

UNIVERSITY OF WEST FLORIDA BUSINESS ENTERPRISES, INC. (BEI)

POLICY #: BEI 1.08 – 4/13

EFFECTIVE DATE: APRIL 12, 2013

POLICY/PURPOSE: **Executive Compensation Review** – To specify the responsibilities of the BEI Board to provide oversight of compensation paid to BEI executive officers and key employees.

RESPONSIBLE OFFICE: BEI

1. APPLICABILITY: BEI Executive Officers and Key Employees

2. POLICY

Congress created intermediate sanctions in 1996 as part of the Taxpayer's Bill of Rights 2. The IRS issued final intermediate sanction regulations in January 2002. Intermediate sanction refers to the penalty excise taxes imposed by the Internal Revenue Service when individuals associated with a tax-exempt organization receive excess benefits. Employee compensation is one area that can be subject to intermediate sanctions.

Therefore, based on best practices and IRS Form 990 requirements, the BEI Board will establish a process to review the compensation for the Chief Executive Officer and key employees of BEI. Based on input from legal counsel, the Board of a University DSO can and should delegate the tasks of evaluating and setting compensation for these employees to the University. However, the Board still has the obligation to review these evaluations and employee compensation for appropriateness. Compensation should neither be too low or excessive as either could indicate potential problems for the overall operations of BEI.

The Vice President for Business, Finance and Facilities will prepare summary evaluation materials on the Chief Executive Officer and all key employees for presentation to the Board. To further facilitate Board review, staff will annually assemble comparable data within the University as a whole and across the Florida State University System to provide Board members with a basis to assess the appropriateness of compensation. In addition to the Executive Officer, key employees include, but are not limited to, the Chief Accounting Officer for BEI, Managers or Directors of key operations, etc. This review will take place annually at the first BEI Board meeting following the completion of the annual University evaluation process.