THE
UNIVERSITY OF
NORTH CAROLINA
SYSTEM

MEETING OF THE BOARD OF GOVERNORS
Committee on Audit, Risk Management, and Compliance

February 20, 2020 at 2:30 p.m.
University of North Carolina System Office
Center for School Leadership Development, Board Room
Chapel Hill, North Carolina

AGENDA

THE UNIVERSITY OF NORTH CAROLINA SYSTEM

DRAFT MINUTES

January 16, 2020
University of North Carolina System Office
Center for School Leadership Development, Room 119
Chapel Hill, North Carolina

This meeting of the Committee on Audit, Risk Management, and Compliance was presided over by Chair James L. Holmes, Jr. The following committee members, constituting a quorum, were also present: Carolyn Coward, Thomas H. Fetzer, Mark Holton, and Robert A. Rucho.

Chancellors participating were Sheri Everts and Interim Chancellor Brian Cole.

Staff members present included Thomas Shanahan and others from the UNC System Office.

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1. Call to Order and Approval of OPEN Session Minutes (Item A-1)

The chair called the meeting to order at 2:00 p.m., on Thursday, January 16, 2020, and called for a motion to approve the open session minutes of November 14, 2019.

MOTION: Resolved, that the Committee on Audit, Risk Management, and Compliance approve the open session minutes of November 14, 2019, as distributed.

Motion: Thomas H. Fetzer
Motion carried

2. UNC System Public Safety Training Center Pilot (Item A-2)

The chair called on Thomas Shanahan to present item A-2. Mr. Shanahan provided the committee with an update on the UNC System Public Safety Training Center pilot, which is a partnership between the UNC System and the Department of Public Safety Samarcand Training Academy. The training center will offer a series of training courses and activities for the UNC System's public safety personnel.

Mr. Shanahan called on Brent Herron to discuss the areas of instruction to be offered at the training center. Mr. Herron summarized the three to five areas of instruction to be considered in 2020.

This item was for information only.

3. UNC System Office Internal Audit Update (Item A-3)

The chair called on Joyce Boni to present item A-3. Ms. Boni presented to the committee a status update of the 2019-20 internal audit projects that were approved by the committee in September 2019.

This item was for information only.

4. Enterprise Risk Management Update

The chair called on Joyce Boni to present item A-4. Ms. Boni presented an update on the UNC System Enterprise Risk Management efforts. The committee was updated on the System-wide training efforts designed to assist institutions with implementing the recently adopted UNC System policy related to minors on campus.

This item was for information only.

5. UNC System Insurance Review

Mr. Holton is currently reviewing the basic minimum insurance parameters at each institution and will provide an update to the committee at the next meeting.

6. Adjourn

There being no further business, the meeting adjourned at 2:24 p.m.

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Carolyn L. Coward, Secretary

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MEETING OF THE BOARD OF GOVERNORS
Committee on Audit, Risk Management, and Compliance
January 16, 2020

AGENDA ITEM

A-2.   University Advancement Discussion ....Timothy Minor and Blake MacIver

Situation: Our 17 constituent institutions are diverse in size, program offerings, and focus, but the pursuit of excellence and continuing need for a high level of philanthropic support is common among them. To be most effective, the UNC System must support an advancement model that focuses the strengths of a well-developed University and constituent-based advancement organizations in a way that most fully supports their unique needs.

Background: University Advancement at the UNC System exists to support bold leadership in higher education with actions that enhance student access; support quality academic performance; and create relevant partnering opportunities for our constituents. University Advancement maximizes philanthropic support of the University's teaching, research, and service missions through an integrated system of shared services and resources that expands opportunities for outreach and engagement and fosters strategic alliances.

Assessment: The University's constituent institutions are the source of numerous valuable and focused relationships. Each institution's advancement organization is uniquely capable of identifying opportunities for new relationships and expanding existing ones. The growth of singularly focused relationships into a broader strategic alliance is a prime source of enhanced philanthropic support. Through a system of shared services and resources, the UNC System's University Advancement works to build effective constituent programs by utilizing existing strengths and expand the capacity of the advancement organization. UNC System University Advancement seeks to make campus professionals more effective, our processes more efficient and our services more relevant.

Action: This item is for information only.

UNIVERSITY ADVANCEMENT DISCUSSION

February 20, 2020

Timothy Minor, Vice President

Presentation Outline

❖ Overview of University Advancement

❖ UNC System Strategic Direction

❖ UNC System-Wide Fundraising

❖ UNC System Shared Services Platform

❖ Shared Services in Strategy and Operations

❖ Questions

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Overview of University Advancement

Mission

University Advancement's mission is to support the institution through the enhancement and management of private resources by:

- ❖ Expanding opportunities for engagement

- ❖ Increasing the institution's resources

- ❖ Strengthening the institution's brand

- ❖ Improving communications

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Overview of University Advancement

Role of Advancement

The Advancement model is a strategic, integrated method of managing relationships to increase understanding and support among key constituents including the following:

Alumni	Current & Prospective Students
Donors	Legislators & Governing Boards
Faculty and Staff	Members of the Community
Media	Corporations & Foundations
Marketing	University Events
Parents	

Overview of University Advancement

Why Is University Advancement So Important?

❖ **Reputation:** University's ability to attract students, faculty and staff depends on its reputation.

❖ **Relationships:** University's reputation is influenced by its relationships with key constituencies.

❖ **Resources:** University's ability to attract resources relies on both its relationships and its reputation.

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Overview of University Advancement

University Development

The Office of University Development is responsible for identifying, cultivating, soliciting, and stewarding donor prospects for the university and for developing strategies for prospects to align their giving with the university's initiatives.

What Do Private Gifts Support?

In a time of declining state support for higher education, fundraising provides our margin of excellence in areas like:

❖ Endowments

❖ Scholarships/Fellowships

❖ Graduate Assistants/Faculty Support

❖ Academic programs/Libraries/Fine Arts

❖ Fundraising Campaigns for facilities, outreach programs and research

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Overview

Transparency and Accountability

❖ Efficiency and Effectiveness Metrics

   ❖ Private Fundraising Index

❖ UNC System closely involved in goal setting and
❖   forecasting

❖ Consistent practices around gift acceptance,
❖   counting, etc.

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UNC System Strategic Plan

UNC System Strategic Plan

I. **Access:** *Provide opportunity for all*

II. **Student Success:** *Increase degree attainment and ensure value and relevance for students*

III. **Affordability and Efficiency:** *Ensure a UNC education is within the financial means of all in the state*

IV. **Economic Impact and Community Engagement:** *Contribute to the state*

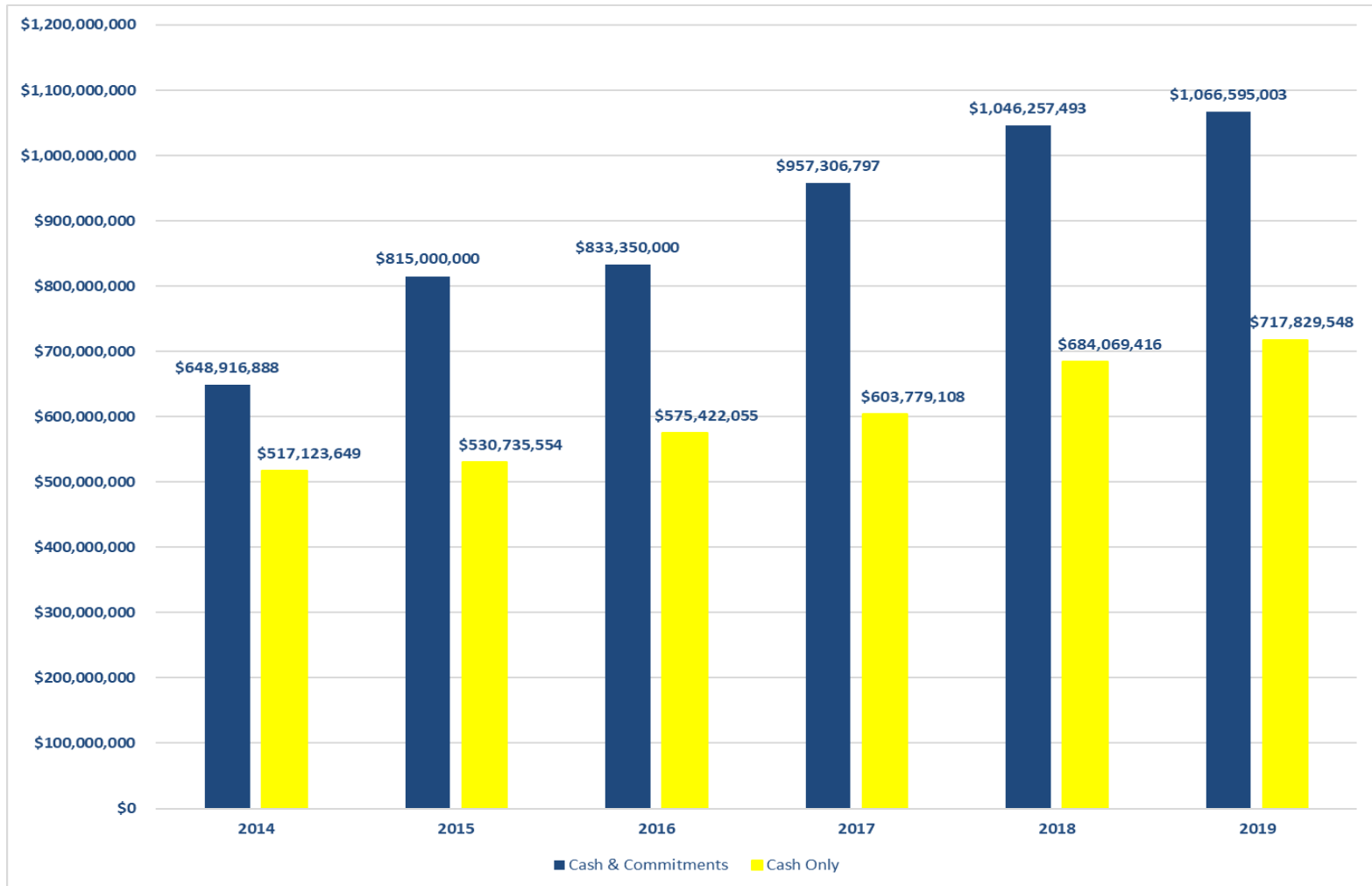V. **Excellent and Diverse Institutions:** *Help institutions achieve excellence against their missions*

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UNC System Office Shared Services

Enhance philanthropic support and manage a sustainable operation model that includes:

- ❖ Fundraising for system-wide priorities, key foundation initiatives, and enhancing major/planned giving opportunities
- ❖ Centralized prospect research and analytics program focused on donor discovery for regional campuses
- ❖ CRM Enhancement and Data Mart Services
- ❖ Assistance with goal setting, performance metrics (PFI), and best practices
- ❖ Gift Planning consultation and NCGP, LLC
- ❖ Branded Donor Advised Fund Program
- ❖ State Fundraising Compliance
- ❖ System-wide master contracts to reduce costs for common services
- ❖ Human resource and talent management initiatives
- ❖ Other Services Include:
    - ❖ UNC Advancement Symposium
    - ❖ UNC Talent Connect
    - ❖ Consulting Services

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UNC System-Wide Fundraising

FY 2014-15 through FY 2018-19 Development Activity

*97.4% of gifts were restricted in FY2018-19

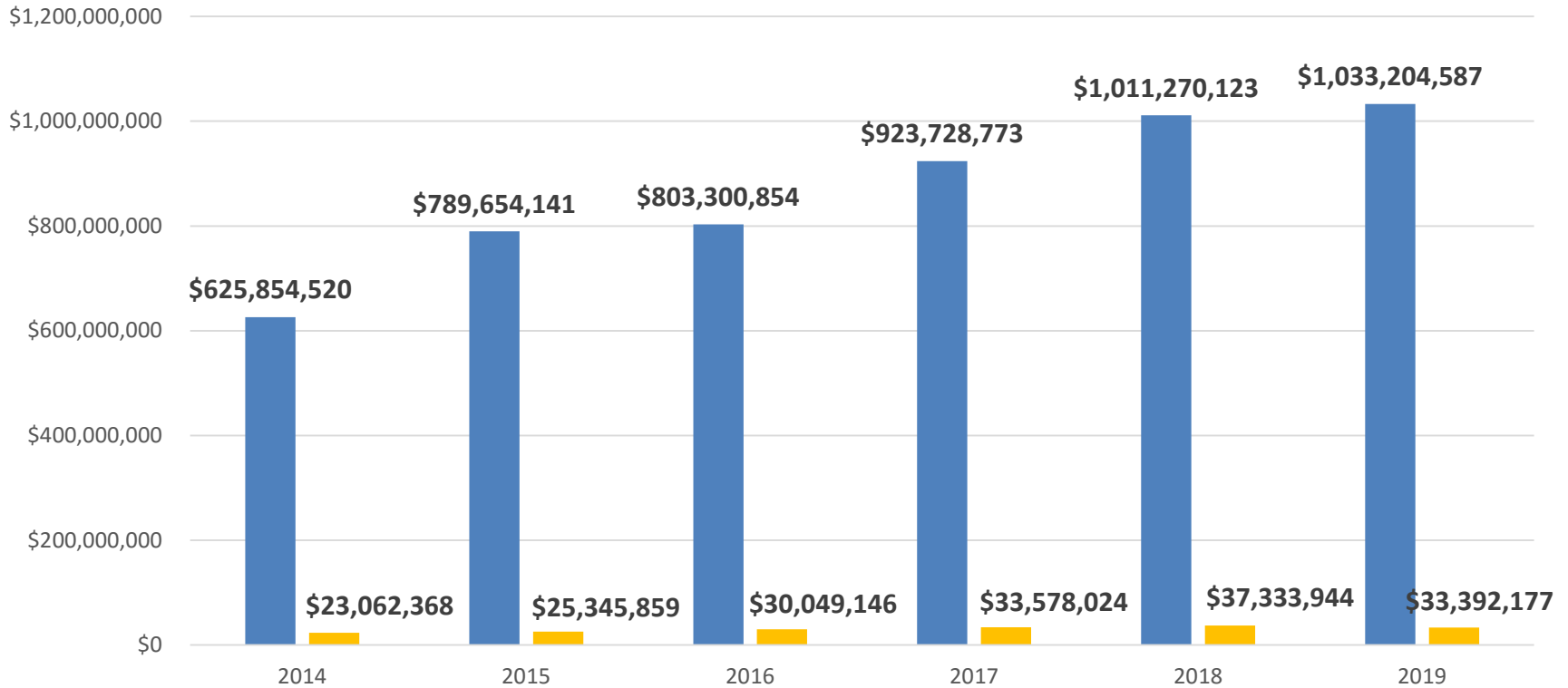THE **UNIVERSITY** OF **NORTH CAROLINA SYSTEM**

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UNC System-Wide Fundraising

FY 2013-14 through FY 2018-19
HMSIs vs. Non-HMSIs
Cash & Commitments Comparison

- ■ Non-HMSI System Schools
- ■ HMSI System Schools

Year	Non-HMSI System Schools	HMSI System Schools
2014	$625,854,520	$23,062,368
2015	$789,654,141	$25,345,859
2016	$803,300,854	$30,049,146
2017	$923,728,773	$33,578,024
2018	$1,011,270,123	$37,333,944
2019	$1,033,204,587	$33,392,177

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*97.4% of gifts were restricted in FY2018-19

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UNC System-Wide Fundraising

Audited Statements

UNC System Institution	Gifts and New Commitments	Cash Total Giving	Restricted Giving (Cash)	%	Unrestricted Giving (Cash)	%
Appalachian State University	$22,472,026	$20,470,131	$19,809,851	96.8%	$660,280	3.2%
East Carolina University	$52,503,274	$27,018,799	$21,344,475	79.0%	$5,674,324	21.0%
Elizabeth City State University	$1,085,105	$1,085,105	$561,644.00	51.8%	$523,461	48.2%
Fayetteville State University	$1,594,306	$1,269,306	$1,130,728	89.1%	$138,578	10.9%
North Carolina A&T State University	$15,152,471	$9,073,408	$8,375,987	92.3%	$697,421	7.7%
North Carolina Central University	$8,885,485	$7,747,693	$7,392,102	95.4%	$355,591	4.6%
North Carolina State University	$220,000,000	$158,000,000	$157,600,000	99.7%	$400,000	0.3%
University of North Carolina at Asheville	$10,297,706	$7,820,992	$7,586,362	97.0%	$234,630	3.0%
University of North Carolina at Chapel Hill	$602,294,172	$417,852,750	$414,929,263	99.3%	$2,923,487	0.7%
University of North Carolina at Charlotte	$38,645,477	$18,555,793	$16,769,590	90.4%	$1,786,203	9.6%
University of North Carolina at Greensboro	$23,204,047	$10,980,313	$10,354,435	94.3%	$625,878	5.7%
University of North Carolina at Pembroke	$2,539,730	$2,297,895	$1,782,560	77.6%	$515,335	22.4%
University of North Carolina School of the Arts	$17,463,342	$5,896,088	$5,492,796	93.2%	$403,293	6.8%
University of North Carolina at Wilmington	$23,450,832	$15,110,720	$14,930,549	98.8%	$180,171	1.2%
Western Carolina University	$14,300,868	$5,714,832	$5,531,490	96.8%	$183,342	3.2%
Winston-Salem State University	$4,133,319	$3,902,535	$3,746,114	96.0%	$156,421	4.0%
North Carolina School of Science and Mathematics	$8,572,843	$5,033,188	$1,643,478	32.7%	$3,389,710	67.3%
Total	**$1,066,595,003**	**$717,829,548**	**$698,981,424**	**97.4%**	**$18,848,125**	**2.6%**

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*97.4% of gifts were restricted in FY2018-19

UNC System-Wide Fundraising

FY 2018-19 Development Return on Investment

Institution	Total Cash Received	ROI Total Cash Received (per Dev. $1 invested)	Total Gifts, Commitments and Pledges	ROI Total Gifts, Commitments and Pledges (per Dev. $1 invested)
ASU	$20,470,131	$4.46	$22,472,026	$4.90
ECU	$27,018,799	$4.55	$52,503,274	$8.84
ECSU	$1,086,866	$1.88	$1,086,866	$1.88
FSU	$1,269,306	$1.02	$1,594,306	$1.28
NCA&T	$9,073,408	$3.46	$15,152,471	$5.78
NCCU	$7,747,693	$3.93	$8,885,485	$4.51
NCSU	$158,000,000	$12.15	$220,000,000	$16.92
UNCA	$7,820,992	$6.84	$10,297,706	$9.00
UNC-CH	$417,852,750	$7.26	$602,294,172	$10.47
UNCC	$18,555,793	$2.07	$38,645,477	$4.31
UNCG	$10,980,313	$1.66	$23,204,047	$3.50
UNCP	$2,297,895	$1.76	$2,539,730	$1.95
UNCSA	$5,896,088	$5.27	$17,463,342	$15.62
UNCW	$15,110,720	$7.31	$23,450,832	$11.34
WCU	$5,714,832	$1.81	$14,300,868	$4.52
WSSU	$3,902,535	$3.93	$4,133,319	$4.16
NCSSM	$5,033,188	$10.76	$8,572,843	$18.33
UNC Avg.	$717,831,309	**$6.33**	$1,066,596,764	**$9.41**

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**ROI from all public and private funding sources**

UNC System-Wide Fundraising

FY 2015-19 Development VSE Cash Support
Percentile to National Peers Comparison

School	FY15	FY16	FY17	FY18	FY19
ASU	94.1%	93.7%	64.7%	70.5%	82.3%
ECU	28.5%	23.0%	40.0%	43.7%	53.3%
ECSU	57.1%	25.0%	25.0%	55.5%	25.0%
FSU	0.0%	22.2%	22.2%	30.0%	20.0%
NCAT	7.6%	18.1%	7.6%	15.3%	16.6%
NCCU	81.8%	54.5%	45.4%	54.5%	81.8%
NCSU	66.6%	66.6%	66.6%	77.7%	88.8%
UNCA	40.0%	72.7%	80.0%	81.8%	81.8%
UNC-CH	23.5%	23.5%	29.4%	29.4%	29.4%
UNCC	8.3%	45.4%	30.7%	15.3%	7.6%
UNCG	7.1%	23.0%	28.5%	6.6%	7.1%
UNCP	0.0%	0.0%	11.1%	11.1%	0.0%
UNCSA	14.2%	14.2%	14.2%	14.2%	14.2%
UNCW	35.2%	29.4%	41.1%	35.2%	31.2%
WCU	50.0%	42.8%	73.3%	86.6%	42.8%
WSSU	66.6%	100.0%	83.3%	62.5%	100.0%

*BOG academic peers except for UNC-CH and NCSU

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UNC System-Wide Fundraising

FY 2015-19 Development VSE Cash Support
Percentile to National Peers Comparison
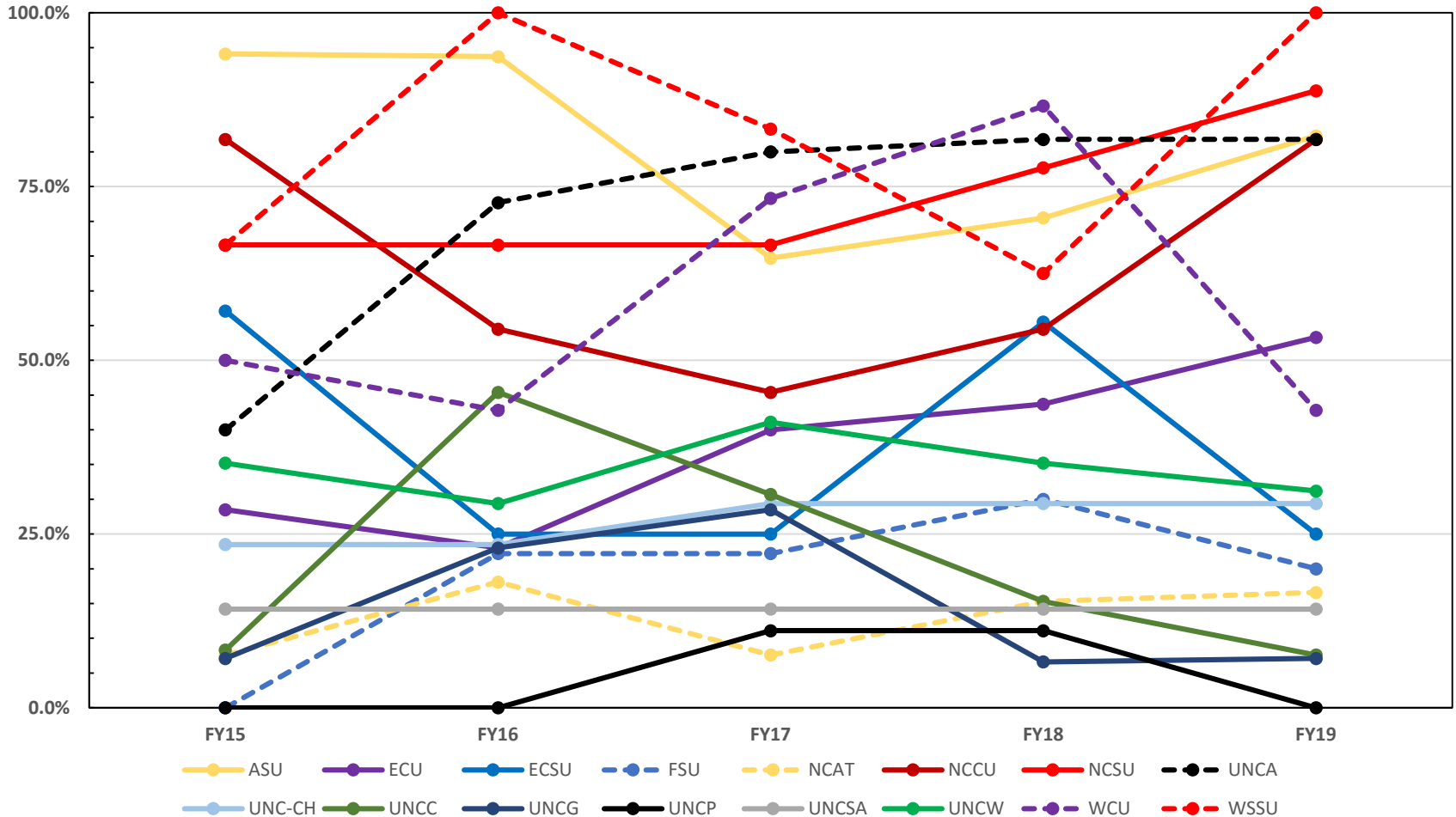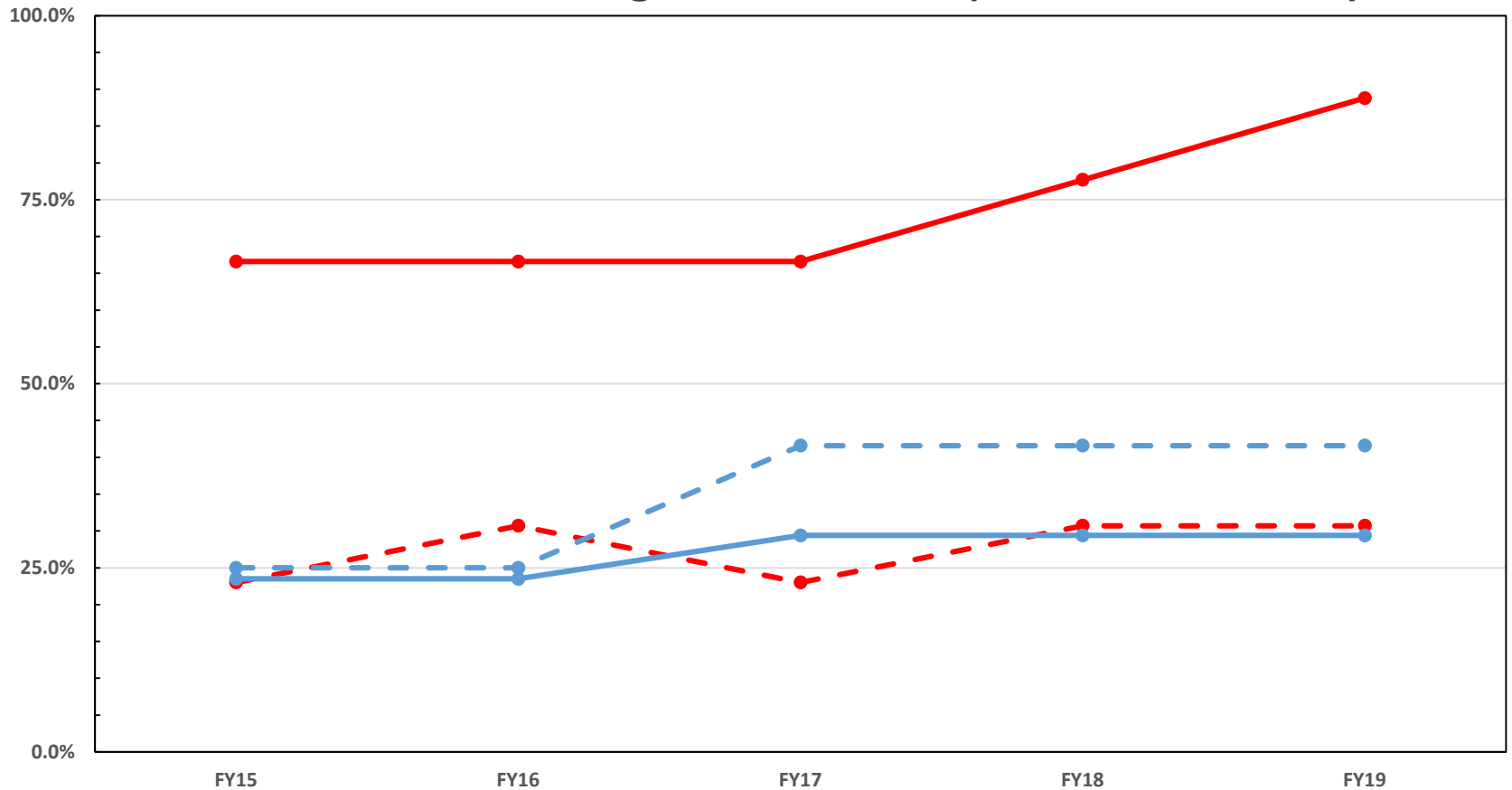

*BOG academic peers except for UNC-CH and NCSU

UNC System-Wide Fundraising

FY 2015-19 Development VSE Cash Support
Academic vs. Fundraising National Peers (NCSU and UNC-CH)

School (Peers)	FY15	FY16	FY17	FY18	FY19
NCSU (Fundraising)	66.6%	66.6%	66.6%	77.7%	88.8%
NCSU (Academic)	23.0%	30.7%	23.0%	30.7%	30.7%
UNC-CH (Fundraising)	23.5%	23.5%	29.4%	29.4%	29.4%
UNC-CH (Academic)	25.0%	25.0%	41.6%	41.6%	41.6%

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*BOG academic peers except for UNC-CH and NCSU

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UNC System-Wide Fundraising

FY 2015-19 Development VSE Cash Support
Academic vs. Fundraising National Peers (NCSU and UNC-CH)

Legend: NCSU (Fundraising) — NCSU (Academic) — UNC-CH (Fundraising) — UNC-CH (Academic)

*BOG academic peers except for UNC-CH and NCSU

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Enhancement in Strategy and Operations

UNC System Progress – Current

Data Enhancements

- ❖ Completed data append project at 9 schools (403,196 records updated)
- ❖ Began implementation for new CRM databases at 5 HMSI schools
- ❖ Continued progress toward creation of a system-wide data mart

Prospect Development

- ❖ Completed 70 prospect research reports for 9 participating schools

State Registrations

- ❖ Completing state registrations for 14 participating schools and foundations

Vendor Agreements

- ❖ Continued conversations with vendors for system-wide agreements

Enhancement in Strategy and Operations

UNC System Progress – Future

Data Enhancements

❖ Further standardization of Raiser's Edge CRM configurations for 12 participating schools

  ❖ Increased assistance for UNC System Office

  ❖ Improved collaboration across schools

❖ Data mart providing centralized data management, reporting, and analysis shared services for participating schools

❖ Improved metrics for BOG and leadership

Prospect Development

❖ Create a standardized prospect management shared service for participating schools, including:

  ❖ Portfolio assignment

  ❖ Proposal development and tracking

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Enhancement in Strategy and Operations

UNC System Progress – Next Steps

Reassess and Retool

Collaborate with UNC System schools and internal staff to develop a three-year strategic plan that will emphasize an integrated, collaborative, efficient and transparent approach to these and other focus areas:

- ❖ Additional Centralized Advancement Shared Services in Development
- ❖ Comprehensive Analytic Reporting to UNC Leadership (including compliance, trends, forecasting, risks, etc.)
- ❖ Talent Management and Acquisition Shared Service

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THANK YOU

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QUESTIONS?

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AGENDA ITEM

Situation: The Committee plans to assess the practices for insurance coverage within the UNC System and make recommendations for adjustments, as needed.

Background: The University covers its major property risks, like any state agency, through the state's self-insurance fund. Each of the universities decides what properties will be covered and the extent of coverage. The North Carolina Commissioner of Insurance ("Commissioner") determines the premium the University must pay for any such coverage. In most cases, losses are paid from the State Property Fire Insurance Fund.

Institutions may elect to purchase other types of commercial insurance coverage but must make such purchases through the Department's duly authorized "Agent of Record," which for years has been the North Carolina Association of Insurance Agents. The University must pay any commission required by the Agent of Record in addition to the applicable insurance premium.

Article 26 of Chapter 116 of the General Statutes provides limited authorization for the University to create a self-insurance trust fund to insure University healthcare practitioners against tort claims. In addition, Chapter 116 allows the Board of Governors to authorize the President to purchase a specific type of commercial insurance to cover risks or potential liability in connection with management of the University's employee benefit plans. N.C. Gen. Stat. § 116-11(13a).

Professional liability and tort claims coverage available to the University and its board members, officers, and employees is addressed by the North Carolina Tort Claims Act, N.C. Gen. Stat. § 143-31, and the Defense of State Employees Act, N.C. Gen. Stat. § 143-31A.

Assessment: Adequate insurance to cover an institution's risk of exposure to loss is paramount in managing business risk.

Action: This item is for information only.