



MEMORANDUM

June 22, 2016

TO: Members of the Board of Trustees

FROM: Nancy L. Zimpher, Chancellor

SUBJECT: Campus-Related Entities Policies

Action Requested

The proposed resolution approves amendments to the Alumni Associations Guidelines Policy and the Auxiliary Services Corporations Guidelines Policy, and establishes a policy pertaining to Other Related Entities.

Resolution

I recommend that the Board of Trustees adopt the following resolution:

Whereas the alumni associations of the State-operated campuses of the State University of New York were created to serve as a liaison between a campus and its alumni in order to foster and maintain close and mutually beneficial ties with the State University; and

Whereas the auxiliary service corporations ("ASCs") of the State-operated campuses of the State University of New York were created to assist the State University in advancing and achieving its objectives, goals and mission by providing to the campus community a defined set of auxiliary services in which the campus community has a significant interest in the quality and price of services provided; and

Whereas the State-operated campuses of the State University of New York from time to time have specific needs or wish to obtain a direct benefit which cannot be provided directly by the State University or by a campus-related foundation, auxiliary services corporation or alumni association or an affiliate of any such campus-related entity; and

Whereas the State-operated campuses of the State University of New York have established and may establish in the future other related entities (“OREs”) to meet such specific needs or to provide such direct benefit and thereby assist the State University in advancing and achieving its objectives, goals and mission; and

Whereas the State University is committed to ensuring that the activities of these alumni associations, ASCs and OREs are properly conducted, with sound financial management practices, and appropriate levels of accountability, transparency and oversight by the State University; and

Whereas the activities and operation of the alumni associations and ASCs are subject to the guidelines set forth in State University Policies Nos. 9300, *Alumni Associations Guidelines* (“Alumni Associations Guidelines”) and 9400, *Auxiliary Services Corporations Guidelines* (“ASC Guidelines”); and

Whereas on November 15, 2013, the Board of Trustees approved two resolutions (Resolution Nos. 2013-068 and 2013-069) supporting the Chancellor's initiative to strengthen compliance, accountability, and transparency for compensation and related issues; and

Whereas on November 15, 2013, the Board of Trustees, directed System Administration to examine certain matters relating to campus-related entities, subsidiaries and affiliates; and

Whereas a task force on “affiliates” was formed to address the matters set forth by the Board of Trustees and outlined in the November 15, 2013 resolutions; and

Whereas the task force concluded that more specificity was needed in the Alumni Associations Guidelines and ASC Guidelines with respect to financial responsibility, accountability, transparency and oversight; and

Whereas the task force concluded that guidelines were needed with respect to other related entities established or to be established by State-operated campuses particularly with respect to financial responsibility, accountability, transparency and oversight; and

Whereas the task force recommended that ORE Guidelines be approved to provide, among other things, that each ORE be established and operated pursuant to business and operating plans approved by the campus president and the Chancellor or designee; and

Whereas the task force recommended that the Alumni Associations Guidelines and the ASC Guidelines be amended and ORE guidelines be established to provide, among other things, that each such campus-related entity establish and maintain a system of internal controls designed to provide reasonable assurance of the achievement of objectives, reliability of financial reporting, safeguarding of assets, effectiveness and efficiency of operations and compliance with laws and regulations, and with respect to ASCs and OREs, adhere to written guidelines when forming their own affiliates; now, therefore, be it

Resolved that Policy No. 9300, *Alumni Associations Guidelines* and Policy No. 9400, *Auxiliary Services Corporations Guidelines* are amended and restated, and *Other Related Entities Guidelines* are hereby approved, each in the form attached to this resolution.

Background

The State University has had guidelines in place relating to auxiliary services corporations and alumni associations since 1975 and 2003, respectively. Some State-operated campuses have established other entities related to the campus without the benefit of written guidelines.

In November 2013, the Board of Trustees passed two resolutions supporting the Chancellor's initiative to strengthen compliance, accountability, and transparency for compensation and related issues and directed that a task force on affiliates be formed to address the matters raised in those resolutions. The task force concluded that more specificity was needed in the State University's existing policies related to campus-related alumni associations and auxiliary services corporations and that written guidelines were needed with respect to other related entities.

Attachments

Alumni Association Guidelines – Proposed Revisions

- Explicitly recognize that the Alumni Association’s Board is responsible for governance and oversight of its affairs, for issuing policies, ensuring the organization operates in accordance with its mission and all legal requirements, and monitoring the organization’s financial condition.
- Require the campus president or designee and the campus development officer will be ex officio, voting members of the Alumni Association Board. The campus president may not serve as Chairman or President of the Alumni Association Board. A majority of the Alumni Association’s directors should be individuals who are not faculty, staff, or students of the campus.
- Clarify that, in the event a campus President leaves office, the Acting or Interim President approved by the SUNY BOT will serve as an ex officio member of the Alumni Association board.
- Clarify that each campus should have only one Alumni Association with no affiliates other than the University unless otherwise authorized by the Chancellor or designee.
- Require the Alumni Association Board’s approval of the annual budget and the audited financial statements.
- Require an appropriate official of the Alumni Association to provide periodic fiscal reports to the Alumni Association Board for its review.
- Require the Alumni Association develop, administer, and communicate written policies and procedures for all key business functions. If the Alumni Association engages a third-party (e.g. an auxiliary service corporation) to provide administrative support services, the Alumni Association must ensure that this third-party has in place, to the extent applicable, the written policies and procedures.
- Require each Alumni Association to adopt/maintain policy/procedures to protect “whistleblowers”.
- Require the Alumni Association comply with all applicable laws, including the Non-profit Revitalization Act of 2013.
- Require the Alumni Association to establish and maintain a system of internal controls designed to provide reasonable assurance of the achievement of objectives, reliability of financial reporting, safeguarding of assets, effectiveness and efficiency of operations, and compliance with laws and regulations.

- Clarify that the Alumni Association ensures that the proceeds of campus fundraising are appropriately recorded, credited, acknowledged and administered based on legal requirements and donor stewardship parameters.
- Clarify that the Alumni Association must adhere to principles defined in the “Donor Bill of Rights” and the Association of Fundraising Professionals’ “Code of Ethical Principles and Standards of Professional Practice.”
- Require Alumni Association to adhere to all regulatory filing requirements on a timely basis.
- Require the Alumni Association Management’s corrective action plan should include the planned timeframe for addressing the independent auditor comments.
- Require the Alumni Association must certify annually to the University that it has complied with the terms of the contract between it and the campus including the provisions of these guidelines.
- Establish any proposed exceptions to the guidelines must be approved in writing by the Chancellor or designee.
- Clarify that changes to the Alumni Association Guidelines must be approved by the SUNY BOT upon public notice and the recommendation of the Chancellor and the SUNY BOT Audit Committee.
- Clarify that when the Alumni Association reimburses the campus for the use of space, utilities, or other services that the campus provides to the Alumni Association, the reimbursement should be consistent with the approved annual budget and terms and conditions of the contract with the campus.

Auxiliary Services Corporations (ASC) – Proposed Revisions

- Clarify that, in the event a campus President leaves office, the Acting or Interim President approved by the SUNY BOT will serve as an *ex officio* member of the ASC board.
- Require each ASC's compliance with all applicable laws, including the NYS Non-Profit Revitalization Act of 2013.
- Extend period a campus may contract with an ASC from 5 to up to 10 years, with pre-approval of external state agencies.
- Require each ASC to adopt/maintain policy/procedures to protect "whistleblowers".
- Establish any proposed exceptions to the guidelines must be approved in writing by the Chancellor or designee.
- Require ASC management corrective action plans to include timeframes for addressing independent auditor comments.
- Provides greater clarity that ASCs forming an affiliate to seek the prior approval of the campus president (in consultation with the Chancellor or her designee) of a plan outlining the structure, governance, purpose and initial/planned funding/capitalization of the proposed affiliate.
- Require each ASC to certify annually that the ASC and each of its affiliates, are in compliance with the terms of the contract between the ASC and the campus, as well as the terms of these guidelines.
- Clarify that ASC affiliates must adhere to the accountability, reporting and compliance requirements.
- Includes definitions of an Affiliate, Campus Council, Campus Related Entity, and Other Related Entity.
- Clarify that changes to the ASC Guidelines must be approved by the BOT upon public notice and the recommendation of the Chancellor and BOT Audit Committee.