MIDWESTERN STATE UNIVERSITY

Operating Policies & Procedures Manual

University Operating Policy/Procedure (OP)
OP 14.~~07~~13: Relationships with Affiliated Entities

Approval Authority: President
Policy Type: University Operating Policy and Procedure
Policy Owner: President~~'s Office~~
Responsible Office: Vice President for University Advancement ~~and Public Affairs~~
Next Scheduled Review: 04/01/202~~2~~8

I.~~A.~~ Policy Statement/Purpose

This policy sets forth the rules governing the relationship between Midwestern State University ("MSU"), a component institution of the Texas Tech University System ("System" or "TTUS"), and its employees and a private donor or an organization designed to further the purposes and duties of MSU, as required by §2255.001 of the Texas Government Code. This policy establishes the framework within which MSU will work with affiliated organizations.

The purpose of this Operating Policy/Procedure (OP) is to set forth that MSU, being aware of the value of private organizations in helping public universities to achieve their goals, adopts these guiding principles and policies as the framework within which it will work with affiliated organizations to attain the following objectives:

- To preserve the independent operation of any affiliated organization associated with MSU; and
- To ensure that affiliated organizations and MSU conduct their business in accordance with specified principles that are the basis for their joint activities or agreements.

B. Affiliated Entity

For purposes of this policy, an "affiliated entity" means an organization that is legally distinct from MSU but is designed to further the mission and goals of MSU. Typically, an affiliated entity is a not-for-profit organization recognized as exempt from federal income tax by the Internal Revenue Service under §501(c)(3) of the Internal Revenue Code. However, these organizations may exist in a variety of legal structures in support of MSU (e.g., a foundation or charitable trust recognized as exempt from federal income tax with 501(c)(3) status). To use "Midwestern State University" or "MSU" in its name, an organization must be an affiliated entity.

C. Affiliation Agreements

1. Pursuant to §2255.001 of the Texas Government Code, as a condition for the use, or continued use of MSU's name or other resources, each affiliated entity is required to have a fully executed memorandum of understanding (MOU) between the affiliated entity and MSU. The MOU will address and govern all aspects of conduct of MSU and its employees in the relationship between the affiliated entity and MSU and its employees including but not limited to the following:

   a. administration and investment of funds received by the organization for the benefit of MSU, including reporting and monitoring of such funds and a requirement for an annual independent audit (financial and operational records) of the affiliated entity and a requirement that the audit report be provided to MSU;

   b. use of an employee or property of MSU by the donor or organization;

   c. service by an officer or employee of MSU as an officer or director of the donor or organization; and

   d. monetary enrichment of an officer or employee of MSU by the donor or organization.

2. Neither this policy nor any MOU entered into by MSU may conflict or supersede a requirement of a state or federal statute regulating the conduct of an MSU employee or regulating the policies and procedures of MSU.

D. Salary Supplement Reporting

1. In accordance with §659.0201(d) of the Texas Government Code, if the person making a gift, grant, or donation or providing other consideration to MSU for the purpose of a salary supplement is an entity created solely to provide support for MSU, the entity is required to report to MSU the following information concerning any gift, grant, or donation, or other consideration provided to MSU for the purpose of a salary supplement:

   a. The name of each person who makes gifts, grants, or donations, or provides other consideration to the entity, in an amount or having a value that exceeds $10,000, unless the person has made a request to the entity to remain anonymous; and

   b. The amount or value of each specific gift, grant, donation, or other consideration.

   c. "Person" as used herein is defined by §311.005 of the Texas Government Code to include a corporation, organization, government, or governmental subdivision or agency, business trust, estate, trust, partnership, association, and any other legal entity.

2. In accordance with §659.0201(e),(i), Texas Government Code, and MSU Policy 3.314(I)(1)(b), MSU's Internal Auditor shall compile the information the University receives under this subsection into a report and submit the report to the State Auditor and the Legislature.

Related Statutes, Rules, Policies, and Resources

<u>Related Statutes/Rules</u>*:*
Texas Government Code §2255.001 (Private Donors or Organizations)

Texas Government Code §659.0201 (Gifts, Grants, and Donations for Salary Supplement; Reporting)

TTUS *Regents' Rule* 106.05 (Affiliated entities)
TTUS Regulation 04.04 (Affiliated Entities)

Southern Association of Colleges and Schools – Commission on Colleges ("SACSCOC") Section 3.2.13 (Institution-related foundations):
"Any institution-related foundation not controlled by the institution has a contractual or other formal agreement that (1) accurately describes the relationship between the institution and the foundation and (2) describes any liability associated with that relationship. In all case, the institution ensures that the relationship is consistent with its mission."

Responsible Office

Contact: ~~Tony Vidmar~~ Jeff Spoeri, Vice President for University Advancement and ~~Public Affairs~~ Executive Director of the MSU Foundation, Inc.
Phone: (940) 397-4782
E-mail: jeff.spoeri@msutexas.edu

Revision History

~~11/~~10Nov~~/~~1989: Adopted and approved as Policy/Procedure 4.145 (Midwestern State University, Inc.) by the MSU Board of Regents.

~~05/~~10May~~/~~1991: Revised to better delineate areas of responsibility.

~~08/02/2002: Midwestern State University Foundation, Inc.~~

~~08/~~10Aug~~/~~2012: Revised to include authorizing the MSU Vice President for University Advancement and Public Affairs to acknowledge gifts made to the Foundation and to prepare and submit to the MSU President each fiscal year requests for annual support from the Foundation.

~~05/~~15May~~/~~2015: Renamed Relationships with Affiliated Entities and revised to set forth the rules governing the relationship between MSU and its employees and a private donor or an organization designed to further the purposes and duties of MSU, as required by §2255.001 of the Texas Government Code.

~~05~~13 May 2016: ~~MSU Policy 4.145 (Relationships with Affiliated Entities is adopted by the MSU Board of Regents as MSU Policy and Procedure. 4.145)~~ Revised to include requirements for an annual independent audit (financial and operational records) of the affiliated entity and that the audit be provided to MSU.

05 Aug 2021: Renumbered by the MSU Board of Regents as Operating Policy/Procedure (OP) 14.07: Relationships with Affiliated Entities.

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__/__/2026: Renumbered from OP 14.07: Relationships with Affiliated Entities to OP 14.13: Relationships with Affiliated Entities, and adopted and approved by MSU President Stacia Haynie.

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Stacia Haynie, President
Midwestern State University

Date Signed: ________________________________

Angelo State University
OP 14.13: Affiliated Organizations

PURPOSE:

The purpose of this Operating Policy/Procedure (OP) is to set forth that Angelo State University, being aware of the value of private organizations in helping public universities to achieve their goals, adopts these guiding principles and policies as the framework within which it will work with affiliated organizations to attain the following objectives:

- To preserve the independent operation of any affiliated organization associated with Angelo State University, and
- To ensure that affiliated organizations and Angelo State University conduct their business in accordance with specified principles that are the basis for their joint activities or agreements.

REVIEW:

This OP will be reviewed in June every five years, or as needed, by the vice president for finance and administration (VPFA) with recommended revisions forwarded to the president.

POLICY/PROCEDURE

1. **Definition**

   Affiliated Organization – A not-for-profit organization, exempt from federal income tax, with Internal Revenue Code section 501(c)(3) status, that is legally distinct from the university but has purposes that benefit or are otherwise related to the university's mission. To use Angelo State University in its name, an organization must be an affiliated organization.

2. **Authority**

   Section 2255.001 of the Texas Government Code requires a state agency (including an institution of higher education) that is authorized by statute to accept money from private donors, or for which a private organization exists that is designed to further the purposes and duties of the agency, to adopt rules governing the relationship between the donor or affiliated organization and the agency and its employees.

   Section 3.2 of the *The Principles of Accreditation: Foundation for Quality Enhancement* by the Southern Association of Colleges and Schools regarding affiliated organizations states the following:

A. Governance and Administration

   1. The legal authority and operating control of the institution are clearly defined for the following areas within the institution's governance structure: (Governing board control)

      a. institutional policy

   2. For any entity organized separately from the institution and formed primarily for the purpose of supporting the institution or its programs, (1) the legal authority and operating control of the institution is clearly defined with respect to that entity; (2) the relationship of that entity to the institution demonstrates that (a) the chief executive officer controls any fund-raising activities of that entity or (b) the fund-raising activities of that entity are defined in a formal, written manner which assures that those activities further the mission of the institution. (Institution-related entities)

3. **Compliance**

Angelo State University will comply with Texas Government Code Section 2255.001.

Affiliated organizations should provide the following documents, if applicable:

A. Memoranda of understanding

B. Fiduciary agreements, if applicable

C. Annual audit report and findings

D. Articles of incorporation or bylaws; following the initial submission, it is only necessary to submit additional copies in the event that a revision, amendment, or other change is made to the original documents

E. IRS Form 990

F. Lists of the board of directors in affiliated organizations

G. Conflict of Interest form signed by each of the board of directors

These materials are due no later than December 1 of each year for the previous year.

4. **Internal Controls**

It is essential for the financial management structure of the university to be safeguarded by a system of internal controls, which requires the delegations of roles and responsibilities in such a way that no one person has control over more than one function.

5. **University Support or Staff Services**

A university, pursuant to a written memorandum of understanding, may provide support or staff services and facilities to an affiliated organization.

6. **Role of University Employees**

A university employee may not serve on the board of an affiliated organization if he/she provides support or staff services, benefits from the mission of the organization, or has fundraising responsibilities for the university. Such an employee may serve as an ex officio member. A university employee eligible for service on the board of an affiliated organization may not be compensated for services.

7. **Separation of Responsibility for Related Operations**

To decrease the possibility of inefficiency, errors and fraud, responsibility for a sequence of related operations should be divided among two or more persons. For example, someone other than the individual who keeps the financial records must sign authorization for expenditures. Expenditure regulations for affiliated entities should follow those defined for the institution in general.

8. **Daily Operations**

The daily operations of affiliated entities shall be unaffected by the definition of financial structure. However, given the overall financial responsibility of the VPFA (chief financial officer) and the president, transactions that directly or indirectly result in a financial transaction should be reported to and reviewed by the VPFA prior to any commitment. The VPFA should serve as a non-voting member of board of directors of affiliated entities.

9. **Non-compliance of policy**

Failure to meet the requirements of this policy by the affiliated organization may result in a non-affiliated organization status due to non-compliance. The VPFA (chief financial officer) will be responsible for working with the affiliated organization to complete the steps to end the affiliation status. A non-affiliated organization is not permitted to use Angelo State University in the name of its organization.