



Angelo State University
Operating Policy and Procedure

OP 14.13: Affiliated Organizations

DATE: May 14, 2012

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 April of even-numbered years by the vice president for finance and administration (VPFA) and the vice president for development and alumni relations (VPDAR) with recommended revisions forwarded to the president by May 15 of the same year.

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:

3.2 Governance and Administration

- 3.2.2 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)

3.2.2.3 institutional policy

- 3.2.13 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.

[Major revision: May 14, 2012]

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.