

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: **30**

DATE:

March 21, 2006

RECOMMENDATION

**AMENDMENT OF BYLAWS AND
ADOPTION OF CHARTER FOR THE BOARD'S
FINANCE AND AUDIT COMMITTEE**

ACTION REQUESTED

It is recommended that the Board of Regents approve the attached amendments of Articles IV and V of the Board of Regents Bylaws and adopt the attached Charter for the Board's Finance and Audit Committee.

STAFF SUMMARY

Based on the recommendations of a sub-committee of the Board of Regents of Eastern Michigan University, the attached proposed Charter has been drafted for the Board's Finance and Audit Committee. Upon adoption, the Charter would set forth in more detail the mission and charge of the Committee. The Charter does not require Board designation of a "financial expert" to the Committee. The adoption of the proposed Charter would necessitate a revision of Articles IV and V of the Board's Bylaws. The attached proposed Bylaw revisions provide in part for the Committee's name being changed to "Finance, Audit and Investment Committee."

FISCAL IMPLICATIONS

None.

ADMINISTRATION RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.

University Executive Officer

Date

ARTICLES IV COMMITTEES

4.01 Chairperson

The Board shall elect one of its own members to serve as Chairperson. Immediately following the election, the Chairperson shall be the presiding officer. The Chairperson shall perform such duties as may be prescribed by law or by the regulations of the Board. The Chairperson shall serve a term commencing on June 21, 2005 and ending when the Board elects a new Chairperson at its first meeting of 2007. Thereafter, the Chairperson shall be limited to one two-year term.

4.02 Vice Chairperson

The Board shall elect one of its own members to serve as Vice Chairperson. The Vice Chairperson will act in the absence of the Chairperson. The Vice Chairperson shall serve a term commencing on June 21, 2005 and ending when the Board elects a new Vice Chairperson at its first meeting of 2007. Thereafter, the Vice Chairperson shall be limited to one two-year term.

4.03 President

The Board shall, as often as necessary, elect a President of the University who shall serve at the pleasure of the Board. He or she shall be an ex-officio member of the Board without a right to vote and shall serve as the University's chief executive officer.

4.04

As the chief executive officer of the University, the President shall exercise such powers as are inherent in the position in promoting, supporting the interests of the University and in managing and directing all of its affairs. The President may issue directions and executive orders not in contravention of existing Board policies. The President shall be responsible for all business policies as heretofore enacted or modified or hereafter established subject to the general policies established by the Board. The President shall instruct the proper administrative officers to prepare an annual budget which, upon the President's approval, shall be recommended by the President to the Board. The President shall exercise such other powers, duties and responsibilities as are delegated to or required of him or her by the Board of Regents.

4.05 Secretary*

The Board shall appoint a Secretary to the Board who shall serve at the pleasure of the Board. The secretary shall keep a public record of all actions of the Board. The Secretary shall be the custodian of the corporate seal and shall cause it to be used at the direction of the Board of Regents. The Secretary shall sign all requisitions for transactions directed by the Board and shall receive monthly statements of the appropriate accounts.

*See Ineligibility – Section 4.13

4.06

The Secretary shall perform such other duties as may be required of him or her by the President and the Board of Regents.

4.07 Treasurer*

The Board shall appoint a Treasurer to the Board who shall serve at the pleasure of the Board. The Treasurer is charged with the responsibility for the collection, custody and accounting for all monies due the University. The Treasurer is authorized to sign checks for the expenditure of funds approved by the Board of Regents and to refuse expenditures not authorized by the Board or by budgets approved by the Boards.

4.08

The Treasurer shall sign all formal applications for grants of funds for research, extension or other University purposes as directed by the Board prior to the President's signature being placed on such documents.

4.09

The Treasurer shall prepare an annual financial report at the close of each fiscal year and such other interim reports as the President and Board of Regents may request.

4.10

The Treasurer shall perform such other duties as may be required by the President and the Board of Regents.

4.11

The Board may also appoint an Assistant Treasurer to act in the absence of the Treasurer.

4.12 Internal Auditor

The Board shall appoint an Internal Auditor who shall report to the Board Finance, ~~and~~ Audit and Investment Committee and receive supervision from the Chair of the Finance, ~~and~~ Audit and Investment Committee and President. The President shall review and sign all requisitions for transactions directed by the Board.

4.13 Ineligibility

No member of the Board shall be eligible to be appointed as Secretary or Treasurer of the Board as provided in enabling legislations, (Public Act #48 of the Public Acts of 1963...Second Extra Session.)

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ARTICLES V COMMITTEES

5.01

The Board may appoint committees and prescribe their duties and functions. There shall be five standing committees of the Board:

1. Educational Policies Committee
2. Faculty Affairs Committee
3. Finance, ~~and~~ Audit and Investment Committee
4. Student Affairs Committee
5. Athletic Affairs Committee

5.02

After the annual election of officers, the Chairperson of the Board shall appoint Chairpersons of the standing committees and any special committees requested by members of the Board.

5.03

Special committees may be authorized or appointed by the Chairperson of the Board at his or her discretion.

5.04

All members of the Board serve as members of the standing committees. The Chairperson of the Board and the President of the University shall be ex-officio members of all standing committees.

5.05 Educational Policies Committee

The Educational Policies Committee shall be charged with the duty of reviewing and evaluating all existing educational programs. It shall also review all educational grants, requests for new programs, requests for new majors and minors, requests for new degrees and personnel appointments prior to action by the Board of Regents. The University officer assigned to the Committee shall be the Vice President for Academic Affairs and Provost.

5.06

The Educational Policies Committee also shall be charged with the responsibility of making final recommendations to the Board on honorary degrees.

5.07 Faculty Affairs Committee

The Faculty Affairs Committee shall be charged with the duty of meeting with representatives of the faculty to discuss general concerns of the faculty excluding any matters covered by the collective bargaining agreement. The committee shall share its deliberations with the Board and make appropriate referrals to the other committees when further study on a matter is required. The University officer assigned to the Committee shall be the Vice President for Academic Affairs and Provost.

5.08 Finance, and Audit and Investment Committee

The Finance, and Audit and Investment Committee's mission and charge are set forth in its Charter. shall be charged with the duty of meeting with the Internal Auditor to discuss his or her operations and to recommend the adoption or revision of such general policies relating thereto as may be found desirable. The University officer assigned to the Committee shall be the Vice President for Business and Finance.

5.09

~~The Finance and Audit Committee shall be charged with the duty of reviewing the financial affairs and the property of the University and reporting its findings thereon to the Board. Further, the Finance and Audit Committee shall review all major proposed contracts prior to their being recommended to the Board for action.~~

5.0910 Student Affairs Committee

The Student Affairs Committee shall be charged with the duty of meeting with student leaders to discuss programs, policies and general concerns of the students. The committee shall share its deliberations with the Board and make appropriate referrals to the other Board committees when further study on a matter is required. It shall make appropriate recommendations. The University officer assigned to the Committee shall be the Vice President for Student Affairs.

5.101 Athletic Affairs Committee

The Athletic Affairs Committee shall be charged with the duty of meeting regularly with the Athletic Director and representatives of the Athletic Department to review and evaluate all existing athletic programs, policies, advancement initiatives and athletic-related community relationships. The Committee shall review the Athletic Department's budget to ensure a high quality academic and athletic experience for student athletes. The Committee shall report its deliberations and findings to the Board and shall make appropriate referrals to other committees when further study on a matter is required. The Athletic Director shall work closely with the Chair of the Committee to develop the agenda for Committee meetings.

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5.08 Finance, Audit and Investment Committee

The Finance, Audit and Investment Committee's mission and charge are set forth in its Charter. The University officer assigned to the Committee shall be the Vice President for Business and Finance.

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The Student Affairs Committee shall be charged with the duty of meeting with student leaders to discuss programs, policies and general concerns of the students. The committee shall share its deliberations with the Board and make appropriate referrals to the other Board committees when further study on a matter is required. It shall make appropriate recommendations. The University officer assigned to the Committee shall be the Vice President for Student Affairs.

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Regents of Eastern Michigan University
Committee Charter
Finance, Audit and Investment Committee

Finance, Audit and Investment (FAI) Committee Mission:

The FAI Committee provides oversight to the Board of Regents of the financial, audit and investment performance, policies and practices of Eastern Michigan University by ensuring effective management of the University's revenues and expenses, providing uncompromising stewardship for the University's financial and capital resources and by providing business and financial guidance to the many different constituencies at the University.

I. Responsibilities of the FAI Committee:

a. Finance Responsibilities:

- Review and monitor the overall financial health of the University.
- Review and ensure that financial policies are current and applicable
- Review University budgets, including strategy, forecast projections, tuition/fees and assumptions for State Appropriations
- Review building and capital needs (including property acquisitions and disposals) and the related debt program, including structure, policy, strategy and future capacity
- Review tax compliance and exposure management
- Review all major contracts prior to their being recommended to the Board for action

b. Investment Responsibilities:

- Review investment policies and ensure adherence to such policies
- Review performance of investments compared to relevant benchmarks or indices

c. Audit Responsibilities:

- Be directly responsible for the appointment, compensation and retention of the University's independent internal and external auditors, review and approve the annual internal audit plan, evaluate annually the performance of the auditors and provide the auditors with direct access to the FAI Committee.
- Review with the administration and the independent auditor the clarity and completeness of the annual audit of the University's financial statements and supplemental information. Review and approve the annual statements and supplemental information.
- Meet with internal and external auditors at least three times per year.

- Review annually the travel and hosting expenses of the President and his/her family.
- Review annually the compensation plans, policies and programs (including salary, benefits and perquisite benefits) of the President and other “Key Officers” as determined by the FAI Committee.
- Review annually with the independent auditors the University’s Risk Assessment and Risk Management policies and procedures. Ensure that the financial risk of lost assets, operational risk of ineffective and inefficient operations, compliance risk of violating laws, regulations and University policies and procedures and reputational risk regarding public relations matters are effectively managed.
- Establish and provide on-going review of the University’s procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, or other matters of questionable fiduciary and stewardship actions. Ensure that confidential, anonymous reporting mechanisms are in place and that employees, students and other University stakeholders are aware of their existence.

The aforementioned responsibilities of the FAI Committee may be modified or supplemented as appropriate at any time.

II. Composition and Meetings:

The Chair of the Board will appoint the Chair of the FAI Committee. The Vice President for Business and Finance will act as the staff liaison to the FAI Committee. All appointments will be at the pleasure of the Board Chair. The FAI Committee may, at its discretion, hire financial expertise from outside the University.

The FAI Committee will advise the Board on matters pertaining to its oversight areas and will present periodic reports and recommendations, but will not have the power to bind the Board on any matter. The FAI Committee may meet as often as necessary, but not less than five times in a calendar year (corresponding with regularly scheduled Board meetings).

III. Resources and Authority:

The FAI Committee may investigate any matter brought to its attention with full access to all books, systems, records, facilities and personnel of the University. The FAI Committee may engage independent counsel and other advisors as it determines necessary to carry out its duties at University expense.

IV. Adoption of Charter:

The Board of Regents has adopted this Charter on March 21, 2006.