



Governance & Policy Committee

October 2023

October 13, 2023

8:30 a.m.

Boardroom, McNamara Alumni Center

GOV - OCT 2023

1. Overview of Board of Regents Policy: Reservation and Delegation of Authority

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2. Board Committee Structure: Committee Portfolios

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BOARD OF REGENTS DOCKET ITEM SUMMARY

Governance & Policy

October 13, 2023

AGENDA ITEM: Overview of Board of Regents Policy: *Reservation and Delegation of Authority*

Review **Review + Action** **Action** **Discussion**

This is a report required by Board policy.

PRESENTERS: Brian Steeves, Executive Director & Corporate Secretary
Jason Langworthy, Associate Secretary

PURPOSE & KEY POINTS

The purpose of this item is to provide the committee with an overview of Board of Regents Policy: *Reservation and Delegation of Authority*. The policy is currently under comprehensive review and this discussion starts a four-part series to consider any changes the Board may wish to make. This conversation will outline how the policy is structured, the types of authorities defined within it, and the current thresholds. This survey will provide context for future conversations on this topic.

Reservation and Delegation of Authority is a cornerstone policy within the Board’s policy portfolio. It defines on a fundamental level the authorities that are reserved to the Board and the authorities that are delegated to other individuals (e.g. Board officers, president, general counsel). *Reservation and Delegation of Authority* acts as a catalog – indexing the areas where the Board has reserved authority but not how those authorities are implemented. Other Board policies provide those implementation details in alignment with the reserved authority defined in *Reservation and Delegation of Authority*.

Policy Framework

Reservation and Delegation of Authority uses a framework that separates the policy into two articles. Article I defines those authorities reserved to the Board. Article II defines those authorities that are delegated to others. A list of the specific sections within each article is included below:

Article I – Reserved Authorities

- Section I - General Reservations of Authority
- Section II – Conduct of Board Business
- Section III – Election of Board Officers
- Section IV – Appointment Authority
- Section V – Academic Matters
- Section VI – Awards, Honors, and Namings
- Section VII – Budgetary, Financial, and Investment Matters

Section VIII – Property, Facilities, and Capital Budgets
Section IX – Legal Matters
Section X – Audit Function
Section XI – Employment and Labor Relations
Section XII – Associated Organizations

Article II – Delegated Authorities

Section I – Delegation of Authority to the President
Section II – Limitation Upon Presidential Authority
Section III – Delegation of Authority by the President
Section IV – Delegation of Authority to the Chair and Vice Chair
Section V – Delegation of Authority to the Board Secretary, Treasurer, General Counsel, and Chief Auditor
Section VI – Conformance with this Policy

Current Thresholds

The current thresholds related to specific dollar amounts are as follows:

Value greater than \$1 million

- Purchase of goods and services
- Purchase or sale of real property
 - Also required: real property located on or within 2 miles of a campus, larger than 10 acres
- Lease, Easements, or Other Interests in Real Property
- Multi-year capital plans
- Annual capital budgets
- Capital budget amendments
- Schematic plans
- Individually negotiated employment agreements and significant amendments



BOARD OF REGENTS POLICY: *Reservation and Delegation of Authority*

ARTICLE I *RESERVATION OF AUTHORITY*

SECTION I. GENERAL RESERVATIONS OF AUTHORITY.

Subd. 1.

The Board of Regents reserves to itself all authority necessary to carry out its legal and fiduciary responsibilities under the University Charter, the Constitution of the State of Minnesota, and the Board of Regents (Board) Bylaws. This reservation specifically includes all authority to enact laws and policies for the governance of the University of Minnesota (University) and to issue Board directives to executive officers and employees. The Board's reserved authority shall be exercised consistent with the University Charter, the Constitution of the State of Minnesota, Board Bylaws, and relevant Board policies.

Subd. 2.

The Board reserves to itself authority to ensure constitutional and institutional autonomy, to approve the University's mission and vision, to set the overall direction of the institution, including the adoption of fundamental plans for the educational, financial, and physical development of the University, and to declare a fiscal emergency.

Subd. 3.

No authority that the Board reserves to itself in this policy shall be exercised by any other person or body unless expressly authorized by Board policy or directive.

Subd. 4.

The authority of the Board resides only with the Board as a whole and not in its individual members, except as the Board itself may have delegated specific authority to one of its members or one of its committees.

Subd. 5.

The Board reserves to itself authority to approve the use, and revocation of the use, of its corporate name or any abbreviated name, including *University of Minnesota*, by any non-University person or entity, consistent with Board policies. The Board also reserves authority over the removal of the corporate name or any abbreviated name from the name of any University campus, college, school, division, or unit, consistent with Board policies.

Subd. 6.

The Board reserves to itself authority to approve any matter delegated to the president in Article II, Section I of this policy if it raises unusual questions of public interest or public policy, has significant impact on the University’s mission, or poses a significant financial risk to the University.

Subd. 7.

The Board reserves to itself authority to approve and submit any report to the State of Minnesota that impacts the University’s autonomy or addresses the performance of the University and/or its major initiatives. All other reports to the State of Minnesota that fall outside these criteria shall be provided to the Board upon submission to the state.

SECTION II. CONDUCT OF BOARD BUSINESS.

The Board reserves to itself authority to establish procedures for the conduct of its business, create committees, set its agenda, require reports from executive officers and employees, hear appeals, and enforce its code of conduct.

SECTION III. ELECTION OF BOARD OFFICERS.

The Board reserves to itself authority to elect and remove Board officers, including the president, chair, vice chair, secretary, and treasurer.

SECTION IV. APPOINTMENT AUTHORITY.

Subd. 1.

The Board reserves to itself, or to one of its committees, authority to appoint all individuals and approve any individually negotiated terms of employment, and significant amendments thereto, for those who serve in each of the following positions:

- (a) Chancellor
- (b) Chief Auditor
- (c) Dean
- (d) Division I Director of Intercollegiate Athletics
- (e) Executive Vice President and Provost
- (f) General Counsel
- (g) Senior Vice President for Finance and Operations
- (h) University Librarian and Dean of Libraries
- (i) Vice Chancellor for Academic Affairs
- (j) Vice President
- (k) Such other administrative positions as the Board may specify from time to time.

The president shall recommend individuals for appointment to these positions, consistent with Board policies and directives, except the chief auditor.

Subd. 2.

The Board reserves to itself authority to remove University officers as provided in the University Charter. The president (a) may remove the general counsel with Board approval and (b) may remove any other individuals appointed under subd. 1 of this section, except the chief auditor.

Subd. 3.

The Board reserves to itself, or to one of its committees, authority to appoint members of the boards of University-associated foundations, institutes, committees, and other bodies, consistent with Board policies.

SECTION V. ACADEMIC MATTERS.

Subd. 1.

The Board reserves to itself, or to one of its committees, authority to grant academic degrees, grant faculty indefinite tenure, grant continuous appointments to academic professionals, and award the title faculty emeritus, consistent with Board policies.

Subd. 2.

The Board reserves to itself, or to one of its committees, authority to establish, name, and abolish colleges, academic institutes, programs, and courses of study, consistent with Board policies.

Subd. 3.

The Board reserves to itself, or to one of its committees, authority to establish tuition and student fees and approve policies and reciprocity agreements related to such matters, consistent with Board policies.

Subd. 4.

The Board reserves to itself, or to one of its committees, authority to: (a) establish and review policies relating to the conduct of research and the receipt and accounting of sponsored research funds; (b) require timely reporting to the Board of sponsored research activity; and (c) establish limits for financial support to non-University entities for the commercialization of technology, as defined by Board of Regents Policy: *Commercialization of Intellectual Property Rights*.

Subd. 5.

The Board reserves to itself, or to one of its committees, authority to approve educational policies and procedures, in consultation with the president and the faculty governance process, consistent with Board policies. This policy is not intended to alter the relationship between the Board, the University Senate, and the faculties regarding educational policies.

SECTION VI. AWARDS, HONORS, AND NAMINGS.

Subd. 1.

The Board reserves to itself authority to establish and bestow awards, honors, and recognition, consistent with Board policies.

Subd. 2.

The Board reserves to itself authority to name and revoke names of University buildings and other assets, consistent with Board policies.

SECTION VII. BUDGETARY, FINANCIAL, AND INVESTMENT MATTERS.

Subd. 1.

The Board reserves to itself, or to one of its committees, authority to approve the following: annual operating budgets; the central reserves budget and minimum reserve level; and adjustments and amendments, consistent with Board policies. The Board also reserves to itself authority to approve any modifications to the central reserves budget and any expenditures from the central reserves general contingency account, consistent with Board policies.

Subd. 2.

The Board reserves to itself, or to one of its committees, authority to approve all requests for operating and capital budget appropriations from the State of Minnesota and positive or negative adjustments to the budget caused by a 1% or more change in total appropriations within a fiscal year.

Subd. 3.

The Board reserves to itself, or to one of its committees, authority to establish investment objectives, approve asset allocation guidelines, and approve the payout rate for endowment distributions.

Subd. 4.

The Board reserves to itself, or to one of its committees, authority to authorize issuance and retirement of debt and to engage debt advisers and/or underwriters, consistent with Board policies.

Subd. 5.

The Board reserves to itself, or to one of its committees, authority to accept gifts for the benefit of the University, consistent with Board policies.

Subd. 6.

The Board reserves to itself, or to one of its committees, authority to approve individual purchases of goods and services with a value greater than \$1,000,000, consistent with Board policies.

SECTION VIII. PROPERTY, FACILITIES, AND CAPITAL BUDGETS.

Subd. 1.

The Board reserves to itself, or to one of its committees, authority to approve the purchase or sale of real property (a) with a value greater than \$1,000,000; (b) located on or within 2 miles of a University campus; or (c) larger than 10 acres.

Subd. 2.

The Board reserves to itself, or to one of its committees, authority to approve leases of real property, easements, and other interests in real property if the initial term amount to be paid by or to the University exceeds \$1,000,000.

Subd. 3.

The Board reserves to itself, or to one of its committees, authority to exercise the power of eminent domain to acquire land for University purposes.

Subd. 4.

The Board reserves to itself, or to one of its committees, authority to (a) exercise property owner rights regarding the designation, decommissioning, or demolition of historic resources; and (b) take final action on all environmental reviews of historic resources initiated by the administration for which the University is the responsible governmental unit, consistent with Board policies and applicable state and federal laws.

Subd. 5.

The Board reserves to itself, or to one of its committees, authority to approve campus master plans and amendments thereto.

Subd. 6.

The Board reserves to itself, or to one of its committees, authority to approve multi-year capital plans consisting of projects with a value greater than \$1,000,000 or a value anticipated to be greater than \$1,000,000 if a cost estimate has not yet been established.

Subd. 7.

The Board reserves to itself, or to one of its committees, authority to approve annual capital budgets consisting of projects with a value greater than \$1,000,000.

Subd. 8.

The Board reserves to itself, or to one of its committees, authority to approve capital budget amendments to approved projects and new projects when the amendment has a value greater than \$1,000,000.

Subd. 9.

The Board reserves to itself, or to one of its committees, authority to approve project schematic plans, or significant amendments thereto, for any project or amendment with a value greater than \$1,000,000.

SECTION IX. LEGAL MATTERS.

The Board reserves to itself, or to one of its committees, authority to direct the president or the general counsel to settle any legal claim or initiate or appeal a lawsuit or administrative proceeding, consistent with Board policies.

SECTION X. AUDIT FUNCTION.

The Board reserves to itself authority to adopt policies regulating the audit function; approve selection of independent auditors and the chief auditor; and evaluate the performance of the independent auditor and the chief auditor. Performance review process procedures shall be on file in the Office of the Board of Regents.

SECTION XI. EMPLOYMENT AND LABOR RELATIONS.

Subd. 1.

The Board reserves to itself, or to one of its committees, authority to approve all contracts and other agreements with the exclusive collective bargaining representatives of its employees.

Subd. 2.

The Board reserves to itself, or to one of its committees, authority to approve civil service rules and annual pay and benefit plans for University employees.

Subd. 3.

The Board reserves to itself, or to one of its committees, authority to establish or discontinue retirement plans for University faculty and staff. For those plans sponsored by the University and governed by formal plan documents, the Board reserves to itself authority to approve amendments to those plans.

Subd. 4.

The Board reserves to itself, or to one of its committees, authority to approve individually negotiated employment agreements, and significant amendments thereto, when such agreements have a total value of more than \$1,000,000. For purposes of this subdivision, total value shall mean the potential amount due to the employee if the University terminated the employment agreement without cause. For faculty positions

as defined by Board of Regents Policy: *Faculty Tenure*, this subdivision only applies when the faculty member's first year compensation is set at more than \$1,000,000, or when individually negotiated terms of employment create a potential amount due to the faculty member of more than \$1,000,000 if the faculty member's appointment were terminated.

Subd. 5.

The Board reserves to itself, or to one of its committees, authority to review individually negotiated employee severance agreements of unusual importance or significance.

SECTION XII. ASSOCIATED ORGANIZATIONS.

The Board reserves to itself authority to approve the legal structure and scope of any relationship between the University and any associated organization, non-profit corporation, foundation, institute, or similar entity that substantially relies upon University resources or personnel to carry out its mission.

**ARTICLE II
DELEGATION OF AUTHORITY**

SECTION I. DELEGATION OF AUTHORITY TO THE PRESIDENT.

The Board delegates to the president authority to act as chief executive officer of the University, with such general executive management and administrative authority over the University as is reasonable and necessary to carry out the policies and directives of the Board, subject to the limitations noted in Article II, Section II below.

SECTION II. LIMITATIONS UPON PRESIDENTIAL AUTHORITY.

The authority delegated to the president is limited by the following:

- (a) the provisions of the University Charter and the Constitution of the State of Minnesota;
- (b) the provisions of Board Bylaws;
- (c) the provisions of Board policies and directives, including specifically Article I of this policy; and
- (d) the directive that the president shall notify the Board of any matter not otherwise addressed in this section that significantly involves the authority and role of the Board, including its fiduciary, oversight, and public accountability responsibilities.

SECTION III. DELEGATION OF AUTHORITY BY THE PRESIDENT.

Subd. 1.

Unless otherwise restricted by specific Board policies or directives, the president shall be responsible for delegating general executive management and administrative authority to other executive officers and employees as necessary and prudent, including authority to execute contracts and other legal documents. The president may condition, limit, or revoke any presidential authority so delegated.

Subd. 2.

All delegations and revocations under this section shall be in writing, name the position to whom such authority is delegated, describe the scope and limitations of such authority, and prescribe the extent to which such authority may be further sub-delegated.

Subd. 3.

All delegations and revocations under this section shall be reviewed as to form, legality, and consistency by the general counsel.

Subd. 4.

Annually, the president shall report to the Board significant changes to the delegations.

SECTION IV. DELEGATION OF AUTHORITY TO THE CHAIR AND VICE CHAIR.

The chair and vice chair of the Board shall have such authority as is authorized by Board Bylaws and policies and is customarily exercised by such officers of a corporation. The chair shall have authority to execute any and all instruments and documents on behalf of the Board.

SECTION V. DELEGATION OF AUTHORITY TO THE BOARD SECRETARY, TREASURER, GENERAL COUNSEL, AND CHIEF AUDITOR.

The secretary, treasurer, general counsel, and chief auditor shall have authority to perform such duties for the Board as provided by Board Bylaws, policies, and directives.

The secretary shall have authority to execute such instruments and documents that would customarily devolve upon a corporate officer and are usual to that office.

The secretary and the general counsel shall have authority to accept legal service on behalf of the University.

The chief auditor reports to the Board and may perform audits at the request of the president. By invitation, the chief auditor may serve on the president's cabinet.

The chief auditor and the general counsel shall notify the Board of any matter that significantly involves the authority and role of the Board, including its fiduciary, oversight, and public accountability responsibilities, or if it raises unusual questions of public interest or public policy, has significant impact on the University's mission, or poses a significant risk to the University.

SECTION VI. CONFORMANCE WITH THIS POLICY.

Subd. 1.

Any request or demand by a Board member for action must be consistent with the written policies, rules, and regulations of the Board and the University.

Subd. 2.

No executive officer or employee of the University shall have any authority to take any action or make any representation on behalf of the University beyond the scope of, or materially inconsistent with, the authority delegated to such executive officer or employee as provided in this policy.

Subd. 3.

The secretary and the general counsel each shall have the duty to inform the Board of any existing or proposed Board policy or directive that is inconsistent with or alters the delegations of authority as provided in this policy.

REVISION HISTORY

Adopted: April 5, 2001

Amended: July 9, 2004; December 10, 2004; July 9, 2008; February 12, 2010; February 10, 2012; May 12, 2017; February 9, 2018; October 8, 2021; September 8, 2023

Technical Correction: March 1, 2012; December 11, 2013; March 31, 2016; February 10, 2017; October 13, 2017; February 14, 2020

Supersedes: General Delegations Adopted October 17, 1980, Last Amended October 10, 1997.

Overview of Board of Regents Policy: *Reservation and Delegation of Authority*

Brian Steeves

Executive Director & Corporate Secretary

Jason Langworthy

Associate Secretary

October 13, 2023



Review of Approval Thresholds

- **Part 1: Overview of Board of Regents Policy: *Reservation and Delegation of Authority***
- Part 2: Discussion of Approval Thresholds
- Part 3: Board of Regents Policy: *Reservation and Delegation of Authority* – Review
- Part 4: Board of Regents Policy: *Reservation and Delegation of Authority* – Action



Governance creates alignment, clarity, and accountability



What is Reservation and Delegation of Authority?

- Cornerstone policy
- Defines broadly reserved authorities to the Board
- Delegates authority to key individuals
- Answers - Who is responsible for getting us there?



BOARD OF REGENTS POLICY:
Reservation and Delegation of Authority

ARTICLE I
RESERVATION OF AUTHORITY

SECTION I. GENERAL RESERVATIONS OF AUTHORITY.

Subd. 1.

The Board of Regents reserves to itself all authority necessary to carry out its legal and fiduciary responsibilities under the University Charter, the Constitution of the State of Minnesota, and the Board of Regents (Board) Bylaws. This reservation specifically includes all authority to enact laws and policies for the governance of the University of Minnesota (University) and to issue Board directives to executive officers and employees. The Board's reserved authority shall be exercised consistent with the University Charter, the Constitution of the State of Minnesota, Board Bylaws, and relevant Board policies.



Policy Framework

Article I – Reserved Authorities to the Board

- Section I - General Reservations of Authority
- Section II – Conduct of Board Business
- Section III – Election of Board Officers
- Section IV – Appointment Authority
- Section V – Academic Matters
- Section VI – Awards, Honors, and Namings



Policy Framework

Article I – Reserved Authorities to the Board

- Section VII – Budgetary, Financial, and Investment Matters
- Section VIII – Property, Facilities, and Capital Budgets
- Section IX – Legal Matters
- Section X – Audit Function
- Section XI – Employment and Labor Relations
- Section XII – Associated Organizations



Current Thresholds

Value greater than \$1,000,000

- Purchase of goods and services
- Purchase or sale of real property
 - Also required: real property located on or within 2 miles of a campus, larger than 10 acres
- Lease, easements, or other interests in real property
- Multi-year capital plans
- Annual capital budgets
- Capital budget amendments
- Schematic plans
- Individually negotiated employment agreements and significant amendments



Policy Framework

Article II – Delegation of Authority

- Section I – Delegation of Authority to the President
- Section II – Limitation Upon Presidential Authority
- Section III – Delegation of Authority by the President
- Section IV – Delegation of Authority to the Chair and Vice Chair
- Section V – Delegation of Authority to the Board Secretary, Treasurer, General Counsel, and Chief Auditor
- Section VI – Conformance with this Policy



Potential Principles to Guide Review

- Strengthen public confidence in University decision-making.
- Ensure the Board's ability to carry out its fiduciary and oversight duties while focusing on consequential items.
- Continue alignment, clarity, and accountability, while avoiding surprises that have the potential to create public relations risks.
- Use a risk-based approach to consider threshold levels.





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BOARD OF REGENTS DOCKET ITEM SUMMARY

Governance & Policy

October 13, 2023

AGENDA ITEM: Board Committee Structure: Committee Portfolios

Review Review + Action Action Discussion

This is a report required by Board policy.

PRESENTERS: Brian Steeves, Executive Director & Corporate Secretary
Jason Langworthy, Associate Secretary

PURPOSE & KEY POINTS

The purpose of this item is for the committee to continue considering the Board’s committee structure. This item will engage the committee in a discussion of current committee portfolios. The discussion will focus on how the portfolios are currently structured, where there are potential gaps, and what adjustments the Board might wish to make to them.

Key Discussion Questions

The Board’s current standing committee structure streamlined previous structures and aimed to ensure information symmetry, collective decision-making, increase transparency and public access, and ensure oversight of all major functions and activities. While the Board has focused primarily on strategic planning and broad cross-cutting issues, standing committee attention has been loosely framed in the following ways:

- **What** the University does - Mission Fulfillment
- **How** the University does it - Finance & Operations
- **Who** makes decisions - Governance & Policy
- **Ensure** the University remains accountable - Audit & Compliance & Litigation Review

As this committee considers potential changes to the standing committee structure, the *What, How, Who, Ensure* framework may provide a helpful construct. To facilitate discussion, the following questions are offered as a starting point:

- What work is best accomplished in a committee vs. as the Board?
- Are any of the standing committee portfolios either oversized or undersized?
- Looking at the specific portfolios, are there any gaps that need to be addressed?
- Looking at the specific portfolios, are there any areas that should be reduced?

BACKGROUND INFORMATION

Current Standing Committee Portfolios

Below are the portfolios for each standing committee of the Board, as established by Board of Regents Policy: *Board Operations & Agenda Guidelines*.

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 changes to the Office of Internal Audit's charter

- and 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 the Annual Financial Report. 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.
- annual report on institutional risk and financial 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.
- annual institutional compliance report.
- 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 approves on behalf of the Board:

- appointments reserved to the Board as defined by Board of Regents Policy: *Reservation and Delegation of Authority* Article I, Section IV. Subd. 1 and 3.
- 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 central reserves fund report;
- the annual capital financing and debt management report;
- annual strategic facilities and real estate report, which includes updates on the University's facilities condition assessment and space utilization, real estate transactions from the past fiscal year, and capital project management updates for projects in process that have been approved in the annual capital improvement budget and have a value equal to or greater than \$1,000,000;
- exceptions to a competitive bid process for purchases requiring Board approval;
- annual asset management report;
- the annual financial report;
- 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 approves on behalf of 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.

Board Committee Structure: Committee Portfolios

Brian Steeves
Executive Director & Corporate Secretary

Jason Langworthy
Associate Secretary

October 13, 2023



Board Committee Structure

- Part 1: Context and Principles to Guide Discussion
- **Part 2: Committee Portfolios**
- Part 3: Role of Standing Committees and Special Committees
- Any changes resulting from these conversations would be considered in February



Current Standing Committee Structure Objectives

- Enhance opportunities for the Board to focus collectively on consequential issues.
- Promote greater Board cohesion
- Ensure information symmetry.
- Increase transparency and public access to the Board's work.
- Ensure oversight of all major functions and activities.



Current Standing Committee Framework

- **What** the University does - Mission Fulfillment
- **How** the University does it - Finance & Operations
- **Who** makes decisions - Governance & Policy
- **Ensure** the University remains accountable - Audit & Compliance & Litigation Review



Discussion Questions

- What work is best accomplished in a committee vs. as the Board?
- Are any of the standing committee portfolios either oversized or undersized?
- Looking at the specific portfolios, are there any gaps that need to be addressed?
- Looking at the specific portfolios, are there any areas that should be reduced?





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