1. **AGENDA ITEM TITLE:** *Handbook* Revision, NSHE and Member Institution Foundations’ and Affiliated Groups Administrative and Accounting Policies

**MEETING DATE:** July 21, 2023

2. **BACKGROUND & POLICY CONTEXT OF ISSUE:**

   In 2021 the Nevada State Legislature approved three audits examining NSHE’s capital construction, self-supporting, and foundation accounting and performance.

   In order to address the audit recommendation number three identified in the LCB performance audit of the NSHE Institution Foundations, the proposed policy revision includes a requirement for annual review of gift accounts and documentation of such review. The policy revision was proposed by a committee consisting of NSHE System and Institution representatives.

3. **SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:**

   The proposed Handbook change is necessary to fully implement corrective action as provided by NSHE to LCB in the sixty-day response on April 10, 2023. NSHE’s final response is due in October 2023, and implementation of corrective action must be complete at that time.

4. **IMPETUS (WHY NOW?):**

   The final audit response is due in October 2023.

5. **CHECK THE NSHE STRATEGIC PLAN GOAL THAT IS SUPPORTED BY THIS REQUEST:**

   - ☐ Access (Increase access to higher education)
   - ☐ Success (Improve student success)
   - ☐ Close Institutional Performance Gaps
   - ☐ Workforce (Meet workforce needs in Nevada)
   - ☐ Research (Increase solutions-focused research)
   - ☐ Coordination, Accountability, and Transparency (Ensure system coordination, accountability, and transparency)
   - ☒ Not Applicable to NSHE Strategic Plan Goals

6. **INDICATE HOW THE PROPOSAL SUPPORTS THE SPECIFIC STRATEGIC PLAN GOAL**

   N/A

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

   N/A

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

   None have been advanced.

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

   N/A

10. **RECOMMENDATION FROM THE CHANCELLOR’S OFFICE:**

    Approve the draft policy revision in order to comply with recommendations identified in the LCB audit of Institution Foundations.
<table>
<thead>
<tr>
<th>11. COMPLIANCE WITH BOARD POLICY:</th>
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<tbody>
<tr>
<td>☐ Consistent With Current Board Policy: Title #_____ Chapter #_____ Section #______</td>
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<tr>
<td>☒ Amends Current Board Policy: Title #<em>4</em>__ Chapter #<em>10</em>__ Section #<em>10</em>___</td>
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<tr>
<td>☐ Amends Current Procedures &amp; Guidelines Manual: Chapter #_____ Section #_______</td>
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<td>☐ Other:________________________________________________________________________</td>
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<td>☐ Fiscal Impact: Yes_____ No_____</td>
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<td>Explain:________________________________________________________________________</td>
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Section 10. NSHE and Member Institution Foundations’ and Affiliated Groups Administrative and Accounting Policies

... A. INSTITUTIONAL ADMINISTRATION

2. Internal Accounting Control.
   The President of each institution shall be responsible for establishing and maintaining a system of internal accounting controls, which will provide the institution with reasonable assurance that:

   a. There is an objectively measurable separation of the Foundation from the institution and that institutional assets are safeguarded against loss from unauthorized use or disposition;
   b. Transactions with the Foundation are executed in accordance with Board of Regents’ and institutional policies;
   c. All transactions with the Foundation are recorded properly to permit the preparation of financial statements in accordance with Generally Accepted Accounting Principles as promulgated by the Governmental Accounting Standards Board.
   d. the institution does not use the Foundation for the purpose of circumventing state policies or rules and regulations by engaging in activities or making expenditures which have been denied the institution for other than purely financial reasons and could not withstand public scrutiny;
   e. The institution does not lend funds to the Foundation;
   f. The institution does not incur deficit cash positions with respect to Foundation grants in excess of 30 days. Reasonable interest charges for such deficits may be negotiated.
   g. The Foundation will dispose of capital assets received as gifts as soon as is practical to do so unless the Foundation makes an affirmative decision to retain the asset.
   h. The Foundation will not invest in land, engage in joint ventures or invest in equity positions in privately held stocks that are not listed on the New York Stock Exchange (NYSE), National Association of Securities Dealers Automated Quotations (NASDAQ) or other nationally recognized stock market without full disclosure to the Chief Financial Officer and the approval of the institution President. If such assets outside these categories are received as
gifts, they may be retained if the President agrees to their appropriateness as investments. Such transactions must be disclosed to the Board of Regents Audit, Compliance and Title IX Committee at its next regularly scheduled meeting. If the President, on advice of the Chief Financial Officer, does not agree with the appropriateness of an investment or activity of the Foundation, the President must report that activity to the Board of Regents at the next regularly scheduled meeting.

i. **Annually, institutions are required to complete a review of all gift accounts, document the results, and document an action plan.**