



Developing a State of Minds

Connecticut State University System

BR#03-33



RESOLUTION

amending

POLICIES GOVERNING CONNECTICUT STATE UNIVERSITY SYSTEM RELATIONSHIPS WITH PRIVATE FOUNDATIONS

May 8, 2003

- WHEREAS, In accordance with Sections 4-37e through 4-37j of the Connecticut General Statutes, the Board of Trustees for the Connecticut State University System (CSU) is responsible for assuring compliance with all state and federal laws governing the relationship between the Connecticut State University System and its individual institutions and their respective foundations, and
- WHEREAS, Board policy was established to outline the authority of the trustees, the CSU Chancellor and the university Presidents and to provide guidelines for meeting the statutory requirements, and
- WHEREAS, Current Board policy specifies that audited financial statements are to be submitted to the Board of Trustees, the Commissioner of Higher Education, and the Auditors of Public Accounts each year, but does not specify a required timeframe within which the statements are to be submitted, and
- WHEREAS, Statement No. 39 of the Governmental Accounting Standards Board requires that organizations that raise and hold economic resources for the direct benefit of a governmental unit be reported as component units within the financial statement of the governmental unit, and
- WHEREAS, Based upon the letter and intent of the pronouncement, the foundations of the Connecticut State University System and its individual institutions would be considered component units of CSU for financial statement reporting purposes, and
- WHEREAS, In order meet the requirements of the Office of the State Comptroller and comply with CHEFA covenants for issuing CSU financial statements, it is necessary to receive the audited financial reports of the foundations no later than four months after the end of each fiscal year, therefore be it

RESOLVED, That the Board of Trustees for the Connecticut State University System hereby amends Board Resolution #2001-68, "Policies Governing Connecticut State University System Relationships with Private Foundations" and addendum thereto, as follows:

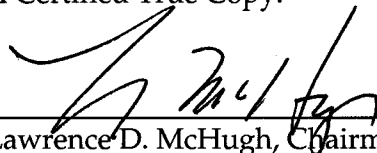
III. Independent Audits

The Chief Executive Officer further shall ensure:

- 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 within four months after the end of each fiscal year;

- 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 within four months after the end of each fiscal year.

A Certified True Copy:



Lawrence D. McHugh, Chairman

ITEM

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

BACKGROUND

The Board of Trustees for the Connecticut State University System, as the authorized state agent, is responsible for the oversight of the general relationships between the private development foundations for the CSU System and the individual universities in accordance with Sections 4-37e through 4-37j of the Connecticut General Statutes, and Board policy.

ANALYSIS

A revision to the current Board policy is proposed, specifying that financial statements are to be submitted to the Board of Trustees, the Commissioner of Higher Education, and the Auditors of Public Accounts within four months after the end of each fiscal year. Currently, there is no required timeframe within which the statements are to be submitted. This revision is necessary due to the implementation of Statement No. 39 of the Governmental Accounting Standards Board (GASB 39), which requires that organizations that raise and hold economic resources for the direct benefit of a governmental unit be reported as component units within the financial statement of the governmental unit. GASB 39 must be implemented for the fiscal year ending June 30, 2004.

Based upon the letter and intent of the pronouncement, the various Connecticut State University foundations would be considered component units of CSU for financial statement reporting purposes. Therefore, their financial information would be discretely presented within the CSU financial statements. In order to continue to issue the CSU financial statements in a timely fashion, to meet the requirements of the Office of the State Comptroller (for CAFR purposes) and CHEFA covenants, it is necessary to receive the audited financial reports of the foundations no later than four months after the end of each fiscal year (that is, by October 31 of each year). Other than this change in timing, GASB 39 will have no impact on the foundations.

CHANCELLOR'S RECOMMENDATION

Approve the recommended changes to the Policy Governing CSU Relationships with Private Foundations.