1. As the Board is aware, the FSA office also provides the financial support of the HSCB Foundation. As of December 31st, we have completed the audit for our related organization for the period ending July 31st, 2014. The completion of this audit we are now current in audit filings for the HSCB which, only a year ago, was three years behind their filing requirements.

2. The needs of the HSCB Foundation have been taking more than its normal allocation of time. This is due to a combination of audit needs, increase growing reporting needs and reduced HSCB Foundation staff support. As a result of this and at the suggestion of our audit firm, we will be conducting a “desk audit” survey to determine the amount of time dedicated to each organization’s operation.

3. The FSA continues its efforts improving our reporting stream to the Student Councils and the Trust & Agency account holders. Our goal is to provide the user with a summary and a detailed report for timely review so that decisions can be made based on current data and discrepancies can be found and corrected on a timely basis. We will continue to work on our turnaround time. The student officers responsible for reporting and working with us are, in general, doing well with meeting their reporting requirements however we do have certain areas where we are finding difficulty in receiving information timely and in the format required. We will continue to work on improving on these issues.

4. The FSA was in a startup phase as to what requirements we would needed in the software replacement. The software currently selected is the Infor (Lawson) software package already being implemented for some departments at DMC/ UHB. Since our last meeting the momentum for transitioning the FSA software has stalled to allow Lawson expansion to additional DMC/UHB departments. This will require that the FSA continue to work with the obsolete ACCPAK system that no longer has any external support. We continue to review potential backup plans.

5. We have reached out to Duvall Consulting to review the University Book store operations. If approved by the Board today then we will begin the review and plan to have reportable results by the next Board meeting.

6. Pursuant to the 2014 Auditors recommendation, attached is the recommended draft FSA Capitalization Policy for consideration to be adopted by the Board.

Respectfully submitted by,

Rodney M. Venten
Capitalization Policy for Equipment

1 Capital Expenditure

1.1 Capital expenditure means the cost of the asset including the cost to put it in place, including planning, shipping and related installation expenses. Capital expenditure for equipment means the net invoice price of the equipment, including the cost of any initial modifications, attachments, up to one year warranty, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it was acquired. It also includes the cost of incoming transportation incurred on shipments from external suppliers.

2 Equipment

2.1 Equipment means an article of non-expendable, tangible, personal property which stands alone, is complete in itself, does not lose its identity, and has a useful life of more than one year.

a. Capital Equipment
Those items of equipment which have an acquisition cost of $2,000 or more are capitalized.

b. Minor Equipment
Those items of equipment which have an acquisition of less than $2,000 are expensed.

3 Component Parts

3.1 Enhancement parts with an acquisition cost of at least $1,000, which materially and permanently increase the value or useful life of a capital item, will be capitalized and their cost added to the capital cost of the item being enhanced; otherwise, they will be expensed. The purchase information of the enhanced capital item must be referenced on the procurement document for the enhancement part(s) in order for the enhancement part(s) to be considered capital.

3.2 Enhancement parts with an acquisition cost of at least $1,000, which permanently increase the value of an item of minor equipment to $2,000 or greater and are acquired within 120 days of the acquisition date of the item of minor equipment, and which also permanently increases the useful life of the item, will have their cost added to the cost of the item of minor equipment being enhanced and both the enhancement part(s) and the item of minor equipment will be capitalized; otherwise, they will be expensed. The purchase information of the enhanced item of minor equipment must be referenced on the requisition order for the enhancement part(s) in order for the minor equipment item and the enhancement part(s) to be considered capital.

3.3 Replacement parts, required to repair an item of capital or minor equipment and which simply maintain the original function of the equipment, will be expensed.

4 Maintenance And Repair

4.1 Expenditures needed to maintain equipment in a proper operating condition or to restore equipment to a proper operating condition are expensed.

5 Software

5.1 All computer software, whether operating systems or applications, is expensed, except that the original operating system purchased with the computer is capitalized.

5.2 Software acquired, internally developed, or modified to meet the Institute internal needs, with no intention of marketing the software externally will be capitalized if the costs meet or exceed $10,000.