Finance Managers Meeting

AGENDA

- FY 2014-15 Budget & 2015-2020 Strategic Plan Update
  Kenneth Jessell/Aime Martinez

- FY 2014-15 Budget Survey Update
  Hamza Lazrak

- Rolling Forecast
  Hamza Lazrak

- Financials 9.2 Upgrade
  Larisa Goldberg

- Controller’s Update
  - Invoice Processing
    Sandra Duran
  - Unrelated Business Income Tax
    Edgar Salazar
  - Purchasing 101
    Kelly Loll
  - Financial Statement Highlights
    Izhar Haq
FY 2014-15 Operating Budget of $1.3 billion

- Student Loans, $272.4M, 21%
- DSO's, $40.5M, 3%
- Concessions, $0.8M, 0%
- Student Financial Aid, $152.2M, 12%
- Contracts and Grants, $112.9M, 9%
- Board Approved Fees, $0.3M, 0%
- Technology Fee, $9.9M, 1%
- Activities and Service, $16.6M, 1%
- Intercollegiate Athletics, $24.9M, 2%
- E&G State Appropriations, $214.9M, 17%
- E&G Tuition, $206.9M, 16%
- E&G Reserves, $(0.0)M, 0%
- E&G - College of Medicine, $46.5M, 4%
- Auxiliary Enterprises, $176.7M, 14%
- Other, $4.6M, 0%

Other includes Self-Insurance Program, Principal Payment of Debt and Interfund Adjustments
# Education & General University Funding Summary

## FY 2014-15

<table>
<thead>
<tr>
<th>Description</th>
<th>$ millions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2013-14 State Appropriations Base Budget</strong></td>
<td>183</td>
</tr>
<tr>
<td>Base funding transfer to Performance Funding</td>
<td>(7)</td>
</tr>
<tr>
<td>FY 2014-15 Performance Funding</td>
<td>25</td>
</tr>
<tr>
<td>FY 2013-14 Legislated Salary Increases</td>
<td>5</td>
</tr>
<tr>
<td>Legislative Adjustments (Health, FRS, RMI)</td>
<td>5</td>
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<tr>
<td>PO&amp;M and Legislative Specials</td>
<td>4</td>
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<tr>
<td><strong>2014-15 Total State Appropriations</strong></td>
<td>215</td>
</tr>
<tr>
<td><strong>E&amp;G Base Expenditure Budget</strong></td>
<td>(389)</td>
</tr>
<tr>
<td>FY 2013-14 Legislated Salary Increases</td>
<td>(5)</td>
</tr>
<tr>
<td>PO&amp;M, Legislative Specials &amp; Passthroughs</td>
<td>(8)</td>
</tr>
<tr>
<td>Incremental Tuition Programs</td>
<td>(7)</td>
</tr>
<tr>
<td>Fringe Benefit Rate Adjustment</td>
<td>4</td>
</tr>
<tr>
<td>10-year Plan Investments Continuation</td>
<td>(2)</td>
</tr>
<tr>
<td>University-wide Initiatives</td>
<td>(2)</td>
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</table>

<table>
<thead>
<tr>
<th>Description</th>
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<tbody>
<tr>
<td><strong>2013-14 E&amp;G Tuition Budget</strong></td>
<td>196</td>
</tr>
<tr>
<td>Incremental Tuition (enrollment $9.5M; increase $1.9M)</td>
<td>11</td>
</tr>
<tr>
<td><strong>2014-15 E&amp;G Tuition Budget</strong></td>
<td>207</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>$ millions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL E&amp;G REVENUES</strong></td>
<td>422</td>
</tr>
<tr>
<td><strong>TOTAL E&amp;G EXPENDITURES</strong></td>
<td>(409)</td>
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</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>$ millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Funds Available for Critical Investments</td>
<td>13</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>$ millions</th>
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<tbody>
<tr>
<td>BOG SUBMISSION AVAILABLE FUND BALANCE</td>
<td>24</td>
</tr>
<tr>
<td>MINIMUM STATUTORY RESERVE</td>
<td>22</td>
</tr>
</tbody>
</table>
### State Appropriations vs. Tuition Revenue

#### FY 2007-08 Before Budget Reductions
- **State Appropriations - Base**: $335M
- **24,412 FTE**
- **$13,727 / FTE**
- **$13,727 / FTE**

#### FY 2013-14 Budget
- **State Appropriations - Base**: $375M
- **29,603 FTE**
- **$12,690 / FTE**
- **$11,322 / FTE**

#### FY 2013-14 Forecast
- **State Appropriations - Performance Funding**: $391M
- **30,499 FTE**
- **$12,751 / FTE**
- **$11,441 / FTE**

#### FY 2014-15 Budget
- **State Appropriations - Performance Funding**: $419M
- **30,991 FTE**
- **$12,728 / FTE**
- **$11,840 / FTE**

1. Adjusted by Higher Education Price Index (HEPI) to 2007-08 dollars;
2. State Appropriations – Base include General Revenue and Lottery, but exclude College of Medicine, Financial Aid and Risk Management insurance ($3M)
Fall 2014 Enrollment

Preliminary Fall 2014 enrollment 1.7% below enrollment plan but 0.9% higher than prior year; revenues on target

* Professional includes College of Law and College of Medicine
Structural changes to Student Financial Aid

- $152 million or 12% of total budget, comprising funding from student financial aid fees, support from federal and state financial aid awards, institutional programs, as well as numerous private scholarships
- Anticipate approximately 54% of students receiving financial aid will be Pell Grant recipients

**Budget Drivers:**

- Enrollment strategy to increase the number of high achieving students through merit-based scholarships
- Stricter eligibility requirements for Bright Futures scholarships resulting in significant reduction in number of eligible students
- Increase in maximum Pell award from $5,645 to $5,730
Fixed Capital Outlay

Will receive $29M in FY 2014-15

**PUBLIC EDUCATION CAPITAL OUTLAY (PECO) / CAPITAL IMPROVEMENT**

- Remodeling/ Renovation/Repair/Maintenance: $3,188,902
- Critical Deferred Maintenance: $1,992,811
- Student Academic Support Center (MMC): $6,800,000
- Strategic Land Acquisition: $10,000,000
- **TOTAL**: $21,981,713

**CAPITAL IMPROVEMENT TRUST FUND PROJECTS (CITF)**

- $7,328,254
What does the future hold?
Economic & State Fiscal Overview

• Economy continuing to show steady recovery nationwide and in Florida
  • National unemployment down from 7.2% to 6.1% year over year as of August
  • State general revenue grew 3.5% in FY 2013-14; estimates through FY 2015-16 continue to reflect modest growth and no budget gap
  • Will be able to bond PECO funds next year for the first time since 2011
  • Election year politics

• The only new state funding for operations will come from Performance Based funding

• However, Performance Based funding may not resolve FIU’s future funding gap based on strategic objectives
## FY 2014-15 Performance Funds

**Florida Board of Governors**

**Performance Funding Allocation, 2014-2015**

<table>
<thead>
<tr>
<th>Points</th>
<th>Allocation of New Funds</th>
<th>Restoration of 2013-2014 Base Funds(^1)</th>
<th>Allocation of Funds Previously used in 2013-2014 for the TEAmp Grants(^2)</th>
<th>Allocation of 2013-2014 Performance Funds(^3)</th>
<th>Total Performance Funding Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAMU</td>
<td>29</td>
<td>$5,541,681</td>
<td>$3,602,993</td>
<td>$831,252</td>
<td>$869,565</td>
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<tr>
<td>FGCU</td>
<td>30</td>
<td>$3,297,914</td>
<td>$2,143,509</td>
<td>$404,677</td>
<td>$2,173,913</td>
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<tr>
<td>FIU</td>
<td>34</td>
<td>$13,912,467</td>
<td>$7,103,925</td>
<td>$2,086,870</td>
<td>$2,173,913</td>
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<tr>
<td>FSU</td>
<td>30</td>
<td>$16,737,792</td>
<td>$8,953,386</td>
<td>$2,513,669</td>
<td>$2,608,696</td>
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<tr>
<td>UCF</td>
<td>34</td>
<td>$22,453,117</td>
<td>$12,199,069</td>
<td>$3,367,967</td>
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<tr>
<td>UF</td>
<td>42</td>
<td>$17,099,675</td>
<td>$9,004,505</td>
<td>$2,564,951</td>
<td>$2,608,696</td>
</tr>
<tr>
<td>UNF</td>
<td>29</td>
<td>$4,510,490</td>
<td>$2,931,819</td>
<td>$676,574</td>
<td>$2,173,913</td>
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<tr>
<td>USF</td>
<td>37</td>
<td>$17,099,675</td>
<td>$9,004,505</td>
<td>$2,564,951</td>
<td>$2,608,696</td>
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<tr>
<td>Sub-Total</td>
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<td>$100,000,000</td>
<td>$56,615,903</td>
<td>$15,000,000</td>
<td>$16,521,739</td>
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<table>
<thead>
<tr>
<th>Points</th>
<th>2013-2014 Base Funds at Risk</th>
<th>2013-2014 Performance Funds at Risk</th>
<th>Total Funds at Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAU</td>
<td>$5,213,263</td>
<td>$1,739,130</td>
<td>$6,952,393</td>
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<tr>
<td>NCF</td>
<td>$645,594</td>
<td>$434,783</td>
<td>$1,080,377</td>
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<tr>
<td>UWF</td>
<td>$2,525,240</td>
<td>$1,304,348</td>
<td>$3,829,588</td>
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<tr>
<td>Sub-Total</td>
<td></td>
<td>$8,384,097</td>
<td>$3,478,261</td>
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</table>

*Institutions earning 25 points or less do not receive any new funds. Funds at risk will be restored if the improvement plan approved by Board of Governors is successfully implemented.*
Projected Performance Metrics Scores for FY 2015-16

**Imperative we maintain or increase our ranking**

<table>
<thead>
<tr>
<th></th>
<th>First Year FY 2014-15 Funding Actual (from 12-13 actual metrics)</th>
<th>Second Year FY 2015-16 Funding Estimated (from 13-14 projected metrics)</th>
<th>Change vs. Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Points</td>
<td>Rank</td>
<td>Points</td>
</tr>
<tr>
<td>UF</td>
<td>42</td>
<td>1</td>
<td>41</td>
</tr>
<tr>
<td>USF</td>
<td>37</td>
<td>2</td>
<td>37</td>
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<tr>
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<td>3</td>
<td>36</td>
</tr>
<tr>
<td>FSU</td>
<td>33</td>
<td>5</td>
<td>34</td>
</tr>
<tr>
<td>FIU</td>
<td>34</td>
<td>3</td>
<td>33</td>
</tr>
<tr>
<td>FAU</td>
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<td>10</td>
<td>32</td>
</tr>
<tr>
<td>UNF</td>
<td>29</td>
<td>7</td>
<td>32</td>
</tr>
<tr>
<td>FAMU</td>
<td>29</td>
<td>7</td>
<td>31</td>
</tr>
<tr>
<td>UWF</td>
<td>21</td>
<td>11</td>
<td>31</td>
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<tr>
<td>FGCU</td>
<td>30</td>
<td>6</td>
<td>31</td>
</tr>
<tr>
<td>NCF</td>
<td>25</td>
<td>9</td>
<td>29</td>
</tr>
<tr>
<td>FPU (^1)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Bottom "3"*

\(^1\) FPU has not enrolled students and is therefore excluded from model.
### Areas of focus

<table>
<thead>
<tr>
<th>Areas of focus</th>
<th>FY 2014-15 Funding Actual (from 12-13 actual metrics)</th>
<th>FY 2015-16 Funding Estimated (from 13-14 projected metrics)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of Bachelor's Graduates Employed Full-Time</td>
<td>67%</td>
<td>67%</td>
</tr>
<tr>
<td>Median Wages of Bachelor's Employed Full-Time in Florida</td>
<td>$35,100</td>
<td>$35,100</td>
</tr>
<tr>
<td>Average Cost per Bachelor's Degree</td>
<td>$26,730</td>
<td>$26,200</td>
</tr>
<tr>
<td>FTIC 6-yr Graduation Rate</td>
<td>50%</td>
<td>52%</td>
</tr>
<tr>
<td>Academic Progress Rate (FTIC 2-yr retention rate w GPA&gt;2)</td>
<td>78%</td>
<td>78%</td>
</tr>
<tr>
<td>University Access Rate (% Fall UG w Pell Grant)</td>
<td>47%</td>
<td>48%</td>
</tr>
<tr>
<td>Bachelors Degree awarded within programs of Strategic emphasis</td>
<td>46%</td>
<td>46%</td>
</tr>
<tr>
<td>Graduate Degree awarded within programs of Strategic emphasis</td>
<td>49%</td>
<td>50%</td>
</tr>
<tr>
<td>Percent of Bachelor's Degrees without Excess hours</td>
<td>70%</td>
<td>70%</td>
</tr>
<tr>
<td>Bachelor's awarded to minorities</td>
<td>5,861</td>
<td>6,051</td>
</tr>
<tr>
<td><strong>Result Score</strong></td>
<td><strong>34</strong></td>
<td><strong>33</strong></td>
</tr>
<tr>
<td><strong>Delta Score</strong></td>
<td><strong>1</strong></td>
<td></td>
</tr>
</tbody>
</table>
How do we implement a new strategic plan and continue to achieve FIU’s goals in the new funding environment?
The Road to Financial Sustainability

- **Size of FIU’s future funding gap influenced by many factors:**
  - Ability to generate additional non-tuition net revenues
  - Ability to reduce costs/identify efficiencies
  - Continuation and amount of new Performance Based Funding appropriated by the Legislature each year
  - Reductions to university base budgets as “match funds” for new Performance Based Funding
  - FIU's ability to earn Performance Based Funding
  - Tuition increases, especially undergraduate in-state tuition
  - Actual rate of inflation

- **Impact of funding gap can be mitigated through our ability to:**
  - Generate additional revenues
  - Create operational efficiencies
  - Reallocate funds

- **We need to quickly adapt, restructure and refocus to ensure we can fulfill our goals**
Critical Investments

FIU will continue to provide resources to invest in strategic choices

58 Critical Investment requests received and are being evaluated and prioritized based on:

• **Alignment with the Strategic Plan goals of:**
  • Supporting student success
  • Developing preeminent programs
  • Revitalizing and expanding FIU’s infrastructure and financial base
  • Obtaining Carnegie “Very High Research” designation

• **Alignment with Board of Trustees metrics of:**
  • Research doctoral degrees awarded
  • Research expenditures
  • Endowment growth
  • Number of start-up companies
  • Number of students participating in internships

• **Contribution to and/or improvement of Board of Governors 10 performance metrics**
Goal is to design the 2015-2020 FIU strategic plan using the iREAL Commission’s recommendations as the foundation with implementation in mind

Focus Committees:

1. Student Success
   • Dramatically increase the percentage of students graduating in 4-6 years striving for a 70% graduation rate by 2020
   • Prepare graduates for seamless career integration and entrepreneurial success in the global marketplace
   • Increase enrollment strategically to 65,000 students by 2020 while also increasing the quality of students each year

2. Preeminent Programs
   • Determining processes and criteria to be used to identify, invest in and promote preeminent programs
   • Innovate and integrate healthcare education, research, and delivery
   • Leverage global status of FIU and Miami
Strategic Plan 2015-2020

3. Financial Base Expansion/Efficiencies
   • Expand FIU financial base through organizational efficiencies, diversification of revenue streams, and incentive-based budgeting
   • Launch a synchronized communications campaign focused on attracting donors and raise $750M in private gifts by 2020
   • Strengthen reputation as critical academic partner/solutions center for the local marketplace and beyond

   • Increasing research and development funding through multiple sources, including philanthropy, corporate partnerships and entrepreneurship
   • Increasing the number of patents, licenses and startups
   • Increasing doctoral degree production in targeted areas
<table>
<thead>
<tr>
<th>Committee</th>
<th>Chair</th>
<th>Co-Chair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steering</td>
<td>Kenneth Furton</td>
<td>Elizabeth Bejar</td>
</tr>
<tr>
<td></td>
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<tr>
<td><strong>Focus Committees</strong></td>
<td></td>
<td></td>
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<tr>
<td>Student Success</td>
<td>Kathleen Wilson</td>
<td>Alexis Calatayud</td>
</tr>
<tr>
<td>Preeminent Programs</td>
<td>Eric Wagner</td>
<td>Terry Witherell</td>
</tr>
<tr>
<td>Financial Base /Efficiencies</td>
<td>Barbara Manzano</td>
<td>Aime Martinez</td>
</tr>
<tr>
<td>Carnegie Very High Research Designation</td>
<td>Andres Gil</td>
<td>Ranu Jung</td>
</tr>
</tbody>
</table>
## Strategic Plan 2015-2020

### Timeline

<table>
<thead>
<tr>
<th>Action</th>
<th>Date</th>
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</thead>
<tbody>
<tr>
<td>University feedback from iReal</td>
<td>March 7, 2014</td>
</tr>
<tr>
<td>Town Hall meeting</td>
<td>April 2, 2014</td>
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<tr>
<td>Committee selections</td>
<td>June 2014</td>
</tr>
<tr>
<td>Committees charged</td>
<td>June 2014</td>
</tr>
<tr>
<td>Committees develop plans</td>
<td>June – November 2014</td>
</tr>
<tr>
<td>Community forums</td>
<td>December 2014</td>
</tr>
<tr>
<td>Preliminary strategic plan</td>
<td>December 2014</td>
</tr>
<tr>
<td>Community discussion / BOT review first draft</td>
<td>January 2015</td>
</tr>
<tr>
<td>Final strategic plan</td>
<td>February 2015</td>
</tr>
<tr>
<td>BOT review and approval</td>
<td>March 2015</td>
</tr>
</tbody>
</table>
Budget Process

Continued overall strong support for the current budget process in terms of communication, support, information and resources available

Budget Process: 8.9 out of 10
Of the 31 survey respondents, the average rating on a scale of 1 to 10 with 10 being the most positive is 8.9

Effective Communication, Support and Responsiveness: 87%
Of the 31 survey respondents, 82% were satisfied with the helpfulness and responsiveness of OFP / AED team members

Budget Concepts and On-Line Tool training: 95%
95% of respondents who have attended the training this year intend to come back next year

Experience Level of Participants: 94%
Of the 31 survey respondents, 94% participated in the budget process for at least 2 years; 58% have been involved for at least 6 years
The OPS worksheet was a great addition to the inventory of budgeting tools

The instructions provided were clear: 85%
Of the 7 respondents who used the worksheet, 85% agreed that the instructions were clear.

The monthly allocation of OPS payroll expenses was useful: 85%
Of the 7 respondents who used the worksheet, 85% agreed that the monthly allocation of OPS expenses on the worksheet was useful.

Respondents Point of View:
“I’m glad this spreadsheet was finally upgraded. Saved me a lot of calculation time. Very Intuitive. Nice work.”

Respondents Point of View on Potential Improvement:
“For OPS, we have hourly students, we have extra state compensation/overload payments for faculty members receiving administrative increments, and OEA/Merit bonus calculations to perform.”
Overall the tools (DBM, Position Tool, and Cash Transfer Tool) worked as intended and there were no problems reported

Respondents Point of View: "No problems to report. It works!"
The Training

*Budget workshop continues to be the preferred means of training but with a drop in attendance*

**Attendance: 58%, Satisfaction: 89%, Attendance Next Year: 94%**

Of the 31 survey respondents, 18 attended the budget workshops

*The case study format was a success, but still some room for improvement*

**Effectiveness in Providing Information: 83%**

Of the 18 people in attendance, 83% would you like us to continue using the case study format for the workshops next year.

**Respondents’ Point of View:**

“Practical experience; in a computer lab”

**Respondents’ Point of View:**

“Being new to the budget workshop I would have profited from receiving information earlier. Not necessarily training workshops but a general overview of the budget process and how I could have prepared for it which would have given me more preparation time.”
Looking Forward to Next Year’s Cycle

THANK YOU to all who provided very helpful feedback!

Our areas of focus on improvements for next year:

• New employee budget introduction and preparation sessions
• Improve user friendliness of the Budget Manual – Web based
• More hands-on training
• Improving the OPS worksheet
• Smooth transition to Panthersoft 9.2
Rolling Forecast

- Actuals for All Expenses and Revenues
- Salaries and Benefits: Remainder of the year Salary Encumbrance
- Other Expenses and Revenues: Budgets will be pre-loaded *
- Other Expenses and Revenues: Budgets will be pre-loaded *

* The Detail Budget Maintenance will be open on November 12th
### Rolling Forecast – the Tool

#### Florida International University

**Forecasting Template FY 2014-15 As of: 2015-06-30**

2380030012 Roary Panther PROGRAM

<table>
<thead>
<tr>
<th></th>
<th>Last Year</th>
<th>Current Year</th>
<th>Variance to Adjusted Budget</th>
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<tbody>
<tr>
<td></td>
<td>Actuals</td>
<td>Ori. Budget</td>
<td>Adj. Budget</td>
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<tr>
<td>Revenues</td>
<td>4,254,578</td>
<td>4,154,320</td>
<td>4,154,320</td>
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<tr>
<td>Waivers</td>
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<td>6,000</td>
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<tr>
<td>Bad Debt Expense</td>
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<td>62,315</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Revenues</td>
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<td>4,086,005</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Benefits</td>
<td>708,619</td>
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<td>789,268</td>
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<tr>
<td>OPS</td>
<td>319,572</td>
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<td>289,238</td>
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<td>648,386</td>
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<td>OCO</td>
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<tr>
<td>Debt Service Interest</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>1,667,902</td>
<td>1,732,893</td>
<td>1,732,893</td>
</tr>
<tr>
<td>Income</td>
<td>2,575,717</td>
<td>2,353,112</td>
<td>2,353,112</td>
</tr>
<tr>
<td>Investment Income</td>
<td>695</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Principal Payment of Debt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Transfers</td>
<td>-2,050,649</td>
<td>-2,000,000</td>
<td>-2,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in Net Assets</td>
<td>525,763</td>
<td>353,112</td>
<td>353,112</td>
</tr>
<tr>
<td>Beginning Fund Balance</td>
<td>1,624,547</td>
<td>2,150,310</td>
<td>2,150,310</td>
</tr>
<tr>
<td>Change in Net Assets</td>
<td>525,763</td>
<td>2,150</td>
<td>2,150</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>2,150,310</td>
<td>2,150,310</td>
<td>2,150,310</td>
</tr>
</tbody>
</table>
Rolling Forecast

What do I need to do? You may start updating the forecasts starting in November after the GL close in preparation for the mandatory forecast submission in March, 2015.

How do I do it? You may modify the forecast through the Detail Budget Maintenance (DBM) tool in the Actual ledger.

Where can I see it? A modified version of the FC report will be available to run that will show you your available funds after forecast of revenues, salaries, and other expenses.

Further instructions will be sent out to you in the October close Pantherpost and will be available thereafter on the OFP website.
Financials 9.2 Upgrade
Why Upgrade?

• **Strategic Purpose**
  – Allows FIU to stay current and on track to maintain the latest version of our enterprise applications
  – Align technology with FIU’s strategic plan
  – Take advantage of enhancements to the application to improve and streamline processes

• **User Improvements - 9.2 is simpler and more intuitive to use**
  – Familiar Internet search experience
  – Effortless navigation using contextual related actions
  – Highly visual self-service and business process flows

• **Management benefits - Staying current more easily and at a lower cost**
  – Tailored software maintenance addresses your unique needs
  – Reduced need for customizations through functionally-robust solutions
  – Simplified operation using PeopleSoft Upgrade Manager

• **Functional, back-office enhancements - 9.2 improves team productivity**
  – Over 1,000 new functional enhancements across the suite
  – 15+ cockpit-style command Work Centers
  – 60 real-time, multi-dimensional, decision support analytics
Project Update

• Phases completed
  – Planning and Oracle Lab upgrade
  – Analysis & Customizations Retrofits
  – Unit Test

• Current phase
  – System Test started on 10/6/14

• Future phases
  – User Acceptance Testing involving user community starts on 12/01/14
  – Training will start in December 2014
  – Preparations for the Go-Live
  – Go-Live January 1 thru 4, 2015
Project Org Chart

Financials 9.2 Release Upgrade
Team Organizational Chart

Executive Sponsors
- Cecilia Hamilton, Joseph Barbino, Carlos Varona, Izhair Haq, Torija Moore, Diane Singh, Gabriel Eszterhas

Project Steering Committee
- RIS Lead: David Driesbach, FSS Security Lead: Linda Champagne

Management Team
- Project Manager: Lanie Goldberg
- Grants: Eileen Todoli, Ernesto Crucek
- Smart ERP: Eileen Todoli, Laura Marquez
- General Ledger 1 KK: Gilbert Morales, Ernesto Crucek
- Procure to Pay: Erin Adol
- Accounts Payable: Karina Delgado
- Purchasing: Sonja Sanchez
- Travel & Expenses: Karina Delgado, Laura Marquez
- Asset Management: Sonja Sanchez
- FS Consultants: Gilberi Morales, Laura Marquez
- PantherSoft Technical Leads
- On-Demand Consultants

Division of Research
- Research Information Systems
- Grants
- Grants & Projects
- EMS Consultant: Gregory Slaughter
- EORT: Sahile Felix

Division of Research
- General Ledger 1 KK: Sani Shayan, Rodger Dormer, Irina Ekdhard
- Accounts Payable: Evelyn Isaguirre, Rochelle Graham
- Purchasing: Evelyn Isaguirre, Rochelle Graham
- Travel & Expense: Winston Galitz

Finance Managers Group
- Procure to Pay: Sandra Dutra, Ramon Duana, Irina Grove, Kirby Leikin, Jackie Leon, Irene Hernandez
- Construction: Derica Callin
- On-Demand Consultants
- Financial System Support Services
- Controller’s Office & DSOs
- Office of Financials Planning & AED

Other Departments
- Security Admin: Natali Topp, Karina Delgado
- Training Lead: Maria Leibman
- Training: Eileen Todoli, Ernesto Crucek
- FSS Security: Winston Gallitz
- HR Developer: TEO
- SF Developer: 0.5 FTE - TEO
- Development: Manny Rodriguez, Anu Chimeres, Krishna Pappu, Oracle Lab
- DBAs System Administrators
- Project Communications: Barbara Perez, Carlos Varona, David Driesbach, Barbara Mantano
- Project Communications: David Driesbach, Barbara Mantano
- PantherSoft Technical Leads
- On-Demand Consultants
- Financial System Support Services
- HR Information Support
Top 5 Functionality Changes

- Budget Transfer Entry & Approval: existing customization is being dropped in favor of deploying delivered KK workflow. Budget Transfer entry will be open to all users. We are collecting information to establish Budget Approvers per Org Department.

- Requisition and Purchase Orders: will be budget-checked prior to being approved. To obtain a Requestor access in the future, training would be required.

- Delivered, more-robust Requisition workflow is being implemented.

- Supplier (Vendor) on-boarding process is being implemented allowing Vendors self-registration to conduct the business with FIU.

- We are planning to introduce auto-override the Payroll transactions for the DOR for certain, user-defined exceptions within KK.
Project Website

- Project Website has been established and accessible at the following link: http://panthersoft.fiu.edu/projects-2/financials-9-2-upgrade/
Panther Post Availability

The Panther Post is a monthly Office of Controller (OOC) newsletter.

- The Panther Post is distributed to the individuals on the following listserv: Office of the Controller, Finance-Managers and Panther Post

- The Panther Post is also available on the website at http://finance.fiu.edu/controller/News.html or as an opt-in mailing list

- 9.2 Updates will be included in the monthly Panther Post
# Training Strategy - User Groups

<table>
<thead>
<tr>
<th>User Group</th>
<th>User Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>College \ Division Finance and Operations</td>
<td></td>
</tr>
<tr>
<td>• Executive Area Budget Managers</td>
<td></td>
</tr>
<tr>
<td>• Area Budget Managers</td>
<td></td>
</tr>
<tr>
<td>• Other Departmental Super Users</td>
<td></td>
</tr>
<tr>
<td>• PeopleSoft SuperUser</td>
<td></td>
</tr>
<tr>
<td>• Responsible for Finance and Operations for Department</td>
<td></td>
</tr>
<tr>
<td>• Reconciles Department’s Financial Activity</td>
<td></td>
</tr>
<tr>
<td>• Responsible for Managing Budget and Expenditures</td>
<td></td>
</tr>
<tr>
<td>• Responsible for Documenting, Implementing and Communicating Department’s Financial and Operating Procedures</td>
<td></td>
</tr>
<tr>
<td>General User Population</td>
<td></td>
</tr>
<tr>
<td>• Administrative Staff</td>
<td></td>
</tr>
<tr>
<td>• Faculty</td>
<td></td>
</tr>
<tr>
<td>• OPS Staff</td>
<td></td>
</tr>
<tr>
<td>• Transactional Input</td>
<td></td>
</tr>
<tr>
<td>• Requisition (Initiator)</td>
<td></td>
</tr>
<tr>
<td>• Travel Authorization</td>
<td></td>
</tr>
<tr>
<td>• Expense Report</td>
<td></td>
</tr>
<tr>
<td>FIU Support Organizations (Functional Leads)</td>
<td></td>
</tr>
<tr>
<td>• Controller’s Office Staff</td>
<td></td>
</tr>
<tr>
<td>• Office of Financial Planning</td>
<td></td>
</tr>
<tr>
<td>• Office of Sponsored Research and Administration</td>
<td></td>
</tr>
<tr>
<td>• Foundation &amp; Direct Support Organizations</td>
<td></td>
</tr>
<tr>
<td>• Responsible for all Operational &amp; Financial Support functions</td>
<td></td>
</tr>
<tr>
<td>• Producing Financial Statements</td>
<td></td>
</tr>
<tr>
<td>• Implementing University Wide Controls</td>
<td></td>
</tr>
</tbody>
</table>
## Training Strategy - Delivery Methods

<table>
<thead>
<tr>
<th>Method</th>
<th>Description and Additional Information</th>
</tr>
</thead>
</table>
| **Webinars**                  | • Highlighting the differences (between 9.0 and 9.2) in system functionality and business processes  
• Delivered by Financial Systems Trainers throughout the month of December  
• Webinars will be recorded |
| **Instructor Led / Hands-On Training** | • Delivered by Subject Matter Experts (SMEs) and Financial Systems Trainers  
• SMEs will deliver the training on the Business Process  
• Classes to be held at MMC in the PantherSoft Training Room (W6); at the Hubert Library at BBC  
• 9.2 Training will begin on December 8, 2014  
  — *Exact Schedule To Be Determined and Announced at later Date* |
| **User Productivity Kit (UPK) (Online Training)** | • Step by Step Online Guides that display every action that needs to be undertaken to complete a PeopleSoft transaction(s)  
• Will be available on the PantherSoft Project Website |
| **Open Labs**                 | • Users can show up to the Open Lab to ask questions and to practice transactions in a Training environment  
• 3 Sessions at MMC January 5<sup>th</sup> 9:00 to noon, 8<sup>th</sup> 1:30 to 3:30 P.M. and 13<sup>th</sup> 9:00 to noon  
• 1 Session at BBC January 16<sup>th</sup> from 9:30 to noon |
Training Courses

- Travel & Expense
- Procure to Pay
- Credit Card Approver/Reconciler
- PantherSoft Fundamentals - Recommended for new PantherSoft users or those needing a refresher
- Accounting 101 – Recommended for users who want an understanding of how financial transactions are recorded and expand their business knowledge
- Smart Internal Billing
- Query Manager
Training Courses (Cont.)

- nVision Reporting
- Financial Budgeting & Reporting

Courses below are recommended for users within the FIU Support Organizations

- General Ledger
- Accounts Payable
- Asset Management
Training Strategy - Summary

- Training Schedule will be communicated via:
  - The Panther Post
  - Office of the Controller website
  - Using the 9.2 Project website

- Functional Leads and Subject Matter Experts (SME’s) are involved in the development, will participate in System and User Acceptance Testing (UAT)

- All Users will have the ability to register for training on the Professional Development website

- Encourage your staff to register and attend training

- All questions regarding 9.2 training should be sent to the Office of the Controller mailbox
Invoice Processing

October 16, 2014
Invoice Processing

• Via email: Invoices@fiu.edu
  – Invoice should be sent directly to AP
  – PDF Format ONLY. One invoice per PDF
  – Direct questions to AP Sr. Fiscal Assistant

• AP Department Functions
  – AP PO and Receiving Match
  – Duplicate invoices

• Receiving
  – Notifications
  – Accuracy in PeopleSoft
    – Received date
    – Received amount vs. invoiced amount
Unrelated Business Income Tax (UBIT)

October 16, 2014
FIU’s Income Tax Exemption

Often asked question?

Isn’t Florida International University (FIU) exempt from income tax? The answer is that “it depends”.

Federal Income Tax Exemption:

Generally, FIU is exempt from federal income tax for those activities which are related to the University’s exempt purpose (such as education, research, and public service). The Internal Revenue Code provides that the exempt purposes of state universities include all purposes and functions described in IRC § 501(c)(3): charitable, scientific, testing for public safety, literary, educational, to foster national or international amateur sports competition, or for the prevention of cruelty to children or animals.
What is UBIT?

- However, FIU is not exempt from income tax on activities which are unrelated to the exempt purpose.

- What is UBIT?
  - Unrelated Business Income Tax (UBIT) is federal income tax imposed on non-profit organizations, including state colleges and universities, for conducting activities that are not related to the exempt purpose of the organization.

  - Similar to for profit companies, which pay taxes on their profits, the IRS requires FIU to pay taxes on the net income that it earns on unrelated business income (UBI).
Income Tax Return (990-T)

• FIU is **not** prohibited from engaging in activities which generate UBI, but the IRS requires that FIU report the net operating results from these activities.

• Activities that are determined to produce UBI will be included on FIU’s Exempt Organization Business Income Tax Return (Form 990-T), which is filed with the IRS each year.

• It is extremely important that all unrelated business activity is reported on the tax return because the IRS can assess costly penalties and interest for underpayment of taxes due to under reporting of income.
UBIT Defined

- For an activity to be considered an unrelated trade or business, all three of the following criteria must be satisfied:

  1. The activity must be a “trade or business;”
  2. The activity must be “regularly carried on;” and
  3. The activity must not be substantially related to the exempt purpose of the organization

- If all three requirements are satisfied, then it’s subject to UBIT unless the activity meets an exception or exclusion.

- These terms are given a specific meaning within the rules set forth by the IRS and several important exceptions exist, therefore guidelines for these criteria are available from the Tax Compliance office for your review.
The term “trade or business” generally includes any activity carried on for the production of income from the sale of goods or from the performance of services. A trade or business activity is one in which a profit is expected to be made.

- Do not report revenue from sales to other University departments, UBIT is only applicable to revenue generated from external sources.

- Do report external revenue even if the activity results in a loss for a particular year.
Regularly Carried On

- Business activities are considered “regularly carried on” if such activities show a frequency and continuity and are pursued in a manner similar to comparable commercial activities of non-exempt organizations.
  - An activity should not be considered regularly carried on if it is on a very infrequent basis; for a short period of time during the year; or without competitive and promotional efforts.
  - However, year round activities are regular even if they are conducted only one day a week. Further, seasonal activities may be regularly carried on even though they are conducted only for a short period each year.
Not Substantially Related

• To be considered exempt (non-taxable) income, there must be a substantial relationship between the activity that generates the revenue and the exempt purpose of the organization (i.e., the activity must contribute to the accomplishment of the exempt purpose, apart from the need to produce income).

• The mere fact that an activity generates funds that are then used for an exempt purposes does not mean that the activity is related to the exempt purposes. In looking at an activity, particular emphasis is placed on the size and extent of the activity. If an activity is conducted on a scale larger than reasonably necessary to carry out the exempt purpose, it is more likely to be treated as unrelated.
UBI Tax Return Preparation Process

- Each department is responsible for accounting, documenting, and reporting its unrelated business income.

- The Office of the Controller/Tax Compliance Services is responsible for gathering the UBI information from the departments; reviewing it, compiling it, and preparing/filing the income tax returns (Federal and Florida).

- The UBIT questionnaire must be completed for each activity with the potential for generating unrelated business income. Therefore, Tax Compliance sends out the UBIT memo & questionnaire on an annual basis to the applicable department heads/budget managers. The email includes links to the UBIT memo, UBIT questionnaire, and additional IRS guidance, all of which is all available on Tax Compliance website.

- Each activity is different and has its own set of facts and circumstances which ultimately determine the taxability of the transaction.
UBIT Tax Payment Process:

- The completed questionnaires are used by Tax Compliance to determine whether or not the activity generates UBI and are also available to support the position taken by the University in case of audit.

- Any tax due is paid with the tax return by the Office of the Controller and recorded to an activity number in the Controller’s office.

- Those departments that generated tax are sent an email and a memo with the amount of taxable income generated and the amount of tax due (based upon pro-rata allocation) and advised to include the tax as an expense in the budget for the following fiscal year.

- A journal entry is prepared during the next fiscal year to transfer the expense from the Controller’s activity number to the departmental activity number that generated the tax.
Contact Information:

- Contact me at tax@fiu.edu or edgsalaz@fiu.edu:

Edgar Salazar, CPA
Associate Controller | Tax Compliance Services
Office of the Controller | CSC 319
T: 305.348.2655 | F: 305.348.1909 | E: edgardo.salazar@fiu.edu
Purchasing 101

October 16, 2014
Regulatory Authority and Responsibility

- BOG Regulation 18.001, addresses the SUS procedures and practices used in purchasing commodities and contractual services.

- FIU BOT Regulation FIU-2201 governs purchasing of commodities and contractual services for FIU and tracks the requirements of the BOG Regulation.

- The Office of Controller/Purchasing Services administers the University’s purchasing program, is the University department authorized to commit funds for the acquisition of commodities or services, and is the initial point of contact for service contracts.

- Only individuals that have been given signature authority delegation by the President and listed on the Controller’s website can sign contracts for purchase of goods and/or services.

- The Purchasing Manual outlines all FIU Purchasing requirements and processes.

- Purchasing Services functions include preparing specifications for competitive solicitations; initiating formal quotations, proposals and bids; dispatching purchase orders; conducting public bid openings; facilitating evaluation of competitive solicitation proposals; and negotiating and awarding contracts.

- The FIU Office of Internal Audit and State Auditors audit Purchasing Services to ensure all processes are followed and all regulations are adhered to.
Purchasing Services Organization

Kelly Loll, CPM
Director of Purchasing Services
7-1246

Kenia Junco
Associate Director
7-1242

Support Provided

Oversee the Contracts,
Sourcing and Vendor Unit &
Major Solicitations

Chandra Nix 7-
2413
Purchasing Coordinator

Pamela Johnson 7-
6585
Sr. Purchasing Agent

Emily Diaz 7-
6551
Sr. Purchasing Agent

Alex Valenzuela 7-
6498
Support Specialist

Crystal Herrera 7-
2164
Purchasing Coordinator

Donald Corbitt 7-
1243
Sr. Purchasing Agent

Tere Portuondo 7-
1244
Sr. Purchasing Agent

Cheryl Cobb 7-
6897
Sr. Purchasing Agent

Back-Up to Tere Portuondo

Back-Up to Cheryl Cobb

Back-Up to Donald Corbitt

Support Provided

Oversee the Purchasing Unit/
Functional & Technical Support
Liaison/Posts Sole Sources

IT Hardware & Software/ Telecom/
Audio-Visual/Advertising

Furniture/Construction/
Maintenance/Vehicles

Scientific/Medical/Uniforms/
Artwork/Gift Cards

Athletics/Consulting Services/
Catering/Travel/Promotional/
SOBE

Office of the Controller Purchasing Services
Purchase of Commodities and Contractual Services

- All vendor must be registered to do business with FIU
  - http://finance.fiu.edu/purchasing/2vendor_forms.html

- Competitive Purchasing Thresholds:
  - $0 - $14,999: Informal quotation may be solicited verbally
  - $15,000 - $24,999: Up to two written or verbal quotes required
  - $25,000 - $74,999: Two or more written quotes required
  - $75,000 +: Competitive solicitation required - Complete Competitive Solicitation Request form and submit to Purchasing
    - ITB – Timeline: approx. 3 months
    - RFP – Timeline: approx. 4 to 6 months depending on complexity
    - ITN – Timeline: approx. 6 to 9 months depending on complexity
    - Additional Option: Piggyback Agreements

- Exceptions to Competitive Purchases:
  - Emergency Purchases – President’s approval needed
  - Sole Source Purchases over $75,000 - President’s approval needed and post for 72 hours
  - Division of Research Bid Exemptions over $75,000 – Pre-Award Director’s approval needed
  - BOG Exemption 18.001(6)(d), which includes items on the allowable unencumbered payment list such as artistic services, academic reviews, lectures, performers, plus auditing services, training, advertising and purchases specified by a grant
  - The Purchasing Director may, at her discretion, waive the requirement for written quotations under $75,000 when it is in the best interest of the University. Justification is needed
Purchasing Mechanisms

- When initiating a purchase use one of the following purchasing mechanisms:
  - Departmental Card
  - Allowable Unencumbered Payment
  - Purchase Order
    - Purchase Order must be obtained before receiving goods and services.
    - **Units are NOT authorized to process PO’s after the fact.** Confirming orders are in violation of FIU Policy as defined in the Purchasing Services Procedures Manual, Section 3.4, “Departments are not authorized to place orders directly with vendors for goods or services."
    - Blanket Purchase Orders should be requested at the beginning of the fiscal year for vendors from which multiple purchases of goods or services will be made throughout the year.
    - Change Order requisitions are required to increase Purchase Order amounts and quantities.
Allowable Unencumbered Purchases

Office of the Controller Purchasing Services
Allowable Unencumbered Payment Purchases – Process FlowChart

This process applies only to section 1: Service Agreements on the Unencumbered Payment List. For the other items on the list, agreements are NOT required, regardless of the value of the payment.

Start Here

Is this an Allowable Unencumbered Payment purchase? Check List

YES

Is the purchase over $5,000 or is a contract required by the vendor or is a contract in the best interest of the University?

YES (to any)

YES

NO (to all)

NO

The process outlined in this flowchart is not appropriate for this purchase. Please follow the appropriate Purchasing process. Refer to Purchasing Manual.

Dept. obtains quote from vendor, including all relevant purchase details, ensures vendor is a registered FIU vendor and completes FIU contract template.

Dept. obtains all necessary signatures, except the Director of Purchasing signature, and submit signed contract with quote to contracts@fiu.edu.

Purchasing will spot check the agreement, obtain the Director of Purchasing signature, and return the signed agreement via email to the dept.

Dept. is responsible for getting vendor a copy of the executed agreement. Vendor provides services.

Dept. submits electronic unencumbered payment request form with quote and invoice for payment.

Vendor provides services.

Dept. submits electronic unencumbered payment request form with copy of executed agreement, quote and invoice for payment.
Contracts

• FIU Contract Templates
  – Purchase Order
  – Independent Contractor Agreement*
    – Term contract that allows for multiple payments to vendor
  – Service/Performance Agreement*
    – One-time Payment contract and service/performance must be on the allowable unencumbered payment list
    – Cannot be used for foreign vendors
  *Refer to Contract Templates Procedure: http://finance.fiu.edu/purchasing/2procedures1.html

• FIU Master Agreements
  – Hotels: http://finance.fiu.edu/purchasing/4contra_master_hotel_agreements.html
  – Business Services: http://shop.fiu.edu/

• Vendor Contracts

• All contracts must be routed to contracts@fiu.edu for processing.
Transformation Initiatives

- Sustainable Purchasing Capacity Improvements
  - Process
  - Performance
  - Organization
  - Training
  - Technology

- Strategic Sourcing
- Contract Templates
- Back Office
- PeopleSoft Manual
- Rewrite
- Procurement Manual
- Hazardous Chemicals/Lab Store
- Services paid with Unencumbered Funds

- Dashboard
- Reduce PO Cycle Time*
- Reduce Confirming POs
- Contract Administration
- Vendor Performance

- Redesign
- New Purchasing Coordinator
- New Senior Purchasing Agent
- Cross Training

- PeopleSoft
- Procurement
- Contracts
- Certification
- New employee on-boarding prior to PS access

- PeopleSoft 9.2 Upgrade
- eProcurement, eSolicitations and eContracts
- Supplier Portal
- Queries
- SharePoint site for contracts

Items in red are initiatives already started and items in blue completed.

Office of the Controller Purchasing Services
Purchasing Services Goals

• Improve Cycle Time
  – PO cycle time of six (6) business days
  – Contract cycle time of five (5) business days
  – Respond to department/vendor emails and voicemails within one business day

• Increase Compliance
  – Training development (i.e. Purchasing 101, Contracts 101)
  – Resource development (i.e. process flowcharts, Purchasing Manual)
  – Technology (i.e. ePro, improvements in PS)

• Increase Savings
  – Strategic Sourcing
  – Consortium/Cooperative Agreements
  – Negotiations
Purchasing Services Workload

Buyer Productivity & Cycle Time
FY2014

Current YTD POs Dispatched is 776
Current YTD Cycle Time is 4.28

A 70% reduction in one-time payment contracts has occurred YTD
Resources

Purchasing Services Web Site:
http://finance.fiu.edu/purchasing/

Financial Systems and Support Services:
http://finance.fiu.edu/controller/FinSysandSup2.html

OGC Forms:
https://generalcounsel.fiu.edu/contract-forms/

Training Resources:
https://professionaldevelopment.fiu.edu

Office of the Controller Contact List:
http://finance.fiu.edu/controller/ContactUsDept.html

Office of the Controller Forms:
http://finance.fiu.edu/controller/Forms.html
Questions?