

BOARD OF REGENTS  
BRIEFING PAPER  
**Exception to NSHE & Member Institution Foundations' and Affiliated Groups  
Administrative and Accounting Policies**

**BACKGROUND & POLICY CONTEXT OF ISSUE:**

The Board of Regents Handbook, Title 4, Chapter 10, Section 10, NSHE & Member Institution Foundations' and Affiliated Groups Administrative and Accounting Policies, provides that foundations and affiliated groups with prior year total assets greater than \$6M are required to have an annual audit performed. For FY15, the GBC Foundation had total assets greater than \$6M; therefore, is required to have an audit performed for FY 16 per policy.

At the March 2016 Board of Regents' meeting, the GBC Foundation received approval to transfer their endowment assets and endowment accounts held in their endowment pool into the NSHE endowment pool. This transfer will occur before June 30, 2016.

While the transfer of these endowment assets and accounts was requested for investment related reasons, one of the efficiencies with this change was allowing the GBC Foundation to avoid duplicate and costly external audit work. However, based on the policy noted above, the GBC Foundation would still be required to have an audit performed due to the prior year balances.

A one-time exception is being requested to the policy. This would allow the GBC Foundation to have a review performed instead of an audit for FY 16, conditional on the asset transfer occurring before June 30.

The GBC Foundation assets and accounts transferred to the NSHE endowment pool would still be subject to the yearly NSHE audit.

**SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:**

Vice Chancellor for Finance Vic Redding requests the approval of a one-time exception to the NSHE & Member Institution Foundations' and Affiliated Groups Administrative and Accounting Policies located in the Board of Regents Handbook, Title 4, Chapter 10, Section 10 for the GBC Foundation for FY 16.

**IMPETUS (WHY NOW?):**

The GBC Foundation endowment assets and endowment accounts will be transferred to the NSHE endowment pool by June 30, 2016 and will be part of the FY16 NSHE audit.

**BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:**

- GBC Foundation endowment assets and accounts were audited for FY 15.
- GBC Foundation endowment assets and accounts will be subject to the FY 16 NSHE audit.
- Cost savings are gained.
- If the exception is approved, GBC Foundation would still be subject to an external review.

**POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:**

GBC Foundation had \$8.6M in total assets for FY 15 and is required to have an audit per policy.

**ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:**

Decline approval of a one-time exception and require an external audit of the remaining assets, instead of a review.

**COMPLIANCE WITH BOARD POLICY:**

- Consistent With Current Board Policy: Title #\_\_\_\_ Chapter #\_\_\_\_ Section #\_\_\_\_
- Amends Current Board Policy: Title #\_\_\_\_ Chapter #\_\_\_\_ Section #\_\_\_\_
- Amends Current Procedures & Guidelines Manual: Chapter #\_\_\_\_ Section #\_\_\_\_
- Other:\_\_\_\_\_
- Fiscal Impact: Yes\_\_\_\_ No X\_\_\_\_  
Explain:\_\_\_\_\_