the Board Office, and the universities.
4. The Banking Committee will recommend the final selection of service providers for Board approval.

H. Awards to Private Agencies

I.C §11.36 requires that Regent institutions, prior to awarding a grant or a purchase of service contract of more than \$150,000 to a private agency, excluding architect/engineering agreements, shall obtain from the auditor of state a certification of the entity's accounting system and an evaluation of its internal controls.

I. Inventory (Moved to Chapter 9 except the following paragraph)

1. Pursuant to I.C. Chapter 7A.30 , all equipment valued at \$5,000 or more and held for one year or more shall be included in the institution's equipment inventory.
2. Surplus Property Disposal
 - a. Regent institutions and the Board Office have established surplus property disposal procedures to insure items defined as surplus by departments are placed within the institution to the extent feasible.
 - b. Items declared surplus and not placed within the institution or the Board Office may be disposed of in one or more of the following ways:
 - 1) Use as a trade in;
 - 2) Transfer to another Regent institution or state agency;
 - 3) Sell to highest bidder after soliciting three or more bids;
 - 4) Auction to the highest bidder;
 - 5) Sell internally through surplus sales open to the public;
 - 6) Dismantle for parts utilization; or
 - 7) Scrap if no other value can be determined.
 - c. See Chapter 9 of the Policy Manual for disposal, transfer, or sale of buildings.

7.03 Banking and Investment Activity (Draft to be presented next Board meeting)

A. Investment Policy (Draft to be presented next Board meeting)

7.04 Financing

A. Mortgages and Loans

1. The Board of Regents may invest funds belonging to the institutions under its jurisdiction, subject to I.C. §262.14, I.C. 633.123A, and the investment policies adopted by the Board through the use of mortgages and loans.
2. The Board shall have charge of the foreclosure of all mortgages and of all collections from delinquent debtors to the institutions under its jurisdiction. All actions shall be in the name of the Board of Regents, for the use and benefit of the appropriate institution. (I.C. §262.15)
3. When loans are paid, the Board shall release mortgages securing the same. (I.C. §262.16)
4. In case of a sale upon execution, the premises may be bid off in the name of the Board of Regents for the benefit of the institution to which the loan belongs. (I.C. §262.17)
5. Deeds for premises so acquired shall be held for the benefit of the appropriate institution and such lands shall be subject to lease or sale the same as other lands. (I.C. §262.18)
6. No lapse of time shall be a bar to any action to recover on any loan made on behalf of any institution. (I.C. §262.19)

B. Lease Financing of Equipment and Facilities

1. Upon the recommendation of the chief business officer of an institution the executive director may execute lease agreements on behalf of the institution with a third-party leasing agent with which the Board has approved master lease documents and when outstanding leasing is within dollar allocation amounts set by the Board.
 - a. Master lease drawdowns shall be reported to the Board's Banking Committee at its next meeting following the drawdown.
 - b. Annual reports on outstanding master lease activity shall be made to the Board's Banking Committee.
2. Vendor installment purchase agreements may be executed by the chief business officer of an institution under the delegated purchasing authority as outline in §7.05, Purchasing , subject to the provisions below:
 - a. Vendor installment purchase agreements with a total value of greater than \$250,000 for the universities and \$25,000 for the special schools shall be approved by the executive director and reported to the Banking Committee at its next meeting following the agreement date.

- b. All vendor installment purchase agreements of \$50,000 or more shall be reported to the legislative fiscal bureau as required by I.C. §8.46 and to the Board in the Annual Purchasing Report.
 - c. Vendor installment purchase agreements shall meet all other standards pertaining to purchasing, including obtaining cash price quotes, and shall be evaluated against the relative economics of a cash purchase, the Board's Master Lease Agreement and other third-party leases.
 3. True leases of equipment where ultimate ownership of the equipment is not intended, other than through the future exercise of an option to purchase, may be executed by the chief business officer or designee of an institution under the delegated purchasing authority.

C. Parietal Rules and Dormitories

1. Students may choose to live in university residence halls, university apartments, fraternities, sororities, or off-campus housing.
2. When and if a requirement for a parietal rule requiring students to live in university housing is needed, in the university's judgment, to carry out the responsibility of the Board under its bond covenants to assure maximum occupancy of the dormitories, the university shall first present a recommendation to the Board.
3. If the above parietal rule for any of the three Regent universities is to be invoked, the Board will publish notice before any enforcement of the parietal rule.
4. The Board encourages the directors of student housing and dining services to meet regularly to exchange information and to discuss policies, practices, and procedures and for the three universities to prepare appropriate information that will enable analysis trends in occupancy by class, sex, and age, and assist in the preparation of an annual report to the Board.
5. The Board covenants and agrees that, so long as any of the bonds (dormitory) shall remain outstanding, it will continuously operate and maintain the system; will adopt such rules and regulations for occupancy, including parietal rules, as will assure maximum occupancy of the buildings; and will fix, maintain, revise and adjust from time to time such rates, rents, fees, and charges for the use of said system as will provide revenues sufficient at all times to pay the reasonable cost of operating and maintaining the system and to provide and maintain the "Dormitory Revenue Bond Sinking Fund" and the required reserve therefore; that it will not permit any free use of the system; and that it will collect and account for and apply the rents, profits, income, and revenues in accordance with [its bond resolutions].

D. University of Iowa Hospitals and Clinics

1. Rate schedules will be presented to the Board annually for approval prior to submission of final budgets.
2. The director of the department of Human Services, in respect to institutions under the director's control, the administrator of any of the divisions of the department, in respect to the institutions under the administrator's control, the director of the Iowa Department of Corrections, in respect to the institutions under the department's control, and the Board of Regents in respect to the Iowa Braille and Sight Saving School and the Iowa School for the Deaf may send any inmate, student, or patient of an institution, or any person committed or applying for admission to an institution, to the hospital of the medical college of the state university for treatment and care as provided in this chapter, without securing the order of court required in other cases. The Department of Human Services, the Iowa Department of Corrections, and the Board of Regents, shall respectively pay the traveling expenses of any patient thus committed, and when necessary the traveling expenses of an attendant for such patient, out of funds appropriated for the use of the institution from which the patient is sent. (I.C. 255.28)

7.05 Purchasing (Approved by the Board in July)

7.06 Risk Management

A. Statement of Risk Management Policy

1. The policy of the Board of Regents with respect to risks of property and liability loss is to:
 - a. Protect the Regent budgets and assets against large losses
 - b. Minimize and stabilize total risk management costs
 - c. Protect Regent employees against losses.
2. When risks of a catastrophic nature exist, they will be eliminated or reduced to the extent practical. Funding will be arranged when the potential loss is large. Funding will be obtained from:
 - a. The State General Fund,
 - b. Insurance, when it is available at a premium judged acceptable by the Board, or
 - c. Self-insurance, with appropriate reserves for incurred but unpaid claims.
3. The Board will not insure risks that do not present a significant loss potential unless the purchase is indicated by other factors, such as a need required by contract, bond or statute.
4. The Regent institutions shall work with the Board Office to develop appropriate protocols to implement Regent-wide risk management programs, in accordance with the Board's policies and procedures.

B. Liability Coverage

1. I.C. Chapter 669, also known as the "Iowa Tort Claims Act" provides for the defense and indemnification of state employees, volunteers and agents for monetary claims for property damage, personal injury or death, caused by the negligent or wrongful act or omission of the covered individuals while acting within the scope of their authorized responsibilities.
2. Under the provisions of an interagency 28E Agreement for Settlement of Small Tort Liability Claims, the three Regent universities are authorized to settle small tort liability claims, subject to the financial responsibility limits within the 28E Agreement.
3. Motor Vehicle Self-Insurance Program
The Board has established a self-insurance program for automobile liability, including expanded coverage for comprehensive and collision for vehicles owned or rented by the institutions.

C. Property Program

1. Auxiliary and Self-Supporting Property

The Regent institutions shall purchase property insurance for self-supporting operations in accordance with the Risk Management Policy. (See Section 7.06A.)

2. General Fund Supported Property

- a. The Regent institutions shall purchase catastrophic property insurance with a single incident deductible of \$2 million for each university for general fund buildings and \$1 million for each special school.
- b. A Regent institution may seek reimbursement of General Fund property losses over \$5,000 and under the insurance deductible, from the State of Iowa under the provisions of I.C. Chapter 29C.20 (see below). Money from the state contingent fund may be requested for repairing, rebuilding, or restoring state property injured, destroyed, or lost by fire, storm, theft, or unavoidable cause.
- c. General Fund - State Property Loss Program
 - 1) I.C. Chapter 29C.20, Contingent Fund-Disaster Aid provides for a contingent fund for the purpose of paying for repair, rebuilding, or restoring of state property injured, destroyed, or lost by fire, storm, theft, or unavoidable cause.
 - 2) Losses in excess of \$5,000 shall be promptly reported to the Board Office under procedures established administratively. Such notification shall occur no later than the next regular working day following the loss.
 - 3) The institution should prepare immediately and submit to the Board Office within five working days of the loss, a preliminary loss report including cost estimates. Within 45 days of the loss, the institution should submit a formal loss report including proposed plans and specifications for repairs or replacement of equipment, and buildings.
 - 4) The Executive Council of Iowa's Guidelines for Allocation of 29C.20 Funds prescribe the protocol for written notice and request for allocation of funds, required documentation for review by the State Auditor, the process for approval, payment, resolution of differences, and appeal.

4. Type of Coverage and Valuation Basis

- a. To the extent practical and when available at a reasonable cost, property shall be insured for:
 - 1) 'All risk' or perils of fire; windstorm; lightning; earthquake and flood and extended coverage including theft, vandalism, and malicious mischief.
 - 2) Replacement cost or on a 90 percent coinsurance basis.

D. Purchase of Insurance

Purchasing terms and bid requirements are provided in IAC §681—8.4.

7.07 Compliance and Reporting

A. Financial Reports

1. The executive officer of each Regent institution shall, make a report to the Board, setting forth such observations and recommendations for appropriations for the

ensuing budget period as in the executive officer's judgment are for the benefit of the institution. (I.C. Chapter 262.24)

2. The business officers for each institution shall report to the Board in such detail and form as it may prescribe:
 - a. The funds available each fiscal year from all sources for the erection, equipment, improvement, and repair of buildings.
 - b. Interest on endowment and other funds, tuition, state appropriations, laboratory and janitor fees, donations, rents, and income from all sources affecting the annual income of the support funds of said institution.
 - c. How the funds so received were expended, giving under separate heads the cost of instruction, administration, maintenance and equipment of departments, and the general expense of the institution.
 - d. The number of professors, instructors, fellows, and tutors, and the number of students enrolled during each year, stating separately the number of students attending short courses.
 - e. The amount of unexpended balances of departments remaining in the hands of the treasurer and the amounts undrawn from the state treasury on June 30 of each year.
 - f. The report for the Iowa State University of Science and Technology shall also show the receipts of the experiment station from all sources for each fiscal year, and how the same were expended. (I.C. Chapter 262.25)
3. The Board shall, at the time provided by law, report to the Governor and the Legislature such facts, observations, and conclusions respecting each of such institutions as in the judgment of the Board should be considered by the Legislature. Such report shall contain an itemized account of the receipts and expenditures of the Board, and also the reports made to the Board by the executive officers of the several institutions or a summary thereof, and shall submit budgets for appropriations deemed necessary and proper to be made for the support of the several institutions and for the extraordinary and special expenditures for buildings, betterments, and other agreements. (I.C. Chapter 262.26)

B. Gifts and Grants

1. The Board shall accept and administer trusts and may authorize nonprofit foundations acting solely for the support of institutions governed by the Board to accept and administer trusts deemed by the Board to be beneficial. Notwithstanding the provisions of I.C. § 633.63, the Board and such nonprofit foundations may act as trustee in such instances. (I.C. §262.9[8])
2. The chief executive officer of each institution is authorized to accept and approve all gifts, grants, and service contracts except gifts of real estate. Gifts, grants,

and service contracts are to be accepted only if supportive of the mission of the institution.

3. Each institution, on or before the 15th day of each month, shall send the report of gifts and grants that was received during the preceding month to the executive director for transmittal to the director of the Department of Management and the director of the Legislative Fiscal Bureau. The members of the Board of Regents shall receive an annual report detailing amounts, sources, and purposes of these gifts and grants. The Board Office shall retain one copy of all reports for its files. The institution will make this report in the form currently used to comply with I.C. § 8.44.
4. Each university, on or before the 15th day of the month following the end of the quarter, shall send, electronically to the Board Office, the detail of gifts and grants for the quarter for transmittal to the designated individual of the Legislative Fiscal Bureau. The Board Office shall retain one copy of all reports for its files.

C. Policy on Competition with Private Enterprise

1. IAC 681—9.4 implements I.C. Chapter 23A, which restricts government entities from competing with private enterprise, unless specifically authorized by statute, rule, ordinance, or regulation.
2. The Board has adopted a policy that Regent institutions shall not engage in competition with private enterprise unless the activity will assist in the education, research, extension, or service mission of the institutions.
3. To fulfill their missions effectively, institutions under the control of the Board occasionally provide goods and services which enhance, promote, or support the instructional, research, public service, and other functions to meet the needs of students, faculty, staff, patients, visitors, and members of the public participating in institutional events.
4. Each institution has established written policies regarding competition with private enterprise. These policies ensure that:
 - a. Activities provided by the institutions are consistent with Board policy.
 - b. Processes are identified to handle inquiries about activities carried out by the institution.
 - c. There is a means for community businesses to interact with the institutions including discussion of complaints.
5. Annually, a report will be provided to the Board of institutional activities which may compete with private enterprises, including any formal complaints related to competition with private enterprise, during the past calendar year.

D. Traffic and Parking Regulations

1. I.C. 262.68 authorizes the Board to establish speed limits for all vehicles on the institutional roads and streets.
2. I.C. 262.69 authorizes the Board to make rules for the policing, control, and regulation of traffic and parking of vehicles and bicycles on the property of any institution under its control.
3. All traffic and parking regulations shall be subject to Board approval prior to enforcement. Changes in existing regulations, general or specific, shall be brought to the Board annually for approval.
4. If any change in traffic and parking regulations include an increase in monetary sanctions, notification of students is to be consistent with §8.01 of this Policy Manual.
5. General traffic and parking regulations for each university shall be filed in accordance with Chapter 17A, Iowa Administrative Procedure Act. (Regulations are in IAC Chapter 681-4.)

E. Records Management and Examination of Public Records

1. Records Management
 - a. I.C. §304.17 requires the Board of Regents to adopt rules for their employees, agencies, and institutions for records management. The Board's rules are in Chapter 10.
2. Examination of Public Records (I.C. 22)

The following language excerpts and paraphrases key statutory provisions applying to the Board and Regent institutions:

- a. "Public records" include all records, documents, tape or other information, stored or preserved in any medium.

"Public records" also include all records relating to the investment of public funds including but not limited to investment policies, instructions, trading orders, or contracts, whether in the custody of the public body responsible for the public funds or a fiduciary or other third party.
- b. Every person shall have the right to examine and copy public records and to publish or otherwise disseminate public records or the information contained therein as provided by law.
- c. Such examination and copying shall be done under the supervision of the lawful custodian of the records or the custodian's authorized deputy. The rules adopted by the Board are in IAC Chapter 17.
- d. Those public records which shall be kept confidential unless otherwise ordered by a court, by the lawful custodian of the records, or by another person duly authorized to release information are detailed in I.C. § 22.7.

F. Administrative Procedure Act

1. The Board of Regents operates in compliance with the Iowa Administrative Procedure Act, pursuant to I.C. Chapter 17A.
2. Each Regent institution establishes institutional procedures to administer I.C. Chapter 17A, subject to Board approval as necessary.
3. When a timely request for making an oral presentation in regard to a rule is presented to the Board as provided by I.C. § 17A.4, the executive director will set a time and place for the presentation. The time will be not less than 20 days after notice is published in the Iowa Administrative Bulletin. The notice will state whom the executive director has designated to conduct the presentation, the subject matter, and the location.
 - a. In addition to the rules adopted by the Board in IAC Chapter 19, the person in charge of a public hearing may, in his/her discretion, announce and invoke any or all of the following rules for orderly conduct and the proper decorum:
 - 1) Request that those present sign an attendance roll giving their names and addresses and representative status, if any;
 - 2) Request that those requesting to make oral presentations, including those entitled to make oral presentations, sign a roster, giving their names and addresses and representative status, if any;
 - 3) Permit oral presentations from anyone present or by a spokesperson for those present, including those not otherwise entitled to make an oral presentation;
 - 4) Limit individual oral presentations to a fixed time;
 - 5) Fix the time for the entire public hearing;
 - 6) Establish and amend the agenda and the order of oral presentations;
 - 7) Cause unruly or disorderly persons to be ejected;
 - 8) Make and enforce other reasonable regulations for the good order and the proper decorum for the conduct of the public hearing.

G. Fire Protection Contracts

1. The Board of Regents shall have power to enter into contracts with the governing body of any city, town, or other municipal corporation for the protection from fire of any property under the control of the Board, located in any such municipal corporation or in territory contiguous thereto, upon such terms as may be agreed upon. (I.C. §262.33)

2. New contracts or renewal of contracts shall be brought to the Board for approval. Annual payments as specified in a multi-year contract previously approved by the Board shall be made by the institution involved without further Board approval.

H. Matters for the State Executive Council

Items to be submitted to the State Executive Council shall be submitted through the executive director.

- a. Subsequent to Board approval for any transactions requiring Executive Council approval, institutions are to submit a letter to the Board Office, under institutional head signature, requesting that the transaction be submitted to the Executive Council for approval. The letter should include the following information:
 - 1) Information on Board approval of the transaction with date of approval, a short description, and the approved purchase or sale price;
 - 2) The legal description for the transaction (include as an attachment to the letter if the description is lengthy);
 - 3) A general description of the transaction as presented to the Board in the docket memorandum, including a map of the property (if used for the docket item);
 - 4) Justification for the transaction, source of funds (for property purchases), and the planned use of the proceeds (for property sales); and
 - 5) Any additional information beyond that presented to the Board that may be needed for Executive Council consideration.
 - 6) Requests will be reviewed in the Board Office. Upon satisfactory submission of all requested data, the Executive Director will forward the institutional request to the Executive Council for its consideration (along with the Attorney General's Office review of the transaction).
 - b. The institution is responsible for arrangements when institutional officials are to attend an Executive Council meeting to discuss the transaction. The institution should notify the Board Office of these arrangements.
- #### I. Conflict of Interest - Sales and Purchases and Prohibited Interest in Public Contracts (I.C. 68B)
1. IAC §681—8.9 details the Board's policy on conflict of interest in public contracts and identifies specific conditions for exceptions to those policies.
 2. When requesting Board action on potential conflict of interest vendors, the Regent institutions shall submit, in addition to the information required by IAC §681—8.9(3), that the institution has adequate internal controls in place to ensure that the individual is so precluded from decisions.

3. Employees, officers, and members of the Board of Regents also shall comply with the I.C., Chapter 68B, "Conflicts of Interest of Public Officers and Employees" and Chapter 4 of the Regent Policy Manual.

7.08 Audit Activity

A. Audits

1. State Audits

- a. The auditor of state shall annually make a complete audit of the books and accounts of every department of the state, a quarterly audit of the educational institutions, and audit testing of the Board's investments.
(I.C. 11.2)
2. Each department and institution of the state shall keep its records and accounts in such form and by such methods as to be able to exhibit in its reports the matters required by the auditor of state, unless otherwise specifically prescribed by law. Each department and institution of the state shall keep its records and accounts in a current condition. The failure of the head of any department of the state to comply with this provision shall be grounds for their suspension from office. (I.C. §11.5)
3. The Board Office will receive from the State Auditor's Office all draft State audit comments and recommendations for review.
4. Proposed institutional responses to State audit comments and recommendations will be developed by the institutions in consultation with the Board Office. The proposed responses must be approved by the Executive Director before they are submitted to the State Auditor's Office.
5. A copy of all state audits related to a Regent institution shall be, upon completion, sent to the Board Office for docketing on the Banking Committee agenda.

B. Internal Audits

1. Purpose. The Board of Regents authorizes the University presidents to hire internal audit staff to provide independent appraisal services to the Board and institutional administrators. Internal auditing is a managerial control which functions by measuring and evaluating the effectiveness of other financial and managerial controls.
2. Objective and Scope. The objective of internal auditing is to assist the Board of Regents and institutional administrators in the effective discharge of their responsibilities by furnishing them with analyses, appraisals, recommendations and pertinent comments concerning the activities reviewed. The attainment of this objective involves such activities as:
 - a. Reviewing and appraising the soundness, adequacy and application of accounting, administrative and other operating controls, and promoting effective control at reasonable cost.
 - b. Ascertaining the extent of compliance with established policies, plans and procedures.

- c. Ascertaining the extent to which assets are accounted for and safeguarded from losses of all kinds.
 - d. Ascertaining the reliability of management data developed within the organization.
 - e. Conducting special examinations and reviews at the request of the Banking Committee, the Board of Regents or institutional heads.
 - f. Evaluating the economy and efficiency with which resources are employed and recommending improvements in operations, including reviews of administrative and support services with the objective of reducing operating costs.
3. Authority. The internal audit staffs are authorized by the Board of Regents to conduct a comprehensive program of internal auditing. To accomplish their objectives, the internal auditors are authorized to have unrestricted access to university functions, records, properties and personnel. The three universities have internal auditors to perform these functions. The University of Iowa internal auditor is responsible for internal audits at the Iowa School for the Deaf. The Iowa State University internal auditor is responsible for internal audits at the Iowa Braille and Sight Saving School.
 4. Reporting. The internal audit staffs report to the University presidents, and where appropriate, to the Superintendents of the special schools, for all auditing activities except those related to the offices of President and Superintendent. Audit activities related to the offices of President and Superintendent are to be reported directly to the President of the Board of Regents.
 5. Responsibility. Each year, the internal audit staffs will develop and execute a comprehensive audit plan to be conducted in accordance with applicable professional auditing standards. A comprehensive report on the internal audit function will be made to the Board through the Banking Committee in July of each year.
 6. The report will include the annual audit plan, review of all previous fiscal year audits completed and in progress, including any follow-up reviews and any audits which were scheduled but not done, and a list of all audits completed within the last three fiscal years.
 7. A copy of each internal audit report and follow-up review, upon its completion, will be sent to the Board Office for docketing on the Banking Committee agenda.
 8. Any activity which is illegal or the legality of which is questioned by the audit staff (e.g. conflict of interest, embezzlement or theft) shall be reported to the appropriate institutional administrator or President of the Board (consistent with Section 4 of this policy) immediately upon discovery by audit staff. Other appropriated authorities should also be notified.

9. In the performance of their functions, internal audit staff will have no direct responsibility for, nor authority over, any of the activities and operations reviewed.

C. Hospital Audits

1. To arrive at proper basis for the payment of said bills for treatment, care, and maintenance [of indigent patients], the Board of Regents shall cause to be made annually an audit of the accounts of the University Hospital and determine the average cost per day for the care and maintenance of each patient therein, exclusive of the salaries of the members of the faculty of said university College of Medicine, and said bills shall be allowed at such average cost. All accounts shall be so adjusted and paid as to reimburse the funds of the hospital used for the purposes of this chapter. (I.C. 255.25)
2. The University of Iowa Hospitals and Clinics will arrange for an annual external audit of hospital accounts and shall submit, upon completion, a copy of the audit to be docketed on the Banking Committee agenda.

D. External Audits

A copy of all external audits conducted on any component of a Regent institution (such as bonded enterprises or Graduate Study Centers) shall be, upon completion, sent to the Board Office for docketing on the Banking Committee agenda.

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BUSINESS PROCEDURES

7.01 Authority

- A. A business office shall be maintained at each of the institutions of higher learning, with such organizations, powers, and duties as the Board may prescribe and delegate. (I.C. §262.20)

7.02 General Policies

A. Budgets

1. Budget Process

- a. The Board's strategic plan requires it to continue its long-standing practice of seeking state appropriations annually.
 - 1) The chronological appropriations process for the institutions governed by the Board of Regents includes the following:
 - a) Regent institutions develop institutional appropriation requests based on the established criteria for operating and capital requests.
 - b) The Board considers preliminary institutional operating appropriations requests at its July meeting.
 - c) Between July and September, Board Office staff visit the institutions, as necessary, to gather additional information, discuss priorities, and refine the appropriations requests.
 - d) At its September meeting, the Board approves institutional appropriations requests.
 - e) By October 1, the Board-approved appropriations requests are submitted to the Governor, as required by law.
 - f) The Governor prepares state appropriations recommendations, including appropriations recommendations for Regent institutions prior to the legislative session.
 - g) During the legislative session, the General Assembly and Governor consider and authorize appropriations.

2. Appropriations Request Criteria

a. Operating Requests Criteria

- 1) Relationship of initiatives to institutional strategic plans, ~~which also guide capital budget requests.~~
- 2) Prior appropriations for similar or connected initiatives.

- 3) External funding which provides a leverage of state resources.
- 4) Impact of initiatives on state's economic development.
- 5) Equity among institutions.
- 6) Accountability.

b. Capital Requests Criteria

- 1) Relationship of projects to institutional strategic plans.
- 2) Priority order of projects in the prior Board-approved five-year plan.
- 3) Priority ranking of projects as submitted by institutions.
- 4) Prior appropriations for planning and/or construction.
- 5) Consistency of the project with the campus master plan.
- 6) External funding which provides a leverage of state resources.
- 7) Impact of projects on state's economic development.
- 8) Equity among institutions.
- 9) Accountability.

3. Budget Approvals – All institutional budgets are to be approved by the Board.

4. Budget Transfers

- a. The chief executive officer of each institution is authorized to approve budget transfers and allocations, except those transfers that increase the current approved budget or the budget ceiling or those required by loan agreements and bond resolutions ~~and building repair allocations exceeding \$100,000.~~ The exceptions shall be docketed by each institution for Board action, and such action shall be recorded in the Board minutes.
- b. The chief executive officer of each institution is authorized to approve supplemental budgets which are supported by gifts, grants, and service contracts.

5. Budget Ceilings

- a. Regent institutions will docket for Board action proposed changes in budget ceilings for General Fund operations and will do so prior to institutional action modifying their obligations.

B. Collection of Delinquent Accounts

1. Authority: I.C. §262.15 provides that the Board shall have charge of the foreclosure of all mortgages and of all collections from delinquent debtors to said institutions. All actions shall be in the name of the Board of Regents, for the use and benefit of the appropriate institution.
2. A collection policy shall be established at the Regent institutions to ensure responsible fiscal management of receivables. The objectives of the collection policy are to combine both internal and external collection resources in a manner which will maximize collection experience.
3. External collection techniques shall allow the use of independent collection agencies selected through a competitive process.
4. To provide staff with an understanding of collection techniques and a well defined collections process to facilitate effective collection practices, the staff at the institutions will be made familiar with collection policies.
5. Collection policies should be publicized so that obligation to pay and payment procedures are clearly understood. Collection policies concerning students shall be displayed on or at, but not limited to, the following sources:
 - a. Schedule of courses book
 - b. Brochures to newly-admitted students
 - c. Pamphlets for off-campus packets
 - d. Points of sale
 - e. Statements mailed each month to students
 - f. Loan and note documents
 - g. University catalog
 - h. Internet web page
6. Collection policies concerning general accounts should be displayed. Electronic posting on an Internet web page is an acceptable option.
7. The Regent institutions should remain in compliance with: ~~the Iowa Consumer Credit Code, Chapter 537, I.C.; Medicare bad debt regulations; long term federally regulated student loan policies; account confidentiality as defined by the I.C., the Federal Right to Privacy Act, the Buckley Amendment for protection of student records; and Regent institutional policy; and any other regulatory agencies that impose criteria for the billing of Regent institution accounts.~~ state and federal laws regarding privacy and confidentiality.
8. In addition to the aforementioned objectives, procedures and collection techniques, each Regent institution shall maintain its own more detailed written policies.
9. The Regent institutions are encouraged to participate in the state's offset program for collection purposes.

10. The institutions shall handle their own uncollectible student loans with settlements carried out through statutory procedures. Any changes in current or new policies are to be docketed by the chief business officer for Board action.

C. Indirect Cost Rate

1. The policy of the Board of Regents is to provide services to other state agencies based on contractual agreements that include clearly specified tasks related to the missions of the institutions and established payment for both direct and indirect costs. This policy is consistent with standard management practices and provides equitable support of programs conducted from all sources of funding by institutions under the jurisdiction of the Board of Regents.
2. For federal programs, the provisions of Office of Management and Budget (OMB) Circular A-21 will be followed.

D. Accounting Issues

1. The Board shall direct the expenditure of all appropriations made to the institutions and of any other moneys belonging thereto, but in no event shall the perpetual funds of the Iowa State University of Science and Technology, nor the permanent funds of the State University of Iowa derived under Acts of Congress, be diminished. (I.C. §262.9[7])
2. I.C. §262.23 requires a number of specific items for compliance by the treasurer of each Regent institution. The Business Officers of each institutions shall maintain accounting records and supporting documentation in accordance with accepted business standards for accountability and auditability and shall prepare reports as required, including an annual financial report.
3. All appropriations made payable annually to each of the institutions under the control of the Board of Regents shall be paid in 12 equal monthly installments on the last day of each month on order of ~~said the~~ Board. (I.C. §262.28)

~~Duly audited disbursement vouchers may be paid upon the signature of the assigned business officers.~~

E. Payroll Withholding

1. Payroll withholding programs are permitted according to the following guidelines:
 - a. Withholdings authorized by federal or state laws.
 - b. Withholdings in connection with employee retirement and insurance plans approved by the Board of Regents.
 - c. Withholdings authorized by individual employees for institution-wide contributive programs of direct benefit.
 - d. Withholdings authorized by individual employees for United States savings bonds.

- e. Withholdings for amounts due the institution from and authorized by its employees.
 - f. Withholdings for amounts authorized by individual employees for dues for the convenience of organizations which relate to employment conditions, such as union organizations or university-wide professional organizations. Payroll withholding programs in this category shall not be initiated without 100 participants at Iowa State University and the University of Iowa, 50 participants at the University of Northern Iowa, and 25 participants at Iowa School for the Deaf and Iowa Braille and Sight Saving School, unless justification exists for fewer participants; payroll programs in this category may be discontinued if the number of participants falls below 25.
 - g. Insurance deductions in accordance with IAC 681—§8.7.
2. Each Regent institution shall require the employee or eligible organization to submit written authorization for payroll withholding for each withholding program, including the assent of the spouse of the employee, as required.
 3. The business officers are required to maintain such records as necessary for audit purposes.

F. Reimbursement of Travel Expenses for Employees of Regent Institutions

1. It is the intent of the Board of Regents that employees of Regent institutions be reimbursed for reasonable expenses associated with work-related travel.
2. It is the further intent of the Board that the Regent institutions adopt institutional policies consistent with this statement, along with any other provisions relating to travel reimbursements which are more specific or restrictive.
3. Some travel reimbursements may be taxable. For example, any meal reimbursement not associated with overnight travel is taxable income which must be reported in the next pay period. It is subject to federal and state income tax withholding and Social Security tax payments. Travel advances must be substantiated in a timely fashion (generally within 90 days of completion of travel) or they will be reported as taxable income.
4. Travel expense vouchers should be submitted promptly on return from the trip. Employees will be reimbursed for transportation, lodging, and meals on the following basis:
 - a. The use of state-owned vehicles is encouraged. However, transportation reimbursement for official travel by private automobile when the use of a personal car is authorized by the appropriate institutional official shall be paid at no more than:
 - 1) At a rate of \$.31 per mile, for travel when a motor pool vehicle is not available and the employee must use his/her personal vehicle.
 - 2) At a rate of \$.25 per mile, for travel if a motor pool vehicle is available, but the employee chooses to use his/her own vehicle.

- 3) At a rate of \$.31 per mile, for travel when an employee chooses to use his/her own vehicle and the round trip is less than 100 miles.
- 4) At a rate to be determined by the institutions' chief business officer on a case-by-case basis when an individual must use a substantially modified or specially equipped privately owned vehicle.
- b. Air or rail transportation should be by common carriers. Use of university or chartered aircraft is permitted when advantageous.
- c. Meals would be reimbursed based on actual and reasonable costs using the following maximum guidelines:

	<u>In-State</u>	<u>Out-of-State</u>
b) Breakfast	\$ 5.00	\$ 8.00
c) Lunch	7.00	12.00
d) Dinner	<u>14.00</u>	<u>20.00</u>
	\$26.00	\$40.00

- d. The individual amounts for each meal would apply only in the case of persons being in travel status for partial days. Otherwise, the total amounts for each day would apply, thus allowing some discretion in adjusting meal allowances within the day.
 - e. Exceptions to these meal standards requested in advance of travel could be accommodated if justified to senior university officials (e.g., vice presidents, business officers, collegiate deans, and major directors of administrative units). Exceptions not authorized in advance of travel may be considered by senior university officials only after careful review and consideration of any unanticipated costs incurred by the university traveler.
 - f. Lodging reimbursement is limited to the actual/reasonable cost for a standard single room. Lodging rates set by Federal regulations will be used as a guide. This rate is reviewed and amended periodically.
5. Reimbursement for Foreign Travel
- a. Meal and lodging policies and rates approved by the U.S. Department of State are to be followed unless university or granting agency regulations are more restrictive. For partial days of travel, one-fourth of the rate for a full day will be reimbursed for each six-hour period or the fraction thereof that the employee is in travel status.
 - b. The traveler may be reimbursed at more than the standard per diem if approved by authorized university officials. The traveler must provide an explanation of the extenuating circumstances and original receipts supporting all lodging and meal expenditures. Reimbursements in excess of the standard rates will not be approved if prohibited by granting agency regulations.

G. Selection of Employees and Agents Utilized in the Issuance of Bonds or Notes
(I.C. §262.9(17) and IAC 681—8.8)

1. The IAC provides specific guidelines for the open selection process of financial advisors and bond counsel necessary to carry out the issuance of bonds or notes by the Board. Agreements are to provide for annual renewals during a period not to exceed five years.
2. Requests for proposals (RFP) for these services are to be brought before the Banking Committee. These RFP's will be sent to a list of candidate firms and any other firms the Banking Committee wishes to consider.
3. Representatives of the Board Office and the universities will review the submissions received in response to each of the RFP's, and recommend three or four finalist firms to be interviewed by a selection committee. The selection committee will be comprised of representatives of the Banking Committee, the Board Office, and the universities.
4. The Banking Committee will recommend the final selection of service providers for Board approval.

H. Awards to Private Agencies

~~4.~~I.C §11.36 requires that Regent institutions, prior to awarding a grant or a purchase of service contract of more than \$150,000 to a private agency, excluding architect/engineering agreements, shall obtain from the auditor of state a certification of the entity's accounting system and an evaluation of its internal controls.

I. Inventory (Moved to Chapter 9 except the following paragraph)

1. Pursuant to I.C. Chapter 7A.30 , all equipment valued at \$5,000 or more and held for one year or more shall be included in the institution's equipment inventory.
2. Surplus Property Disposal
 - a. Regent institutions and the Board Office have established surplus property disposal procedures to insure items defined as surplus by departments are placed within the institution to the extent feasible.
 - b. Items declared surplus and not placed within the institution or the Board Office may be disposed of in one or more of the following ways:
 - 1) Use as a trade in;
 - 2) Transfer to another Regent institution or state agency;
 - 3) Sell to highest bidder after soliciting three or more bids;
 - 4) Auction to the highest bidder;
 - 5) Sell internally through surplus sales open to the public;
 - 6) Dismantle for parts utilization; and/or

7) Scrap if no other value can be determined.

- c. See Chapter 9 of the Policy Manual for disposal, transfer, or sale of buildings.

7.03 Banking and Investment Activity (Draft to be presented next Board meeting)

A. Investment Policy (Draft to be presented next Board meeting)

7.04 Financing

A. Mortgages and Loans

1. The Board of Regents may invest funds belonging to the institutions under its jurisdiction, subject to I.C. §262.14, I.C. 633.123A, and the investment policies adopted by the Board through the use of mortgages and loans.
2. The Board shall have charge of the foreclosure of all mortgages and of all collections from delinquent debtors to the institutions under its jurisdiction. All actions shall be in the name of the Board of Regents, for the use and benefit of the appropriate institution. (I.C. §262.15)
3. When loans are paid, the Board shall release mortgages securing the same. (I.C. §262.16)
4. In case of a sale upon execution, the premises may be bid off in the name of the Board of Regents for the benefit of the institution to which the loan belongs. (I.C. §262.17)
5. Deeds for premises so acquired shall be held for the benefit of the appropriate institution and such lands shall be subject to lease or sale the same as other lands. (I.C. §262.18)
6. No lapse of time shall be a bar to any action to recover on any loan made on behalf of any institution. (I.C. §262.19)

B. Lease Financing of Equipment and Facilities

1. Upon the recommendation of the chief business officer of an institution the executive director may execute lease agreements on behalf of the institution with a third-party leasing agent with which the Board has approved master lease documents and when outstanding leasing is within dollar allocation amounts set by the Board.
 - a. Master lease drawdowns shall be reported to the Board's Banking Committee at its next meeting following the drawdown.
 - b. Annual reports on outstanding master lease activity shall be made to the Board's Banking Committee.

2. Vendor installment purchase agreements may be executed by the chief business officer of an institution under the delegated purchasing authority as outline in §7.05, Purchasing , subject to the provisions below:
 - a. Vendor installment purchase agreements with a total value of greater than \$250,000 for the universities and \$25,000 for the special schools shall be approved by the executive director and reported to the Banking Committee at its next meeting following the agreement date.
 - b. All vendor installment purchase agreements of \$50,000 or more shall be reported to the legislative fiscal bureau as required by I.C. §8.46 and to the Board in the Annual Purchasing Report.
 - c. Vendor installment purchase agreements shall meet all other standards pertaining to purchasing, including obtaining cash price quotes, and shall be evaluated against the relative economics of a cash purchase, the Board's Master Lease Agreement and other third-party leases.
3. True leases of equipment where ultimate ownership of the equipment is not intended, other than through the future exercise of an option to purchase, may be executed by the chief business officer or designee of an institution under the delegated purchasing authority.

~~C. Academic Building Revenue Bond Proceeds.~~

- ~~1. IAC §681—8.3 outlines procedures for purchase of equipment with academic revenue bonds. In addition to these procedures:
 - ~~a. The institutions shall prepare bid tabulations in the normal format and submit to the Board of Regents Office for distribution.~~
 - ~~b. Award of equipment orders shall be by the Board at a regular meeting and such award recommendations shall be made part of the Register of Capital Improvement Business Transactions.~~~~
- ~~2. The procedures set forth in Chapter 9 of the Policy Manual shall also apply to the purchase of equipment exceeding \$25,000 as described above and funded by academic revenue bond proceeds.~~

D.C. Parietal Rules and Dormitories

1. Students may choose to live in university residence halls, university apartments, fraternities, sororities, or off-campus housing.
2. When and if a requirement for a parietal rule requiring students to live in university housing is needed, in the university's judgment, to carry out the responsibility of the Board under its bond covenants to assure maximum occupancy of the dormitories, the university shall first present a recommendation to the Board.

3. If the above parietal rule for any of the three Regent universities is to be invoked, the Board will publish notice before any enforcement of the parietal rule.
4. The Board encourages the directors of student housing and dining services to meet regularly to exchange information and to discuss policies, practices, and procedures and for the three universities to prepare appropriate information that will enable analysis trends in occupancy by class, sex, and age, and assist in the preparation of an annual report to the Board.
5. The Board covenants and agrees that, so long as any of the bonds (dormitory) shall remain outstanding, it will continuously operate and maintain the system; will adopt such rules and regulations for occupancy, including parietal rules, as will assure maximum occupancy of the buildings; and will fix, maintain, revise and adjust from time to time such rates, rents, fees, and charges for the use of said system as will provide revenues sufficient at all times to pay the reasonable cost of operating and maintaining the system and to provide and maintain the "Dormitory Revenue Bond Sinking Fund" and the required reserve therefore; that it will not permit any free use of the system; and that it will collect and account for and apply the rents, profits, income, and revenues in accordance with [its bond resolutions].

E.D. University of Iowa Hospitals and Clinics

1. Rate schedules will be presented to the Board annually for approval prior to submission of final budgets.
2. The director of the department of Human Services, in respect to institutions under the director's control, the administrator of any of the divisions of the department, in respect to the institutions under the administrator's control, the director of the Iowa Department of Corrections, in respect to the institutions under the department's control, and the Board of Regents in respect to the Iowa Braille and Sight Saving School and the Iowa School for the Deaf may send any inmate, student, or patient of an institution, or any person committed or applying for admission to an institution, to the hospital of the medical college of the state university for treatment and care as provided in this chapter, without securing the order of court required in other cases. The Department of Human Services, the Iowa Department of Corrections, and the Board of Regents, shall respectively pay the traveling expenses of any patient thus committed, and when necessary the traveling expenses of an attendant for such patient, out of funds appropriated for the use of the institution from which the patient is sent. (I.C. 255.28)

7.05 Purchasing (Approved by the Board in July)

7.06 Risk Management ~~and Insurance~~

A. Statement of Risk Management Policy

1. The policy of the Board of Regents with respect to risks of property and liability loss is to:
 - a. Protect the Regent budgets and assets against large losses

- b. Minimize and stabilize total risk management costs
 - c. Protect Regent employees against losses.
 - 2. When risks of a catastrophic nature exist, they will be eliminated or reduced to the extent practical. Funding will be arranged when the potential loss is large. Funding will be obtained from:
 - a. The State General Fund.
 - b. Insurance, when it is available at a premium judged acceptable by the Board, or
 - c. Self-insurance, with appropriate reserves for incurred but unpaid claims.
 - 3. The Board will not insure risks that do not present a significant loss potential unless the purchase is indicated by other factors, such as a need required by contract, bond or statute.
 - 4. The Regent institutions shall work with the Board Office to develop appropriate protocols to implement Regent-wide risk management programs, in accordance with the Board's policies and procedures.

1. Authority to Insure

- ~~a. I.C. §517A.1 authorizes and empowers the Board to purchase and pay the premiums on liability, personal injury, and property damage insurance; the form and liability limits of such policies shall be subject to approval by the Attorney General.~~

2. Executive Director Authority

- ~~a. The executive director is authorized to purchase property damage insurance for all institutions under the Board of Regents on the basis of the low bids and in accordance with principles previously approved by the Board.~~
- ~~b. Report of such purchases need not be made to the Board provided that the executive director has determined that there is no unusual circumstance which requires the attention of the Board.~~
- ~~c. The executive director will docket any unusual circumstance that requires the attention of the Board.~~

B. Liability Coverage

- 1. I.C. Chapter 669, also known as the "Iowa Tort Claims Act" provides for the defense and indemnification of state employees, volunteers and agents for monetary claims for property damage, personal injury or death, caused by the negligent or wrongful act or omission of the covered individuals while acting within the scope of their authorized responsibilities.
- 2. Under the provisions of an interagency 28E Agreement for Settlement of Small Tort Liability Claims, the three Regent universities are authorized to settle small tort liability claims, subject to the financial responsibility limits within the 28E Agreement.

3. Motor Vehicle Self-Insurance Program

The Board has established a self-insurance program for automobile liability, including expanded coverage for comprehensive and collision for vehicles owned or rented by the institutions.

C. Property Program ~~Building Insurance~~

3-1. Auxiliary and Self-Supporting Property

The Regent institutions shall purchase property insurance for self-supporting operations in accordance with the Risk Management Policy. (See Section 7.06A.)

2. General Fund Supported Property

a. The Regent institutions shall purchase catastrophic property insurance with a single incident deductible of \$2 million for each university for general fund buildings and \$1 million for each special school.

b. A Regent institution may seek reimbursement of General Fund property losses over \$5,000 and under the insurance deductible, from the State of Iowa under the provisions of I.C. Chapter 29C.20 (see below). Money from the state contingent fund may be requested for repairing, rebuilding, or restoring state property injured, destroyed, or lost by fire, storm, theft, or unavoidable cause.

c. General Fund - State Property Loss Program

1) I.C. Chapter 29C.20, Contingent Fund-Disaster Aid provides for a contingent fund for the purpose of paying for repair, rebuilding, or restoring of state property injured, destroyed, or lost by fire, storm, theft, or unavoidable cause.

2) Losses in excess of \$5,000 shall be promptly reported to the Board Office under procedures established administratively. Such notification shall occur no later than the next regular working day following the loss.

3) The institution should prepare immediately and submit to the Board Office within five working days of the loss, a preliminary loss report including cost estimates. Within 45 days of the loss, the institution should submit a formal loss report including proposed plans and specifications for repairs or replacement of equipment, and buildings.

4) The Executive Council of Iowa's *Guidelines for Allocation of 29C.20 Funds* prescribe the protocol for written notice and request for allocation of funds, required documentation for review by the State Auditor, the process for approval, payment, resolution of differences, and appeal.

B. Casualty Loss Claims (I.C. 29C.20)

1. All loss occurrences of \$5,000 or less shall be absorbed by the Regent institutions (unless the aggregate of all such losses in any fiscal year exceeds \$15,000 for the University of Iowa and Iowa State University, \$10,000 for the University of Northern Iowa, or \$5,000 for the Iowa School for the Deaf or the Iowa Braille and Sight Saving School).

- ~~2. Claims for all losses estimated to exceed \$5,000 (or annual aggregate of all losses of \$5,000 or less which exceed \$15,000 for the University of Iowa and Iowa State University, \$10,000 for the University of Northern Iowa, or \$5,000 for the Iowa School for the Deaf or the Iowa Braille and Sight Saving School) shall follow the formal internal procedures.~~
- ~~3. Formal internal procedures for reporting and payment of losses due to disaster are as follows:
 - ~~a. The institution shall be responsible for prompt notification of the Board Office under procedures established administratively. Such notification shall occur no later than the next regular working day following the loss.~~
 - ~~b. A representative of the Board Office will normally contact both the secretary of the State Executive Council and a representative of the State Auditor's Office. The Board Office representative will give the aforementioned officials general information.~~
 - ~~c. The institution should prepare immediately and submit to the Board Office within five working days of the loss a brief written description of the damage and/or loss, including preliminary cost estimates of the loss sustained. The institution should proceed to draw up necessary plans and specifications for repairs, equipment, buildings, etc.~~
 - ~~d. The institution shall then prepare and submit a formal report of the loss to the Board Office. The report would include a description of the loss and cost estimates for restoration and replacement of property damaged and destroyed. Such report shall be submitted within 45 days of the occurrence, unless permission for an extension of time has been formally granted by the Board Office.~~
 - ~~e. The Board Office would, after review of the formal written report, request the Executive Council to allocate funds by resolution and to authorize the institution to proceed with necessary repairs and replacement in accordance with Board of Regents established policy and procedures.~~
 - ~~f. The Executive Council, on advice of the state auditor, would prescribe how claims are to be submitted for reimbursement and would approve payment forms for reimbursement. Claims usually can be submitted for payment either as accumulated during the life of the project or upon completion of the project.~~
 - ~~g. All requests for claims shall be submitted to the Board Office for transmittal to the Executive Council.~~~~
- ~~4. Executive Council of Iowa Guidelines for the Allocation of 29C.20 Funds.
 - ~~a. The loss must be reported to the secretary of the Executive Council and to the auditor of state on or before the end of the next regular working day following the loss.~~~~

~~b. A written request for an allocation to the Executive Council including an estimate of the amount of the loss and a description of the loss shall be submitted within 60 days. The estimate should be based on quotation, contracts, catalog prices, etc. To speed the process, copy the letter to the Auditor's Office.~~

~~c. After the Auditor's Office has reviewed the claim and recommended the allocation, the request will be presented to the Executive Council at the next available meeting.~~

~~d. After the allocation request has been approved by the Executive Council, the agency may incur the costs and submit the invoice(s), along with a cover letter referencing the 29C.20 claim, to the Executive Council.~~

~~e. After the Auditor's Office has reviewed the invoices and recommended payment, the cost items will be presented to the Executive Council for approval.~~

~~f. After the Executive Council has approved the cost item, the invoice will be paid by the Treasurer's Office.~~

~~5. Claims on crop losses resulting from natural phenomena, defined as wind, hail, or rain, will be allowed. The determination of the extent of a loss shall use the Agricultural Stabilization Conservation Society yield/acre for each farm as a base. Such yields are based on a three-year average, as determined from Corn Stability Reading, average rainfall, and state average. An initial loss estimate will be established within 30 days of the loss. Losses shall be covered in a manner similar to the meaning of "all risk" coverage by private carriers. Losses early in the season may be established as the cost of replanting and resultant yield loss due to lateness of the season, while late season losses will be established as actual loss per acre. The percent of loss for each claim will be determined through use of an independent third party trained adjuster.~~

~~Any single loss occurrence of \$5,000 or less shall be absorbed until the aggregate of all such losses exceeds \$15,000 per Board of Regents higher education institution in any fiscal year. All crop loss claims occurring after the annual aggregate is reached may be submitted during the remainder of the fiscal year for the amount exceeding the \$15,000 aggregate.~~

~~a. Regent institutions will insure buildings under the following guidelines:~~

~~a. Property pledged for indebtedness.~~

~~b. Property acquired from sources other than state appropriations for which replacement by the state could not reasonably be expected.~~

~~c. Property which is essential to produce income for self-supporting activities.~~

~~d. Property consigned or loaned if required by consignee or lender.~~

~~e. Buildings under construction.~~

~~f. Academic/general funded facilities.~~

4. Type of Coverage and Valuation Basis

a. To the extent practical and when available at a reasonable cost, property shall be insured for:

1) 'All risk' or perils of fire; windstorm; lightning; earthquake and flood and extended coverage including theft, vandalism, and malicious mischief.

2) Replacement cost or on a 90 percent coinsurance basis.

f)Academic/general funded facilities.

b.Perils to be insured:

1)Fire; windstorm; lightning; earthquake and floods, where such coverage is appropriate; extended coverage and/or all risk.

2)Vandalism and malicious mischief.

c.Type of insurance:

1)Builder's risk.

2)Property coverage--90 percent coinsurance on a replacement cost basis. (Valuations for buildings to be based on valuation appraisals mutually agreeable to the insurers and the institution)

3)Loss of earnings.

4)Catastrophic insurance with a single incident deductible of \$2 million for each university for general fund buildings and \$1 million for each special school.

4.Self-Insurance Program for Automobile Liability

a.Effective July 1986 the Board established a self-insurance program for automobile liability. Effective October 1, 1996, the Board expanded coverage of the Regents' vehicles self-insurance pool program to include comprehensive and collision coverage for vehicles owned by the institutions and collision, damage waiver coverage for rental vehicles (\$250 deductible).

b.The principal elements of the automobile liability self-insurance program are as follows:

1)Each institution pays a monthly premium per vehicle; premiums are to be adjusted periodically based upon claims experience;

2)Each Regent institution shares the automobile liability exposure of all Regent institutions up to claims of \$250,000. Approved claims greater than \$250,000 are paid from standing, unlimited appropriations by the State Appeal Board.

3)The University of Northern Iowa is treasurer with respect to the "premiums" received from individual institutions and the approved payments made to claimants.

- ~~4)The institutions are to work with the Board Office to determine and implement the most efficient and effective claims processing for this program.~~
- ~~5)The Attorney General's Office supplies investigative and legal work and provides representation before the State Appeal Board.~~
- ~~6)Institutional risk managers and the Board Office will periodically review the rates charged and other aspects of the program and make recommendations as appropriate.~~

D. Purchase of Insurance

~~1.Purchasing terms and bid requirements are provided in IAC §681—8.4 provides broad guidelines for purchases of insurance relative to lowest net cost, coverages, and builder's risk insurance.~~

~~d.~~ Insurance companies:

- ~~1)Nonassessable mutual companies licensed in Iowa.~~
- ~~2)Stock companies licensed in Iowa.~~

~~E.~~ Surety Bonds

- ~~1.State officials are not required to obtain bonds, but may be covered under a blanket bond for state employees. The blanket bond purchases shall be made in an amount and with the level of assumption of risk by the state that is determined by the Department of General Services. The state shall pay the reasonable cost of bonds under this section. (I.C. §64.6)~~
- ~~2.Each treasurer need not purchase a surety bond.~~
- ~~3.The Regent institutions may purchase a fidelity bond and crime insurance covering the loss of property by employees up to \$10 million per incident and covering the loss of money and securities by non-employees up to \$2 million per incident.~~

~~F.~~ Liability and Liability Claims

~~I.C. § 504A.101, dealing with the "Nonprofit Corporation Act," states that: Except as otherwise provided in this chapter, a director, officer, member or other volunteer is not personally liable in that capacity, for a claim based upon an act or omission of the person performed in the discharge of the person's duties, except for a breach of the duty of loyalty to the corporation, for acts or omissions not in good faith or which involve intentional misconduct or knowing violation of the law, or for a transaction from which the person derives an improper personal benefit.~~

7.07 Compliance and Reporting

A. Financial Reports

1. The executive officer of each Regent institution shall, make a report to the Board, setting forth such observations and recommendations for appropriations for the ensuing budget period as in the executive officer's judgment are for the benefit of the institution. (I.C. Chapter 262.24)
2. The business officers for each institution shall report to the Board in such detail and form as it may prescribe:
 - a. The funds available each fiscal year from all sources for the erection, equipment, improvement, and repair of buildings.
 - b. Interest on endowment and other funds, tuition, state appropriations, laboratory and janitor fees, donations, rents, and income from all sources affecting the annual income of the support funds of said institution.
 - c. How the funds so received were expended, giving under separate heads the cost of instruction, administration, maintenance and equipment of departments, and the general expense of the institution.
 - d. The number of professors, instructors, fellows, and tutors, and the number of students enrolled ~~in each course~~ during each year, stating separately the number of students attending short courses.
 - e. The amount of unexpended balances of departments remaining in the hands of the treasurer and the amounts undrawn from the state treasury on June 30 of each year.
 - f. The report for the Iowa State University of Science and Technology shall also show the receipts of the experiment station from all sources for each fiscal year, and how the same were expended. (I.C. Chapter 262.25)
3. The Board shall, at the time provided by law, report to the Governor and the Legislature such facts, observations, and conclusions respecting each of such institutions as in the judgment of the Board should be considered by the Legislature. Such report shall contain an itemized account of the receipts and expenditures of the Board, and also the reports made to the Board by the executive officers of the several institutions or a summary thereof, and shall submit budgets for appropriations deemed necessary and proper to be made for the support of the several institutions and for the extraordinary and special expenditures for buildings, betterments, and other agreements. (I.C. Chapter 262.26)

B. Gifts and Grants

1. The Board shall accept and administer trusts and may authorize nonprofit foundations acting solely for the support of institutions governed by the Board to accept and administer trusts deemed by the Board to be beneficial. Notwithstanding the provisions of I.C. § 633.63, the Board and such nonprofit foundations may act as trustee in such instances. (I.C. §262.9[8])

2. The chief executive officer of each institution is authorized to accept and approve all gifts, grants, and service contracts except gifts of real estate. Gifts, grants, and service contracts are to be accepted only if supportive of the mission of the institution.
 3. Each institution, on or before the 15th day of each month, shall send the report of gifts and grants that was received during the preceding month to the executive director for transmittal to the director of the Department of Management and the director of the Legislative Fiscal Bureau. The members of the Board of Regents shall receive an annual report detailing amounts, sources, and purposes of these gifts and grants. The Board Office shall retain one copy of all reports for its files. The institution will make this report in the form currently used to comply with I.C. § 8.44.
 4. Each university, on or before the 15th day of the month following the end of the quarter, shall send, electronically to the Board Office, the detail of gifts and grants for the quarter for transmittal to the designated individual of the Legislative Fiscal Bureau. The Board Office shall retain one copy of all reports for its files.
- C. Policy on Competition with Private Enterprise
1. IAC 681—9.4 implements I.C. Chapter 23A, which restricts government entities from competing with private enterprise, unless specifically authorized by statute, rule, ordinance, or regulation.
 2. The Board has adopted a policy that Regent institutions shall not engage in competition with private enterprise unless the activity will assist in the education, research, extension, or service mission of the institutions.
 3. To fulfill their missions effectively, institutions under the control of the Board occasionally provide goods and services which enhance, promote, or support the instructional, research, public service, and other functions to meet the needs of students, faculty, staff, patients, visitors, and members of the public participating in institutional events.
 4. Each institution has established written policies regarding competition with private enterprise. These policies ensure that:
 - a. Activities provided by the institutions are consistent with Board policy.
 - b. Processes are identified to handle inquiries about activities carried out by the institution.
 - c. There is a means for community businesses to interact with the institutions including discussion of complaints.
 5. Annually, a report will be provided to the Board of institutional activities which may compete with private enterprises, including any formal complaints related to competition with private enterprise, during the past calendar year.
- D. Traffic and Parking Regulations

1. I.C. 262.68 authorizes the Board to establish speed limits for all vehicles on the institutional roads and streets.
2. I.C. 262.69 authorizes the Board to make rules for the policing, control, and regulation of traffic and parking of vehicles and bicycles on the property of any institution under its control.
3. All traffic and parking regulations shall be subject to Board approval prior to enforcement. Changes in existing regulations, general or specific, shall be brought to the Board annually for approval.
4. If any change in traffic and parking regulations include an increase in monetary sanctions, notification of students is to be consistent with §8.01 of this Policy Manual.
5. General traffic and parking regulations for each university shall be filed in accordance with Chapter 17A, Iowa Administrative Procedure Act. (Regulations are in IAC Chapter 681-4.)

E. Records Management and Examination of Public Records

1. Records Management

- a. I.C. §304.17 requires the Board of Regents to adopt rules for their employees, agencies, and institutions for records management. The Board's rules are in Chapter 10.

2. Examination of Public Records (I.C. 22)

The following language excerpts and paraphrases key statutory provisions applying to the Board and Regent institutions:

- a. "Public records" include all records, documents, tape or other information, stored or preserved in any medium.

"Public records" also include all records relating to the investment of public funds including but not limited to investment policies, instructions, trading orders, or contracts, whether in the custody of the public body responsible for the public funds or a fiduciary or other third party.
- b. Every person shall have the right to examine and copy public records and to publish or otherwise disseminate public records or the information contained therein as provided by law.
- c. Such examination and copying shall be done under the supervision of the lawful custodian of the records or the custodian's authorized deputy. The rules adopted by the Board are in IAC Chapter 17.
- d. Those public records which shall be kept confidential unless otherwise ordered by a court, by the lawful custodian of the records, or by another person duly authorized to release information are detailed in I.C. § 22.7.

F. Administrative Procedure Act

1. The Board of Regents operates in compliance with the Iowa Administrative Procedure Act, pursuant to I.C. Chapter 17A.
2. Each Regent institution establishes institutional procedures to administer I.C. Chapter 17A, subject to Board approval as necessary.
3. When a timely request for making an oral presentation in regard to a rule is presented to the Board as provided by I.C. § 17A.4, the executive director will set a time and place for the presentation. The time will be not less than 20 days after notice is published in the Iowa Administrative Bulletin. The notice will state whom the executive director has designated to conduct the presentation, the subject matter, and the location.
 - a. In addition to the rules adopted by the Board in IAC Chapter 19, the person in charge of a public hearing may, in his/her discretion, announce and invoke any or all of the following rules for orderly conduct and the proper decorum:
 - b.1) Request that those present sign an attendance roll giving their names and addresses and representative status, if any;
 - c.2) Request that those requesting to make oral presentations, including those entitled to make oral presentations, sign a roster, giving their names and addresses and representative status, if any;
 - d.3) Permit oral presentations from anyone present or by a spokesperson for those present, including those not otherwise entitled to make an oral presentation;
 - e.4) Limit individual oral presentations to a fixed time;
 - f.5) Fix the time for the entire public hearing;
 - g.6) Establish and amend the agenda and the order of oral presentations;
 - h.7) Cause unruly or disorderly persons to be ejected;
 - i.8) Make and enforce other reasonable regulations for the good order and the proper decorum for the conduct of the public hearing.

G. Fire Protection Contracts

1. The Board of Regents shall have power to enter into contracts with the governing body of any city, town, or other municipal corporation for the protection from fire of any property under the control of the Board, located in any such municipal corporation or in territory contiguous thereto, upon such terms as may be agreed upon. (I.C. §262.33)

2. New contracts or renewal of contracts shall be brought to the Board for approval. Annual payments as specified in a multi-year contract previously approved by the Board shall be made by the institution involved without further Board approval.

H. Matters for the State Executive Council

4. Items to be submitted to the State Executive Council shall be submitted through the executive director.

a. Subsequent to Board approval for any transactions requiring Executive Council approval, institutions are to submit a letter to the Board Office, under institutional head signature, requesting that the transaction be submitted to the Executive Council for approval. The letter should include the following information:

- 1) Information on Board approval of the transaction with date of approval, a short description, and the approved purchase or sale price;
- 2) The legal description for the transaction (include as an attachment to the letter if the description is lengthy);
- 3) A general description of the transaction as presented to the Board in the docket memorandum, including a map of the property (if used for the docket item);
- 4) Justification for the transaction, source of funds (for property purchases), and the planned use of the proceeds (for property sales); and
- 5) Any additional information beyond that presented to the Board that may be needed for Executive Council consideration.
- 6) Requests will be reviewed in the Board Office. Upon satisfactory submission of all requested data, the Executive Director will forward the institutional request to the Executive Council for its consideration (along with the Attorney General's Office review of the transaction).

b. The institution is responsible for arrangements when institutional officials are to attend an Executive Council meeting to discuss the transaction. The institution should notify the Board Office of these arrangements.

I. Conflict of Interest - Sales and Purchases and Prohibited Interest in Public Contracts (I.C. 68B)

1. IAC §681—8.9 details the Board's policy on conflict of interest in public contracts and identifies specific conditions for exceptions to those policies.
2. When requesting Board action on potential conflict of interest vendors, the Regent institutions shall submit, in addition to the information required by IAC §681—8.9(3), that the institution has adequate internal controls in place to ensure that the individual is so precluded from decisions.

3. Employees, officers, and members of the Board of Regents also shall comply with the I.C., Chapter 68B, "Conflicts of Interest of Public Officers and Employees" and Chapter 4 of the Regent Policy Manual.

7.08 Audit Activity

A. Audits

1. State Audits

- a. The auditor of state shall annually make a complete audit of the books and accounts of every department of the state, a quarterly audit of the educational institutions, and audit testing of the Board's investments. (I.C. 11.2)

2. Each department and institution of the state shall keep its records and accounts in such form and by such methods as to be able to exhibit in its reports the matters required by the auditor of state, unless otherwise specifically prescribed by law. Each department and institution of the state shall keep its records and accounts in a current condition. The failure of the head of any department of the state to comply with this provision shall be grounds for their suspension from office. (I.C. §11.5)
3. The Board Office will receive from the State Auditor's Office all draft State audit comments and recommendations for review.
4. Proposed institutional responses to State audit comments and recommendations will be developed by the institutions in consultation with the Board Office. The proposed responses must be approved by the Executive Director before they are submitted to the State Auditor's Office.
5. A copy of all state audits related to a Regent institution shall be, upon completion, sent to the Board Office for docketing on the Banking Committee agenda.

B. Internal Audits

1. Purpose. The Board of Regents authorizes the University presidents to hire internal audit staff to provide independent appraisal services to the Board and institutional administrators. Internal auditing is a managerial control which functions by measuring and evaluating the effectiveness of other financial and managerial controls.
2. Objective and Scope. The objective of internal auditing is to assist the Board of Regents and institutional administrators in the effective discharge of their responsibilities by furnishing them with analyses, appraisals, recommendations and pertinent comments concerning the activities reviewed. The attainment of this objective involves such activities as:

- a. Reviewing and appraising the soundness, adequacy and application of accounting, administrative and other operating controls, and promoting effective control at reasonable cost.
 - b. Ascertaining the extent of compliance with established policies, plans and procedures.
 - c. Ascertaining the extent to which assets are accounted for and safeguarded from losses of all kinds.
 - d. Ascertaining the reliability of management data developed within the organization.
 - e. Conducting special examinations and reviews at the request of the Banking Committee, the Board of Regents or institutional heads.
 - f. Evaluating the economy and efficiency with which resources are employed and recommending improvements in operations, including reviews of administrative and support services with the objective of reducing operating costs.
3. Authority. The internal audit staffs are authorized by the Board of Regents to conduct a comprehensive program of internal auditing. To accomplish their objectives, the internal auditors are authorized to have unrestricted access to university functions, records, properties and personnel. The three universities have internal auditors to perform these functions. The University of Iowa internal auditor is responsible for internal audits at the Iowa School for the Deaf. The Iowa State University internal auditor is responsible for internal audits at the Iowa Braille and Sight Saving School.
 4. Reporting. The internal audit staffs report to the University presidents, and where appropriate, to the Superintendents of the special schools, for all auditing activities except those related to the offices of President and Superintendent. Audit activities related to the offices of President and Superintendent are to be reported directly to the President of the Board of Regents.
 5. Responsibility. Each year, the internal audit staffs will develop and execute a comprehensive audit plan to be conducted in accordance with applicable professional auditing standards. A comprehensive report on the internal audit function will be made to the Board through the Banking Committee in July of each year.
 6. The report will include the annual audit plan, review of all previous fiscal year audits completed and in progress, including any follow-up reviews and any audits which were scheduled but not done, and a list of all audits completed within the last three fiscal years.
 7. A copy of each internal audit report and follow-up review, upon its completion, will be sent to the Board Office for docketing on the Banking Committee agenda.

8. Any activity which is illegal or the legality of which is questioned by the audit staff (e.g. conflict of interest, embezzlement or theft) shall be reported to the appropriate institutional administrator or President of the Board (consistent with Section 4 of this policy) immediately upon discovery by audit staff. Other appropriated authorities should also be notified.
9. In the performance of their functions, internal audit staff will have no direct responsibility for, nor authority over, any of the activities and operations reviewed.

C. Hospital Audits

1. To arrive at proper basis for the payment of said bills for treatment, care, and maintenance [of indigent patients], the Board of Regents shall cause to be made annually an audit of the accounts of the University Hospital and determine the average cost per day for the care and maintenance of each patient therein, exclusive of the salaries of the members of the faculty of said university College of Medicine, and said bills shall be allowed at such average cost. All accounts shall be so adjusted and paid as to reimburse the funds of the hospital used for the purposes of this chapter. (I.C. 255.25)
2. The University of Iowa Hospitals and Clinics will arrange for an annual external audit of hospital accounts and shall submit, upon completion, a copy of the audit to be docketed on the Banking Committee agenda.

D. External Audits

A copy of all external audits conducted on any component of a Regent institution (such as bonded enterprises or Graduate Study Centers) shall be, upon completion, sent to the Board Office for docketing on the Banking Committee agenda.

9.03 Register of Capital Improvement Business Transactions

- A. Capital actions, shall be reported for approval, ratification, and execution by the Board at its next meeting. Reporting shall be by means of the monthly "Register of Capital Improvement Business Transactions" (hereafter referred to as the "Register"), with subheadings as follows: (A) Permission to Proceed with Project Planning; (B) Program Statements and Design Documents; (C) Project Descriptions and Budgets; (D) Consultant Agreements and Amendments; (E) Construction Contracts and Change Orders to Construction Contracts; (F) Acceptance of Completed Construction Projects; and (G) Final Reports. Processes related to the subheadings are included in separate sections of this chapter.
- B. The chief business officer of each institution shall certify the Register and send it to the Board Office with monthly docket material, where it shall be filed with the executive director, who shall in turn advise the Board as to its acceptability.
- C. Each institutional docket shall carry a single item for reporting of Capital Improvement Business Transactions as defined in this section.

University Registers of Capital Improvement Business Transactions

9.04 Permission to Proceed with Project Planning

Institutions shall seek the approval of the Board prior to initiating formal planning for any project estimated to cost \$1,000,000 or more. Permission shall be requested in an exhibit in the Register of Capital Improvement Business Transactions. The exhibit shall include a description of the need or identification of the program to be accommodated by the project; a narrative description of the project, if known; and of alternatives, if any, to the proposed course of action. The estimated cost of the project expressed as a range and the probable source of funds shall be provided. (Cost estimates provided at this time are tentative and are subject to later revision. Permission may be sought at this time to seek architectural or engineering assistance or the services of a construction manager if that is the intention of the institution.)

9.05 Program Statements and Design Documents

A. Program Statement

The program statement describes the facility which is to be constructed in terms of purpose and scope. It may be prepared prior to hiring a design consultant or with the assistance of the consultant. Once prepared and approved, the program statement provides a basis for agreement between the project user, the institution, and the design consultant. Program statements shall be submitted for Board review for all new buildings, major additions, or

remodeling projects with an estimated project cost of \$1,000,000 or more. The Board shall be provided with an executive summary of the program statement for approval by the Board prior to the initiation of project design. The program statement may include a review of the design concepts and projected measures of efficiency, including net to gross square feet, construction cost per square foot and projected utility and maintenance costs.

B. Design Documents

This phase of planning begins with approval of program statement and terminates with completion of bid documents. This phase includes schematic design, design development and construction documents.

Approval of design documents shall follow approval of the program statement. However, on occasion, and with the consent of the Board Office, the program statement and schematic design may be presented concurrently for Board approval.

1. Schematic design for projects for which a program statement is required shall be approved by the Board. The docket exhibit shall include information on the net to gross square footage ratio (including a comparison to the building program, if previously approved), estimated construction cost per square foot, exterior materials and relationship of exterior design and materials to the campus context (for new construction), restroom fixture counts, operating and maintenance costs (for new construction), project schedule, and any additional information requested by the Board. At the time the schematic design is approved by the Board, the Board may require that further design development drawings be presented.

9.06 Project Descriptions and Budgets

A. Definitions

The project description and budget shall include a brief history of the project, the justification or need for the project, the purpose to be served, a description of the project scope, the approximate net and/or gross square feet, a preliminary budget, and any additional information requested by the Board.

1. The preliminary budget shall contain lines for major expenditure items and identify source(s) of fund(s).
2. A revised project budget increases or decreases the total budget from the amount approved in the preliminary budget.
3. An amended project budget changes the line items and/or source(s) of fund(s) from those approved in the preliminary budget; the total project budget does not change.

B. Projects with Budgets of Less Than \$250,000

1. A Project Description and Budget shall be prepared for all capital projects with a project budget of \$100,000 or more. Institutional approval of the Project Description and Budget shall constitute approval of projects estimated to cost less than \$250,000.

Approved project budgets between \$100,000 and \$249,999 shall be listed on the capital register. A summary page with a brief (two sentence) description of each project shall be included as an exhibit to the capital register.

C. Projects with Budgets of \$250,000 or More

1. Project Descriptions and Budgets

Projects with budgets of \$250,000 or more shall be submitted to the Board for review and approval as an entry of the Register with exhibit. Commitments on projects shall not be made until approval is given by the Board.

If the project will employ alternative delivery methods other than the normal design-bid-build process, the project description and budget shall include a review of the advantages and disadvantages (risk) of this delivery method.

2. Revised/Amended Project Budgets

A project with an increased budget totaling between \$250,000 and \$499,999 shall be approved by the institution if the budget increase is less than \$100,000, and approved by the Board Office if the budget increase is \$100,000 or more.

A project with an increased budget totaling between \$500,000 and \$999,999 shall be approved by the Board Office.

A project with an increased budget totaling \$1 million or more shall be approved by the Board.

A revised, decreased budget, or an amended budget, need not be submitted for approval.

9.07 Consultant Agreements and Amendments

(THE FOLLOWING ITALICIZED INFORMATION WILL BE REVISED IN THE FUTURE AND MOVED TO A DIFFERENT LOCATION WITHIN CHAPTER 9)

A. *Architect and Engineer Selection Process*

The process for selection is left to the institution if the project does not fit within the category requiring use of the Architectural Selection Committee. Board approval of a negotiated A/E agreement will constitute selection of the firm.

A single architect or engineer shall be selected and recommended to the Board for its approval.

For projects under \$250,000 the selection of a non-Iowa architectural or engineering firm must be approved by the Board if the cumulative work with that firm on projects of under \$250,000 during any fiscal year exceeds \$50,000. An institution may seek Board authorization of a threshold in excess of \$50,000 for particular non-Iowa firms if good reason can be shown.

Preference shall be given in accordance with Chapter 18.6(10) of the Code to the selection of architectural and engineering firms either based in Iowa or with permanent offices in Iowa. If a firm which is neither Iowa-based nor with a permanent office in Iowa is selected, reasons shall be reported to the Board in writing and included with the university's exhibit. (Board of Regents Minutes October 18, 1995, p. 324)

A. Definition

1. Consultant agreements include but are not limited to agreements for architectural, engineering, other design professional, and construction management services. The provisions of this section would not normally apply to surveying or testing services.

B. Agreements

1. The chief business officer may select and contract for architectural or engineering or other design professional services for projects with an estimated project budget of less than \$250,000.
2. Whenever the estimated project budget for a construction project is between \$250,000 and \$499,999, approval of the agreement shall be delegated to the institution if the agreement fee is less than \$50,000. If the agreement fee is \$50,000 or more, the agreement shall be approved by the Board Office.

Whenever the estimated project budget is between \$500,000 and \$999,999, the agreement shall be approved by the Board Office.

Whenever the estimated project budget for a construction project is \$1 million or more, the agreement shall be approved by the Board.

(THE FOLLOWING ITALICIZED INFORMATION WILL BE REVISED IN THE FUTURE AND MOVED TO A DIFFERENT LOCATION WITHIN CHAPTER 9)

The process for selection is left to the institution if the project does not fit within the category requiring use of the Architectural Selection Committee. Board approval of a negotiated A/E agreement will constitute selection of the firm. (Board of Regents Minutes October 18, 1995, p. 324)

A single architect or engineer shall be selected and recommended to the Board for its approval.

For projects under \$250,000 the selection of a non-Iowa architectural or engineering firm must be approved by the Board if the cumulative work with that firm on projects of under \$250,000 during any fiscal year exceeds \$50,000. An institution may seek Board authorization of a threshold in excess of \$50,000 for particular non-Iowa firms if good reason can be shown. (Board of Regents Minutes October 18, 1995, p. 324)

C. Amendments

1. For projects with budgets less than \$250,000, any amendment to an architectural, engineering or construction management contract which is less than \$25,000 and does not increase the project budget can be approved by the institution's chief business officer.
2. For projects with budgets between \$250,000 and \$999,999, a single amendment that exceeds \$25,000 or 20 percent of the original agreement, whichever is more, shall be approved by the Board Office. All other amendments shall be approved by the institution.
3. For projects with budgets of \$1 million or more, a single amendment that exceeds \$50,000 or 20 percent of the original agreement, whichever is less, shall be approved by the Board Office. A single amendment that exceeds \$100,000 or 50 percent of the original agreement, whichever is less, shall be approved by the Board. All other amendments shall be approved by the institution.

9.08 Construction Contracts and Change Orders

A. Construction Contracts

For projects with approved budgets between \$250,000 and \$499,999, the construction contract shall be awarded by the institution unless there are unusual circumstances, in which case the award would be referred to the Board Office for Executive Director action. (When the contract is awarded by the institution, a copy of the bid tab and Notice of Award shall be provided to the Board Office.)

If any objections are filed pursuant to Section 73A.3 of the Code, or if the chief business officer determines that any unusual circumstances exist which require special attention of the Board, the university shall docket the proposed contract award for action by the Board at its next meeting. The capital register exhibit shall detail the objections (and the need for a final public hearing), or the unusual circumstances, for consideration by the Board. The exhibit shall also include a revised project budget, if necessary for the contract award.

For projects with budgets of \$500,000 and above, all construction contracts shall be awarded by the Executive Director; the contract award shall be reported on the capital register for Board ratification. However, the Executive Director may refer construction contract awards to the Board for action.

(THE FOLLOWING ITALICIZED INFORMATION WILL BE REVISED IN THE FUTURE AND MOVED TO A DIFFERENT LOCATION WITHIN CHAPTER 9)

1. *Institutions shall notify the Board Office immediately when a bid opening is scheduled.*
2. *Institutions shall provide in their instructions to bidders that all bids be held for at least 45 days to allow Board action at a regular meeting in cases of unusual circumstances.*
3. *The chief business officer or designee shall open all bids, tabulate same, and, with the approval of the president of the institution, recommend an award of contract(s), or, where authorized under these procedures for projects under \$250,000, award the contract. On projects with budgets of \$250,000 or more the institutions shall forward to the Board Office a copy of the bid tabulation within 24 hours of the bid opening. The bid tabulation shall include the engineering estimate for the work being let as well as a written statement indicating whether award of the contract to the low bidder will allow the project to proceed within the last approved project budget.*

Where required, the chief business officer shall submit the contract(s) to the executive director for action by the Board at its next meeting. If any objections are filed pursuant to Section 73A.3 of the Code or if the chief business officer determines that any unusual circumstances exist which

require special attention of the Board, the report shall include a statement thereof; and said matters shall be considered by the Board of Regents at its next meeting, at which time all interested parties may file a written statement. (Board of Regents Minutes October 18, 1989, p. 235)

4. *Where required by these procedures, the chief business officer shall furnish to the Board Office a report of the bid opening, tabulation of bids received, a recommendation as to award of contract, and a revised project budget, if any. The institution should mail or send via telecopier to the Board Office the following exhibits:*

- a. *A copy of the bid tabulation (in addition to the copy sent within 24 hours of the bid opening). (Board of Regents Minutes October 18, 1989, p. 235)*
- b. *A contract award recommendation accompanied by one of the following statements:*

The award can be made as there are no unusual circumstances or irregularities in the recommended action

or

The following irregularities or unusual circumstances are called to your attention for appropriate action: (detail)

The chief business officer is also to furnish a copy of the bid tabulation to Board members upon request, or when unusual circumstances warrant. The recommendation of award of contract will be furnished through the Board Office prior to the Board meeting for review and comment.

- c. *Any targeted small business documentation if applicable.*
5. *The executive director shall notify each institution formally by letter of action taken on each award of a contract for projects over \$250,000 authorized by the executive director. Action will take one of these forms:*
 - a. *Award of contract when there are no irregularities reported by the institution.*
 - b. *Award of contract with waiver of minor irregularities.*
 - c. *Referral of the matter to the Board for action at its next meeting.*
 6. *The contract shall not be considered to be awarded until the institution receives a formal letter from the executive director. Upon notice of award by the executive director, the institution may proceed to issue a "Notice of Award," with a copy to the Board Office. If the proposed award involves*

unusual circumstances, the institution shall include the matter in its next Register. The "Notice of Award" shall not be issued until the Board takes formal action on such transactions, unless the public interest requires award by the executive director prior to the Board's next meeting.

7. *The institution and/or the executive director shall docket for Board action any unusual circumstances in regard to the award of a contract, revision of the project budget, or the necessity for a final public hearing in case there have been objections. (Board of Regents Minutes August 11-12, 1966, p. 64; November 10-12, 1966, p. 217; October 9-10, 1969, p. 94; May 25-26, 1976, pp. 565-568)*
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B. Contract Change Orders

For projects with budgets between \$250,000 and \$999,999, a single change order that totals \$50,000 or more shall be approved by the Board Office. All other change orders shall be approved by the institution.

For projects with budgets of \$1 million or more, a single change order that totals between \$50,000 and \$99,999 shall be approved by the Board Office. A single change order that totals \$100,000 or more shall be approved by the Board. All other change orders shall be approved by the institution.

Change orders that decrease the project budget need not be submitted for approval.

All copies of contract change orders requiring Board approval shall be signed by the chief business officer and the Executive Director after Board approval.

(THE FOLLOWING ITALICIZED INFORMATION WILL BE REVISED IN THE FUTURE AND MOVED TO A DIFFERENT LOCATION WITHIN CHAPTER 9)

1. *Upon recommendation of the architect or engineer, the institution may authorize change orders in the construction contract.*
2. *All change orders shall be submitted on standard change order forms and shall be accompanied by an explanation of the reason for the change.*
3. *The chief business officer, with the approval of the institution, is authorized to approve contract change orders under the amount of \$50,000 for which no increase in the previously approved project budget is required. (Board of Regents Minutes October 18, 1995, p. 324)*
4. *Contract change orders require approval by the Board in the following circumstances:*
 - a. *Requires an increase in the project budget or scope.*

- b. Is for \$50,000 or more; however, this approval may be waived by the executive director if no significant change in project scope is involved and it is in the public interest to proceed. (Board of Regents Minutes October 18, 1995, p. 324)*
 5. *Contract change orders requiring approval by the Board shall not be signed by the chief business officer until approved.*
 6. *All copies of contract change orders requiring Board approval shall be signed by the chief business officer and the Executive Director after Board approval.*
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9.09 Acceptance of Completed Construction Contracts

All construction contracts for projects with budgets of \$250,000 or more, which have been accepted as complete by the chief business officer, shall be listed on the capital register.

(THE FOLLOWING ITALICIZED INFORMATION WILL BE REVISED IN THE FUTURE AND MOVED TO A DIFFERENT LOCATION WITHIN CHAPTER 9)

1. *The chief business officer, with the approval of the chief executive officer of each institution, is authorized to accept contract work as complete and authorize final payments on behalf of the State Board of Regents and in accordance with the Code. The 30-day waiting period shall commence on the date of such acceptance and authorization. (Board of Regents Minutes October 18, 1995, p. 324)*
 2. *Upon request, the executive director shall be provided 10 days advance notification of the scheduled inspection of any contract exceeding \$10,000,000 and may have a representative participate with the institution in the inspection of the contract prior to contract acceptance. (Board of Regents Minutes October 18, 1995, p. 324)*
 3. *The contract performance bond shall provide coverage for at least one year following contract acceptance by the institution and permit the Board recourse to remedy contractor deficiencies without prejudice due to prior acceptance of the contract by the institution. (Board of Regents Minutes October 18, 1995, p. 324)*
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9.10 Final Reports

Final reports for completed capital projects with budgets of \$250,000 or more shall be listed on the capital register. A final report document, showing in summary form the current project budget, expenditures, balance or overdraft in the project account, and disposition of the balance or overdraft (with explanation), shall be included as an exhibit to the capital register and/or forwarded to the Board Office.

Special School Registers of Capital Improvement Business Transactions (TO BE REVISED AT FUTURE DATE)

The capital procedures for the universities shall also apply to the special schools, with the following exceptions:

Consultant Agreements

All architect and engineering services for the Iowa Braille and Sight Saving School and the Iowa School for the Deaf require the prior approval of the executive director or the Board.

Project Descriptions and Budgets

A Project Description and Budget shall be prepared for all capital projects. Board approval of all projects is required.