



## **BOARD OF REGENTS POLICY:** ***Board Operations and Agenda Guidelines***

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### **SECTION I. SCOPE.**

This policy governs the Board's operations, committee structure, and agenda guidelines.

### **SECTION II. GUIDING PRINCIPLES.**

The Board of Regents (Board), created under the Minnesota Territorial Laws of 1851 by the passage of the University charter and perpetuated by the Constitution of the State of Minnesota, is the governing body of the University. The Board, guided by the constitution and laws of the state:

- holds itself accountable to the public for accomplishing the mission of the University;
- meets openly, in the spirit of the Minnesota Open Meeting Law;
- fosters communication with the citizens of Minnesota, its elected representatives, and the University community; and
- works with the president to create a relationship characterized by trust and openness.

### **SECTION III. BOARD BUSINESS.**

#### **Subd. 1. Governing Documents.**

Board exercises its authority consistent with the University Charter, the Constitution of the State of Minnesota, the *Bylaws of the Board of Regents (Bylaws)*, and relevant Board policies. These documents provide the basic framework for the conduct of the business of the Board.

#### **Subd. 2. Board Business.**

The Board conducts business through meetings of the Board and its committees. Items placed on the Board agenda have the most fundamental importance and broad policy implications for the University. The following items are required to come to the Board:

- (a) Fundamental planning documents, including:
  - Systemwide Strategic Plan - The Systemwide Strategic Plan articulates and reinforces the mission and vision of the University; identifies University priorities and goals; and establishes a framework to guide University decision-making. The plan includes goals articulated through the University Progress Card and establishes a framework for the University's operating and capital budgets.

- University Performance and Accountability Report - The University Performance and Accountability Report publicly demonstrates the University's accountability for progress in reaching its stated goals and objectives; links planning, performance evaluation, and resource allocation at the system and campus/college level; illustrates and analyzes longitudinal trends in key areas; provides a means for comparisons with peer institutions; and identifies areas for continued work. The report includes progress made in achieving the goals articulated in the University Progress Card.
  - Annual Operating Budget - The annual operating budget sets forth the operating requirements and authorizations for financing the activities of the University. The budget includes all funds (revenues and expenditures), all campuses, and all programs of the University. It incorporates historical background and projections. It is based on the framework established by the Systemwide Strategic Plan. The president recommends to the Board the annual operating budget in successive meetings.
  - Capital Budget - The capital budget has two parts. Part I is the six-year capital plan, which is updated annually and identifies capital projects, as defined by Board of Regents Policy: *Reservation and Delegation of Authority* Article I, Section VIII, Subd. 6, that are approved to proceed with preliminary project planning, but not authorized to proceed with design and construction. Part II is the annual capital improvement budget, which authorizes the completion of design and construction of projects, as defined by Board of Regents Policy: *Reservation and Delegation of Authority* Article I, Section VIII, Subd. 7, that have approved financing. The framework established by the Systemwide Strategic Plan and approved campus master plans guide both parts of the capital budget. The president recommends to the Board both parts of the capital budget in successive meetings.
- (b) Legislative funding requests, including the biennial budget request and the capital request.
- (c) Reports on federal and legislative relations and issues.
- (d) Reports submitted to the State of Minnesota as defined by Board of Regents Policy: *Reservation and Delegation of Authority* Article I, Section I, Subd. 7.
- (e) Annual financial report.
- (f) Summary of expenditures for the Office of the President, Eastcliff, and the Office of the Board of Regents (OBR).
- (g) Gifts.
- (h) Other reports, including, but not limited to, reports of the Faculty Consultative Committee, the University of Minnesota Foundation, the University of Minnesota Alumni Association, and the Student Representatives to the Board.
- (i) Additional items as decided by the Board chair in consultation with the president and Board vice chair.

At the Board chair's discretion, any of these items may be referred for discussion in committee.

#### **SECTION IV. COMMITTEES OF THE BOARD.**

##### **Subd. 1. Role of the Committees.**

Committees provide recommendations for action by the Board. Typically, standing committees have the following responsibilities:

- recommend action on matters where the Board has reserved authority to itself as outlined in Board of Regents Policy: *Reservation and Delegation of Authority* and other Board policies;
- provide oversight on topics within the committee's purview;
- review and make recommendations on relevant new and existing Board policies;
- receive reports on policy-related issues affecting University departments and units;
- receive information items (e.g., status reports on current issues of concern and administrative searches); and

- review other items placed on the agenda by the Board chair in consultation with the president and the Board vice chair.

### **Subd. 2. Responsibilities of the Committee Chairs.**

Committee chairs preside over the meetings of their respective committees, ensuring the orderly, open, and timely conduct of committee business. Committee chairs should annually review the committee responsibilities outlined in this policy as the committee work plans outlined in Section V, Subd. 4 are finalized. The senior leader committee liaison consults with committee chairs prior to committee meetings regarding background issues for committee agendas.

### **Subd. 3. Committee Descriptions.**

Standing, nominating, and special committees meet on a varying schedule set through the agenda development process. These committees, specific committee responsibilities, and required agenda items are listed below. As stated in the *Bylaws*, the Board chair has the authority to name and identify the responsibilities of all committees. Any changes in committee structure are to be noted in this policy.

### **Subd. 4. Audit & Compliance Committee Charter.**

The Audit & Compliance Committee oversees the University's system of risk assessment and internal controls, audits, financial reporting practices, and the institutional compliance program. The committee is to assist the Board in discharging its oversight responsibilities related to the audit and compliance functions by:

- promoting the development of an effective, efficient, and continuously improving control environment, in concert with the administration, to achieve the institution's objectives through an appropriate system of risk assessment and internal control;
- overseeing the University's integrated framework of internal control, risk management practices, and institutional compliance program to ensure that the administration executes the provisions of Board of Regents Policy: *Internal Control*;
- serving as an informed voice on the Board by relaying the audit and compliance perspective when related issues are brought before the Board and its standing committees; and
- providing a direct channel of communication to the Board for the chief auditor and the independent public auditor.

Consistent with Board of Regents Policy: Reservation and Delegation of Authority Article I, Section X, the Board reserves to itself authority to adopt policies regulating the audit function; approve selection of external public accountants and the chief auditor; review audit plans; and evaluate the performance of the independent auditor and, jointly with the president, the performance of the internal audit function.

Specific duties of the Audit & Compliance Committee include the following:

- (a) Oversight of the Independent Auditor. The independent auditor reports directly to the Board through the Audit & Compliance Committee. The committee shall recommend for Board approval the engagement and related fees of the independent auditor to perform the annual financial statement and federal compliance audits. The committee shall approve in advance all audit and non-audit services provided by the independent auditor with a value greater than \$100,000 or that may impair the audit firm's independence regarding the University. Such impairment of independence is currently limited to prohibited non-audit services as defined in the United States General Accounting Office Government Auditing Standards. Engagements not requiring approval by the Board shall be reported to the Audit & Compliance Committee at the next scheduled meeting of the committee. The committee shall annually review and evaluate the independent auditor's performance, independence, and effectiveness of coordination with other assessment activities, including internal audit.

- (b) Oversight of the Internal Audit Function. The Audit & Compliance Committee shall recommend for Board approval (1) the appointment or removal of the chief auditor, (2) changes to the Office of Internal Audit's charter, and (3) any material revisions to internal audit plans or budgets. In consultation with management and the chief auditor, the committee shall review the annual internal audit plan and the extent to which it addresses high risk areas.
- (c) Review of Financial Statements. The Audit & Compliance Committee shall review, in advance of final issuance, the proposed formats and wordings of the annual financial report, including the management's discussion and analysis, financial statements, footnotes, statistics, and disclosures.
- (d) Review of Audit Results. The Audit & Compliance Committee shall review the internal and external audit results and discuss significant issues of internal control and compliance with the independent auditor, chief auditor, and management. The committee shall monitor management's progress in addressing audit recommendations.
- (e) Investigation of Reported Concerns Regarding Accounting or Auditing Matters. The Audit & Compliance Committee shall be apprised of investigations conducted under administrative policy.
- (f) Requests for Audits. The Audit & Compliance Committee is authorized to request supplemental reviews or other audit procedures by the chief auditor, the independent auditor, or other advisors.
- (g) Approval of Engagements of Audit Firms Other Than the University's Principal External Auditors. The Audit & Compliance Committee shall approve all engagements of external audit firms to perform work or provide services with a value greater than \$100,000 or that may impair the audit firm's independence regarding the University. Such impairment of independence is currently limited to prohibited non-audit services as defined in (a) of this section. Engagements not requiring approval by the Board shall be reported to the committee at the next scheduled meeting of the committee.
- (h) This committee provides additional oversight of compliance initiatives and enterprise risk management processes, including risk identification and mitigation.

This committee also reviews:

- The annual financial statements, prior to issuance.
- Semi-annual controller reports.
- The independent auditor's annual audit and management letter.
- The chief auditor's annual audit plan.
- Responses to questions regarding audit issues, reports on enterprise systems, administrative program reviews, investigations conducted under administrative policy, and other items relevant to the audit function.
- Semi-annual institutional compliance reports.
- The institutional conflict of interest report.
- External auditor engagements not requiring approval by the Board. Any engagements shall be reported to the Audit & Compliance Committee at the next scheduled meeting of the committee.

#### **Subd. 5. Finance & Operations Committee.**

The Finance & Operations Committee oversees and makes recommendations to the Board related to the University's operations, fiscal stability, physical assets (e.g., land, buildings, infrastructure, technology, and equipment), and long-term economic health. The committee also advises the administration on faculty and staff compensation strategy, benefits, recruitment, and engagement.

Specifically, this committee recommends to the Board:

- appointments reserved to the Board as defined by Board of Regents Policy: *Reservation and Delegation of Authority* Article I, Section IV.

- budgetary, financial, and investment matters reserved to the Board as defined by Board of Regents Policy: *Reservation and Delegation of Authority* Article I, Section VII.
- property, facilities, and capital budgets reserved to the Board as defined by Board of Regents Policy: *Reservation and Delegation of Authority* Article I, Section VIII.
- employment and labor relations matters reserved to the Board as defined by Board of Regents Policy: *Reservation and Delegation of Authority* Article I, Section XI.

This committee provides oversight of:

- long-range financial planning strategies, including total indebtedness of the University and investment portfolio;
- the financial relationship between the University and its partners, including affiliated foundations, clinical operations, and external entities;
- potential risks within University finance and operations;
- long-range physical asset planning strategies, including technology infrastructure;
- public safety and emergency preparedness;
- operational services such as housing, parking, transportation, and dining;
- faculty and staff employment, compensation and benefits policy, including senior leader compensation, benchmarking, and terms of employment; and
- employee engagement and workforce development.

This committee also reviews:

- the annual report on central reserves;
- semi-annual capital financing and debt management reports;
- semi-annual management reports;
- semi-annual capital planning and project management reports;
- quarterly purchasing reports and violations of Board of Regents Policy: *Purchasing*;
- quarterly asset management reports;
- selected financial metrics that measure the University's fiscal condition;
- periodic updates on future facilities projects;
- design guidelines when a project design represents an exception to adopted campus master plans; and
- other financial reports, employment reports, and facilities management reports and significant issues.

#### **Subd. 6. Governance & Policy Committee.**

The Governance & Policy Committee oversees and makes recommendations to the Board related to policy and processes that seek to ensure the integrity and high performance of the Board. The committee supports effective governance by guiding the Board to: articulate a clear vision for the University and its major components; clarify reserved and delegated authorities; establish institutional benchmarks and performance measures; and thoughtfully considers risks that may impact the performance of the institution.

Specifically, this committee recommends to the Board:

- amendments to the *Bylaws* and changes to the structure and function of the Board;
- amendments to Board policies not routed through one of the other standing committees; and
- consideration of other University policy matters referred to the committee by the Board chair.

This committee provides oversight to:

- evaluate the effectiveness of the Board through periodic self-assessment;
- ensure that Regents are fully oriented and receive ongoing education; and
- identify best practices in governance for possible implementation.

**Subd. 7. Litigation Review Committee.**

The Litigation Review Committee reviews litigation matters and obtains legal advice regarding specific University actions and their legal consequences. This committee typically meets in non-public session and consults with the general counsel on cases and claims, consistent with Board of Regents Policy: *Attorneys and Related Services* and Board of Regents Policy: *Legal Claims and Settlements*. The committee determines which matters shall be referred to the Board for review or approval.

**Subd. 8. Mission Fulfillment Committee.**

The Mission Fulfillment Committee oversees and makes recommendations to the Board related to the University’s mission, as articulated in Board of Regents Policy: *Mission Statement* and carried out on five campuses and across the state, the nation, and the world. The committee oversees and advises the administration on academic priorities, activities, programs, and initiatives central to the threefold mission of research and discovery, teaching and learning, and outreach and public service.

Specifically, this committee recommends to the Board:

- academic matters reserved to the Board as defined by Board of Regents Policy: *Reservation and Delegation of Authority* Article I, Section V.

This committee provides oversight of:

- academic program reviews and strategic plans of academic units;
- admissions practices, demographic trends and enrollment planning;
- curricular and co-curricular educational, research and engagement opportunities;
- diversity and campus climate;
- faculty development, recruitment and retention;
- faculty promotion and tenure;
- international partnerships and global research and educational programs;
- health education and academic medicine;
- issues related to the University's academic profile such as accreditation, reputation, and academic ranking;
- online learning;
- public engagement and community partnerships that fulfill the University’s land-grant mission;
- scholarship, artistic activity and commercialization of technology and intellectual property;
- sponsored projects and research support infrastructures;
- student affairs, student wellness and the student experience;
- student experience and academic performance of student-athletes;
- undergraduate, graduate, and professional education.

**Subd. 9. Nominating Committee.**

The Nominating Committee is charged with nominating candidates to serve as Board chair, vice chair, secretary, and treasurer.

**Subd. 10. Presidential Performance Review Committee.**

The Presidential Performance Review Committee evaluates the president’s performance. This committee meets in non-public session, reporting its findings to the Board.

### **Subd. 11. Special Committees.**

The Board chair identifies the responsibilities, appoints the members, and designates the chair of special committees.

## **SECTION V. MEETINGS OF THE BOARD AND COMMITTEES.**

### **Subd. 1. Board Meetings.**

The Annual Meeting of the Board is held on the second Friday in June, unless otherwise determined by the *Bylaws*. At the Annual Meeting a schedule is approved for regular meetings, which are usually held on the second Friday and preceding Thursday of each month in February, March, May, June, July, September, October and December.

Other meetings are scheduled as needed and may include work sessions, open forums, and public hearings. Retreats, typically held annually in the summer, are opportunities for the Board to plan, assess its performance, develop priorities for the year, and/or to consider a particular topic.

The documents, minutes, and recordings related to the public deliberations of the Board are available in the OBR.

### **Subd. 2. Committee Meetings.**

Committees usually meet as follows:

- Audit & Compliance: Meets six times a year.
- Finance & Operations: Meets six times a year.
- Governance & Policy: Meets five times a year.
- Litigation Review: Meets six times a year and as called by the committee chair.
- Mission Fulfillment: Meets six times a year.
- Nominating: May of odd-numbered years prior to the Board's Annual Meeting and election of officers in June.

Presidential Review: As called by the Board chair.

### **Subd. 3. Meeting Procedures.**

The Board chair presides over meetings of the Board. The Board vice chair presides in the absence of the chair. Board and committee meetings are conducted consistent with the *Bylaws* and Robert's Rules of Order. The general counsel rules on all disputed questions of procedure.

Items are presented in one of the following ways:

- *Review* - All significant items typically are reviewed one month with action in a subsequent month. Any Board member may request that an item listed for Review become a Review/Action item. If there is no objection from other members of the Board, the item is voted on in that meeting. The fundamental planning documents, as described in Section III, Subd. 2, (a) of this policy, are exempt from this provision.
- *Action* - Previously reviewed items requiring Board approval.
- *Review/Action* - Items for review and action in the same meeting, as allowed by Board policy or under special circumstances with permission of the Board chair or respective committee chair. The Consent Report includes routine action items that normally do not require discussion. Any Board member may request discussion or separate action on any Consent Report item.
- *Discussion* - Items for discussion that require no action when presented.
- *Other*

- *Information Items* - Items of interest to a committee or the Board requiring no action or discussion, such as status reports on current issues of concern and administrative searches.
- *Receive and File Reports* — Submitted reports that are not intended for discussion and do not require action, but are listed on the agenda and officially noted by the chair in the form of a statement to “receive and file.”

**Subd. 4. Work Plans.**

Each year the Board outlines its priorities and its committees develop work plans with the advice of the president or delegate. Committee work plans outline major agenda items and discussion topics for the year, and include a brief description of the purpose of the item.

**Subd. 5. Staff Responsibilities.**

(a) **Senior Leader Committee Liaisons.** The Board chair and president identify a senior leader for each committee to facilitate committee meetings, assist in agenda development, prepare docket materials, coordinate presentations, and fulfill other duties. Assignments to standing committees are typically as follows:

- Audit & Compliance: Chief Auditor
- Finance & Operations: Senior Vice President for Finance and Operations
- Governance & Policy: Executive Director and Corporate Secretary
- Litigation Review: General Counsel
- Mission Fulfillment: Executive Vice President and Provost

(b) **Board Staff.** The Board elects an executive director and corporate secretary, whose duties and responsibilities include:

- advising and supporting each Board member, as well as Board leadership, to advance good governance practices;
- acting as a liaison between the Board and senior leaders of the University;
- managing the Board's policy library and ongoing policy review process;
- managing the Board agenda and docket process;
- maintaining official records of meetings of the Board and its committees;
- advising the president regarding the standards and protocols of Board meetings;
- maintaining and providing to the Board an annual planning calendar that outlines Board and committee meetings along with reports and other actions required by Board policy; and
- ensuring that logistical support is provided so that Board proceedings are conducted in an open, timely, and accountable manner.

The executive director and corporate secretary assigns a committee coordinator to each committee. Committee coordinator responsibilities include:

- advising and supporting committee leadership and members of the committee to ensure successful committee operations;
- serving as a liaison between committee leadership and the senior leader committee liaison;
- facilitating annual work planning, agenda planning, and docket previews;
- and reviewing docket materials, resolutions, and revisions to Board policies.

**Subd. 6. Docket.**

The docket is the set of recommendations, reports, and all supporting documents prepared for each item on an agenda of the Board and its committees. A docket item summary accompanies each agenda item, summarizing key points and background. Materials are submitted to the Board by the president or delegate



with the assistance of Board staff. The-OBR distributes the docket to Regents one week prior to meeting dates, after which it is publicly available.

**Subd. 7. Urgent Approvals.**

Upon recommendation of the president, the Board chair, Board vice chair, and the respective committee chair may act on behalf of the Board when delay for Board approval could have a significant impact on the University's mission or poses a considerable health, safety, or financial risk. Urgent approvals shall be used judiciously and any such approvals will be reported to the Board or respective committee upon approval and included as an information item at the next scheduled meeting, consistent with Subd. 3 of this section.

**SECTION VI. BOARD MEETING AGENDAS.**

**Subd. 1. Agenda Development.**

The agenda is set in the following manner:

- (a) Approximately two months prior to each Board meeting, the executive director and corporate secretary develops a draft agenda for discussion at Agenda I, a meeting with the president and senior leader committee liaisons. The agenda is a result of consultation with Board leadership and committee agenda planning meetings. Agenda items are identified from Board priorities, committee work plans, and other reports and items as specified in Board policy.
- (b) The Board chair approves the agenda at a subsequent Agenda II meeting, which is also attended by the Board vice chair, the president, and senior leader committee liaisons. Changes to an approved Board or committee agenda require the approval of the Board chair and, in the case of a committee agenda, shall be done in consultation with the appropriate committee chair.

**Subd. 2. Requests to Appear Before the Board.**

Anyone requesting to appear before the Board must follow the process stated in Article VI of the *Bylaws*.

**SECTION VII. PRESIDENTIAL PERFORMANCE REVIEW, EVALUATION, AND COMPENSATION.**

**Subd. 1. Presidential Performance Review.**

The Presidential Performance Review Committee evaluates the president's performance annually in order to: assess outcomes; support the president's efforts to strengthen performance; enable the president and the Board to establish mutually-agreeable goals; and inform decisions regarding annual compensation and other terms of employment.

This committee meets in non-public session as permitted by law, reporting its findings to the Board at a public meeting.

The following principles shall guide the performance review process:

- (a) All Board members shall be involved.
- (b) Comments on the president's performance shall be requested from multiple sources.
- (c) Collegiality shall be a hallmark of all discussions.
- (d) Confidentiality of personnel matters shall be maintained.

Performance review process procedures shall be on file in the OBR.

**Subd. 2. Presidential Compensation.**

The compensation of the president shall be set by the Board at a public meeting. The Board shall exercise reasonable care and set compensation in a transparent, prudent, and responsible manner.

The following principles shall guide compensation setting:

- (a) The compensation plan shall reflect the public purpose of the University and support the organization's mission,
- (b) Compensation shall enable the recruitment and retention of an individual who can achieve excellence for the University and contribute to the vitality of the State of Minnesota.
- (c) Compensation is meant to appropriately reward and motivate the president, be commensurate with the president's responsibilities and performance, and be responsive to the president's requests.
- (d) Compensation shall be informed by appropriate data that helps determine comparability or fair market value.

The Board shall consider data from a comparable peer group of public research universities and private universities that are substantially similar to the University and designate a list for comparison purposes. It shall be the responsibility of the chair, in consultation with the vice chair, to recommend presidential compensation and other contract terms for Board action. The chair also shall be responsible for reviewing the president's total compensation and approving all reimbursements for presidential business travel and entertainment expenses.

Compensation-setting procedures shall be on file in the OBR.

## REVISION HISTORY

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