

AGENDA ITEM

7. Policy Review Project – Financial Policies Jonathan Pruitt

Situation: The Board of Governors retreat in February 2016 and the recent organizational assessment of UNC General Administration revealed needs for adjustments to the UNC Policy Manual to support the following goals:

- Ensure that responsibility for administrative matters is assigned to the President;
- Clarify and streamline policies involving capital construction, real property, and contracting;
- Streamline reporting and eliminate low-value reporting; and
- Eliminate outdated or incorrect provisions of existing policy.

These goals have been assigned to standing committees. The Committee on University Governance will act as the steering committee for this project and the full Policy Review Project description is included in that Committee's meeting materials. The Committee on Budget and Finance will be responsible for policy deregulation in the areas of capital construction, real property, and contracting.

Background: The policies that govern acquisition and disposition of real property, contracting, and capital construction have not been revised in many years. As a result of changes in state law, revisions are needed to clarify and streamline the policies so that they can be effectively applied by University personnel. The Committee on Budget and Finance will consider the revisions to be presented by the President's staff and make appropriate recommendations to the Board of Governors. This will be considered over several meetings, but is expected to be completed by December 2016.

Assessment: An explanation of the Financial Policy Deregulation portion of the Policy Review Project will be discussed with the Committee on Budget and Finance. Recommended protocol for developing revised policies as well as discussion of project specifics will be presented to the Committee.

Action: This item is for information only.

Policy Review Project

The Board of Governors retreat in February 2016 and the recent organizational assessment of UNC General Administration revealed needs for adjustments to the UNC Policy Manual to support the following goals:

- Ensure that responsibility for administrative matters is assigned to the President;
- Clarify and streamline policies involving capital construction, real property, and contracting;
- Streamline reporting and eliminate low-value reporting; and
- Eliminate outdated or incorrect provisions of existing policy.

The Policy Review Project consists of four items -- streams of work -- that are designed to accomplish each of these goals with revisions to the UNC Policy Manual, to be completed during 2016. The work will be accomplished by standing committees of the Board of Governors, with staff support and input from appropriate stakeholders. The Committee on University Governance will act as the steering committee for the Policy Review Project, and will track progress on each of the four items that make up the project.

Item 1: Delegations of Authority for Personnel Matters (Personnel and Tenure)

The personnel delegations item consists of a review and revision of UNC Policy Manual provisions that address review and approval of human resources matters, including compensation programs and establishment of positions and compensation ranges. In a resolution adopted at the March 2016 Board of Governors meeting, the Board found that the establishment of compensation and other human resources matters are important management functions that should ordinarily be allocated to the President and the chancellors, with appropriate oversight by the Board of Governors and the boards of trustees. The Board directed the President to recommend delegations of authority in the area of human resources in keeping with those findings. The Committee on Personnel and Tenure will consider the revisions to be presented by the President's staff, and make appropriate recommendations to the Board of Governors.

Item 2: Financial Policies (Budget and Finance)

The policies that govern acquisition and disposition of real property, contracting, and capital construction have not been revised in many years. As a result of changes in state law, revisions are needed to clarify and streamline the policies so that they can be effectively applied by University personnel. The Committee on Budget and Finance will consider the revisions to be presented by the President's staff, and make appropriate recommendations to the Board of Governors.

Item 3: Reporting Deregulation (Audit, Risk Management, and Compliance)

The UNC Policy Manual contains nearly 140 separate reporting mandates that require constituent institutions to regularly gather and present detailed information to the President or the Board of Governors on a variety of issues. Some of the reporting requirements are out of date or otherwise no longer necessary. Other reports do not clearly provide information that will inform decision-making by the Board or the President. There are similar challenges with a number of reports that are required by the General Assembly. The Committee on Audit, Risk Management, and Compliance will assemble and review a list of reports required by the UNC Policy Manual, and then assign the reports to appropriate standing committees of the Board of Governors for review and recommendations regarding continuation, revision, or elimination of reporting requirements.

Item 4: Technical Corrections to the UNC Policy Manual (Governance)

As with any set of policies governing complex operations, the UNC Policy Manual contains items that are in need of updating. Updates are needed, for example, to reflect changes in names of agencies (e.g., the Office of State Personnel is now the Office of State Human Resources); to update or remove statutory references; to correct errors that have been identified since the provisions were adopted; and to delete references or requirements given the development of technology (such as deleting requirements to store certain material on magnetic tapes); and to cross-reference among existing policies. The Committee on Governance will review and recommend changes to Section 100.2 of the UNC Policy Manual (Adoption of the Policy Manual, Rescission of Prior Policies, and Promulgation of Policies), that will allow for prompt and easy technical corrections to the UNC Policy Manual. With support from staff, each section of the Policy Manual separately will be reviewed for technical corrections. Technical corrections will then be reported to the Governance Committee and, where appropriate, to the standing committee of the Board of Governors with effective jurisdiction over the section of the Policy Manual at issue.

Timeline

Each of the four items in the policy review project will be discussed initially in the applicable committees, as identified above, during the April Board of Governors meeting. The committees will begin reviewing and considering work for each of the items at the May meeting. Item 1 (Personnel Delegations) is expected to be completed by the fall. Items 2, 3, and 4 will be considered over several meetings, and will be completed by December 2016.