

## Direct Support Organizations (DSOs)

### **Governing Authorities**

- [Section 1004.28, F.S.](#): Direct-support organizations; use of property; board of directors; activities; audit; facilities.
- [Section 112.3251, F.S.](#): Citizen support and direct-support organizations; standards of conduct.
- Florida Board of Governors (BOG) [Regulation 9.011](#): University Direct Support Organizations and Health Services Support Organizations
- [FAU Regulation 6.003](#): University Direct Support Organizations

### **What is a University DSO?**

- A Florida not for profit corporation;
- Organized and operated exclusively to receive, hold, invest, and administer property and make expenditures to or for the benefit of FAU; and
- Certified by the FAU Board of Trustees (BOT) to be operating consistent with the goals, interests and missions of FAU, including research, education and service, and in the best interest of the state.

### **Articles & Bylaws**

- DSO Articles of Incorporation and Bylaws, including any amendments, must be approved by the BOT
- Articles of Incorporation:
  - Organized and operated to serve public interests as a direct-support organization for FAU; and
  - Shall support the activities and educational purposes of FAU.

### **Board of Directors (BOD)**

- One Director shall be the President or the President's designee
  - shall also serve on the executive committee
- At least one Director shall be appointed by the Chair of the BOT
  - shall also service on the executive committee.
- Other Directors must be approved by the BOT before they become effective, including re-appointments

### **Ethics & Conflicts of Interest**

- Directors stand in a fiduciary relationship to the DSO and FAU.
- Each DSO must adopt an ethics code containing the standards of conduct and disclosures required under Sections 112.313 and 112.3143(2), F.S.
  - Subsections 112.313(3) and 112.313(7), F.S. are not required
- In connection with an actual or possible conflict of interest, an interested person must disclose any financial interests and all related material facts on a disclosure statement annually and as they arise.

### **Meetings**

- Annual meetings of the DSO must be held within the State of Florida;
- Meetings may be remote; and
- Meetings of the DSO are subject to requirements of Section 286.011, F.S. (with limited exceptions)
  - All meetings must be open to the public;
  - Reasonable notice must be given;
  - The public must be given a right to speak before final votes; and
  - Minutes must be kept.

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### **Director or Chief Executive Officer**

- Selected and appointed by the FAU President in consultation with the DSO Chair
- Shall report to the FAU President or the President's designee
- DSO Board to provide annual assessment.

### **Financial Provisions**

- DSOs must prepare an annual budget for BOT for review and approval
  - Significant changes in the approved budget must be reported to the BOT as soon as practicable, but no later than 30 days after BOT approval
- Purchases of goods, services, real property, and/or construction or renovation of facilities by a DSO in excess of \$1,000,000 requires BOT approval
  - unless solely between a DSO and the University or between two or more DSOs
- DSOs are authorized to establish investment accounts with State Board of Administration
- Debt issued by a DSO is subject to the BOG Debt Management Guidelines and all public-private partnership transactions involving DSOs are subject to the BOG Public-Private Partnership Guidelines
- DSOs are prohibited from using state funds for DSO travel expenses
- When decided whether and how to invest funds, the DSO must make decisions based solely on pecuniary factors
  - Pecuniary factors are factors that a DSO prudently determines in expected to have a material effect on the risk of an investment based on appropriate investment horizons consistent with applicable investment objectives and funding policy and does not include the consideration of the furtherance of any social, political, or ideological interests.

### **Use of FAU Property, Name & Resources**

- FAU authorizes the use of property, facilities, and personal services by its DSO to the extent permitted by law.
- The FAU President has the authority to monitor and control the use of the FAU name and resources by the DSO.

### **Audits**

- DSOs shall provide an annual audit by an independent CPA pursuant to FAU regulations and policies.
  - Forwarded to the BOT, BOG and the Auditor General for review.
- A DSO may not use the same accountant or firm to conduct its annual audit more than four consecutive years.

### **Records**

- All DSO records and any supplemental data requested by the BOG, the BOT, the Auditor General, and the Office of Program Policy Analysis and Government Accountability shall be confidential and exempt from Florida's public records laws, except:
  - the auditor's report,
  - management letter,
  - any records related to the expenditure of state funds, and
  - any financial records relating to the expenditure of private funds for travel.

### **Decertification**

- The BOT may decertify a DSO if it determines that the organization is no longer serving the best interest of FAU
  - Decertification shall include a plan for disposition of the organization's assets and liabilities and the return of all FAU property and facilities.