

## POLICY CONCEPT FORM

<b>Name and UO Title/Affiliation:</b>	Kelly B. Wolf, AVP for Business Affairs and Controller
<b>Current Title/# (if applicable):</b>	
<b>Submitted on Behalf Of:</b>	Business Affairs Office
<b>Responsible Executive Officer:</b>	Jamie Moffitt, VPFA

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**SELECT ONE:**  **New Policy**       **Revision**       **Repeal**

*Click the box to select*

**HAS THE OFFICE OF GENERAL COUNSEL REVIEWED THIS CONCEPT:**  **Yes**       **No**

**If yes, which attorney(s):** Kevin Reed, Craig Ashford

### GENERAL SUBJECT MATTER

*Include the policy name and number of any existing policies associated with this concept.*

**UO Fiscal Policy**

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### RELATED STATUTES, REGULATIONS, POLICIES, ETC.

*List known statutes, regulations, policies (including unit level policies), or similar related to or impacted by the concept. Include hyperlinks where possible, excerpts when practical (e.g. a short statute), or attachments if necessary. Examples: statute that negates the need for or requires updates to an existing policy; unit level policy(ies) proposed for University-wide enactment; or existing policies used in a new, merged and updated policy.*

OUS Fiscal Policy Manual

06.00.08 Expenditure Guidelines (Slated for Repeal)

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### STATEMENT OF NEED

*What does this concept accomplish and why is it necessary?*

With the governance change effective 07/01/2014, the Oregon University System (OUS) Fiscal Policy Manual (<https://fpm.uoregon.edu/>) was adopted as UO policy, although not incorporated into the formal Policy Library.

The policies within the FPM generally act more as procedures than policies. Additionally, there are many that pre-date the installation of Banner and reference outdated account codes and processes.

This Policy replaces the FPM with a broad, umbrella Policy (to be formally enacted and placed in the UO Policy Library) that will be supported by specific operating procedures.

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**AFFECTED PARTIES**

*Who is impacted by this change, and how?*

Departmental budget authorities, staff who process financial transactions, central business offices

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**CONSULTED STAKEHOLDERS**

*Which offices/departments have reviewed your concept and are they confirmed as supportive? (Please do not provide a list of every individual consulted. Remain focused on stakeholders (e.g. ASUO, Office of the Provost, Registrar, Title IX Coordinator, etc.).)*

<b>Name</b>	<b>Office</b>	<b>Date</b>
Initial Workgroup	BAO, Internal Audit, CAS, LCB, International Affairs	Feb 2017 – Feb 2018
Jamie Moffitt	VPFA	Dec 2017 - Present
BAO Management Team	Business Affairs	April, 2018
BAO Financial Services (including Taxation)	Business Affairs	April, 2018
Stuart Laing	Budget & Resource Planning	April, 2018
Trisha Burnett	Internal Audit	April, 2018
Greg Shabram	Purchasing & Contracting	May, 2018
Academic CFOs	Varied	April, 2018
Chiefs of Staff	Varied	April, 2018
President's Senior Staff	Varied	May, 2018

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**ATTACHED DOCUMENTS:**

1. Proposed new policy
2. DRAFT departmental fiscal procedures (still being finalized at date of distribution to PAC / 5.22.18)

### **Reason for Policy**

This Policy provides broad guidelines related to university business operations. Along with supporting procedures, the Policy defines the university business entity, establishes an accounting and reporting framework, and sets restrictions and limits on certain university financial transactions.

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### **Entities Affected by this Policy**

Departmental budget authorities, staff who process financial transactions, and central business offices.

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### **Web Site Address for this Policy**

[Provided by Office of the University Secretary after policy is posted online]

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### **Responsible Office**

For questions about this policy, please contact the Business Affairs Office at 6-3165 or kbwolf@uoregon.edu.

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### **Enactment & Revision History**

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### **Policy**

## 1) Accounting and Financial Reporting

### a) Reporting Entity

- i) For purposes of the audited financial statements, the reporting entity consists of the legal entity of the University of Oregon (university) and the legally-separate University of Oregon Foundation.
- ii) Organizations that are not financially accountable to the university, such as booster and alumni organizations, are not included in the reporting entity.

### b) Financial Accounting & Reporting Standards

- i) The university's annual financial statements follow the fiscal year July 1- June 30.
- ii) The university's financial accounting records are maintained in accordance with US Generally Accepted Accounting Principles (GAAP) as prescribed in applicable pronouncements of the Governmental Accounting Standards Board (GASB).
- iii) The university follows the cost principles required by Office of Management & Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

### c) Basis of Accounting

- i) For financial reporting purposes, the university is considered a special-purpose government engaged only in business-type activities.
- ii) The university's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

## 2) Fixed Assets Administration

### a) Accounting for Fixed Assets – General

#### i) Definitions

(1) Fixed assets: *Tangible assets that last more than one year. Examples include land, buildings, equipment, vehicles, vessels, etc.*

(2) Capital assets: *Fixed assets that are recorded as assets in the UO General Ledger. Capital assets are not expensed in year of purchase, but are capitalized and depreciated (as appropriate) over multiple years.*

#### ii) A fixed asset is capitalized only if it meets all of the following conditions:

(1) *Owned or considered owned by the university.*

(2) *Held for operations (not resale).*

(3) *Has a useful life that exceeds one year.*

(4) *Meets the capitalization threshold for that asset type as described in the current accounting procedures document.*

- iii) Donations of capital assets are recorded in the accounting records as revenue at fair market value (FMV) at date of receipt and capitalized in the accounting records. FMV may be determined by:
    - (1) *A written appraisal,*
    - (2) *A qualified expert on the faculty or staff if he or she is considered to hold special knowledge or expertise related to the property being donated,*
    - (3) *Documentation obtained from a qualified outside source such as "blue book" or a knowledgeable dealer, or*
    - (4) *Documented cost if the university were to purchase the same asset outright from a vendor.*
  - iv) The university uses straight-line depreciation with zero (0) salvage value, and useful lives that vary depending on the type of asset.
  - v) When capital assets wear out or become obsolete, they are sold, scrapped, traded in, or may be returned at the end of a capital lease. When disposing of capital assets, the university follows all appropriate Surplus Property rules.
- b) Accounting for Fixed Assets – University Libraries
- i) Definitions
    - (1) *General Collections: Library holdings of an institutional library (not departmental reference library) that are exhaustible by nature and have a useful life greater than one year. General collections include general books, periodicals, reference materials, microfilm, maps, manuscripts, etc.*
    - (2) *Special Collections: Library holdings of an institutional library (not departmental reference library) normally considered inexhaustible and accounted for like works of art and historical treasures. They are not easily replaced and meet the following conditions:*
      - (a) Held for public exhibition, education, or research in furtherance of public service, rather than financial gain.
      - (b) Protected, kept unencumbered, cared for, and preserved.
  - ii) Additions to both General and Special Collections are comprised of purchases and donations. Purchases are valued at cost at time of acquisition. Donations are valued at FMV at time of donation. The FMV of donated additions is recognized as revenue in the year of donation.
  - iii) Deductions from both General and Special Collections are valued at historical cost of items withdrawn from the collections, including associated depreciation (if applicable).
- c) Building Component Depreciation
- i) The university may componentize some or all academic and research buildings to more accurately measure the annual depreciation. Componentized depreciation is based on the useful life of each component.

- ii) Componentized depreciation may only be applied prospectively based on componentizing new buildings and/or applying componentization on the undepreciated portion of existing buildings.
  - iii) Componentized depreciation is limited to buildings. Componentized depreciation does not apply to non-building real property (such as improvements other than buildings, infrastructure, land, and land improvements), or to personal property.
- d) Intangible Assets
- i) Characteristics of Intangible Assets
    - (1) *Owned or considered owned by the university*
    - (2) *Lacks physical substance*
    - (3) *Non-financial in nature (i.e., not in monetary form similar to cash and investment securities)*
    - (4) *Used primarily for operations and not used to directly obtain income or profit. Assets utilized to obtain income or profit are categorized as investments.*
    - (5) *Separately identifiable*
    - (6) *Supported by a formal agreement*
  - ii) Examples of Intangible Assets
    - (1) *Computer Software: The ownership of, or right to use, computer programs that control the functioning of computer hardware and other devices. Computer software comprises both operating systems and application programs. Computer software is either created by another party and acquired by the university, or created internally within the university.*
    - (2) *Easement/Right of Way: The right to use the land of another party for a particular purpose.*
    - (3) *Water Rights: The right to draw water from a particular source, such as a lake, irrigation canal, or stream.*
    - (4) *Timber Rights: The right to cut and remove trees from the property of another party.*
    - (5) *Patent: The right to exclude others from making, using, offering for sale, selling or importing an invention. Patents are issued by the U.S. Patent and Trademark Office.*
    - (6) *Copyright: A form of protection provided to the authors of "original works of authorship" including literary, dramatic, musical, artistic, and certain other intellectual works, both published and unpublished. Copyrights are registered by the Copyright Office of the Library of Congress.*
    - (7) *Trademark: A word, name, symbol or device which is used in trade with goods to indicate the source of the goods and to distinguish them from the goods of others. Trademarks used in interstate or foreign commerce may be registered with the Patent and Trademark Office.*
  - iii) Intangible assets can be purchased or licensed (which includes acquisition through an installment contract), acquired through nonexchange transactions, or internally generated.

- iv) Capitalizable costs that (1) meet the characteristics in Section 2(d)(i) and (2) meet or exceed the capitalization threshold for that asset type as described in the current accounting procedures document are recorded (capitalized) as an intangible asset in the university's accounting records.
- v) Donations of intangible assets are recorded in the accounting records as revenue at FMV at date of receipt, and capitalized in the accounting records. Provisions of Section 2(a)(iii) apply to intangible assets.
- vi) Amortization of Intangible Assets
  - (1) *An intangible asset has an indefinite useful life and is not amortized if there are no legal, contractual, regulatory, technological, or other factors that limit its useful life.*
  - (2) *An intangible asset is amortized if there are legal, contractual, regulatory, technological, or other factors that limit its useful life. Useful life may vary among intangible assets depending on the factors attributable to each intangible asset. The recorded useful life is the shorter of the intangible asset's technological life versus its legal/contractual/regulatory life.*
  - (3) *The university uses straight-line amortization with zero salvage value.*

### 3) Procurement

- a) Purchasing and Accounts Payable
  - i) Expenses paid with university funds must meet a general business need and/or foster or support the mission of the university.
    - (1) *University funds are defined as all monies available to the university, excluding Agency Funds and monies maintained at the University of Oregon Foundation*
    - (2) *Expenses charged to Restricted Funds, including Restricted Gifts, must meet the restrictions that were placed on those monies by the donor(s) and are subject to the University Fiscal Policy and associated procedures*
    - (3) *Expenses paid directly from the University of Oregon Foundation are subject to the Foundation's policies and processes (including donor intent)*
  - ii) Except for items otherwise noted, the dean, director, department and/or unit head have programmatic and budgetary authority to authorize expenses. Programmatic and/or budgetary authority may be delegated to other qualified employees, provided such delegation does not circumvent a financial control or create a conflict of interest.
  - iii) Certain reimbursements to faculty, staff, or students may have income tax implications. The recipient is ultimately responsible for his/her tax filing and any resulting tax liability.
  - iv) The following purchases are specifically prohibited/limited:
    - (1) ***Alcoholic Beverages*** – *Use of university funds for purchasing alcoholic beverages is limited to:*

- (a) Alcoholic beverages served at group functions that are part of a university-sponsored conference or event where the full cost of such beverages is recovered through resale or charges to the participants or sponsoring group.
- (b) Alcoholic beverages purchased specifically for resale (i.e., university catering, athletics concessions)
- (2) ***Contributions/Donations*** – *The university has no authority or obligation to make disbursements for voluntary contributions or donations.*
- (3) ***Sanctioned individuals, companies, or countries*** – *Unless otherwise permitted by law, the university may not conduct business with any individuals, companies, or countries who appear on the sanctions list of the U.S. Department of the Treasury, Office of Foreign Assets Control*
- v) Additional guidance regarding specific transactions is available on the Business Affairs website [<https://ba.uoregon.edu/content/business-expense-policies>]
- b) Contractor Travel
  - i) Contractors may be reimbursed for expenses incurred while traveling on official university business as permitted by their contract with the university.
  - ii) Except as otherwise defined in the individual contract, contractor reimbursements are subject to the university Travel Policy (IV.04.02)

#### 4) Human Resources, Payroll, and Fringe Benefits

- a) Moving Expenses
  - i) New university employees may be reimbursed for travel and moving/relocation expenses as approved by the hiring authority.
  - ii) Certain travel and moving/relocation reimbursements may have income tax implications. The recipient is ultimately responsible for his/her tax filing and any resulting tax liability.
  - iii) See [procedures] for additional information.
- b) Vehicles
  - i) A university employee's personal use of an employer-provided vehicle is a taxable fringe benefit to the employee.
  - ii) The university uses the General Valuation method to determine the taxable value of the benefit.
- c) Employee Recognition Awards
  - i) Definitions

(1) Performance awards: Cash or non-cash awards that recognize and promote extraordinary employee and/or team achievements to reward and reinforce desired, demonstrated behavior, achievement, and results. Performance awards do not include defined merit pay programs that may be a part of bargaining unit compensation plans or other employee compensation plans, or salary performance incentives that may be included in individual employment contracts.

(2) Service awards: Cash or non-cash awards to honor length of service or retirement.

ii) Performance Awards

(1) Cash or cash-equivalent (i.e., gift cards, gifts certificates) performance awards in excess of \$50 will be reported as taxable income to the recipient.

(2) Non-cash performance awards in excess of \$50 in value will be reported as taxable income to the recipient

(3) Notwithstanding the above, non-cash performance awards for **safety achievement** in excess of \$400 in value will be reported as taxable income to the recipient

(4) Taxability applies even if the cash, cash-equivalent, or non-cash award are provided directly from University of Oregon Foundation funds

iii) Service Awards

(1) Cash or cash-equivalent (i.e., gift cards, gifts certificates) service awards in excess of \$50 will be reported as taxable income to the recipient

(2) Non-cash service awards in excess of \$50 in value will be reported as taxable income to the recipient

(3) Notwithstanding the above, non-cash service awards for **length of service** in excess of \$400 in value will be reported as taxable income to the recipient

(4) Taxability applies even if the cash, cash-equivalent, or non-cash award are provided directly from University of Oregon Foundation funds

d) Employee Fringe Benefits

i) A fringe benefit, generally speaking, is any benefit that is provided to an employee by their employer other than salary or wages. Unless they are exempted in the Internal Revenue Code (IRC), fringe benefits are reported as included in an employee's gross income. When included in gross income, they are processed through the payroll and are subject to income tax and FICA tax withholdings.

ii) The IRC describes categories of benefits that may qualify for exclusion from the employee's taxable income provided their restrictive criteria are met, including (but not limited to):

(1) No-additional-cost service

(2) Qualified employee discount

(3) Working condition fringe

(4) De minimis fringe

- iii) All fringe benefits that are reported as included in an employee's taxable income will be processed through the payroll system subject to withholding for taxes and retirement plan contributions (as applicable).

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### **Related Resources**

Departmental Fiscal Procedures [link tbd]

Business Expense Guidelines [<https://ba.uoregon.edu/content/business-expense-policies>]

Procurement Card Program [<https://pcs.uoregon.edu/content/procurement-card-program>]

DRAFT

DEPARTMENTAL FISCAL  
PROCEDURES (AS OF 5/22/18)

**University of Oregon  
Departmental Fiscal Procedures**

**1. ACCOUNTING AND FINANCIAL REPORTING**

**1.1. GENERAL GUIDELINES**

**1.1.1. Accounting Periods**

- 1.1.1.1. Annual accounting records are divided into accounting periods 01 through 12, inclusive. Each accounting period refers to a calendar month, July through June respectively.
- 1.1.1.2. Period 14 is utilized for year-end accounting and reporting adjustments.
- 1.1.1.3. Each accounting period is closed following a month-end entry and reconciliation period, generally within five (5) working days of the end of the calendar month (except at fiscal year-end). Once an accounting period is closed, it may not be reopened except in an extreme and unusual circumstance.

**1.1.2. System of Record**

- 1.1.2.1. The Banner Finance Information System (FIS) is the system of record for UO accounting transactions.
- 1.1.2.2. Data in Banner FIS is further supported by subsidiary ledgers that integrate with and reconcile to FIS.

**1.1.3. Basis of Accounting**

- 1.1.3.1. UO year-end accounting and reporting follow the accrual basis of accounting. The accrual basis recognizes revenue when earned and expenses when incurred, regardless of when the funds are actually received or disbursed.
- 1.1.3.2. To the extent feasible, UO encourages and supports full accrual-based month-end accounting at the departmental level.

**1.2. ACCOUNTING FOR RECEIVABLES**

**1.2.1. Definitions**

- 1.2.1.1. Accounts Receivable: Amount due to UO by students or outside entities for tuition and fees or the sale of products or services on credit.
- 1.2.1.2. SIS Receivable: Any receivable which is tracked in the Banner Student Information System (SIS)
- 1.2.1.3. Non SIS Receivable: Any receivable which is not tracked in Banner SIS.
- 1.2.1.4. Notes Receivable: Formalized current and noncurrent obligations evidenced by written promissory notes.

- 1.2.1.5. Current: Accounts Receivable or portion of Notes Receivable expected to be collected in cash within one year.
- 1.2.1.6. Noncurrent: Portion of Notes Receivable expected to be collected in cash in subsequent fiscal years.
- 1.2.1.7. Allowance for Doubtful Accounts: A balance sheet contra-asset account that offsets total accounts or notes receivable and represents the estimated portion of accounts receivable that UO is unlikely to collect.
- 1.2.1.8. Bad Debt: An expense of the period in which revenue is earned that is based on an estimate of receivables that will later prove to be uncollectable.

#### 1.2.2. **General Procedures**

- 1.2.2.1. The university may render services on a charge basis where it is in the overall best interests of the institution.
- 1.2.2.2. No department shall extend credit to faculty, staff, students, or other entities outside the university without the prior documented approval of the Vice President for Finance and Administration (VPFA) or designee.
- 1.2.2.3. Accounts Receivable balances are written off at the time that active collection efforts by the institution have ceased.

#### 1.2.3. **Collections**

- 1.2.3.1. The university shall be diligent in collecting accounts and notes receivable. The one key collection tool available is the withholding of transcripts. This shall be done for all past-due SIS Receivable accounts. Other collection efforts may include but are not limited to:
  - 1.2.3.1.1. Denying or cancelling registration.
  - 1.2.3.1.2. Denying further account receivable privileges or services.
  - 1.2.3.1.3. Withholding wages (after receiving the employee's approval).
  - 1.2.3.1.4. Adding legally allowed and regulated penalties and interest to the debt.
  - 1.2.3.1.5. Utilizing telephone inquiries.
  - 1.2.3.1.6. Sending demand letters.
  - 1.2.3.1.7. Using legally allowed "skip trace" information.
  - 1.2.3.1.8. Utilizing offset procedures with other state agencies.
  - 1.2.3.1.9. Assigning past-due receivables to the Oregon Department of Revenue or private collection agencies.
  - 1.2.3.1.10. Instituting legal action, as permitted by statutes or required by regulation.
- 1.2.3.2. The university may waive any of the above model rule remedies when the waiver would serve the best interests of the institution, the federal or

state government, or where required by federal or state laws and regulations.

- 1.2.3.3. The Business Affairs Office will grant hearings to persons contesting their debts.
- 1.2.3.4. The university follows current bankruptcy regulations concerning debts during and following bankruptcy.
- 1.2.3.5. The university follows the collection effort requirements of sponsors (e.g., federal government student loan programs).
- 1.2.3.6. The university attempts to recover the costs of collection activity on past-due/delinquent receivables. In such cases when accounts are sent to collection agencies, and when/where legally authorized, the university includes in the balance assigned to collect an amount sufficient to cover the costs of collection, which is clearly identified as collection costs. Lesser collection charge amounts may be specified when a reduction would serve the best interests of the university, federal, or state government.

#### 1.2.4. **Assignment of Delinquent Accounts**

- 1.2.4.1. Past due/delinquent receivables may be assigned to the Oregon Department of Revenue or to private collection agencies under UO contract. The university may withdraw an assigned account at any time in accordance with the contract terms for the assigned agency.
- 1.2.4.2. Uncollectible Federal Perkins Loans and National Direct Student Loans (NDSLs) may be assigned to Federal Student Aid Collections as outlined in the Federal Student Aid Handbook (IFAP).

#### 1.2.5. **Write-off of Delinquent Accounts**

- 1.2.5.1. At the time of Write-off:
  - 1.2.5.1.1. The receivable is no longer included in the general ledger and no longer reported as a receivable in the UO financial statements.
  - 1.2.5.1.2. The university has stopped active collection efforts.
  - 1.2.5.1.3. Depending on the nature of the write-off, the receivable may still be sent to the Oregon Department of Revenue for offset.
  - 1.2.5.1.4. The amount of the write-off is still tracked in the receivables accounting system to alert the university to reinstate the receivable when a debtor requests services (e.g., transcripts and subsequent enrollment) in the future.

#### 1.2.6. **Accounting for Bad Debt Expense and Allowance for Doubtful Accounts**

- 1.2.6.1. To ensure that the net realizable value of receivables is fairly presented in the Statement of Net Position, UO uses the accounts receivable estimation method. This method emphasizes the balance sheet and the asset/liability approach to measurement. The method uses historical data to estimate the

percentage of current year accounts receivable expected to become uncollectible and reports accounts receivable at estimated net realizable value. An estimate of uncollectible accounts receivable is recognized as Bad Debt expense at the end of each year. Using past experience, the percentage of outstanding receivables that will become uncollectible can be reasonably estimated.

- 1.2.6.2. An Allowance for Doubtful Accounts is established for all accrued SIS receivables
- 1.2.6.3. An Allowance for Doubtful Accounts is established for all non SIS receivables for which annual revenues in a single program exceed \$250,000.
- 1.2.6.4. An Allowance for Doubtful Accounts is established for all Notes Receivable.
- 1.2.6.5. The estimated Bad Debt expense is calculated and reviewed annually. The calculation will be documented and available for the external auditors

### 1.3. ACCOUNTING FOR INTERFUND TRANSACTIONS

1.3.1. An interfund transaction occurs when a fund has a financial transaction with another fund within the institution.

#### 1.3.2. Internal Revenue

- 1.3.2.1. Description: Revenue earned by auxiliary enterprises, service departments, and designated operations from selling services or supplies to another institutional department.
- 1.3.2.2. Required Accounting:
  - 1.3.2.2.1. Debit – Fund being charged the expense debits the appropriate expense account code for the type of service or product provided.
  - 1.3.2.2.2. Credit – Fund earning the revenue credits the appropriate account type 59 – Internal Sales 09xxx account code.
- 1.3.2.3. Financial Statement Eliminations: Internal revenue is eliminated for financial statement reporting purposes

#### 1.3.3. Distribution of Revenue

- 1.3.3.1. Description: Revenue applicable to multiple funds that is initially received by one fund and then distributed to other funds where the revenue was either earned or appropriated. The fund receiving the revenue has either earned the revenue, or the revenue is non-exchange but an external party has identified the fund as the intended recipient of the non-exchange revenue.
- 1.3.3.2. Required Accounting
  - 1.3.3.2.1. Debit – Fund distributing the revenue debits the appropriate 0xxx revenue account code.
  - 1.3.3.2.2. Credit – Fund receiving the revenue credits the same 0xxx

revenue account code.

- 1.3.3.3. Financial Statement Eliminations: Because revenues offset each other, there is no double counting and no elimination necessary.

#### 1.3.4. Institution Direct Cost Allocation (Non-Federal)

- 1.3.4.1. Description: Indirect cost allocation provides for reimbursement of costs incurred by one unit that benefit one or more other units. Institution Indirect Costs are generally allocated to self-sustaining designated operating funds, service departments, and auxiliary enterprises that cannot be charged directly without effort disproportionate to the benefits received. Typically these costs benefit more than one function or organization. Examples of these costs may include utilities, building maintenance, and central campus administrative services.

#### 1.3.4.2. Required Accounting

- 1.3.4.2.1. Debit – The self-sustaining fund and 70002 – Internal Admin Costs - Charges to Auxiliaries, Service Center and Designated Operating funds for the institutional administrative cost allowance.

- 1.3.4.2.2. Credit – Fund(s) incurring the original cost of administration and support and account code 79390 – Admin Services Reimbursement

- 1.3.4.3. Financial Statement Elimination: Because the institution indirect cost allocation results in the costs residing in the unit that incurred the costs, no elimination is necessary.

#### 1.3.5. Reimbursement of Expense

- 1.3.5.1. Description: Expenses applicable to another fund(s) that are initially charged to one fund then distributed to other fund(s). Expenses should be identified and distributed by the original expense account code. Expenses are ultimately accounted for in the fund that benefited from the cost. Distribution of expense must not exceed the original total cost of the expense.

#### 1.3.5.2. Required Accounting

##### 1.3.5.2.1. Expense reimbursement

- 1.3.5.2.1.1. Debit – Index/FOAP for the unit receiving the expense and the same expense account code used for the original purchase.

- 1.3.5.2.1.2. Credit – Same Index/FOAP and Expense account code used for the original purchase.

- 1.3.5.3. Financial Statement Eliminations: Because direct expenses offset each other, there is no double counting and no elimination necessary.

#### 1.3.6. Transfer In and Transfer Out

- 1.3.6.1. Description: "Non-exchange" transactions between funds due to the transfer not being the result of an exchange of revenue for goods or services.

"Non-exchange" transactions are further defined in GASB No. 33.

1.3.6.2. Characteristics of Transfers:

- 1.3.6.2.1. A transfer is not a revenue or an expense. The fund receiving the transfer does not receive services or goods in exchange for the funds received. The fund providing the transfer does not exchange services or goods for the funds provided.
- 1.3.6.2.2. A transfer is not part of the financial entity's normal operating revenue or expense. The transfer is considered another funding source/use after revenue, expense, and net operating income/loss in the financial statements.
- 1.3.6.2.3. The revenue is earned by the fund providing the transfer.
- 1.3.6.2.4. Transfers would tend to be less frequent in self-supporting funds such as auxiliary enterprises and service departments, because to be self-supporting, it is presumed that, except for subsidies, inflows are earned revenue. Transfers in would tend to be more common in funds that are not self-sustaining – e.g., budgeted operations funds.

1.3.6.3. Required accounting

1.3.6.3.1. Transfer between funds

- 1.3.6.3.1.1. Debit – Index providing the funds and account code 92001  
– Transfer Out to Other Funds
- 1.3.6.3.1.2. Credit – Index receiving the funds and account code 91001  
– Transfer In from Other Funds

1.3.6.3.2. Transfer related to debt retirement within UO

- 1.3.6.3.2.1. Debit – Index providing the funds and account code 92008  
– Tfr Out-Debt Retirement w/in Inst
- 1.3.6.3.2.2. Credit – Index receiving the funds and account code 91008  
– Tfr In-Debt Retirement w/in Inst

1.3.6.4. Financial Statement Eliminations: Because transfers net to zero when combined, there is no double counting and no elimination necessary.

**1.3.7. Interfund Loans**

1.3.7.1. Description: A loan from one fund to another fund

1.3.7.2. Required Accounting

- 1.3.7.2.1. Debit – Fund making the loan debits "Due From" in an A6xxx or A7xxx asset account code
- 1.3.7.2.2. Credit – Fund receiving the loan credits "Due To" in a B6xxx or B7xxx liability account code

1.3.7.3. Financial Statement Eliminations: Interfund loans overstate total assets

and total liabilities in the annual financial statements. At the end of the fiscal year, Business Affairs identifies A6xxx and A7xxx "Due From" asset balances and B6xxx and B7xxx "Due To" liability balances applicable to Interfund Loans, and makes institution-wide adjustments to remove the overstatement of assets and liabilities from the annual financial statements.

#### 1.3.8. Debt Transactions

1.3.8.1. Description: The majority of debt transactions are administered and accounted for by the Controller's Division Debt Manager. One exception is the State Energy Loan Program (SELP). SELP loans are administered and accounted for by each institution individually. SELP loan repayments are made from operating funds of the university receiving the loan.

1.3.8.2. Required Accounting

1.3.8.3. Financial Statement Elimination: No eliminations are necessary.

#### 1.3.9. Fund Additions and Deductions

1.3.9.1. Description: Movement of a portion of equity (fund balance) and the corresponding assets or liabilities from one fund to another fund, without affecting the operating ledger which measures annual revenue and expense.

1.3.9.2. Required Accounting

1.3.9.2.1. Debit – Fund providing assets debits an Fxxxx fund deduction account code

1.3.9.2.2. Credit – Fund receiving assets credits an Exxxx fund addition account code

1.3.9.3. Financial Statement Eliminations: Because Fund Additions and Fund Deductions offset each other, there is no double counting and no elimination necessary.

#### 1.3.10. Agency Funds

1.3.10.1. Agency Funds are classified in the fund structure as Fund Type 90, 9xxxxx funds. Agency funds are generally established for outside entities affiliated with UO, such as recognized student organizations. The balances in these Agency Funds are owned by the agency or individual student (student deposits) and are not owned by UO. Employees of the agency are not UO employees, and UO employees cannot be paid from these Agency Funds. Transactions between UO and Agency Funds must be at arm's length.

1.3.10.2. Agency Funds are established to hold payroll deductions (taxes, insurance, etc.) prior to their submission to the appropriate external agency.

1.3.10.3. Agency Funds are established to hold personnel leave balances accrued through the Blended OPE program. Paid personnel leave (vacation, sick, personal) is posted to these Agency Funds.

**Commented [KW1]:** With the creation of the UO Internal Bank, this entire section needs to be rewritten. Focus should be on 1) issuance of loans from Internal Bank to departments/projects, and 2) subsequent repayment of those loans.

- 1.3.10.4. Financial Statement Elimination: All Agency Fund transactions are eliminated from the UO financial statements. Cash balances and offsetting liabilities or fund balance are recorded on the UO's Statement of Net Position (fund balance recorded as Deposit Liability).

#### 1.4. ACCOUNTING FOR DESIGNATED OPERATING FUNDS

##### 1.4.1. Definitions

- 1.4.1.1. Designated Operating Funds: Designated operations (fund type 12, fund level 1 roll-up 050000) account for self-sustaining activities related to instruction, community education, public service, and student aid activities. The following functions are included:
- 1.4.1.1.1. Instruction (field trips; international education) - non-credit
  - 1.4.1.1.2. Community Education (non-credit conferences, workshops, seminars, etc., sponsored by Academic Extension)
  - 1.4.1.1.3. Public Service (non-instructional services to the general public or outside groups such as: non-credit short courses, workshops, seminars, conferences, and camps; testing and consulting services; special interest publications; theater and music activities; etc.)
  - 1.4.1.1.4. Scholarships (financial aid funds generated from fund raising activities accounted for in designated operating funds)
- 1.4.1.2. Fund Balance: The difference between a fund's assets and liabilities. (assets-liabilities=fund balance)
- 1.4.1.3. Direct Costs: Costs of producing goods and services, which can be readily identified with a specific activity. For designated operating funds, these costs include salaries and benefits, and services and supplies.
- 1.4.1.4. Indirect Costs: Costs generally applicable to a designated operating fund that cannot be charged directly without effort disproportionate to the benefits received. Typically these costs benefit more than one function or organization. Examples of these costs may include utilities, building maintenance, and central campus administrative services.

##### 1.4.2. Fund Balance Standards

- 1.4.2.1. Lower Limit: Any negative fund balance as of June 30 must be eliminated by providing adequate funding to the designated operating fund by the responsible department or from other Education and General Funds expense accounts.
- 1.4.2.2. Exceptions: Exceptions for situations where the institution believes it is more appropriate to require the designated operating fund to eliminate its deficit through future year operations, or where the deficit condition is a normal timing difference relating to its operating calendar will be approved by the Vice President for Finance and Administration or designee, and

documentation justifying the exception will be retained for audit.

#### 1.4.3. Indirect Costs to be Allocated

- 1.4.3.1. By definition, designated operating funds are self-sustaining, generating sufficient operating revenues to cover operating expenses, including direct expenses and the allocable portion of indirect costs borne by other units of the university.

### 1.5. FISCAL OPERATION OF SERVICE CENTERS

#### 1.5.1. Definitions

- 1.5.1.1. **Contributed Capital:** Cash or other asset(s) transferred to a Service Center from a source external to the Service Center. Examples include a subsidy from non-federal other funds to cover a Service Center's operating deficit; a transfer of beginning balances from non-federal-other funds at inception of the Service Center; the transfer or conversion of a non-federally-funded storeroom inventory to a Service Center; or the purchase or transfer of equipment from non-federal other funds to a Service Center.
- 1.5.1.2. **Service Center:** A financially self-sustaining internal entity that exists primarily to provide services to others within the university (e.g., motor pool, computer services, printing, and telecommunications).
- 1.5.1.3. **Specialized Service Facility:** A highly complex or specialized facility operated by the university, as described in Section J of OMB Circular A-21.
- 1.5.1.4. **Working Capital:** Current assets minus current liabilities. Current assets represent the sum of cash and other assets that could be converted to cash in less than one year (e.g., accounts receivable, inventory, and prepaid expenses). Current liabilities represent the sum of all amounts owed and due within one year (e.g., accounts payable and short-term loans).

#### 1.5.2. Service Center Operations

- 1.5.2.1. A Service Center should only be established if the service is primarily to the university community. Self-sustaining activities for which educational activities are the purpose of the sales and services, such as testing services, should be set up as Designated Operations. Self-sustaining activities for which sales and services to students, faculty, or staff is the purpose of the activity should be set up as Auxiliary Operations. All Service Centers shall be established in Banner in Fund type 13.
- 1.5.2.2. When costs incurred for a Service Center are not material in amount, they may be allocated as indirect costs. Such arrangements must be agreed to by the institution and the cognizant agency.
- 1.5.2.3. When the costs of a Service Center are material in amount, the Service Centers shall have a published price list established in accordance with OMB A-21 Section J, the current OMB A-133 Compliance Supplement, the institution's Cost Accounting Standards Disclosure Statement (DS-2), and any

**Commented [KW2]:** Edited primarily for format. Will replace with the new guidelines (currently in draft form) when finalized and approved.

**Commented [KW3]:** Update reference to Uniform Guidance.

**Commented [KW4]:** Update references.

other applicable federal guidelines or regulations. The determination of rates should take into consideration the following:

- 1.5.2.3.1. Rates should be based on the total cost of actual usage
- 1.5.2.3.2. Rates cannot discriminate against the federal government. Service Centers may establish a federal rate, an internal user rate, and/or external user rates, as long as the rate charged to federal sources is the lowest.
- 1.5.2.3.3. Rates should not recover more than the aggregate cost of services over a reasonable specified time period.
- 1.5.2.4. Rates shall be reviewed at least annually. Documentation of the rate determination methodology shall be kept on file for audit purposes.

### 1.5.3. Working Capital, Negative Cash, and Net Asset Balances

#### 1.5.3.1. Working Capital

- 1.5.3.1.1. Working Capital, as reflected in the official accounting records, will be monitored and analyzed on an annual basis.
- 1.5.3.1.2. Upper Limit: According to the A-133 Compliance Supplement, working Capital cannot exceed 60 days of cash expenses, which excludes depreciation, amortization, or other non-cash allocations. For federal compliance purposes, the 60-day upper limit is calculated as the average operating expenses for the last year of operation multiplied by .1667 (60 days divided by 360 days).
- 1.5.3.1.3. Excess balances will be reduced in one (or both) of the following ways:
  - 1.5.3.1.3.1. A rate reduction during the next cycle
  - 1.5.3.1.3.2. A refund to the user(s)
- 1.5.3.1.4. Lower Limit: If Working Capital is in a deficit position, the loss may be eliminated in one (or both) of the following ways:
  - 1.5.3.1.4.1. A rate increase (during the next cycle for rate adjustments)
  - 1.5.3.1.4.2. A transfer of adequate funding from a non-federal source to the Service Center (approved by the President or Vice President for Finance and Administration)
- 1.5.3.1.5. If Working Capital is in a deficit position, the remaining deficit may be carried forward as an increase in rates, by establishing a rate increase plan which results in eradication of the deficit within 1-5 years. This will allow rate increases at a slower rate in order to avoid drastic rate changes from year to year. The deficit may also be recovered by an additional movement of funding in the future year (approved by the President or Vice President for Finance and Administration).

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- 1.5.3.1.6. Any rate increase enacted pursuant to this provision must be sufficient to liquidate the Working Capital deficit within five years of implementation.
- 1.5.3.2. Cash Overdrafts, Negative Net Asset Balances
- 1.5.3.2.1. If an individual Service Center ends a fiscal year with a cash overdraft or negative net asset balance, the Service Center will submit a revised budget plan to eliminate the cash overdraft(s) and/or the negative net asset balance(s) to the Vice President for Finance and Administration. The revised plan must result in eradication of deficit(s) within 1-5 years and must be retained for audit.
- 1.5.3.2.2. Any transfer of funds made to a Service Center will be accounted for as Contributed Capital and documentation related to the transaction that identifies the source, amount, date, reason, and authorization for the contribution must be retained for audit.
- 1.5.3.2.3. An Interfund Loan may also be used to rectify Service Center deficit cash or fund balance.
- 1.5.3.3. Exceptions: Any exceptions will be approved by the Vice President for Finance and Administration or designee, and documentation justifying the exception will be retained for audit.
- 1.5.4. **Reserves for Repair and Replacement**
- 1.5.4.1. Service Centers shall maintain building/IOTB repair, if appropriate, and equipment replacement reserves for the purpose of funding the cost of repairs or replacement of depreciable assets. Such reserves should be sufficient to promote the efficient and effective operation of the related operating unit and minimize the potential for unanticipated financial shortfalls that may impact the other funds of the institution.
- 1.5.4.2. Each Service Center shall determine the appropriate level of repair reserves for buildings and improvements other than buildings (IOTBs) and equipment replacement reserves based on a capital asset management plan (Plan) that is prepared/updated at least annually and approved by the institution's vice president for finance and administration or designee. The Plan required under this provision will be based on a minimum five-year planning horizon and will assess the repair or replacement needs of each asset or asset class and include an analysis of the annual funding necessary to accumulate the funds required to execute the plan. The Plan required under this section must be retained for audit purposes.
- 1.5.4.3. Each Service Center with capital assets of \$150,000 (recorded cost) or more will prepare and retain the capital asset management plan (Plan) referred to in the preceding section. Should the Plan indicate the need for building/IOTB repair and/or equipment replacement reserves, a fund should be established for those purposes (if not already established) and funded

accordingly.

- 1.5.4.4. Generally, building/IOTB repair and equipment replacement reserves may not be used for any other purpose than to repair or replace capital assets used in the operation of the related Service Center. Authorization for any other use may only be granted by the vice president for finance and administration or designee and must be documented and retained for audit purposes.
- 1.5.4.5. Costs for funding building/IOTB repair and equipment replacement reserves may not be included in the Service Center billing rates. Reserves should be funded using the fund addition and deduction mechanisms (E&F account codes). Transfer codes should not be used as they would, in effect, cause the depreciation to be double expensed.
- 1.5.4.6. Except as otherwise provided, exceptions to the requirements above may be granted by the vice president for finance and administration or designee.

## **1.6. IDENTITY THEFT PREVENTION PROGRAM**

### **1.6.1. Definitions**

- 1.6.1.1. Identity Theft: A fraud committed or attempted using the identifying information of another person without authority.
- 1.6.1.2. Red Flag: A pattern, practice, or specific activity that indicates the possible existence of Identity Theft.
- 1.6.1.3. Covered Account: An account that the System maintains, primarily for personal, family or household purposes that involves, or is designed to permit multiple payments or transactions.
- 1.6.1.4. Program Administrator: The individual designated with primary responsibility for oversight of the program.
- 1.6.1.5. Identifying information: Any name or number that may be used, alone or in conjunction with any other information, to identify a specific person, including: name, address, telephone number, social security number, date of birth, government issued driver's license or identification number, alien registration number, government passport number, employer or taxpayer identification number, student identification number, computers Internet Protocol address, or routing code.

### **1.6.2. Fulfilling Requirements of the Red Flag Rule**

- 1.6.2.1. Under the Red Flags Rule, which implements Section 114 of the Fair and Accurate Credit Transactions Act of 2003, the UO is required to establish an Identity Theft Prevention Program tailored to its size, complexity and the nature of its operation. The program must contain reasonable policies and procedures to:
  - 1.6.2.1.1. Identify relevant Red Flags for new and existing covered accounts and incorporate those Red Flags into the Program;

1.6.2.1.2. detect red flags that have been incorporated into the Program;

1.6.2.1.3. respond appropriately to any red flags that are detected to prevent and mitigate identity theft; and

1.6.2.1.4. ensure the Program is updated periodically to reflect changes in risks to students or to the safety and soundness of the student from identity theft.

1.6.2.2. The Red Flags Rule allows the UO to base its program on the relative risks of identity theft in connection with its covered accounts. Based on the experience, the UO considers the risk of identity theft in connection with its covered accounts to be low. Accordingly, this Program has been developed based on that assessment of risk.

#### 1.6.3. Covered Accounts

1.6.3.1. Refund of credit balances involving student loans

1.6.3.2. Deferment of tuition payments

1.6.3.3. Emergency loans

1.6.3.4. Student Health Center Charges

1.6.3.5. Federal Family Education Loan Program (FFELP) (Stafford & PLUS)

1.6.3.6. Federal Perkins Loan Program

1.6.3.7. Jesse M. Bell Memorial Loan Fund

1.6.3.8. Revolving Charge Account Plan

1.6.3.9. William D. Ford Federal Direct Loan Program

#### 1.6.4. Identification of Relevant Red Flags

1.6.4.1. The Program considers the following risk factors in identifying relevant red flags for covered accounts:

1.6.4.1.1. The types of covered accounts as noted above;

1.6.4.1.2. The methods provided to open covered accounts. Acceptance to the UO and enrollment in classes may require some or all of the following information:

1.6.4.1.2.1. Common application with personally identifying information

1.6.4.1.2.2. High school transcript

1.6.4.1.2.3. Official ACT or SAT scores

1.6.4.1.2.4. Two letters of recommendation

1.6.4.1.2.5. Entrance Medical Record

1.6.4.1.2.6. Medical history

- 1.6.4.1.2.7. Immunization history
- 1.6.4.1.2.8. Insurance card
- 1.6.4.1.3. The methods provided to access covered accounts:
  - 1.6.4.1.3.1. Disbursement obtained in person require picture identification
  - 1.6.4.1.3.2. Disbursements obtained by mail can only be mailed to an address on file
- 1.6.4.1.4. The UO's previous history of identity theft.
- 1.6.4.2. The UO identifies the following Red Flags in each of the listed categories:
  - 1.6.4.2.1. **Notifications and Warnings from Credit Reporting Agencies**
    - 1.6.4.2.1.1. Report of fraud accompanying a credit report
    - 1.6.4.2.1.2. Notice or report from a credit agency of a credit freeze on an applicant
    - 1.6.4.2.1.3. Notice or report from a credit agency of an active duty alert for an applicant
    - 1.6.4.2.1.4. Receipt of a notice of address discrepancy in response to a credit report request
    - 1.6.4.2.1.5. Indication from a credit report of activity that is inconsistent with an applicant's usual pattern or activity
  - 1.6.4.2.2. **Suspicious Documents**
    - 1.6.4.2.2.1. Identification document or card that appears to be forged, altered or inauthentic
    - 1.6.4.2.2.2. Identification document or card on which a person's photograph or physical description is not consistent with the person presenting the document
    - 1.6.4.2.2.3. Other document with information that is not consistent with existing student information
    - 1.6.4.2.2.4. Application for service that appears to have been altered or forged.
  - 1.6.4.2.3. **Suspicious Personal Identifying Information**
    - 1.6.4.2.3.1. Identifying information presented that is inconsistent with other information the student provides (example: inconsistent birth dates)
    - 1.6.4.2.3.2. Identifying information presented that is the same as information shown on other applications that were found to be fraudulent

- 1.6.4.2.3.3. Identifying information presented that is consistent with fraudulent activity (such as an invalid phone number or fictitious billing address)
- 1.6.4.2.3.4. Social security number presented that is the same as one given by another student
- 1.6.4.2.3.5. A person fails to provide complete personal identifying information on an application even when reminded to do so.
- 1.6.4.2.4. **Suspicious Covered Account Activity or Unusual Use of Account**
  - 1.6.4.2.4.1. Change of address for an account followed by a request to change the student's name
  - 1.6.4.2.4.2. Payments stop on an otherwise consistently up-to-date account
  - 1.6.4.2.4.3. Account used in a way that is not consistent with prior use
  - 1.6.4.2.4.4. Mail sent to the student is repeatedly returned as undeliverable
  - 1.6.4.2.4.5. Notice to the UO that a student is not receiving mail sent by the UO
  - 1.6.4.2.4.6. Notice to the UO that an account has unauthorized activity
  - 1.6.4.2.4.7. Breach in the UO's computer system security
  - 1.6.4.2.4.8. Unauthorized access to or use of student account information.
- 1.6.4.2.5. **Alerts from Others**
  - 1.6.4.2.5.1. Notice to the UO from a student, identity theft victim, law enforcement, service provider, or other source that the UO has opened or is maintaining a fraudulent account for a person engaged in identity theft.

#### 1.6.5. **Detecting Red Flags**

- 1.6.5.1. Student Enrollment – In order to detect any of the Red Flags identified above associated with the enrollment of a student, UO personnel will take the following steps to obtain and verify the identity of the person opening the account:
  - 1.6.5.1.1. Require certain identifying information such as name, date of birth, academic records, home address or other identification
  - 1.6.5.1.2. Verify the student's identity at time of issuance of student identification card (review of driver's license or other government-issued photo identification) or follow identification verification processes administered by service providers for covered accounts.

- 1.6.5.2. Existing Accounts – In order to detect any of the red flags identified above for an existing covered account, UO personnel will take the following steps to monitor transactions on an account:
  - 1.6.5.2.1. Verify the identification of students if they request information (in person, via telephone, via facsimile, via email)
  - 1.6.5.2.2. Verify the validity of requests to change billing addresses by mail or email and provide the student a reasonable means of promptly reporting incorrect billing address changes
  - 1.6.5.2.3. Confirm changes in banking information given for billing and payment purposes.
- 1.6.5.3. Consumer (Credit) Report Requests – In order to detect any of the red flags identified above for an employment or volunteer position for which a credit report is sought, UO personnel will take the following steps to assist in identifying address discrepancies:
  - 1.6.5.3.1. Require verification from any applicant that the address provided by the applicant is accurate at the time the request for the credit report is made to the consumer reporting agency
  - 1.6.5.3.2. In the event that notice of an address discrepancy is received, verify that the credit report pertains to the applicant for whom the requested report was made and report to the consumer reporting agency an address for the applicant that the UO has reasonably confirmed is accurate.
- 1.6.5.4. **Preventing and Mitigating Identity Theft**
  - 1.6.5.4.1. In the event UO personnel detect any identified red flags, such personnel shall take one or more of the following steps, depending on the degree of perceived risk posed by the red flag:
    - 1.6.5.4.1.1. Continue to monitor a covered account for evidence of identity theft
    - 1.6.5.4.1.2. Contact the student or applicant (for which a credit report was run)
    - 1.6.5.4.1.3. Change any passwords or other security devices that permit access to covered accounts
    - 1.6.5.4.1.4. Limit the use of SSN to what is absolutely necessary
    - 1.6.5.4.1.5. Notify any service provider with covered account
    - 1.6.5.4.1.6. Refuse to open a new covered account
    - 1.6.5.4.1.7. Provide the student with a new student identification number
    - 1.6.5.4.1.8. Notify the Program Administrator for determination of the

appropriate step(s) to take

- 1.6.5.4.1.9. Notify law enforcement
- 1.6.5.4.1.10. File or assist in filing a Suspicious Activities Report (SAR)
- 1.6.5.4.1.11. Determine that no response is warranted under the particular circumstances
- 1.6.5.4.2. In order to further prevent the likelihood of identity theft occurring with respect to covered accounts, the UO will take the following steps with respect to its internal operating procedures to protect student identifying information:
  - 1.6.5.4.2.1. Ensure that its website is secure or provide clear notice that the website is not secure
  - 1.6.5.4.2.2. Ensure complete and secure destruction of paper documents and computer files containing student identity information when a decision has been made to no longer maintain such information (in accordance with records retention guidelines)
  - 1.6.5.4.2.3. Ensure that office computers with access to covered account information are password protected
  - 1.6.5.4.2.4. Use encryption and firewall technology
  - 1.6.5.4.2.5. Avoid use of social security numbers
  - 1.6.5.4.2.6. Ensure computer virus protection is up to date
  - 1.6.5.4.2.7. Require and keep only the kinds of student information that are necessary for UO purposes.

#### **1.6.6. Program Administration**

##### **1.6.6.1. Oversight**

- 1.6.6.1.1. The Vice President for Finance and Administration or designee shall serve as the Program Administrator. The Program Administrator will be responsible for ensuring appropriate training of UO staff on the Program, for reviewing any staff reports regarding the detection of Red Flags and the steps for preventing and mitigating Identity Theft, and determining which steps of prevention and mitigation should be taken in particular circumstances and considering periodic changes to the Program.

##### **1.6.6.2. Staff Training and Reports**

- 1.6.6.2.1. UO staff responsible for implementing the Program shall be trained either by or under the direction of the Program Administrator in the detection of Red Flags and the responsive steps to be taken when a Red Flag is detected. UO staff shall be trained, as necessary, to effectively implement the Program. UO employees are expected to

notify the Program Administrator once they become aware of an incident of Identity Theft or of the UO's failure to comply with this Program.

1.6.6.2.2. At least annually or as otherwise requested by the Program Administrator, staff responsible for development, implementation, and administration of the Program shall report to the Program Administrator on compliance with this Program. The report should address such issues as effectiveness of the policies and procedures in addressing the risk of identity theft in connection with the opening and maintenance of Covered Accounts, service provider arrangements, significant incidents involving identity theft and management's response, and recommendations for changes to the Program.

1.6.6.3. Service Provider Arrangements

1.6.6.3.1. In the event the UO engages a service provider to perform an activity in connection with one or more Covered Accounts, the UO will take the following steps to ensure the service provider performs its activity in accordance with reasonable policies and procedures designed to detect, prevent and mitigate the risk of Identity Theft.

1.6.6.3.1.1. Require, by contract, that service providers have such policies and procedures in place.

1.6.6.3.1.2. Require, by contract, that service providers review the UO's Program and report any Red Flags to the Program Administrator or the UO employee with primary oversight of the service provider relationship.

1.6.6.3.1.3. Require, by contract, that service providers formally acknowledge and accept relevant and specifically identified provisions within the UO's Program.

1.6.6.4. Non-disclosure of Specific Practices

1.6.6.4.1. For the effectiveness of this Identity Theft Prevention Program, knowledge about specific Red Flag identification, detection, mitigation, and prevention practices may need to be limited to the Program Administrator and to those employees with a need to know them. Any documents that may have been produced or are produced in order to develop or implement this program that list or describe such specific practices and the information those documents contain are considered confidential and should not be shared with other UO employees or the public. The Program Administrator shall inform those employees with a need to know the information of those documents or specific practices which should be maintained in a confidential manner.

1.6.6.5. Program Updates

- 1.6.6.5.1. The Program Administrator will periodically review and update this Program to reflect changes in risks to students and the soundness of the UO from Identity Theft. In doing so, the Program Administrator will consider the UO's experiences with Identity Theft situations, changes in Identity Theft methods, changes in Identity Theft detection and prevention methods, and changes in the UO's business practices and arrangements with other entities. After considering these factors, the Program Administrator will determine whether changes to the Program, including the listing of Red Flags, are warranted. If warranted, the Program Administrator will update the Program.

## **2. Human Resources, Payroll, and Fringe Benefits**

### **2.1. COMPENSATED ABSENCES**

#### **2.1.1. Definitions**

- 2.1.1.1. Compensated absences: absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave.
- 2.1.1.2. Compensated absences liability: compensated absences that are:
  - 2.1.1.2.1. attributable to services already rendered, AND
  - 2.1.1.2.2. not contingent on a specific event that is outside the control of the employer and employee.
- 2.1.1.3. The liability includes amounts to be paid in paid time off or some other means, such as cash payment at termination.

#### **2.1.2. Specifications**

- 2.1.2.1. Vacation Leave
  - 2.1.2.1.1. Vacation leave balances are included in compensated absences liability because (1) the employee's right to receive compensation is attributable to services already rendered, and (2) it is probable that the employer will compensate the employee for the benefits either through paid time off or cash payment. Vacation leave balances are the primary component of compensated absences liability.
  - 2.1.2.1.2. Vacation leave balances are subject to a maximum cap. In addition, for some employee classes, payments of vacation leave balance at the time of termination is subject to a lower cap. Vacation leave balances beyond the termination cap up to the maximum cap ARE included in compensated absences liability because it is probable that the employee will take the additional hours through paid time off before termination.
- 2.1.2.3. Trial Service
  - 2.1.2.3.1. Vacation leave balances of employees in trial service ARE included

in compensated absences liability because it is probable that trial service employees will meet the conditions for compensation in the future.

### 2.1.3. Miscellaneous Other Leave

2.1.3.1. Some forms of miscellaneous other leave meet the criteria of compensated absences liability. Examples include balances of comp time and shore leave.

### 2.1.4. Benefits That Will Lapse

2.1.4.1. Benefits earned but expected to lapse and thus not result in compensation to employees are NOT accrued as compensated absences liability.

### 2.1.5. Sick Leave

2.1.5.1. Sick leave balances represent possible future compensated absences but are NOT considered a compensated absences liability. Although sick leave is earned and attributable to services already rendered, it is also contingent on a specific event (e.g., illness) that is considered outside the control of the employer and employee. In addition, payment at termination or retirement does not include payment of accrued sick leave.

### 2.1.6. Personal Leave

2.1.6.1. Personal leave hours are NOT considered a compensated absences liability because they must be used before the end of the fiscal year and are not carried forward into the following fiscal year.

### 2.1.7. Military Leave and Jury Leave

2.1.7.1. Military leave and jury leave are NOT considered a compensated absences liability because they are not earned on past service and are contingent on a specific event that is outside the control of the employer and employee.

### 2.1.8. Sabbatical

2.1.8.1. Sabbatical is NOT considered a compensated absences liability because (1) sabbatical leave is considered a change in assigned duties, and (2) the salary paid during the leave is compensation for service during the period of leave.

## 2.2. MOVING EXPENSES

### 2.2.1. General Provisions

2.2.1.1. An employee must submit a request for reimbursement of relocation expenses within six months of the appointment date. The employee must submit a written request to extend this period up to an additional six months. The Vice President for Finance and Administration or designee may grant the

**Commented [KW6]:** Note: University is considering a change to this model. Once finalized, this section will be rewritten.

extension.

- 2.2.1.2. An employee may be provided and advance payment for expenses. Any excess payments advanced must be returned within a reasonable period of time.
- 2.2.1.3. If an approved move is later cancelled, the employee may request reimbursement for relocation expenses incurred before cancellation.

#### 2.2.2. Limits

- 2.2.2.1. Limits for each type of expense are determined on a case-by-case basis as part of the employment negotiation process. Negotiated limits may not exceed the maximum amounts shown and are subject to budget availability and campus guidelines.
- 2.2.2.2. House-hunting and Moving Trips
  - 2.2.2.2.1. Salary While House-hunting and Moving: An employee may be allowed up to ten days with pay for house-hunting and moving.
  - 2.2.2.2.2. House-hunting Transportation between New and Old Location: An employee may be reimbursed for the cost of up to two round trips between the new and old location for house-hunting. This may be two round trips for one individual or one round trip for two individuals.
    - 2.2.2.2.2.1. If an employee travels by private vehicle, he or she will be reimbursed at the approved rate per mile. An employee may be reimbursed for common carrier\* fares if he or she travels by common carrier instead of by private vehicle.
  - 2.2.2.2.3. House-hunting Transportation in Vicinity of New Location: Up to 200 miles of private-vehicle mileage may be reimbursed for house-hunting in the vicinity of the new location. The employee will be reimbursed at the approved rate per mile.
  - 2.2.2.2.4. Moving Transportation: If an employee travels by private vehicle, he or she will be reimbursed at the approved rate per mile. An employee may be reimbursed for up to two one-way common carrier fares in lieu of private vehicle mileage.
  - 2.2.2.2.5. Meals and Lodging While in Moving and House-Hunting Status: An employee may be reimbursed for up to ten days of meal and lodging expenses incurred by him or her and any household members while house-hunting and moving.
    - 2.2.2.2.5.1. Expenses will be reimbursed on a per diem basis. The employee will be reimbursed at the approved out-of-state low per diem rates.
- 2.2.2.3. Temporary Living
  - 2.2.2.3.1. An employee may be reimbursed for the cost of up to 45 days of

meal and lodging expenses incurred because of temporary living arrangements associated with a transfer or new appointment. Such expenses will be reimbursed on a per diem basis. Reimbursement will be made at the approved in-state per diem rates.

2.2.2.4. Moving and Storage of Household Goods and Personal Effects of Employee and Household Members

2.2.2.4.1. Services for Which an Employee is Reimbursed for Actual Expenses:

- 2.2.2.4.1.1. Moving personal effects up to 20,000 pounds
- 2.2.2.4.1.2. Full-value insurance on personal effects
- 2.2.2.4.1.3. Appliance blocking charges and extra handling charges on items such as pianos and organs
- 2.2.2.4.1.4. Up to 90 days storage and incidental handling charges for personal effects within the authorized weight limit (when approved in advance by authorized institution personnel). The employee must pay charges for storage exceeding 90 days.
- 2.2.2.4.1.5. Packing, crating and unpacking -- including the cost of packing boxes -- up to \$1,000
- 2.2.2.4.1.6. Personal Effects in Excess of 20,000 Pounds - Approval by authorized campus personnel is required when reimbursing an employee for the cost of moving personal effects in excess of 20,000 pounds. The request for approval must indicate the following:
  - 2.2.2.4.1.6.1. Estimated total weight
  - 2.2.2.4.1.6.2. Costs for moving both 20,000 pounds and for moving the total weight including storage charges if applicable
  - 2.2.2.4.1.6.3. Presence of any unusual items that cause the total to exceed 20,000 pounds
- 2.2.2.4.1.7. Temporary Storage of Possessions – A request for approval to store the employee's possessions must show all of the following:
  - 2.2.2.4.1.7.1. An actual and reasonable need for storage
  - 2.2.2.4.1.7.2. An estimate of how long they will be stored
  - 2.2.2.4.1.7.3. An estimate of the cost
- 2.2.2.4.1.8. Miscellaneous Relocation Expense Allowance:
  - 2.2.2.4.1.8.1. An employee may be reimbursed for up to \$1,500 for miscellaneous expenses that result directly from relocating. Receipts are required for all miscellaneous expenses.

### 2.2.3. Relocation Expense Reimbursement Request

2.2.3.1. Relocation expenses may be reimbursed by paying either the traveler or the vendor. Requests to reimburse relocation expenses must be made on the campus moving reimbursement request form. Requests for reimbursement must be accompanied by receipts, if required.

### 2.2.4. Tax Considerations

2.2.4.1. In accordance with the Internal Revenue Code, all moving-expense reimbursements and payments made on behalf of an employee are taxable income and must be reported on the employee's Form W-2.

## 3. PURCHASING AND ACCOUNTS PAYABLE

### 3.1. NON-TRAVEL MEALS, REFRESHMENTS, AND HOSPITALITY EXPENSES

#### 3.1.1. Definitions

3.1.1.1. University funds: All funds available to the institution received from internal and external sources, including reimbursements from affiliated university foundation for costs paid through the university. The only exclusion is agency funds. *There may be specific agreement restrictions on grant, contract, or other sponsored project funds.* In context of this policy, university funds do not include funds held at affiliated foundation when payment requests are submitted directly to and paid by that foundation.

3.1.1.2. Agency funds: Funds which establish a fiduciary relationship between an institution and another organization. Agency funds may include student campus organizations.

3.1.1.3. Hosting: The institution or an employee serves as host for official guests of the institution. Some hosting is considered public relations.

3.1.1.4. Unit or departmental staff retreat: A staff retreat has a written agenda with a clear business purpose, a list of attendees with departmental affiliation, and is held away from the normal work location.

3.1.1.5. Conference or workshop: Organized training sponsored by the university which includes non-employees. Generally a registration fee is charged to the attendees.

3.1.1.6. Training event: Formal training (dissemination of information) to employees or volunteers and the location is away from the place where the employee normally performs his/her work.

3.1.1.7. Recognition event: An event that formally recognizes volunteers or students for specific accomplishment. This does not include retirement events/celebrations or other employee recognition.

3.1.1.8. Departmental meeting: Regularly scheduled staff, faculty, student

government or other student group meeting.

- 3.1.1.9. Employee working meal: Attendance must be required and business must be actively conducted during the meal period, as documented in the meeting agenda. The current UO meal per diem is used as a reasonableness guideline.
- 3.1.1.10. Official guests: An official guest is a person, not an employee of UO, invited to an UO facility or function for a specific purpose that benefits the university's mission. Official guests include, but are not limited to, candidates to fill positions, visiting scientists, dignitaries, guest speakers, prospective students, and donors of time, services, information, funds, or property.
- 3.1.1.11. Meal: Food and beverages provided at breakfast, lunch, or dinner. It does not include alcoholic beverages.
- 3.1.1.12. Light refreshments: Beverages such as coffee, tea, bottled water, juice, soda. Food items such as fruit, cookies, pastries, chips, etc. are also considered refreshments when not served as part of a meal.
- 3.1.1.13. Gratuity: An amount paid over and above the price of the meal in recognition of the service received.
- 3.1.1.14. Receipt, itemized: Document which itemizes what was received and the cost of each individual item. A tear tag showing only the total charge is not a receipt. Credit card charge slips can be used only if they provide the detailed itemization to qualify as a receipt.

### 3.1.2. **Non-Travel Meals and Refreshments**

#### 3.1.2.1. Hosted Meals

- 3.1.2.1.1. The university or an employee, in the normal conduct of a program/activity, may serve as host for official guests of the institution by paying for their meals when a clear benefit to the university is documented and institutional approval processes are followed.
- 3.1.2.1.2. Employee family member(s) meals are not normally reimbursable; however, sometimes a job candidate or official guest is accompanied by family member(s). In these cases, an employee family member(s) meal is an allowable cost. The number of employees with accompanying family member(s) should be reasonable for the occasion.
- 3.1.2.1.3. Hosted meals are often paid initially by the employee and reimbursed by the institution upon submission of an itemized receipt. Every effort should be made to provide an itemized receipt; however, if this is not possible, a non-itemized receipt will be accepted upon submission of a written statement specifying the expense details and signed by the employee.
- 3.1.2.1.4. Hosted group meals or refreshments may also be paid by the institution directly to the vendor.

3.1.2.2. Light Refreshments – Non-Employees

3.1.2.2.1. University funds can pay for refreshments served at volunteer appreciation, student and other focus groups, conference, workshop, student recruitment, and similar official events which involve non-employees.

3.1.2.3. Employee Meals and Refreshments

3.1.2.3.1. University funds can pay for employee meals and refreshments when the employee is hosting an official guest.

3.1.2.3.2. When only UO employees are at a function, the meal or refreshments can be paid when the activity is a training or workshop, departmental staff retreat, or when the activity meets the definition of an employee working meal with a documented agenda.

3.1.2.3.3. A meal may be provided for employees on the work site during an overtime period for the convenience of the university and must be paid as required to comply with the union contract and BOLI laws.

3.1.2.3.4. University funds cannot be used to pay for employee meals or refreshments for regularly scheduled departmental meetings. University funds can pay for refreshments served to institutional employees at business functions when the function lasts at least two hours.

3.1.3. **Other Hospitality and Entertainment Costs**

3.1.3.1. Costs for entertainment, including amusement, diversion, and social activities and any costs directly associated with such (meals, tickets to shows, sports events, transportation, lodging, prizes/gifts) cannot be paid with university funds, with the following exceptions:

3.1.3.1.1. The event is part of a formal university-sponsored conference where the cost is recovered from participant fees

3.1.3.1.2. The activity is part of an instructional program where the participant is charged a fee to cover the cost

3.1.3.1.3. The event is funded by student incidental fees, authorized by the institutions student association, and is for the benefit of student group events. (This exception does not include meals for student groups.)

3.1.3.1.4. The event or activity is approved in a specific grant or contract

3.1.3.1.5. The activity is part of athletic travel and cost is allowed per appropriate athletic association guidelines

3.1.4. **Hospitality Allowability**

3.1.4.1. All expenses that do not meet this policy are considered unallowable and must be paid with personal funds or directly through the UO Foundation (if allowed by its policy).

- 3.1.4.2. Hosting expenses of official guests of the institution can be paid with university funds. These include candidates and accompanying family member(s) to fill employee positions, visiting scholars/scientists/artists, seminar speakers, advisory board members, prospective students, prospective student athletes within appropriate athletic association guidelines, and other guests whose visit provide a clear benefit to the institution.
- 3.1.4.3. Meals and/or light refreshments for business-related group functions can be paid with university funds. These include conferences, workshops, departmental staff retreats, training sessions, employee working meals, student recruitment and orientation, non-employee and student recognition events, official graduation recognition, and volunteer appreciation.
- 3.1.4.4. Activities when meals, refreshments or other hospitality/entertainment costs cannot be paid with university funds include [this list is not all inclusive]:
  - 3.1.4.4.1. Alumni, fundraising, and other social (non-business) activities
  - 3.1.4.4.2. Department social activities such as celebrating holidays, birthdays, etc.
  - 3.1.4.4.3. Employee meals or refreshments except as defined above
  - 3.1.4.4.4. Regularly scheduled departmental meetings
  - 3.1.4.4.5. For-credit class refreshments or meals, except as indicated above
- 3.1.4.5. **The following expenditures may not be paid with university funds:**
  - 3.1.4.5.1. Alcoholic beverages. Exception: Alcoholic beverages may be purchased when served at group functions that are part of a university-sponsored conference where the full cost of such beverages is recovered through charges to the participants or sponsoring group.
  - 3.1.4.5.2. Flowers, house plants or flower arrangements for offices or as donations/memorials/gifts. (Plants for public lobby or reception areas are allowed.)
  - 3.1.4.5.3. Charitable donations to/for any individual or organization
  - 3.1.4.5.4. Items for faculty, staff, or student personal use, such as break time coffee, tea, soda, snacks

**Commented [KW7]:** Alcohol and Donations are specifically prohibited in the Policy. Other two items are immaterial. Suggest we delete this entire section.

**3.1.5. Allowable Amounts and Appropriate Account Codes**

- 3.1.5.1. Expenses can be approved or reimbursed in accordance with the policy above when it is determined the costs are:
  - 3.1.5.1.1. necessary,
  - 3.1.5.1.2. appropriate to the occasion,
  - 3.1.5.1.3. reasonable in amount, and

- 3.1.5.1.4. serve a bona fide university purpose.
- 3.1.5.2. Amount: Actual cost will be paid with documented itemized receipt. Approved UO travel per diem rates will be used to check for the reasonableness standard.
- 3.1.5.3. Gratuities: Reimbursement for a tip/gratuity of up to 15% of the charge is allowable when hosting groups or guests. The 15% limit does not apply when the establishment adds a service charge for larger groups in lieu of gratuity. In that case, the amount of the service charge is not within the control of the customer. Tips or fees for alcoholic beverage service are not reimbursable. These costs must be separated and included with alcoholic beverage purchase.
- 3.1.5.4. Documentation: The receipt must separately itemize meals, gratuities, alcoholic beverages and any charges for room use. A "tear tag" showing only the total charge is inadequate for reimbursement. Every effort should be made to provide an itemized receipt; however, if this is not possible, a non-itemized receipt will be accepted upon submission of a written statement specifying the expense details and signed by the employee.
- 3.1.5.5. Payment request must include:
  - 3.1.5.5.1. Who - names of the individuals attending
  - 3.1.5.5.2. What - what is being paid
  - 3.1.5.5.3. When - date(s)
  - 3.1.5.5.4. Where - location of the event
  - 3.1.5.5.5. Why - purpose of the event
- 3.1.5.6. The above information is required whether paying a vendor directly, requesting a personal reimbursement, or processing an internal transaction from university catering or other food services. An announcement or agenda may be substituted for individual names when paying expenses of a large group gathering.
- 3.1.5.7. An employee can request payment for food and supplies when official guests are hosted at their home. The reimbursement request must include an itemized sales slip of the items purchased.
- 3.1.5.8. Account code:

<b>Non travel-related events</b>	<b>Meals</b>	<b>Refreshments</b>	<b>Housing</b>	<b>Rental of External Facilities</b>	<b>Events</b>
University training events (>2 hours)	n/a	28611	n/a	24151	n/a

University business meetings (>2 hrs & with agenda)	n/a	28611	n/a	24151	n/a
Departmental Staff Retreats (away from work location)	28611	28611	35110	24151	n/a
Employee working meal (with clear business purpose)	28611	n/a	n/a	n/a	n/a
One day trips - employee meals (business at the meal)	28611	n/a	n/a	n/a	n/a
One day trips - employee meals (overtime meal)	28502	n/a	n/a	n/a	n/a
Hosting visiting scientists, scholars, guest speakers	28612	28612	35110	n/a	n/a
Hosting for faculty or staff recruiting	28612	28612	35110	n/a	n/a
Advisory board meeting costs	28612	28612	35110	24151	n/a
Focus group session costs	n/a	28612	n/a	n/a	n/a
Appreciation event for students and volunteers	28613	28613	n/a	24151	n/a
Hosting of dignitaries or donors	28613	28613	n/a	24151	n/a
Prospective student recruitment costs	28613	28613	28613	n/a	n/a
Student group meetings	n/a	28613	n/a	n/a	n/a
University-sponsored conferences or workshops	28603	28604	28602	28606	28605
Athletic Training Table Meals	20300	n/a	n/a	n/a	n/a