

FSU-2.025 Direct Support Organizations.

(1) The President of the University may recommend to the Board of Trustees that an organization meeting the requirements of Section 1004.28(1) (a), F.S., be designated a Florida State University Direct Support Organization (“DSO”). Upon approval by the Board of Trustees [“BOT”], a DSO shall be considered to be certified and authorized to use the property, facilities and personal services of the University.

(a) All use of personal services must comply with s. 1012.976, F.S.

(b) All use of property, facilities or personal services must:

1. Be used in a manner of primary benefit to the university
2. Be used in a manner which protects the university asset and where the DSO remains ultimately liable for any damage to property or facilities caused by DSO use
3. Be used in a manner consistent with all university regulations and policies applicable to such assets.
4. Be documented by some writing outlining the nature and duration of the use of such asset.

(c) The DSO may not receive cash transfers of state appropriations from the BOT except for funds pledged for capital projects. Allowed transfers of non- appropriated funds to a DSO will be reported to the Florida Board of Governors as required.

(d) A DSO is prohibited from using state funds for travel expenses incurred by the DSO.

(e) All debt issued by a DSO is subject to the State University System Debt Management Guidelines and all public-private partnership transactions involving a DSO are subject to the State University System Public-Private Partnership Guidelines

(2) In order to be considered for certification as a DSO, an organization must fulfill the requirements of Section 1004.28(1)(a), F.S., and must have Articles of Incorporation

and Bylaws that together:

(a) Provide that any person employed by the organization shall not be considered to be an employee of the BOT by virtue of employment by the DSO.

(b) Provide that any chief executive officer of the DSO shall be selected as provided by DSO bylaws, with approval of the President of the University ("President"), and that the chief executive officer shall report to the President or a designee reporting directly to the President. (c) Provide that any amendments to the Articles of Incorporation or Bylaws be submitted by the President - to the BOT for approval prior to becoming effective.

(c) Provide that the President shall have the following powers and duties:

1. Monitor and control the use of University resources by the organization.
2. Control the use of the University name by the DSO.
3. Monitor compliance of the organization with federal and state laws.
4. Recommend to the governing board of the board of trustees an annual budget.
5. Review and approve quarterly expenditure plans.
6. Approve contributions of funds or supplements to support intercollegiate athletics.

(d) Provide that the organization shall provide equal employment opportunities to all persons regardless of race, creed, color, sex, religion, age, disability, veteran status, marital status, sexual orientation, gender identity, gender expression, national origin or any other legally protected group status.

(e) Prohibit the giving, directly or indirectly, of any gift to a political committee or committee of continuous existence as defined in Section 106.011, F.S., for any purpose.

(3) The President of the University or a designee shall serve on the governing body and executive committee of each DSO. The Chair of the BOT shall appoint a representative to the board of directors and any executive committee of each DSO. All other DSO board member appointments must be approved by the BOT.

(4) Each DSO shall submit an annual budget, which has been approved by its governing board and recommended by the President of the University to the BOT for review. Such proposed budget shall be submitted no later than ninety (90) days after the first day of the fiscal year to which the proposed budget pertains. Each proposed budget shall include therein:

(a) Expenditures for the construction of physical facilities, and

(b) Salary supplements, compensation and benefits provided to the President, University faculty, and staff, and to DSO employees to be paid with assets of the DSO, which shall be specifically identified.

(5) Significant Expenditure Approval.

Unless specifically approved by the BOT in a DSO Budget, any purchase of goods or services, construction or renovation of facilities or acquisition of real property of \$2 Million but less than \$5 Million will be approved by the BOT Business and Finance Committee; such purchases of \$5 Million or more will be approved by the BOT. No related purchases may be split to evade these threshold approvals and all purchases of \$1 Million or more will be reported to the BOT at its next meeting.

(6) Each DSO shall prepare and submit to the President no later than the first day of each quarter of the organization's fiscal year a quarterly expenditure plan that separately delineates planned actions which would cause a commitment of University resources or which represent a significant commitment of the resources of the DSO, including:

(a) Major fund-raising events and campaigns and their purpose.

(b) Compensation and benefits to University employees and employees of the organization.

(c) Capital projects, including land acquisition, construction, renovation or repair.

(d) Other major commitments of the resources of the organization.

(7) Each DSO shall cause a financial audit of its accounts and records to be conducted by an independent certified public accountant after the close of each fiscal year. The audit

report shall be submitted by the President of the University to the BOT Board of Trustees no later than the end of the ~~fifth~~ fourth month following the close of the organization's fiscal year. Annual audits shall be further governed as provided in paragraph (9)

(a) Audits shall be conducted pursuant to Section 1004.28(5), F.S., and in accordance with rules adopted by the Auditor General pursuant to Section 11.45(8), F.S., and Florida State University regulations and policies.

(b) The President shall submit the annual audit report to the Auditor General no later than nine (9) months after the close of the organization's fiscal year.

(8) The President may recommend to the BOT that an organization be decertified as a DSO if the President determines that the organization is no longer serving the best interest of the University. The recommendation for decertification shall include a plan for disposition of the organization's assets and liabilities.

(9) Audit Firm Selection and Approval Process.

(a) Each DSO shall have an audit committee made up of at least three members. All members shall be financially literate and at least one member shall have strong professional working experience in accounting, business, finance, audit, and internal controls. No member of the audit committee may be a member of DSO management. In the event the DSO is unable to identify a qualified audit committee member, the DSO Board may request the BOT Finance, Business and Audit Committee to appoint a qualified person to the DSO audit committee.

(b) Each DSO audit committee shall have an audit charter that shall be approved by the respective DSO Board.

(c) Each DSO audit committee shall select the audit firm to perform the DSO financial statement audit. The DSO audit committee shall forward its selection to the DSO Board for their approval. The DSO Board shall then forward the name of the selected audit firm to the BOT for final approval.

(d) All new audit firm contracts will be for up to a five-year period. At the end of the period, the DSO may elect to extend the first contract for up to an additional five-year period or, at its option, issue another Request for Proposal (RFP) for the next period. If the

DSO chooses to issue an RFP for the second-period, the current audit firm may respond to the RFP for consideration for the additional period.

(e) An audit firm entering into a second contract shall designate a new lead audit partner for the second term.

(f) For current audit firms that have served more than five years but less than ten years, the DSO, at its option, may extend the current contract to a total of up to ten years to include the years previously served as the auditor.

(g) Unless approved by the BOT, no audit firm may have an audit contract for more than five continuous years.

(h) The RFP issued shall identify criteria for evaluation of audit firm proposals to include, for example, areas such as: experience and ability; understanding of applicable laws, rules, and regulations; familiarity auditing similar organizations; project requirements, approach and method; and fee proposal.

(i) The audit committee shall first give consideration to the quality of the audit proposal in terms of work to be performed and after such deliberation; the audit committee shall take into consideration the proposed fee. Weights and scoring processes shall be based on the priorities and needs of the DSO.

(j) Negotiations shall then be held with the first ranked audit firm to agree on a contract to include the audit fee and related expenses.

(k) If a contract cannot be agreed upon, negotiations shall be formally ended with that audit firm and negotiations shall be conducted with the second ranked firm and so on until a contract is agreed upon.

Specific Authority BOG-1.001(3) (j); B O G Reg. Procedure July 21, 2005. Law Implemented 1004.28 FS, BOG-9.011. History—New 4-21-03, Amended 9-13-07, 6-10-16, 6-7-19, _____