



TRANSMITTAL LETTER

The University of North Carolina
General Administration

Transmittal Number 100
June 9, 2015

THIS LETTER TRANSMITS CHANGES TO THE
*UNC POLICY MANUAL**

[400.5\[R\]](#) Regulations on Planning, Establishing, and Reviewing Centers and Institutes in the University of North Carolina*

[600.2.5.2\[R\]](#) Required Elements of University-Associated Relationship*

*A redline version of the policy is attached herein.

Regulations on Planning, Establishing, and Reviewing Centers and Institutes in the University of North Carolina

I. Introduction, Purpose, and Definitions

The University of North Carolina (UNC) encourages partnerships – within, across, and beyond its constituent institutions – that maximize the capacities of the University and the constituent institutions to address complex problems of importance to North Carolina, the nation, and the world. Such partnerships may take the form of centers and institutes. Centers and institutes are particularly effective structures when efforts require cross-disciplinary or cross-unit coordination. Centers and institutes, when formed, should result in strengthened and enriched programs around the core missions of research, service, and instruction; enhanced opportunities for faculty, staff and students; heightened economic impact in the state; and a reduction in duplication within UNC.

A. Purpose. This regulation has three purposes:

1. Provide a framework upon which campuses should build detailed policies and protocols to guide the planning, establishment, management, and discontinuation of institutional centers and institutes (Section II.);
2. Define University System Multi-Campus Centers or Institutes and the role of UNC General Administration (UNC-GA) in the management and oversight of them (Section III.); and
3. Establish requirements for management oversight and reporting on centers and institutes (Section IV.).

B. Definitions

1. “Center or Institute.” For purposes of classification, there is no technical distinction between the terms *center* and *institute*. In practice, an institute frequently refers to an entity having a broader scope of activity than a center. For example, an institute may create centers as separate units within its administrative structure. Centers and institutes may require new infrastructures to facilitate administration, fiscal management, and on-going activities. Many centers and institutes report to or involve only a single UNC campus. Some involve more than one UNC campus and require significant, sustained, and necessary multi-campus collaboration in one or more aspects including leadership, governance, mission, core activities, funding, and other resources. A center or institute within UNC may, under appropriate circumstances, include the participation of other institutions, agencies, or organizations, such as other colleges and universities, schools, hospitals, industry, foundations, or governmental bodies. Centers and institutes do not have jurisdiction over academic curricula, although they may offer courses in cooperation with academic units.
2. “General Fund sources” means financial resources originating from the State’s General Fund, including state appropriations and tuition receipts.
3. “Non-General Fund sources” means financial resources originating from sources other than the State’s General Fund, including fee receipts, endowment income, institutional trust funds, and outside grants.
4. “In-Kind sources” means support that one or more constituent institutions provides to a center or institute in the form of space, services (including faculty course

buyout), or use of equipment or other materials, and for which it does not receive cash payment.

5. “Political activity” means, as described in Section 300.5.1 of the UNC Policy Manual, actions directed toward the success or failure of a candidate for public office, political party, or partisan political group including, but not limited to, campaigning, political management, and soliciting financial contributions for political purposes.

II. Regulations for Centers and Institutes

The following regulations apply to each constituent institution that (1) serves as the administrative campus for a multi-campus center or institute, or (2) administers a center or institute that reports to only one UNC campus.

A. Authority. Campuses will adopt the following authoritative roles in their own policies and procedures.

1. Administrative campus. Each center or institute must designate an administrative campus. For centers and institutes situated on a single campus, this designation is straightforward. Full authority and responsibility for the oversight of institutional centers and institutes rests at the campus level, including establishment, management, and discontinuation. For centers and institutes involving more than one UNC constituent institution, agreement on an administrative campus must be reached. Administrative campuses are responsible for the general and fiscal oversight and management of their institutional centers and institutes, in accordance with this regulation and campus level policies and procedures.

2. Board of trustees. The board of trustees of each administrative campus has the authority to approve campus level policies on centers and institutes and to authorize establishment and discontinuation of institutional centers and institutes consistent with these regulations and the directions of the president or the Board of Governors. The board of trustees may delegate to the chancellor the authority to approve the discontinuation of institutional centers and institutes.

3. Chancellor. The chancellor of each administrative campus, as the executive and administrative head of the constituent institution, is responsible for the oversight and management of each center or institute situated at the campus. The chancellor is responsible for carrying out the requirements of the applicable policies of the Board of Governors and board of trustees with respect to centers and institutes, and for ensuring that all requirements of this regulation are implemented and followed.

4. Directors. Subject to the approval of the chancellor of the administrative campus, each center or institute must have a director, who shall report to a dean or another Tier I senior academic and administrative officer (SAAO) designated by the chancellor or the provost. Center and institute directors are responsible for the day-to-day programmatic, fiscal, and personnel decisions associated with the center and institute mission and core personnel.

5. Center or institute boards or committees. A chancellor of a constituent institution may determine that an advisory or policy board is needed for a particular center or institute. Boards or committees are particularly useful when the center or institute must coordinate efforts across departments, units, or institutions. Such boards do not have the authority to make hiring offers to directors or other staff. While boards may make recommendations regarding the use of center and institute funds, such entities

do not have the authority to access, use, or otherwise control funds associated with the centers and institutes.

6. Authority through bylaws, memoranda of understanding, or other governing documents. Centers and institutes, particularly those requiring sustained involvement across multiple constituent institutions, may address certain aspects of their management through bylaws, memoranda of understanding (MOUs), or other governing documents, subject to the oversight and approval of the chancellor or the chancellor's designee. Examples of decisions that may be localized at the center or institute level include processes for appointing and staggering terms of board members, requirements for adding new partners or partner campuses, or agreements on leadership and logistics for specified collaborative initiatives. Centers and institutes that involve multiple campuses, but without such documents, are considered under the full authority of the administrative campus as defined above, in Sections II.A.1., through II.A.2.

B. Planning. A planning period can serve many purposes for a conceptualized center or institute, including time to demonstrate the validity of the concept, define partner relationships and roles, or identify fiscal and other resources required for sustainability. Administrative campuses must have policies that address the following aspects of the planning of institutional centers and institutes:

1. Clear process for requesting authorization to plan a center or institute. Minimum required documentation should include:

a. Relevance of the proposed center or institute to the mission of the administrative campus and UNC;

b. Objectives of the proposed center or institute and why the objectives cannot be achieved within existing institutional or University structures, including individual schools, departments, and/or programs;

c. Discussion of differentiation from similar centers, institutes, or units within the campus, UNC and the State, and proposed relationships with them;

d. Potential sources and estimated funding to initiate and sustain the proposed center or institute, presented as a five-year projection, including the amounts of (1) General Fund support; (2) non-General Fund support; and (3) in kind support; and

e. When relevant, statements on the inter-institutional nature of the proposed center or institute, whether it be mission, leadership, activities, funding, or other aspects.

2. Milestones, timelines, and responsible parties associated with center and institute planning periods.

3. Clear process for granting and notification of authorization to plan a center or institute, which shall require approval by the chancellor and a report to the board of trustees and the Office of Research and Graduate Education at UNC General Administration within 30 days of the chancellor's approval, or by the next regular meeting of the board, whichever is later.

C. Establishment. When a center or institute approved for planning is ready and able to demonstrate its viability, a formal request for authorization to establish is prepared.

Administrative campuses must have policies that address the following aspects of the establishment of institutional centers and institutes:

1. Clear process for requesting authorization to establish a center or institute. Minimum required documentation should include the items listed in the authorization to plan documentation (Section B.1., above) as well as:
 - a. Name of the proposed center or institute, which appropriately reflects the center or institute mission and scope;
 - b. Identification of the proposed center or institute as either a research, public service, or instructional unit, in accordance with its primary mission and core activities, with the understanding that the center or institute may also conduct complementary activities outside of its primary designated mission;
 - c. Organizational structure of the proposed center or institute, including name of a proposed director, description of the membership and function of any proposed advisory or policy boards, and proposed responsibility structure;
 - d. Statement on the anticipated effects of the proposed unit on the instructional, research and/or public service programs of the administrative campus; and, when inter-institutional arrangements are involved, a statement on the anticipated effects of the proposed collaboration on the instructional, research and/or public service programs of all participating campuses;
 - e. Statement on immediate financial needs, including the amount of General Fund, non-General Fund, and in kind support that will be required;
 - f. Statement on immediate operating needs, such as equipment, library resources, and space needs, and five-year projections of future space needs;
 - g. When relevant, evidence that inter-institutional arrangements regarding leadership, governance, activities, funding, or other aspects have been reached by the cooperating chancellors or designees; and
 - h. An accountability plan that complies with policy of the administrative campus, noting specific dates for the initial director and center reviews.
2. Milestones, timelines, and responsible parties associated with establishment; and
3. Clear process for granting and notification of the establishment of a center or institute, which includes approval by the chancellor and board of trustees and notification to the Office of Research and Graduate Education at UNC General Administration prior to establishment.

D. Management. The chancellor of each administrative campus will ensure that each active center and institute associated with the administrative campus undergoes a comprehensive review at least once every five (5) years to evaluate ongoing alignment with departmental, college and/or institutional missions and resources, success in accomplishing stated objectives, and sound fiscal status and practices. Administrative campuses must have policies that include the following aspects of the management of centers and institutes as part of the comprehensive review:

1. Process for director searches, including steps of the process, participants and responsible parties, and appropriate decision-making procedures;

2. Cycle(s) for annual and comprehensive reviews of center and institute activities, including designation of the responsible office or offices;
3. Evaluation criteria to include at a minimum:
 - a. Performance against specific objectives and goals;
 - b. Quality and quantity of scholarly activity (as appropriate per mission), teaching and other instructional activity (as appropriate per mission), and service (as appropriate per mission);
 - c. Sufficient budget to continue operation, including the amount and proportion of funds received from General Fund and non-General Fund sources as well as in kind support;
 - d. Fiscal oversight;
 - e. Analysis and assurance that the entity does not duplicate other institutional, UNC, or State entities;
 - f. Analysis and consideration as to whether the entity's work can be effectively accomplished by a single department or program; and
 - g. Stakeholder feedback (stakeholder defined as appropriate per the unit's mission).
4. Listing of other considerations, outside of the above performance review criteria, to be discussed during review periods, including facilities, personnel, or other operational needs;
5. Cycle(s) for reviews of center and institute directors, including designation of the office or offices responsible for conducting the review;
6. Criteria for director review, to include at minimum:
 - a. Performance against individual objectives and goals;
 - b. Feedback on leadership and communication from center/institute staff, partners and/or clients; and
 - c. Management of fiscal and human resources.
7. Standard practices and procedures for involving other UNC constituent institutions in review processes, when relevant;
8. Articulation of the type of unsatisfactory performance that could merit conditions for discontinuation of a center, institute, director, or others; and
9. Clear plans for occasions when centers, institutes or directors do not meet minimum review expectations, including process, milestones, and responsible parties.

E. Discontinuation

1. A center or institute may be discontinued for a variety of reasons, including but not limited to lack of fiscal resources for sustainability, termination of a supporting grant or award, lack of fit with departmental, college or institutional missions or objectives, or a change in institutional priorities.

a. Campus level policies must provide a clear process for the discontinuation of centers and institutes, whether on probationary status, performing satisfactorily, or in other circumstances. For those entities that involve only a single campus, the campus-level process should include approval by the board of trustees and notification to the Office of Research and Graduate Education at UNC General Administration, prior to discontinuation. For those centers and institutes that require significant and sustained cooperation among more than one UNC constituent institution, campus level policies must provide for agreement to be reached and documented by the partner chancellors or designee before the discontinuation recommendation goes before the board of trustees at the administrative campus. If such an agreement cannot be reached by partner chancellors or designees, then UNC General Administration, through the Office of Research and Graduate Education, will convene partners and determine an acceptable solution.

b. If the president or the Board of Governors determines that a center or institute should be considered for discontinuation, the president shall give written notice of that determination to the chancellor and chair of the board of trustees of the constituent institution functioning as the administrative campus, notifying them that they may request a hearing on the matter before the Committee on Educational Planning, Policies, and Programs by transmitting a written request for a hearing to the president within thirty (30) days after receipt of the president's notice. The chancellor and board of trustees chair may bring to this hearing such administrative staff members and faculty members as they may deem useful in representing the institution. If the chancellor and board of trustees chair request a hearing, they shall, not later than two weeks prior to the hearing, file with the president a written statement of reasons why the center or institute should not be discontinued, together with such supporting data as they may wish to provide. After such hearing, the Committee shall recommend to the Board of Governors action that the Committee deems appropriate.

2. The "phase-out" period for centers and institutes that are to be discontinued shall be sufficient to permit an orderly termination or transfer of contractual obligations and to allow an effort to find alternative employment for full-time staff. Normally, the "phase-out" period shall be no more than one year after the end of the academic year in which final approval is given to discontinue the center or institute.

F. Other Entities. Other coordinating entities, such as partnerships, consortia, collaboratives, or centers that form within existing centers or single departments, may be considered exempt from these regulations. For example, faculty within a department may decide to form a collaborative in order to more intentionally connect their research projects and professional networks. While such a group may prove a valuable resource to external partners or other disciplinary contacts, it would likely require little to no structure, funds, or management to function. A final determination will be left to the discretion of each constituent institution as to whether such entities will be governed under institution level processes. Campuses should make appropriate provisions in their policies and procedures to ensure they remain knowledgeable of the existence and viability of such entities.

III. University System Multi-Campus Centers and Institutes

Some centers and institutes are established either to represent North Carolina in a federally funded and formula-based program, many of which require state matching funds, or through legislative

action with requirements of multiple campus engagement. These entities, known as University System Multi-Campus Centers and Institutes, will maintain varying levels of involvement from UNC General Administration throughout their life cycle, as described below.

A. Participants in a Federal Program. Centers and institutes that are established via a federally funded and formula-based program must, with guidance from UNC General Administration, identify an administrative campus in UNC. The administrative campus will retain responsibility for general and fiscal oversight with exception of the budget expansion request process, in which UNC General Administration will assist. A reporting line to UNC General Administration through the UNC Office of Research and Graduate Education will be maintained throughout the existence of these centers and institutes to ensure appropriate system level involvement in the center mission and the federal review processes for these centers, institutes, and their directors. These entities shall reach agreements with their administrative campuses to have any regularly occurring and extensive federal review meet the requirement for periodic comprehensive review. A center or institute participating in a federally-funded and formula-based matching program may be discontinued if the sponsoring unit of the federal government terminates funding for the program. Otherwise, when it becomes necessary for UNC to discontinue one of these centers or institutes, the chancellor of the administrative campus should, in consultation with the other participating constituent institutions, prepare and forward a written request to the UNC president, with copy to the vice president for research. The president will then make such recommendations as are necessary to the Board of Governors for approval of the discontinuation. The “phase out” period considerations noted in Section II.E., above, also apply to these centers and institutes.

B. Legislatively Sanctioned Multi-Campus Centers and Institutes. Centers and institutes that are established via legislative action of the North Carolina General Assembly and that require multiple campus engagement must, with guidance from UNC General Administration, identify an administrative campus in UNC. At the time of the enactment of the legislation, UNC General Administration will assist these entities and the administrative campus in the creation of planning, establishment, and other governing documentation (e.g., bylaws, memoranda of understanding). After these governing documents are effective, the entity will come fully under the auspices of the administrative campus for general and fiscal oversight. Discontinuation provisions should be noted in the governing documents and should involve the counsel of UNC General Administration in the discontinuation process, through the Office of Research and Graduate Education.

C. Other multi-campus centers and institutes. The provisions of this regulation are intended to enable campuses to effectively manage centers and institutes, whether institutional or involving multiple campuses. Inter-institutional centers and institutes are hence not singled out as exceptional circumstances requiring system-level oversight but rather to be considered as a customary practice that may require some additional considerations. UNC General Administration, through the Office of Research and Graduate Education, can offer assistance during the planning phase of complex multi-campus efforts. Upon the need to discontinue one of these entities, the provisions in Section II.E., of this regulation will apply.

IV. Other

A. Reporting. Each administrative campus shall notify the Office of Research and Graduate Education at UNC General Administration of the establishment or discontinuation of any center or institute. The Office of Research and Graduate Education at UNC General Administration will maintain a current listing of all UNC centers and institutes, which will be posted on the UNC website and categorized by mission. Each center or institute must be designated as a *research, public service, or instructional* unit in accordance with its primary mission and core activities,

with the understanding that many centers and institutes will also conduct complementary activities outside of their primary designated mission. Administrative campuses must also designate when a center or institute that they administer is a UNC System Multi-Campus Center or Institute.

B. Exceptions. This regulation does not apply to affiliated or associated entities as defined in University policy, including but not limited to the North Carolina Center for International Understanding, the UNC Center for Public Television, and the UNC Center for School Leadership Development. Any other exceptions or modifications to these regulations must be approved by the president.

C. Political activity and legislative activity. Each center or institute functions as part of one or more constituent institutions of the University and is subject to the administrative management, oversight, and control of the chancellor of the administrative campus (or the chancellor's designee(s)) as to all activities undertaken by the center or institute, including with respect to the use of funds, services, supplies, equipment, information technology resources, vehicles or other University property.

University employees assigned to centers and institutes are subject to UNC Policy Manual Section 300.5.1, concerning Political Activities of Employees, which includes prohibitions against engaging in political activity while on duty and using the authority of one's position or University or center or institute funds, services, supplies, equipment, information technology resources, vehicles or other resources for such activities, as described in the policy.

The Internal Revenue Code (IRC) limits the extent to which charitable organizations that are tax-exempt pursuant to Section 501(c)(3) of the IRC may engage in activities directed towards influencing legislation (lobbying), subject to applicable exceptions. The University and its constituent institutions are tax-exempt bodies pursuant to IRC Section 115, IRC Section 501(c)(3), or both. The University and its constituent institutions are also covered by the Lobbying Disclosure Act of 1995, as amended by the Honest Leadership and Open Government Act, 2 U.S.C. § 1601, *et seq.* Regardless of the basis for the tax-exempt status of the administrative campus and its reporting requirement under the Lobbying Disclosure Act, each center or institute remains subject to the direction of its administrative campus when engaging in legislative (lobbying) activities, which shall be conducted in compliance with all State and federal laws, including regulations adopted by the U.S. Department of Treasury and the Internal Revenue Service. Each center or institute will be guided by the IRC Section 501(c)(3) limits on lobbying activities that would apply if it were an independent charitable organization described in IRC Section 501(c)(3).

The chancellor (or chancellor's designee(s)) of each administrative campus is responsible for overseeing and exercising appropriate control over the activities of each center or institute, and for ensuring that the director and professional staff of each center or institute receive comprehensive annual training concerning Internal Revenue Code restrictions on political and legislative activities by section 501(c)(3) organizations covered by the Lobbying Disclosure Act.

Regulations on Planning, Establishing, and Reviewing Centers and Institutes in the University of North Carolina

I. Introduction, Purpose, and Scope Definitions

The University of North Carolina (UNC) encourages partnerships ~~—~~ within, across, and beyond its constituent institutions ~~—~~ that maximize the capacities of ~~UNC~~the University and the constituent institutions to address complex problems of importance to North Carolina, the nation, and the world. Such partnerships may take the form of centers and institutes. Centers and institutes are particularly effective structures when efforts require cross-disciplinary or cross-unit coordination. Centers and institutes, when formed, should result in strengthened and enriched programs around the core missions of research, service, and instruction; enhanced opportunities for faculty, staff and ~~students~~students; heightened economic impact in the state; and a reduction in duplication within UNC.

A. Purpose. This regulation has three purposes:

1. Provide a framework upon which campuses should build detailed policies and protocols to guide the planning, establishment, management, and discontinuation of institutional centers and institutes (Section II.);
2. Define University System Multi-Campus Centers or Institutes and the role of UNC General Administration (UNC-GA) in the management and oversight of them (Section III.); and
3. Establish requirements for management oversight and reporting on centers and institutes (Section IV.).

B. Definitions

1. “Center or Institute.” For purposes of classification, there is no technical distinction between the terms *center* and *institute*. In practice, an institute frequently refers to an entity having a broader scope of activity than a center. For example, an institute may create centers as separate units within its administrative structure. Centers and institutes may require new infrastructures to facilitate administration, fiscal management, and on-going activities. Many centers and institutes report to or involve only a single UNC campus. Some involve more than one UNC campus and require significant, sustained, and necessary multi-campus collaboration in one or more aspects including leadership, governance, mission, core activities, funding, and other resources. A center or institute within UNC may, under appropriate circumstances, include the participation of other institutions, agencies, or organizations, such as other colleges and universities, schools, hospitals, industry, foundations, or governmental bodies. Centers and institutes do not have jurisdiction over academic curricula, although they may offer courses in cooperation with academic units.

This regulation has three purposes:

- ~~1. provide a framework upon which campuses can build detailed policies and protocols that guide the establishment and management of institutional centers and institutes (Section B);~~

~~2. define University System Multi-Campus Centers or Institutes and the oversight role of UNC General Administration (UNC-GA) in these (Section C); and,~~

~~3. outline expectations for reporting on centers and institutes (Section D).~~

~~B2. "General Fund sources" means financial resources originating from the State's General Fund, including state appropriations and tuition receipts.~~

~~3. "Non-General Fund sources" means financial resources originating from sources other than the State's General Fund, including fee receipts, endowment income, institutional trust funds, and outside grants.~~

~~4. "In-Kind sources" means support that one or more constituent institutions provides to a center or institute in the form of space, services (including faculty course buyout), or use of equipment or other materials, and for which it does not receive cash payment.~~

~~5. "Political activity" means, as described in Section 300.5.1 of the UNC Policy Manual, actions directed toward the success or failure of a candidate for public office, political party, or partisan political group including, but not limited to, campaigning, political management, and soliciting financial contributions for political purposes.~~

II. Regulations for Centers and Institutes

The following regulations ~~generally apply to centers and institutes that involve only a single UNC~~each constituent institution. ~~Additional considerations are included for institutions that serve(1) serves as the administrative campus/campus for centers and institutes/a multi-campus center or institute, or (2) administers a center or institute that require significant and sustained involvement of more than reports to only one UNC institution/campus.~~

A. Authority. Campuses ~~should~~will adopt the following authoritative roles in their own policies and procedures.

~~*This version of 400.5[R] was approved by the President on October 21, 2009.~~

a1. Administrative campus. Each center or institute must designate an administrative campus. For centers and institutes situated on a single campus, this designation is straightforward. Full authority and responsibility for the oversight of institutional centers and institutes rests at the campus level, including establishment, management, and discontinuation. For centers and institutes involving more than one UNC ~~campus~~constituent institution, agreement on an administrative campus must be reached. Administrative campuses are responsible for the general and fiscal oversight and management of their institutional centers and institutes, in accordance with this regulation and campus level policies and procedures.

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2. Board of trustees. The board of trustees of each administrative campus has the authority to approve campus level policies on centers and institutes and to authorize establishment and discontinuation of institutional centers and institutes, consistent with these regulations and the directions of the president or the Board of Governors. The board of trustees may, ~~upon official action,~~ delegate ~~authorization for establishment or~~

~~discontinuation~~ to the chancellor. the authority to approve the discontinuation of institutional centers and institutes.

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3. Chancellor. The chancellor of each administrative campus, as the executive and administrative head of the constituent institution, is responsible for the oversight and management of each center or institute situated at the campus. The chancellor is responsible for carrying out the requirements of the applicable policies of the Board of Governors and board of trustees with respect to centers and institutes, and for ensuring that all requirements of this regulation are implemented and followed.

4. Directors. Subject to the approval of the chancellor of the administrative campus, each center or institute must identify have a director, who shall report to a dean or another Tier I senior academic and administrative officer (SAAO) designated by the chancellor or the provost. Center and institute directors are responsible for the day-to-day programmatic, fiscal, and personnel decisions associated with the center and institute mission and core personnel.

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5. Center or institute boards or committees. A center or instituteA chancellor of a constituent institution may determine that an advisory or policy board is needed for a particular center or institute. Boards or committees are particularly useful when the center or institute must coordinate efforts across departments, units, or institutions. Such boards do not have the authority to make hiring offers to directors or other staff. While boards may make recommendations regarding the use of center and institute funds, such entities do not have the authority to access, use, or otherwise control funds associated with the centers and institutes.

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6. Authority through bylaws, memoranda of understanding, or other governing documents. Centers and institutes, particularly those requiring sustained involvement across multiple campuses or partnerconstituent institutions, may address certain aspects of their management through bylaws, memoranda of understanding (MOUs), or other governing documents, subject to the oversight and approval of the chancellor or the chancellor's designee. Examples of decisions that ~~can~~may be localized at the center or institute level include processes for appointing and staggering terms of board members, requirements for adding new partners or partner campuses, or agreements on leadership and logistics for specified collaborative initiatives. Centers and institutes that involve multiple campuses, but without such documents, are considered under the full authority of the administrative campus as defined above, in Sections ~~1a thru 1d~~II.A.1., through II.A.2.

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B. Planning. A planning period can serve many purposes for a conceptualized center or institute, including time to demonstrate the validity of the concept, define partner relationships and roles, or identify fiscal and other resources required for sustainability. Administrative campuses must have policies that address the following aspects of the planning of institutional centers and institutes:

a

1. Clear process for requesting authorization to plan a center or institute. Minimum required documentation should include:

i

a. Relevance of the proposed center or institute to the mission of the administrative campus and UNC;

ii

b. Objectives of the proposed center or institute and why the objectives cannot be achieved within existing institutional or University structures, including individual schools, departments, and/or programs;

iii

c. Discussion of differentiation from similar centers, institutes, or units within the campus, UNC and the State, and proposed relationships with them;

iv

d. Potential sources and estimated funding to initiate and sustain the proposed center or institute, presented as a five-year projection; including the amounts of (1) General Fund support; (2) non-General Fund support; and (3) in kind support; and

v

e. When relevant, statements on the inter-institutional nature of the proposed center or institute, whether it be mission, leadership, activities, funding, or other aspects;

b

2. Milestones, timelines, and responsible parties associated with center and institute planning periods;

e

3. Clear process for granting and notification of authorization to plan a center or institute-, which shall require approval by the chancellor and a report to the board of trustees and the Office of Research and Graduate Education at UNC General Administration within 30 days of the chancellor's approval, or by the next regular meeting of the board, whichever is later.

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C. Establishment. When a center or institute approved for planning is ready and able to demonstrate its viability, a formal request for authorization to establish is prepared. Administrative campuses must have policies that address the following aspects of the establishment of institutional centers and institutes:

a

1. Clear process for requesting authorization to establish a center or institute. Minimum required documentation should include the items listed in the authorization to plan documentation (Section 2aB.1., above) as well as:

i

a. Name of the proposed center or institute, which appropriately reflects the center or institute mission and scope;

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b. Identification of the proposed center or institute as either a research, public service, or instructional unit, in accordance with its primary mission and core activities, with the understanding that the center or institute may also conduct complementary activities outside of its primary designated mission;

iii

c. Organizational structure of the proposed center or institute, including name of a proposed director, description of the membership and function of any proposed advisory or policy boards, and proposed responsibility structure;

iv

d. Statement on the anticipated effects of the proposed unit on the instructional, research and/or public service programs of the administrative campus; and, when inter-institutional arrangements are involved, a statement on the anticipated effects of the proposed collaboration on the instructional, research and/or public service programs of all participating campuses;

v
e. Statement on immediate financial needs, including the amount of General Fund, non-General Fund, and in kind support that will be required;

f. Statement on immediate operating needs, such as equipment, library resources, and space needs, and five-year projections of future space needs;

vi
g. When relevant, evidence that inter-institutional arrangements regarding leadership, governance, activities, funding, or other aspects have been reached by the cooperating chancellors or designees; and

vii
h. An accountability plan that complies with policy of the administrative campus, noting specific dates for the initial director and center reviews.

b
2. Milestones, timelines, and responsible parties associated with establishment; and

e3. Clear process for granting and notification of the establishment of a center or institute, which includes approval by the chancellor and board of trustees and notification to the UNC Office of Research and Sponsored Programs Graduate Education at UNC General Administration prior to establishment.

4. ~~Management. Active centers and institutes must undergo regular review to ensure~~

D. Management. The chancellor of each administrative campus will ensure that each active center and institute associated with the administrative campus undergoes a comprehensive review at least once every five (5) years to evaluate ongoing alignment with departmental, college and/or institutional missions and resources, success in accomplishing stated objectives, and sound fiscal status and practices. Administrative campuses must have policies that address include the following aspects of the management of centers and institutes as part of the comprehensive review:

a1. Process for director searches, including steps of the process, participants and responsible parties, and appropriate decision-making procedures;

b
2. Cycle(s) for annual and external comprehensive reviews of center and institute activities, including designation of the responsible office or offices;

e. ~~Criteria for center and institute reviews;~~

3. Evaluation criteria to include at a minimum:

i

a. Performance against specific objectives and goals;

ii

b. Quality and quantity of scholarly activity (as appropriate per mission); teaching and other instructional activity (as appropriate per mission), and service (as appropriate per mission);

iii

c. Sufficient budget to continue operation, including the amount and proportion of funds received from General Fund and non-General Fund sources as well as in kind support;

iv. ~~Responsible~~

d. Fiscal oversight;

v.

e. Analysis and assurance that the entity does not duplicate other institutional, UNC, or State entities;

~~vi.~~ ~~Client~~

~~f.~~ Analysis and consideration as to whether the entity's work can be effectively accomplished by a single department or program; and

~~g.~~ Stakeholder feedback (~~client~~stakeholder defined as appropriate per the unit's mission).

~~d~~

4. Listing of other considerations, outside of the above performance review criteria, to be discussed during review periods, including facilities, personnel, or other operational needs;

~~e~~

5. Cycle(s) for ~~review~~reviews of center and institute directors, including designation of the ~~responsible~~ office or offices responsible for conducting the review;

~~f~~

6. Criteria for director review, to include at minimum:

~~i~~

~~a.~~ Performance against individual objectives and goals;

~~ii~~

~~b.~~ Feedback on leadership and communication from center/institute staff, partners and/or clients; and

~~iii~~

~~c.~~ Management of fiscal and human resources;

~~s~~

7. Standard practices and procedures for involving other UNC ~~campuses~~constituent institutions in review processes, when relevant;

~~h~~

8. Articulation of the type of unsatisfactory performance that could merit conditions for discontinuation of a center, institute, director, or others; and

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9. Clear plans for occasions when centers, institutes or directors do not meet minimum review expectations, including process, milestones, and responsible parties.

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E. ~~Discontinuation-~~

1. A center or ~~entity~~institute may be discontinued for a variety of reasons, including but not limited to lack of fiscal resources for sustainability, termination of a supporting grant or award, lack of fit with departmental, college or institutional missions or objectives, or ~~eases of extraordinary circumstances-~~a change in institutional priorities.

a. Campus level policies must provide a clear process for the discontinuation of centers and institutes, whether on probationary status, performing satisfactorily, or in other ~~extraordinary~~ circumstances. For those entities that involve only a single campus, the campus-level process should include approval by the board of trustees and notification to the ~~UNC~~ Office of Research and ~~Sponsored Programs~~Graduate Education at UNC General Administration, prior to discontinuation. For those centers and institutes that require significant and sustained cooperation among more than one UNC constituent institution, campus, level policies must provide for agreement ~~must~~to be reached and documented by the partner chancellors or designee before the discontinuation recommendation ~~to discontinue~~ goes before the board of trustees

at the administrative campus. If such an agreement cannot be reached by partner chancellors or designees, then UNC General Administration, through the Office of Research and ~~Sponsored Programs~~Graduate Education, will convene partners and determine an acceptable solution.

b. If the president or the Board of Governors determines that a center or institute should be considered for discontinuation, the president shall give written notice of that determination to the chancellor and chair of the board of trustees of the constituent institution functioning as the administrative campus, notifying them that they may request a hearing on the matter before the Committee on Educational Planning, Policies, and Programs by transmitting a written request for a hearing to the president within thirty (30) days after receipt of the president's notice. The chancellor and board of trustees chair may bring to this hearing such administrative staff members and faculty members as they may deem useful in representing the institution. If the chancellor and board of trustees chair request a hearing, they shall, not later than two weeks prior to the hearing, file with the president a written statement of reasons why the center or institute should not be discontinued, together with such supporting data as they may wish to provide. After such hearing, the Committee shall recommend to the Board of Governors action that the Committee deems appropriate.

2. The “phase-out” period for centers and institutes that are to be discontinued shall be sufficient to permit an orderly termination or transfer of contractual obligations and to allow an effort to find alternative employment for full-time staff. Normally, the “phase-out” period shall be no more than one year after the end of the academic year in which final approval is given to discontinue the center or institute.

~~6-F.~~ Other Entities. Other coordinating entities, such as partnerships, consortia, collaboratives, or centers that form within existing centers or single departments, may be considered exempt from these regulations. For example, faculty within a department may decide to form a collaborative in order to more intentionally connect their research projects and professional networks. While such a group may prove a valuable resource to external partners or other disciplinary contacts, it would likely require little to no structure, funds, or management to function. A final determination will be left to the discretion of each constituent institution as to whether such entities will be governed under institution level processes. Campuses should make appropriate provisions in their policies and procedures to ensure they remain knowledgeable of the existence and viability of such entities.

€III. University System Multi-Campus Centers and Institutes

Some centers and institutes are established either to represent North Carolina in a federally funded and formula-based program, many of which require state matching funds, or through legislative action with requirements of multiple campus engagement. These entities, known as University System Multi-Campus Centers and Institutes, will maintain varying levels of involvement from UNC General Administration throughout their life cycle, as described below.

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A. Participants in a Federal Program. Centers and institutes that are established via a federally funded and formula-based program must, with guidance from UNC General Administration, identify an administrative campus in UNC. The administrative campus will retain responsibility for general and fiscal oversight with exception of the budget expansion request process, in which UNC General Administration will assist. A reporting line to UNC

General Administration through the UNC Office of Research and ~~Sponsored Programs~~Graduate Education will be maintained throughout the existence of these centers and institutes to ensure appropriate system level involvement in the center mission and the federal review processes for these centers, institutes, and their directors. These entities shall reach agreements with their administrative campuses to have any regularly occurring and extensive federal review meet the requirement for periodic ~~external~~comprehensive review. A center or institute participating in a federally-funded and formula-based matching program may be discontinued if the sponsoring unit of the federal government terminates funding for the program. Otherwise, when it becomes necessary for UNC to discontinue one of these centers ~~and/or~~ institutes, the chancellor of the administrative campus should, in consultation with the other participating constituent institutions, prepare and forward a written request to the UNC president, with copy to the vice president for research. The president will then make such recommendations as are necessary to the Board of Governors for approval of the discontinuation. The “phase out” period considerations noted in Section B-5II.E., above, also apply to these centers and institutes.

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B. Legislatively Sanctioned Multi-Campus Centers and Institutes. Centers and institutes that are established via legislative action of the North Carolina General Assembly and that require multiple campus engagement must, with guidance from UNC General Administration, identify an administrative campus in UNC. At the time of the enactment of the legislation, UNC General Administration will assist these entities and the administrative campus in the creation of planning, establishment, and other governing documentation (e.g., bylaws, memoranda of understanding). After these governing documents are effective, the entity will come fully under the auspices of the administrative campus for general and fiscal oversight. Discontinuation provisions should be noted in the governing documents and should involve the counsel of UNC General Administration in the discontinuation process, through the Office of Research and ~~Sponsored Programs~~Graduate Education.

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C. Other multi-campus centers and institutes. The provisions of this regulation are intended to enable campuses to effectively manage centers and institutes, whether institutional or involving multiple campuses. Inter-institutional centers and institutes are hence not singled out as exceptional circumstances requiring system-level oversight but rather to be considered as a customary practice that may require some additional considerations. UNC General Administration, through the Office of Research and ~~Sponsored Programs~~Graduate Education, can offer assistance during the planning phase of complex multi-campus efforts. Upon the need to discontinue one of these entities, the provisions in Section B-5II.E., of this regulation will apply.

D

Other

IV.

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A. Reporting. Each administrative campus shall notify the Office of Research and ~~Sponsored Programs~~Graduate Education at UNC General Administration of the establishment or discontinuation of any center or institute. The Office of Research and Graduate Education at UNC General Administration will ~~compile an updated~~maintain a current listing of all UNC centers and institutes ~~every two years, in accordance with the long range planning process. This information, which~~ will be posted on the UNC website and categorized by mission. Each center or institute must be designated as a *research, public service, or instructional* unit in accordance with its primary mission and core activities, with the understanding that many centers and institutes will also conduct complementary activities outside of their primary designated mission. Administrative campuses must also designate when a center or institute that they administer is a UNC System Multi-Campus Center or Institute.

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B. Exceptions. This regulation does not apply to affiliated or associated entities, as defined in University policy, including but not limited to the North Carolina Center for International Understanding, the UNC Center for Public Television, and the UNC Center for School Leadership Development. Any other exceptions or modifications to these regulations must be approved by the president.

C. Political activity and legislative activity. Each center or institute functions as part of one or more constituent institutions of the University and is subject to the administrative management, oversight, and control of the chancellor of the administrative campus (or the chancellor's designee(s)) as to all activities undertaken by the center or institute, including with respect to the use of funds, services, supplies, equipment, information technology resources, vehicles or other University property.

University employees assigned to centers and institutes are subject to UNC Policy Manual Section 300.5.1, concerning Political Activities of Employees, which includes prohibitions against engaging in political activity while on duty and using the authority of one's position or University or center or institute funds, services, supplies, equipment, information technology resources, vehicles or other resources for such activities, as described in the policy.

The Internal Revenue Code (IRC) limits the extent to which charitable organizations that are tax-exempt pursuant to Section 501(c)(3) of the IRC may engage in activities directed towards influencing legislation (lobbying), subject to applicable exceptions. The University and its constituent institutions are tax-exempt bodies pursuant to IRC Section 115, IRC Section 501(c)(3), or both. The University and its constituent institutions are also covered by the Lobbying Disclosure Act of 1995, as amended by the Honest Leadership and Open Government Act, 2 U.S.C. § 1601, et seq. Regardless of the basis for the tax-exempt status of the administrative campus and its reporting requirement under the Lobbying Disclosure Act, each center or institute remains subject to the direction of its administrative campus when engaging in legislative (lobbying) activities, which shall be conducted in compliance with all State and federal laws, including regulations adopted by the U.S. Department of Treasury and the Internal Revenue Service. Each center or institute will be guided by the IRC Section 501(c)(3) limits on lobbying activities that would apply if it were an independent charitable organization described in IRC Section 501(c)(3).

The chancellor (or chancellor's designee(s)) of each administrative campus is responsible for overseeing and exercising appropriate control over the activities of each center or institute, and for ensuring that the director and professional staff of each center or institute receive comprehensive annual training concerning Internal Revenue Code restrictions on political and legislative activities by section 501(c)(3) organizations covered by the Lobbying Disclosure Act.

Required Elements of University-Associated Entity Relationship

The University of North Carolina encourages the establishment of private organizations, known for purposes of these regulations as Associated Entities, to support the constituent institutions and other units of the University, consistent with G.S. 116-30.20. Associated Entities engage in activities that are critical to and aligned with the mission, goals, and objectives of the constituent institutions and institutional units with which they are associated. Activities undertaken by Associated Entities include fundraising, provision of services to students and campus organizations, research support, and collaborating with organizations outside the University to promote and support initiatives and activities that are related to the University's mission of teaching, research, and service. Associated Entities and the constituent institutions and units of the University with which they are associated rely on the dedicated guidance, support, and leadership of Associated Entity directors, officers, donors, and volunteers to pursue shared goals and objectives.

Each Associated Entity becomes affiliated with either a constituent institution or General Administration pursuant to the written approval of the chancellor (in the case of an entity associated with a constituent institution) or the president (in the case of an entity associated with General Administration). Associated Entities are in turn, subject to the direction of the applicable Associated Entity's governing body and provide funding and other support to the Approving Institution. In recognition of and to facilitate such support, Associated Entities are permitted in accordance with these regulations and pursuant to written agreements with Approving institutions, to represent that they are affiliated with the University or a constituent institution. In addition, many Associated Entities benefit from resources of the constituent institution in carrying out their activities.

These regulations establish a framework of cooperation and coordination within which the chancellor or the president of the Approving Institution are expected to structure the Approving Institution's engagement with its Associated Entities. The authority and responsibility for establishing and maintaining cooperative and mutually beneficial relationships between the Approving Institution and its Associated Entities rests with the chancellor or, as the case may be, the president, of the applicable Approving Institution. These regulations recognize the independence of each Associated Entity as an organization that is separate from the Approving Institution, while ensuring the Approving Institution maintains essential oversight and control over the Approving Institution's name, marks, resources, and activities that could impact accreditation standards, and compliance responsibilities applicable to the Approving Institution. Further, these regulations recognize that funds raised by Associated Entities are to be used to support the Approving Institution consistent with donor intent and applicable law. Accordingly, these regulations articulate standards for governance and operations of Associated Entities in their support of and interaction with their Approving Institutions, and create pathways of communication to ensure that the University and its constituent institutions are informed about the activities of its Associated Entities so that those activities remain aligned with the mission, goals, and objectives of the Approving Institution. The president adopts these regulations to apply to any University Associated Entity.

A. Definitions. As used in these regulations:

1. An "Associated Entity" means any foundation, association, corporation, limited liability company (LLC), partnership, or other nonprofit entity that was: (a) established by officers of the University; or (b) that is controlled by the University; or (c) that raises funds in the name of the University; or (d) that has a primary purpose of providing services or conducting activities in furtherance of the University's mission pursuant to an agreement with the University; or (e) that has a tax-exempt status that is based on being a support organization for the University.
2. An "Athletically Related Associated Entity" means an Associated Entity that supports or conducts activities in furtherance of an Approving Institution's intercollegiate athletics program, as determined by the chancellor of the Approving Institution.

3. "Approving Institution" means (a) a constituent institution of the University of North Carolina that approves an Associated Entity, or (b) the General Administration for an Associated Entity approved by the president.
4. "General Administration" means the Office of the President and the affiliated programs of the University associated with General Administration that are not centers or institutes of a constituent institution.
5. "Major Associated Entity" means an Associated Entity which has annual expenditures of \$100,000 or more.
6. "Minor Associated Entity" means an Associated Entity which has annual expenditures of less than \$100,000.
7. "Special Purpose Entity" means an Associated Entity (including any approved subsidiary or affiliate of an Associated Entity) that is: (a) established by an Approving Institution or is controlled by an Approving Institution; (b) undertakes a specified activity for the Approving Institution as its sole purpose (e.g., constructing or managing facilities, research development, or intellectual property management); and (c) does not engage in fundraising activities.
8. "State" means the State of North Carolina.
9. "University" means the University of North Carolina, including its constituent institutions.
10. When "president or chancellor" is used in these regulations, it means the chancellor if the Approving Institution is a constituent institution and it means the president if the Approving Institution is the General Administration.

B. Creation and Approved Status of Associated Entities

1. **Associated Entity Must be Approved.** An Associated Entity (including any subsidiary or affiliate of an existing Associated Entity) must be approved in writing by the president, the chancellor, or the president's or chancellor's designee. An Associated Entity must be approved in order to receive University-provided services or to be able to use any University names, logos, or marks.
2. **Abide by Relevant University Policies; Alignment with Mission and Goals.** In order to obtain approved status, the Associated Entity must agree, pursuant to a written agreement also described in subpart F.1., to abide by the policies or regulations established by the University and by the Approving Institution, including the requirements of these regulations, and to assure that the activities of the Associated Entity align with the mission, goals, and standards of or applicable to the Approving Institution, including accreditation standards applicable to institution-related entities, and athletics conference standards applicable to intercollegiate athletics programs. Approving Institutions should make reasonable efforts to notify Associated Entities of the accreditation standards, athletic conference standards, and/or the institutional policies that may affect Associated Entities' operations.
3. **Removal of Approved Status.** The head of the Approving Institution may adopt policies or provide in written agreements with any Associated Entity that an Associated Entity's approved status shall be removed only upon advance written notice specifying material noncompliance with or breach of: (a) these regulations; (b) the applicable policies of the University and the Approving Institution; or (c) the written agreement required by sections B.2., or F.1. The advance written-notice period, if any, required by a written agreement or policy shall not exceed sixty (60) days, during which time the Approving Institution may consider and accept or reject a corrective action plan submitted by the Associated Entity. In the absence of any such authorized provision in the Approving Institution's written agreement with the Associated Entity and/or the Approving Institution's policies, the head of the Approving Institution may remove the approved status of an Associated Entity of that Approving Institution.
4. **Compliance with Policies, Regulations, and Agreements.** The head of the Approving Institution (chancellor or president) shall be responsible for taking reasonable steps to ensure that the Approving Institution and its Associated Entities operate in accordance with all requirements of these regulations, the applicable policies of the University and the Approving

Institution, and the written approvals and agreements between the Approving Institution and each Associated Entity.

C. Organizational Requirements of an Associated Entity

1. Purpose to Benefit University. The Associated Entity must be organized for the primary purpose of (a) supporting the University or one or more of its constituent institutions or programs, and/or (b) conducting activities that are in furtherance of the mission of the University or of one or more of its constituent institutions or programs.

2. State Nonprofit Entity. The Associated Entity must be organized on a nonprofit basis as a separate legal entity recognized under and in compliance with North Carolina law. If a constituent institution proposes to establish or approve an Associated Entity on a for-profit basis, it must receive prior approval from the Board of Governors.

3. Tax-Exempt Status. Except as provided in paragraph C.2. (concerning Associated Entities established on a for-profit basis), an Associated Entity must either (a) apply for, receive, and maintain both federal and State tax-exempt status, or (b) be eligible to utilize the tax-exempt status of one or more constituent institutions or tax-exempt Associated Entities.

4. Dissolution of Associated Entity. The Associated Entity's governing documents including but not limited to the articles of incorporation or by-laws if a corporation, and the articles of organization or operating agreement if a limited liability company, must address dissolution and provide that upon dissolution of the Associated Entity, unless otherwise designated by the donor of an asset, all of its assets will revert to (a) the Associated Entity's Approving Institution, (b) another Associated Entity named in the governing documents of the dissolving Associated Entity, which Associated Entity shall be approved by the same Approving Institution as the dissolving Associated Entity, and/or (c) some combination of the above.

5. Requirements for Members of Associated Entity Governing Body; Board Members for Athletically Related Associated Entities

a. All Associated Entities. At least one senior academic or administrative officer (SAAO) of the Approving Institution or a designee of the president or the chancellor of the Approving Institution must sit as an ex-officio (either voting or nonvoting) or regular member of the Associated Entity's governing body.

b. Athletically Related Associated Entities. Prior to appointing members to serve on the governing body of an Athletically Related Associated Entity, the president or chair of the Athletically Related Associated Entity's governing body shall consult with the chancellor of the Approving Institution concerning such appointment.

6. Audit Committee Required

a. A Major Associated Entity's by-laws must provide for a standing audit committee or other committee with an audit function. The audit committee must receive the report of the individual or firm that conducts the Associated Entity's annual audit and relevant tax forms to be submitted by the Associated Entity.

b. A Minor Associated Entity's by-laws must provide for a committee which has these audit functions.

c. No employee of the Associated Entity may serve on an audit committee or a committee with an audit function. If practical, each audit committee or committee with an audit function should have a financial expert as a member.

d. A Special Purpose Entity is not required to have an audit committee provided that it is subject to independent audit at the request of one or more designated trustees, sureties, insurers, certificate holders or bondholders, or is audited during the Approving Institution's audit.

e. A single member LLC is not required to have an audit committee provided its operations are audited in connection with the audit of the member.

D. Financial and Accounting Controls

1. Sound Accounting and Business Principles. An Associated Entity must use sound fiscal and business principles, ensure that a sound internal control structure is in place, and follow generally accepted accounting procedures.
2. Annual CPA Audit. A Major Associated Entity and its single member subsidiaries (LLC or corporations) must be audited on an annual basis by an independent CPA firm in good standing with the North Carolina Board of CPA Examiners and with substantial experience in performing audits for organizations of similar scope and complexity to the Major Associated Entity. A Minor Associated Entity must have an annual audit conducted either by the Approving Institution's internal auditor, another University internal auditor, or an independent CPA firm. A Special Purpose Entity must be audited every two years. A Special Purpose Entity which has annual expenditures of \$100,000 or more must be audited by an independent CPA firm. A CPA firm providing an audit for a Major Associated Entity may not provide nonauditing services to the Associated Entity other than tax preparation services that are preapproved by the audit committee.
 - a. An Associated Entity of a constituent institution must provide copies of the audit report, management letters, and responses to management letters to the chancellor of the Approving Institution, through the chancellor to the governing board of the Approving Institution and the president, and through the president to the Board of Governors.
 - b. An Associated Entity of the General Administration must provide copies of the audit report, management letters, and responses to management letters to the president, and through the president to the Board of Governors.
3. Annual Budgets. Each Associated Entity must create an annual operations and capital budget. If requested to do so, an Associated Entity shall meet with the head of the Approving Institution (or designee) to review the Associated Entity's proposed annual operations and capital budget, and any subsequent proposed material changes to such annual operations and capital budget. Each Associated Entity in setting its budget shall consider in good faith all suggestions offered by the head of the Approving Institution (or designee) regarding the proposed budget of the Associated Entity and how the budget might be better aligned with the mission, goals, and objectives of the Approving Institution.
4. Officer and Employee Compensation. All salary and nonsalary compensation provided by the Associated Entity to its officers or employees must be approved by the Associated Entity's governing board. The Associated Entity must comply with Board of Governors Policy Section 300.1.1 concerning the prohibition of payments to specified University employees. This requirement does not prohibit the Associated Entity from reimbursing its officers or employees for expenditures made on behalf of the Associated Entity. Each Athletically Related Associated Entity shall, if requested, make available for inspection information detailing the salary and nonsalary compensation and reimbursements provided to each officer and each employee of the Associated Entity and each employee of the University assigned to the Associated Entity for the prior year.
5. Indemnification of University. The Approving Institution may require an Associated Entity to indemnify and hold the Approving Institution and the University harmless from any damages or liabilities that the Approving Institution or the University incurs as a result of the Associated Entity's actions.
6. University-Associated Entity Monetary Transfers. All transfers of funds from the Associated Entity to the University or to the Approving Institution must be documented in writing or electronically in a form that has a retrievable transaction trail. Each Athletically Related Associated Entity shall, if requested by the chancellor of the Approving Institution, submit an annual report summarizing transfers of funds from the Associated Entity to the Approving Institution or to third parties for the benefit of the Approving Institution for the prior year.
7. Whistleblower Protection. An Associated Entity must have a confidential and anonymous mechanism to encourage individuals to report any inappropriateness within the entity's financial management and must prohibit punishment of or retaliation against any employee for reporting problems.

8. Chief Executive Officer. The chief financial officer of the Approving Institution may not be the chief executive officer of an Associated Entity.

9. Acquisition of Debt. A Minor Associated Entity may not acquire debt in excess of \$100,000 that is not to be publicly traded without first notifying the president or the chancellor or designee of the Approving Institution and consulting with the vice president for finance of the University. A Major Associated Entity may not acquire debt in excess of \$500,000 that is not to be publicly traded without first notifying the president or the chancellor or designee of the Approving Institution and consulting with the vice president for finance of the University. In determining the level of scrutiny to give to the proposed transaction, the vice president shall take into account the amount of the debt in relationship to the Associated Entity's assets and income and the extent of experience of the Associated Entity in entering into similar debt transactions. A Special Purpose Entity that issues debt to construct facilities for the University must provide a financial or construction audit to the vice president for finance of the University at the vice president's request or to the governing board of the Approving Institution at the request of the chair of the governing board.

10. Audit Findings. Within 90 days of the issuance of an audit report with audit findings, the Associated Entity must demonstrate to the president or the chancellor of the Approving Institution and to the vice president for finance that satisfactory progress has been made to implement a corrective action plan. Failure of an Associated Entity to receive an unqualified audit opinion, to comply with the reporting requirements of this regulation, or to satisfactorily implement a corrective action plan in response to an audit finding may result in the Associated Entity's losing its approved status.

E. Insurance and Bonding

1. Bonding Required. Officers and employees of Major Associated Entities who have check-signing authority or who handle cash or negotiable instruments must be bonded in an amount determined to be reasonable by the Associated Entity's governing body, in collaboration with the Approving Institution. The governing body of a Minor Associated Entity should consider requiring bonding of appropriate employees.

2. Insurance. The governing body of an Associated Entity, working in collaboration with the Approving Institution's insurance and risk management personnel, should evaluate the potential risks arising from the operation of the Associated Entity and obtain commercially reasonable amounts of general liability and directors'/officers' insurance.

F. Provision of Administrative and Other Services by University for Associated Entity

1. Written Agreement Required. The Associated Entity must enter into a written agreement with the Approving Institution in which the Associated Entity agrees to abide by the policies and regulations established by the University and by the Approving Institution. An Associated Entity may only use University or constituent institution assets, facilities, and personnel pursuant to the terms of the written agreement.

2. Reimbursement of Costs. Any reimbursement to the Approving Institution or the University for services the Approving Institution or the University provides to the Associated Entity must be made pursuant to a written agreement between the University or the Approving Institution and the Associated Entity entered into before the service is provided.

3. Control of University Personnel. When University personnel provide services for the Associated Entity and there arises a conflict between the University and the Associated Entity, the University's employee must comply with the policies, regulations, and directives of the University.

G. Acceptance of Gifts by Associated Entity

1. Direction and Control of Fundraising and Development Activities. The fundraising and development activities of the Associated Entity shall be conducted subject to the policies and regulations of the Approving Institution and the University and coordinated with the Approving Institution's development office. Absent prior approval from the Approving Institution, the Associated Entity may not engage in fundraising or development activities that impose obligations on the Approving Institution, or receive gifts that impose obligations on the Approving Institution.

2. Restricted or Conditional Gifts that Require University Approval. An Associated Entity may not accept any restricted or conditional gifts that impose an obligation on the University or the Approving Institution or the State to expend resources in addition to the gift or that impose an obligation on the University's or the Approving Institution's operations without the Approving Institution's prior approval. In addition, an Associated Entity may not accept a gift which has any restriction that is unlawful.

3. Notification to Donors of Restricted Gift Policies. An Associated Entity must advise prospective donors of all restricted or conditional gifts to the Associated Entity if acceptance of the gift is conditioned upon the Approving Institution's approval.

H. Conflict of Interest and Ethics Policies

1. Policies Required. The Associated Entity must have in place conflict of interest and ethics policies, as approved by the Approving Institution, pertaining to relationships between the Approving Institution, the Associated Entity, members of the governing body of the Associated Entity and persons doing business with the Associated Entity, and establishing required ethical standards for the members of the governing body and employees of the Associated Entity.

2. Transactions Between Associated Entity and its Employees. All transactions (other than reimbursements as provided in section D.4.) between the Associated Entity and an individual member, manager, officer, director, or employee of the Associated Entity must be approved by the Associated Entity's governing body. For the avoidance of doubt, only an individual designated as a member pursuant to state law shall be considered a "member" for purposes of this section.

3. Recusal from Business Decisions. No Associated Entity individual member, manager, officer, director, or employee having a private business interest in an Associated Entity business transaction may be involved in the decision with respect to whether the Associated Entity should enter into such transaction.

4. Associated Entity Scholarships. No Associated Entity scholarship or fellowship award may be made to an individual member, manager, officer, director, or employee of the Associated Entity or to a family member of such person unless the recipient of the award is determined by an independent awards committee or is overseen by the Approving Institution's Financial Aid and Scholarship Office. For the avoidance of doubt, only an individual designated as a member pursuant to state law shall be considered a "member" for purposes of this section.

I. Reports Required to be Submitted by Associated Entity to University

1. The Associated Entity must file annual reports with the president or chancellor of Approving Institution covering the following items:

a. A list of all members of the Associated Entity's governing body;

b. A copy of the publicly disclosed portion of the Associated Entity's Form 990, or other series 990 form or other similar information return; and

c. A copy of the Associated Entity's CPA audit report and related management letters and responses to management letters.

2. At the request of the chancellor, president, or the chair of governing body of the Approving Institution, the Associated Entity must meet with the requesting person, his or her designee, or the internal auditor of the Approving Institution and allow that person to inspect any information requested.

J. Miscellaneous Requirements

1. Associated Entity Communications. An Associated Entity must conduct business in its own name and all correspondence, advertisements, and other communications by the Associated Entity must clearly indicate that the communication is from the Associated Entity, and not from the Approving Institution or the University.
2. Lobbying and Political Activities. An Associated Entity must comply with all provisions of the Internal Revenue Code and all State laws regarding lobbying and political activity.
3. Associated Entity Courses and Seminars. An Associated Entity may not offer any course or seminar in which the University's name is used without first obtaining the permission of the institution(s) whose name(s) will be used.
4. Record Retention Schedule. An Associated Entity must have a policy governing retention and destruction of documents including electronic files and which prohibits destruction of documents if an audit other than in the ordinary course, investigation into wrongdoing, or litigation is anticipated or underway.

K. Waiver

If the application of any of the requirements of these regulations to a particular Associated Entity in specific circumstances is of limited benefit and is unduly burdensome, the president may waive that requirement as to that specific Associated Entity under circumstances that are set out in writing and supported by the Approving Institution.

L. Effective Date

Every Associated Entity shall be in compliance with these regulations no later than July 1, 2015.

Required Elements of University-Associated Entity Relationship

~~The following requirements apply to any University Associated Entity.~~

~~The University of North Carolina encourages the establishment of private organizations, known for purposes of these regulations as Associated Entities, to support the constituent institutions and other units of the University, consistent with G.S. 116-30.20. Associated Entities engage in activities that are critical to and aligned with the mission, goals, and objectives of the constituent institutions and institutional units with which they are associated. Activities undertaken by Associated Entities include fundraising, provision of services to students and campus organizations, research support, and collaborating with organizations outside the University to promote and support initiatives and activities that are related to the University's mission of teaching, research, and service. Associated Entities and the constituent institutions and units of the University with which they are associated rely on the dedicated guidance, support, and leadership of Associated Entity directors, officers, donors, and volunteers to pursue shared goals and objectives.~~

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A. Definitions. As used in these regulations:

1. An "Associated Entity" means any foundation, association, corporation, limited liability company (LLC), partnership, or other nonprofit entity that was: (a) established by officers of the University; or (b) that is controlled by the University; or (c) that raises funds in the name of the University; or (d) that has a primary purpose of providing services or conducting activities in furtherance of the University's mission pursuant to an agreement with the University; or (e) that has a tax-exempt status that is based on being a support organization for the University.

2. An “Athletically Related Associated Entity” means an Associated Entity that supports or conducts activities in furtherance of an Approving Institution’s intercollegiate athletics program, as determined by the chancellor of the Approving Institution.
3. “Approving Institution” means (a) a constituent institution of the University of North Carolina ~~or the General Administration~~ that approves an Associated Entity, or (b) the General Administration for an Associated Entity approved by the president.
4. “General Administration” means the Office of the President and the affiliated programs of the University associated with General Administration that are not centers or institutes of a constituent institution.
5. “Major Associated Entity” means an Associated Entity which has annual expenditures of \$100,000 or more.
6. “Minor Associated Entity” means an Associated Entity which has annual expenditures of less than \$100,000.
7. “Special Purpose Entity” means an Associated Entity (including any approved subsidiary or affiliate of an Associated Entity) that is: (a) established by an Approving Institution or is controlled by an Approving Institution; (b) undertakes a specified activity for the Approving Institution as its sole purpose (e.g., constructing or managing facilities, research development, or intellectual property management); and (c) does not engage in fundraising activities.
8. “State” means the State of North Carolina.
9. “University” means the University of North Carolina, including its constituent institutions.
10. When “president or chancellor” is used in these regulations, it means the chancellor if the Approving Institution is a constituent institution and it means the president if the Approving Institution is the General Administration.

B. Approval~~Creation and Approved Status~~ of Associated Entities

1. Associated Entity Must be Approved. An Associated Entity (including any subsidiary or affiliate of an existing Associated Entity) must be approved in writing by the president, the chancellor, or the ~~president~~president’s or chancellor’s designee. An Associated Entity must be approved in order to receive University-provided services or to be able to use any University names, logos, or marks.
2. Abide by Relevant University Policies; Alignment with Mission and Goals. In order to obtain approved status, the Associated Entity must ~~formally~~ agree, pursuant to a written agreement also described in subpart F.1., to abide by the policies or regulations established by the University and by the Approving Institution, including the requirements of ~~this regulation, 600.2.5.2[R]~~ these regulations, and to assure that the activities of the Associated Entity align with the mission, goals, and standards of or applicable to the Approving Institution, including accreditation standards applicable to institution-related entities, and athletics conference standards applicable to intercollegiate athletics programs. Approving Institutions should make reasonable efforts to notify Associated Entities of the accreditation standards, athletic conference standards, and/or the institutional policies that may affect Associated Entities’ operations.
3. ~~Removal of Approved Status. The Approving Institution may, in its sole discretion, remove the approved status of any Associated Entity at any time for any reason or no reason.~~

3. Removal of Approved Status. The head of the Approving Institution may adopt policies or provide in written agreements with any Associated Entity that an Associated Entity's approved status shall be removed only upon advance written notice specifying material noncompliance with or breach of: (a) these regulations; (b) the applicable policies of the University and the Approving Institution; or (c) the written agreement required by sections B.2., or F.1. The advance written-notice period, if any, required by a written agreement or policy shall not exceed sixty (60) days, during which time the Approving Institution may consider and accept or reject a corrective action plan submitted by the Associated Entity. In the absence of any such authorized provision in the Approving Institution's written agreement with the Associated Entity and/or the Approving Institution's policies, the head of the Approving Institution may remove the approved status of an Associated Entity of that Approving Institution.

4. Compliance with Policies, Regulations, and Agreements. The head of the Approving Institution (chancellor or president) shall be responsible for taking reasonable steps to ensure that the Approving Institution and its Associated Entities operate in accordance with all requirements of these regulations, the applicable policies of the University and the Approving Institution, and the written approvals and agreements between the Approving Institution and each Associated Entity.

C. Organizational Requirements of an Associated Entity

1. Purpose to Benefit University. The Associated Entity must be organized for the primary purpose of (a) supporting the University or one or more of its constituent institutions or programs, and/or (b) conducting activities that are in furtherance of the mission of the University or of one or more of its constituent institutions or programs.

2. State Nonprofit Entity. The Associated Entity must be organized on a nonprofit basis as a separate legal entity recognized under and in compliance with North Carolina law. If a constituent institution proposes to establish or approve an Associated Entity on a for-profit basis, it must receive prior approval from the Board of Governors.

3. Tax-Exempt Status. Except as provided in paragraph C.2. (concerning Associated Entities established on a for-profit basis), an Associated Entity must either (a) apply for, receive, and maintain both federal and State tax-exempt status, or (b) be eligible to utilize the tax-exempt status of one or more constituent institutions or tax-exempt Associated Entities.

4. Dissolution of Associated Entity. The Associated Entity's governing documents including, but not limited to, ~~the~~ the articles of incorporation, ~~or~~ or by-laws if a corporation, and the articles of organization or operating agreement(s), if a limited liability company, ~~must include provisions which address dissolution and provide that: (a) the Associated Entity must, if so directed by the Approving Institution, be dissolved as soon as practicable following the removal of approved status pursuant to Section B.3.; and (b) upon dissolution of the Associated Entity, all of its assets will revert to the University or the Approving Institution or another existing University approved Associated Entity unless otherwise designated by the donor of an asset, all of its assets will revert to (a) the Associated Entity's Approving Institution, (b) another Associated Entity named in the governing documents of the dissolving Associated Entity, which Associated Entity shall be approved by the same Approving Institution as the dissolving Associated Entity, and/or (c) some combination of the above.~~

5. Requirements for Members of Associated Entity Governing Body; ~~Approval of~~ Board Members for Athletically Related Associated Entities-

a. All Associated Entities. At least one senior academic or administrative officer (SAAO) of the Approving Institution or a designee of the president or the chancellor of the Approving Institution must sit as an ex-officio (either voting or nonvoting) or regular

member of the Associated Entity's governing body, ~~including any committee or subcommittee thereof that may be delegated authority to exercise the governing body's authority.~~

b. Athletically Related Associated Entities. ~~No individual may be appointed~~Prior to appointing members to serve on the governing body of an Athletically Related Associated Entity ~~absent, the prior approval~~president or chair of the Athletically Related Associated Entity's governing body shall consult with the chancellor of the Approving Institution ~~concerning such appointment.~~

6. Audit Committee Required-

a. A Major Associated Entity's by-laws must provide for a standing audit committee or other committee with an audit function ~~which has at least one University employee as a member.~~ The audit committee must receive the report of the individual or firm that conducts the Associated Entity's annual audit and relevant tax forms to be submitted by the Associated Entity.

b. A Minor Associated Entity's by-laws must provide for a committee which has these audit functions.

c. No employee of the Associated Entity may serve on an audit committee or a committee with an audit function. If practical, each audit committee or committee with an audit function should have a financial expert as a member.

d. A Special Purpose Entity is not required to have an audit committee provided that it is subject to independent audit at the request of one or more designated trustees, sureties, insurers, certificate holders or bondholders, or is audited during the Approving Institution's audit.

e. A single member LLC is not required to have an audit committee provided its operations are audited in connection with the audit of the member.

D. Financial and Accounting Controls

1. Sound Accounting and Business Principles. An Associated Entity must use sound fiscal and business principles, ensure that a sound internal control structure is in place, and follow generally accepted accounting procedures.

2. Annual CPA Audit. A Major Associated Entity and its single member subsidiaries (LLC or corporations) must be audited on an annual basis by an independent CPA firm, ~~selected with the approval of the Approving Institution, in good standing with the North Carolina Board of CPA Examiners and with substantial experience in performing audits for organizations of similar scope and complexity to the Major Associated Entity.~~ A Minor Associated Entity must have an annual audit conducted either by the Approving Institution's internal auditor, another University internal auditor, or an independent CPA firm. A Special Purpose Entity must be audited ~~on a periodic basis every two years. A Special Purpose Entity which has annual expenditures of \$100,000 or more must be audited by an independent CPA firm.~~ A CPA firm providing an audit for a Major Associated Entity may not provide ~~non-auditing~~nonauditing services to the Associated Entity other than tax preparation services that are preapproved by the audit committee.

a. An Associated Entity of a constituent institution must provide copies of the audit report, management letters, and responses to management letters to the chancellor of the

Approving Institution, through the chancellor to the governing board of the Approving Institution and the president, and through the president to the Board of Governors.

b. An Associated Entity of the General Administration must provide copies of the audit report, management letters, and responses to management letters to the president, and through the president to the Board of Governors.

3. Annual Budgets. Each Associated Entity must create an annual operations and capital budget. ~~Each Athletically Related If requested to do so, an Associated Entity, and such other Associated Entities as may be directed to do so by the Approving Institution, shall submit its meet with the head of the Approving Institution (or designee) to review the Associated Entity's proposed annual operations and capital budget to the president or chancellor or designee of the Approving Institution for review and approval prior to adoption., and any subsequent proposed material changes to the approved such annual operations and capital budget must be approved by the chancellor. Each Associated Entity in setting its budget shall consider in good faith all suggestions offered by the head of the Approving Institution (or designee) regarding the proposed budget of the Associated Entity and how the budget might be better aligned with the mission, goals, and objectives of the Approving Institution.~~

4. Officer and Employee Compensation. All salary and nonsalary compensation provided by the Associated Entity to its officers or employees must be approved by the Associated Entity's governing board. The Associated Entity must comply with Board of Governors Policy §Section 300.1.1 concerning the prohibition of payments to specified University employees. This requirement does not prohibit the Associated Entity from reimbursing its officers or employees for expenditures made on behalf of the Associated Entity. Each Athletically Related Associated Entity shall ~~submit an annual report to the chancellor of the Approving Institution, if requested, make available for inspection information detailing the salary and nonsalary compensation and reimbursements provided to each officer and each employee of the Associated Entity and each employee of the University assigned to the Associated Entity for the prior year, along with explanations for any adjustments to compensation.~~

5. Indemnification of University. The Approving Institution may require an Associated Entity to indemnify and hold the Approving Institution and the University harmless from any damages or liabilities that the Approving Institution or the University incurs as a result of the Associated Entity's actions.

6. University-Associated Entity Monetary Transfers. All transfers of funds from the Associated Entity to the University or to the Approving Institution must be documented in writing or electronically in a form that has a retrievable transaction trail. Each Athletically Related Associated Entity shall ~~submit an annual report to, if requested by the chancellor of the Approving Institution describing each transfer, submit an annual report summarizing transfers of funds from the Associated Entity to the Approving Institution or to third parties for the benefit of the Approving Institution for the prior year.~~

7. Whistleblower Protection. An Associated Entity must have a confidential and anonymous mechanism to encourage individuals to report any inappropriateness within the entity's financial management and must prohibit punishment of or retaliation against any employee for reporting problems.

8. Chief Executive Officer. The chief financial officer of the Approving Institution may not be the chief executive officer of an Associated Entity.

9. Acquisition of Debt. A Minor Associated Entity may not acquire debt in excess of \$100,000 that is not to be publicly traded without ~~prior approval from first notifying the president or the chancellor or designee of the Approving Institution and consultation consulting~~ with the

vice president for finance of the University. A Major Associated Entity may not acquire debt in excess of \$500,000 that is not to be publicly traded without ~~prior approval from~~ **first notifying** the president or the chancellor or designee of the Approving Institution and ~~consultation~~ **consulting** with the vice president for finance of the University. In determining the level of scrutiny to give to the proposed transaction, the vice president shall take into account the amount of the debt in relationship to the Associated Entity's assets and income and the extent of experience of the Associated Entity in entering into similar debt transactions. A Special Purpose Entity that issues debt to construct facilities for the University must provide a financial or construction audit to the vice president for finance of the University at the vice president's request or to the governing board of the Approving Institution at the request of the chair of the governing board.

10. **Audit Findings.** Within 90 days of the issuance of an audit report with audit findings, the Associated Entity must demonstrate to the president or the chancellor of the Approving Institution and to the vice president for finance that satisfactory progress has been made to implement a corrective action plan. Failure of an Associated Entity to receive an unqualified audit opinion, to comply with the reporting requirements of this regulation, or to satisfactorily implement a corrective action plan in response to an audit finding may result in the Associated Entity's losing its approved status.

E. **Insurance and Bonding**

1. **Bonding Required.** Officers and employees of Major Associated Entities who have check-signing authority or who handle cash or negotiable instruments must be bonded in an amount determined to be reasonable by the Associated Entity's governing body, in collaboration with the Approving Institution. The governing body of a Minor Associated Entity should consider requiring bonding of appropriate employees.

2. **Insurance.** The governing body of an Associated Entity, working in collaboration with the Approving Institution's insurance and risk management personnel, should evaluate the potential risks arising from the operation of the Associated Entity and obtain commercially reasonable amounts of general liability and directors'/officers' insurance.

F. **Provision of Administrative and Other Services by University for Associated Entity**

1. **Written Agreement Required.** The Associated Entity must enter into a written agreement with the Approving Institution in which the Associated Entity agrees to abide by ~~relevant~~ **the** policies and regulations established by the University and by the Approving Institution. An Associated Entity may only use University or constituent institution assets, facilities, and personnel pursuant to the terms of the written agreement.

2. **Reimbursement of Costs.** Any reimbursement to the Approving Institution or the University for services the Approving Institution or the University provides to the Associated Entity must be made pursuant to a written agreement between the University or the Approving Institution and the Associated Entity entered into before the service is provided.

3. **Control of University Personnel.** When University personnel provide services for the Associated Entity and there arises a conflict between the University and the Associated Entity, the University's employee must comply with the policies, regulations, and directives of the University.

G. **Acceptance of Gifts by Associated Entity**

1. **Direction and Control of Fundraising and Development Activities.** The fundraising and development activities of the Associated Entity shall be conducted subject to the policies and regulations of the Approving Institution and the University and coordinated with the Approving Institution's development office. Absent prior approval from the Approving Institution, the

Associated Entity may not engage in fundraising or development activities that impose obligations on the Approving Institution, or receive gifts that impose obligations on the Approving Institution.

2. Restricted or Conditional Gifts that Require University Approval. An Associated Entity may not accept any restricted or conditional gifts that impose an obligation on the University or the Approving Institution or the State to expend resources in addition to the gift or that impose an obligation on the University's or the Approving Institution's operations without the Approving Institution's prior approval. In addition, an Associated Entity may not accept a gift which has any restriction that is unlawful.

3. Notification to Donors of Restricted Gift Policies. An Associated Entity must advise prospective donors of all restricted or conditional gifts to the Associated Entity if acceptance of the gift is conditioned upon the Approving Institution's approval.

H. Conflict of Interest and Ethics Policies

1. Policies Required. The Associated Entity must have in place conflict of interest and ethics policies, as approved by the Approving Institution, pertaining to relationships between the Approving Institution, the Associated Entity, members of the governing body of the Associated Entity and persons doing business with the Associated Entity, and establishing required ethical standards for the members of the governing body and employees of the Associated Entity.

2. Transactions Between Associated Entity and its Employees. All transactions (other than reimbursements as provided in §section D.4.) between the Associated Entity and an individual member, manager, officer, director, or employee of the Associated Entity must be approved by the Associated Entity's governing body. For the avoidance of doubt, only an individual designated as a member pursuant to state law shall be considered a "member" for purposes of this section.

3. Recusal from Business Decisions. No Associated Entity individual member, manager, officer, director, or employee having a private business interest in an Associated Entity business transaction may be involved in the decision with respect to whether the Associated Entity should enter into such transaction.

4. Associated Entity Scholarships. No Associated Entity scholarship or fellowship award may be made to an individual member, manager, officer, director, or employee of the Associated Entity or to a family member of such person unless the recipient of the award is determined by an independent awards committee or is overseen by the Approving Institution's Financial Aid and Scholarship Office. For the avoidance of doubt, only an individual designated as a member pursuant to state law shall be considered a "member" for purposes of this section.

I. Reports Required to be Submitted by Associated Entity to University

1. The Associated Entity must file annual reports with the president or chancellor of Approving Institution covering the following items:

a. A list of all members of the Associated Entity's governing body;

b. A copy of the publicly disclosed portion of the Associated Entity's Form 990, or other series 990 form or other similar information return; and

c. A copy of the Associated Entity's CPA audit report and related management letters and responses to management letters; and,

~~d. A copy of the Articles of Incorporation, Articles of Organization, Bylaws, and other governing documents, and any revisions or amendments thereto.~~

2. At the request of the chancellor, president, or the chair of governing body of the Approving Institution, the Associated Entity must meet with the requesting person, his or her designee, or the internal auditor of the Approving Institution, ~~provide any information requested, and allow that person to inspect any information requested for any reason, or no reason.~~

J. Miscellaneous Requirements

1. **Associated Entity Communications.** An Associated Entity must conduct business in its own name and all correspondence, advertisements, and other communications by the Associated Entity must clearly indicate that the communication is from the Associated Entity, and not from the Approving Institution or the University.

2. **Lobbying and Political Activities.** An Associated Entity must comply with all provisions of the Internal Revenue Code and all State laws regarding lobbying and political activity.

3. **Associated Entity Courses and Seminars.** An Associated Entity may not offer any course or seminar in which the University's name is used without first obtaining the permission of the institution(s) whose name(s) will be used.

4. **Record Retention Schedule.** An Associated Entity must have a policy governing retention and destruction of documents including electronic files and which prohibits destruction of documents if an audit other than in the ordinary course, investigation into wrongdoing, or litigation is anticipated or underway.

K. Waiver

If the application of any of the requirements of these regulations to a particular Associated Entity in specific circumstances is of limited benefit and is unduly burdensome, the president may waive that requirement as to that specific Associated Entity under circumstances that are set out in writing and supported by the Approving Institution.

L. Effective Date

Every Associated Entity shall be in compliance with these regulations no later than January July 1, 2015.