



RESOLUTION

concerning

POLICIES GOVERNING CONNECTICUT STATE UNIVERSITY SYSTEM

RELATIONSHIPS WITH PRIVATE FOUNDATIONS

April 6, 2000

WHEREAS, An Act Concerning Higher Education (P.A. 99-285) was passed in the 1999 Legislative session and subsequently signed by the Governor in July, 1999, and

WHEREAS, Section 9D of the Act requires that the written agreement between each university and its respective foundation be amended to include the requirement that the foundation establish and adhere to an investment policy and a spending policy that are consistent with sections 45a-526 to 45a-534, inclusive, of the Connecticut General Statutes, and

WHEREAS, Section 4-37j of the Connecticut General Statutes requires that the respective foundations develop and implement a written policy, in conjunction with the Auditors of Public Accounts, to address whistleblower protection for foundation employees, therefore be it

RESOLVED, That the Board of Trustees for the Connecticut State University System hereby rescinds Board Resolution #97-71, "Policies Governing Connecticut State University System Relationships with Private Foundations" and addendum thereto, and be it further

RESOLVED, That the Board of Trustees for the Connecticut State University System adopts the attached addendum as said policies.

A Certified True Copy:

Handwritten signature of William J. Cibes, Jr. over a horizontal line, with the printed name and title "William J. Cibes, Jr. Chancellor" below it.

CONNECTICUT STATE UNIVERSITY SYSTEM
BOARD OF TRUSTEES
POLICIES GOVERNING CSU RELATIONSHIPS WITH PRIVATE FOUNDATIONS

Preamble

The Board of Trustees for the Connecticut State University (CSU) System recognizes the following foundations as private corporations established to support, promote, and improve CSU or its individual campuses. The margin of excellence these foundations provide to enhance the CSU mission as comprehensive public universities is viewed by the Board as critical to their effective and efficient functioning. The recognized foundations are:

The Connecticut State University System Foundation, Inc.
CCSU Foundation, Inc.
Eastern Connecticut State University Foundation, Inc.
Southern Connecticut State University Foundation, Inc.
Western Connecticut State University Foundation, Inc.

For the purposes of the following Board policies these foundations will be referred to individually and collectively as "the foundation."

In accordance with Sections 4-37e through 4-37j of the Connecticut General Statutes, as amended by Public Act 96-244, the Board of Trustees accepts full responsibility, and that of its Chancellor and campus presidents, in assuring compliance with all state and federal laws governing the relationship between the Connecticut State University System and its individual campuses and their respective foundations.

Nothing in the following policies is to be construed as indication that such foundations are anything other than private corporations. Accordingly, the Board of Trustees does not assume direct control of their operations.

Nonetheless, as the only legal entity empowered to accept gifts and donations from private sources for CSU and its campuses (Section 10a-150 of the Connecticut General Statutes and Board Resolution 95-11), the Board affirms its responsibility to assure that the principles outlined in law are followed.

I. Responsibility of the CSU Chancellor and Presidents

The Chancellor of the Connecticut State University System, and the Presidents of Central, Eastern, Southern and Western Connecticut State Universities, (referred to individually and collectively for the purposes of the following policies as the Chief Executive Officer) shall ensure:

- A. That the foundation is governed by a board to oversee foundation operations;
- B. That the membership of the foundation's board includes ex officio non-voting institutional representatives. These representatives shall include:

1. The Chief Executive Officer of the institution/System (or his/her designee);
2. A student representative elected by students in accordance with the process outlined in section I. C. below; and
3. A faculty representative elected by the faculty in accordance with the process outlined in section I.D. below.

Student and Faculty Elections

C. Election of Students to the Foundation Board.

1. Each foundation shall have an elected student representative who shall serve as a non-voting member of the governing board of the foundation.
2. The student representative to the Connecticut State University System Foundation, Inc. shall be elected for a one-year term on a rotating basis from each of CSU's campuses. This rotation began with Central in academic year 1989-90.
3. The student representative to the campus foundations shall be elected for a one-year term by the respective student bodies.
4. The terms of student representatives on the foundation boards shall terminate with the election of the subsequent student representative.
5. Such student elections shall take place during student campus elections the spring before the academic year in which the representative will serve, but in any case, no later than May 31 of that year.
6. The filling of unexpired student terms shall take place by special elections held by the respective universities outlined above.

D. Election of Faculty Members to the Foundation Board.

1. Each foundation shall have an elected faculty member who shall serve as a non-voting member of the governing board of the foundation.
2. The faculty representative to the Connecticut State University System Foundation, Inc. shall be elected for a one-year term on a rotating basis by each of CSU's campus faculty senates from the respective faculties. This rotation follows the same schedule as that of the student representative, outlined in C.2.
3. The faculty representative to the campus foundation shall be elected from the corresponding campus faculty by the corresponding faculty senate for a one-year term.
4. The terms of faculty representatives to the foundation boards shall terminate with the election of the subsequent faculty representative.

5. Such faculty elections shall take place during faculty senate elections during the spring before the academic year in which the representative will serve, but in any case, no later than May 31 of that year.
6. The filling of unexpired faculty vacancies shall take place by special election held by the corresponding university faculty.

The Chief Executive Officer further shall ensure:

- E. That the foundation board annually file with the Chancellor and the Connecticut State University Board of Trustees, during the fall semester of each year, an updated list of members and officers of the foundation board of directors;
- F. That the salaries, benefits and expenses of officers and employees of the foundation be paid solely by the foundation, and that the foundation board annually approve such salaries assuring compliance with all federal IRS requirements;
- G. That any potential conflict of interest by CSU employees is avoided in foundation operations and transactions, and in the relationship between the foundation and the institution;
- H. That the foundation use generally accepted accounting principles in its financial record-keeping and reporting;
- I. That any person soliciting funds or any other thing of value for donation to the foundation, at the time of such solicitation and in any receipt for or other written confirmation of such donation, clearly and conspicuously disclose that the funds or other things of value donated are to be provided to the foundation as distinct from the university, the System or specific foundation accounts, and that the identity of the donor may be kept confidential by written request of the donor;
- J. That no officer or employee of the university shall receive a salary, fee or loan, or any compensation or other thing of value (with the exception, in the case of the Chief Executive Officer, of net reimbursement for necessary expenses in connection with university or foundation business) from the foundation, or withdraw funds from the foundation for any purpose, without written approval from the Chief Executive Officer. Such approval shall be provided annually and include the terms of such compensation or withdrawal. The Chief Executive Officer shall ensure that the foundation annually file with the Chancellor and the Executive Committee of the Connecticut State University Board of Trustees during the fall semester of each year, and in a format approved by said Board of Trustees, all foundation salaries, consulting fees, reimbursements, loans and perquisites paid or given by the foundation to CSU employees;

- K. That such written approval may be issued in advance to the designated employee (other than the Chief Executive Officer) for net reimbursements of recurring expenses of no more than \$1,500 per quarter, and that the Chief Executive Officer shall receive quarterly reports of the amounts disbursed and the purposes for which they are used; recurring expenses are defined as those pertaining to routine university relations activities (e.g., legislative breakfasts, luncheons, etc.) and those that entail the use of a foundation credit card for the conduct of university business;
- L. That in the case of net reimbursements for necessary expenses in connection with university or foundation business, as conducted by the Chief Executive Officer, a quarterly report of such reimbursements shall subsequently be submitted to the Chancellor;
- M. That under subsections J and L of this section (I.) if the Chancellor of the Connecticut State University System is the officer in question, the written approval shall be that of the Chairman of the Board of Trustees, and any report shall be to the Chairman of the Board of Trustees;
- N. That under subsections J and L of this section (I.) if the President of a CSU university is the officer in question, the written approval shall be that of the CSU Chancellor.
- O. That the transfer of gifts and donations from the foundation to the university is consistent with Section 10a-150 of the Connecticut General Statutes and CSU Board Resolution 95-11, and that quarterly foundation records of such transfers include dollar amounts or approximate value, purposes, and recipients of such transfers;
- P. That the foundation board adopt an approval process for authorization of expenditures of unrestricted funds, or changes in such planned expenditures;
- Q. That the foundation board adopt a written investment policy and that the policy address the distribution of investment income and related costs.

II. Responsibility of the CSU Board of Trustees

The Board of Trustees for the Connecticut State University shall ensure that the Chancellor of the Connecticut State University System, and the respective presidents of Central, Eastern, Southern, and Western Connecticut State Universities conform to Section I. of these policies. The Board also shall:

- A. Approve the letters of agreement between Connecticut State University and its constituent campuses with the corresponding foundations;
- B. Have its Executive Committee review annually during the fall semester of each year, the foundation salaries, consulting fees, loans, and perquisites paid or given by the foundation to CSU employees as outlined in Section I.J. of these policies.

III. Independent Audits

The Chief Executive Officer further shall ensure:

- A. That if the foundation has in any of its fiscal years, receipts and earnings from investments totaling \$100,000 or more, it shall have completed on its behalf for such fiscal year an audit of the books and accounts by an independent certified public accountant or the Auditors of Public Accounts;
- B. That if the foundation has receipts and earnings of less than \$100,000 in each fiscal year during three of its consecutive fiscal years, it shall have completed on its behalf an audit of the books and accounts for every third year by an independent certified public accountant or the Auditors of Public Accounts; and that for the two years that the audit is not required, the foundation shall submit to the Chief Executive Officer a financial statement as provided by Subsection (8) of Section 4-37f of the Connecticut General Statutes;
- C. That each audit be conducted in accordance with generally accepted auditing standards and include financial statements and opinion on those statements, and a management letter that addresses the conformance of the operating procedures of the foundation to the provisions herein, and recommends any corrective actions needed to ensure such conformance;
- D. That the audit report disclose the receipt or use by the foundation of any public funds in violation of the provisions herein;
- E. That the foundation provide a copy of each audit report and management letter to the Chief Executive Officer, who shall in turn submit copies to the Board of Trustees, the Commissioner of Higher Education, and the Auditors of Public Accounts;
- F. That each financial statement include the total receipts and earnings from investments and the amount and purpose of each receipt of funds by the university from the foundation;
- G. That the Chief Executive Officer and chief fiscal officer of the Connecticut State University System or respective CSU campuses shall review each audit report;
- H. That the Chief Executive Officer sign a letter indicating that he/she has reviewed the audit report and transmit a copy of the letter and report to the Auditors of Public Accounts, who, if they did not conduct the independent audit, shall have access to the relevant working papers compiled by the certified public accountant in the preparation of the audit. They may conduct an audit of the books and accounts of the foundation as provided in sub-section (b) of section 4-37g of the Connecticut General Statutes if the audit report indicates:
 - (a) Funds for deposit and retention in state accounts have been deposited and retained in foundation accounts; or

- (b) State funds, personnel, services or facilities have been used in violation of the policies outlined herein.
- I. That the foundation shall develop and implement, in conjunction with the State Auditors of Public Accounts, a written policy to ensure whistleblower protection for foundation employees as outlined in section 4-37j of the Connecticut General Statutes.

IV. Letter of Agreement

The Chief Executive Officer shall further ensure:

- A. That there be a written agreement between the university and the foundation;
- B. That the agreement, which shall follow a format as provided for by the Connecticut State University Chancellor, shall:
 - 1. Address any use by the foundation of the university's facilities and resources including, but not limited to, office space, storage space, office furniture and equipment, utilities, photocopying services, computer systems and the maintenance by the university of the books and records of the foundation.
 - 2. Provide that the university shall have no liability for the obligations, acts or omissions of the foundation;
 - 3. Require the foundation to reimburse the university for expenses the university incurs as a result of foundation operations if the university would not have otherwise incurred such expenses, and that the foundation may provide an additional general reimbursement for overhead expenses to be negotiated between the foundation and the university;
 - 4. Require the foundation to establish and adhere to an investment policy and a spending policy that are consistent with sections 45a-526 to 45a-534, inclusive; and
 - 5. Provide that if the foundation ceases to exist or ceases to be a foundation:
 - a. The foundation shall be prohibited from using the name of the university;
 - b. The records of the foundation, or copies of such records, shall be made available to, and may be retained by, the university; and
 - c. There are procedures for the disposition of the financial and other assets of the foundation.

V. State Accounts

The Board of Trustees prohibits the channeling of state funds into foundation accounts. Accordingly, the Chief Executive Officer must ensure that the following funds be deposited and retained in state accounts, unless deposit elsewhere is expressly authorized by statute:

- A. All funds or other things of value received through proposals or other means with an obligation for service primarily to the donor by the university including, but not limited to, research, training, education or public service activities, (except those funds or things of value given to the foundation by a charitable trust which, on or before October 1, 1989, does not permit the giving of its funds or other things of value to a state agency);
- B. Gifts and donations, including cash, endowments, stock, real estate, personal property or other property of value, made to the university; and
- C. Funds received directly from the foundation by the university.

ITEM

Revising the Policy Governing Connecticut State University System Relationships with Private Foundations

BACKGROUND

An Act Concerning Higher Education was passed in the 1999 Legislative session and subsequently signed by the Governor. Among other things, the Act requires that the written agreement between each university and its respective foundation be amended to include the requirement that the foundation establish and adhere to an investment policy and a spending policy that are consistent with sections 45a-526 to 45a-534, inclusive, of the Connecticut General Statutes (CGS).

ANALYSIS

The present policy governing relationships with private foundations does not include this requirement. In addition, the policy does not reflect language in CGS Section 4-37j that was effective July 1, 1998 that calls for the Foundation to develop and implement a written policy, in conjunction with the Auditors of Public Accounts, to address whistleblower protection for Foundation employees. The policy must be revised to reflect these statutory requirements.

CHANCELLOR'S RECOMMENDATION

Approve the recommended changes.