

SECTION 3, COMPREHENSIVE STANDARD 3.2.2.1-4

The legal authority and operating control of the institution are clearly defined for the following areas within the institution's governance structure.

1. Institution's mission;
2. Fiscal stability of the institution;
3. Institutional policy, including policies concerning related and affiliated corporate entities and all auxiliary services; and
4. Related foundations (athletic, research, etc.) and other corporate entities whose primary purpose is to support the institution and/or its programs.

JUDGMENT OF COMPLIANCE

Compliant

Partially Compliant

Noncompliant

RATIONALE FOR JUDGMENT OF COMPLIANCE

Legal Authority and Operating Control

The Board of Regents has authority over its member institutions (see *BOR Bylaws*, Article I, Subsection 2 [[1](#)], that reads:

The government, control, and management of the University System of Georgia and each of its institutions are vested by the people of Georgia exclusively with the Board of Regents of the University System of Georgia. The Board of Regents possesses such other authority as is granted by the Constitution of the State of Georgia and by acts of the General Assembly.

The authority of the BOR is carried out through its policies and procedures found in its policy manual [[2](#)] and demonstrated through its meeting minutes [[3](#)].

Section 204 [[4](#)] of the *Board of Regents Policy Manual* defines the president's authority and responsibilities. It states:

The president of each institution in the University System shall be the executive head of the institution and of all its departments, and shall

exercise such supervision and direction as will promote the efficient operation of the institution. The president shall be responsible to the Chancellor for the operation and management of the institution and for the execution of all directives of the Board and the Chancellor. The president shall be the ex officio chair of the faculty and may preside at meetings of the faculty. At those institutions which have a council, senate, assembly or any such body, the president or the president's designee may chair such body and preside at its meetings. The president shall be the official medium of communication between the faculty and the Chancellor, and between the council, senate, assembly, or any such body and the Chancellor (*BOR Minutes, 1993-94, p. 239*).

1. Institution's mission

The mission of NGCSU is developed by the school and includes the designation by the Board of Regents as both the Military College of Georgia and as a distinguished leadership institution (please see Standard 3.1.1 for more information on the mission statement and a copy of the mission statement) [5]. The current mission was reviewed and approved by the Board of Regents in February 2005 [6]. Strategic Planning and Institutional Effectiveness flow from the mission. This is consistent with the Georgia Board of Regents Policy 205 [7] which reads, "Each institution shall have a strategic planning process that maintains a current strategic plan in which institutional priorities are defined and through which the institution's mission is carried out in accordance with the strategic directions and guiding principles established by the Board of Regents. The faculty and staff of each institution shall be involved in developing the planning process and shall be included in the structure by which the plan is implemented".

The strategic planning minutes [8] demonstrate the use of the mission to guide strategic planning through the development of the strategic directions for the institution. An example of this is the development of unit goals [9] for Student Affairs, University Advancement, Business and Finance, Academic Affairs, Athletics and Information Technology which are tied to the strategic directions of NGCSU and the NGCSU Strategic Directions for 2003-2008 [10].

2. Fiscal Stability of the institution

Section 701 of the *Board of Regents Policy Manual* [11] provides a general policy regarding institutional finances and states:

The Board of Regents shall be the only medium through which formal requests shall be made for appropriations from the General Assembly and the Governor of the State of Georgia.

The Board shall make the allocation of funds to the institutions at the April meeting or the next regular meeting following the approval of the Appropriations Act or as soon thereafter as may be practicable in each year and shall approve the budgets of the institutions and of the office of the Board of Regents at the regular June meeting in each year, or as soon thereafter as may be practicable.

Section 702.02 [12] pertains to operating budgets and states:

Each institution of the System shall prepare an operating budget for educational and general activities and an operating budget for auxiliary enterprises of the institution for the fiscal year within the limit of funds allocated plus estimated internal income of the institution. Operating budgets of separately incorporated athletic organizations are specifically excluded from this process, although the transfer of student fees to those separately incorporated organizations must be reflected as a single item in the budget submitted to the Chancellor (*BOR Minutes*, 1946-47, pp. 214-15).

Article II of the *NGCSU Statutes* [13] outlines the duties of the president and specifically states, "to prepare, with the assistance of the heads of departments and appropriate administrative officers, the annual budget of the University for presentation to the Board of Regents." Article XII of the *NGCSU Statutes*, Section 1 [14] states, "The Vice President for Business and Finance shall serve as the chief financial officer for the University and shall be responsible to the President for all fiscal matters." Section 2 of the same article states,

Section 2. The powers and duties of the Vice President for Business and Finance shall be as follows:

- a. to have charge of the financial and business administration of the University and to have custody and control of all its real property, funds, and securities;
- b. to secure adequate insurance against loss for all University property; to maintain inventories of all University property; and to approve the disposal or transfer of any University property;
- c. to assist the President in the preparation of the budgets of the University and in the control of budget operations;
- d. To exercise general supervision over all accounts of the University which have to do with receipts and disbursements, and to keep the accounts in such manner and render such statements as may be required;
- e. to examine all University contracts before the execution thereof;

- f. to review, subject to the jurisdiction of the President, the employment of all non-academic employees necessary to the welfare of the University;
- g. to represent the University in such business conferences as the President may designate;
- h. to recommend to the President the appointment of any assistants necessary to discharge these duties properly and to exercise general supervision over the areas assigned to each assistant;
- i. to place University funds and securities in a bank or banks that may be approved as a safe depository by the Board of Regents;
- j. to write rules and regulations for the operation and procedures of the Business Office and various auxiliary enterprises and to inform the faculty and students of these regulations;
- k. to examine all accounts, claims, and demands against the University, and to pay all items after they are found to be correct, provided funds are available;
- l. to approve all purchase requisitions, indicating thereby that the proposed purchase is properly covered by an allocation of funds approved by the Board of Regents; to audit the accounts of all expenditures and to insure that they are charged to and covered by proper allocations and that they are used for the purpose designated by the person responsible for and duly authorized to make such expenditures;
- m. to maintain adequate records of all deeds, contracts, leases, and other legal instruments and doctrines affecting the institution;
- n. to handle all matters related to human resources management and payroll;
- o. to be responsible for the coordination and supervision of all non-academic and auxiliary departments with the exception of Student Affairs, Registrar, Admissions, Financial Aid, and Information & Instructional Technology; and
- p. to perform any additional duties that may be assigned by the President.

Policy 716.1 of the *NGCSU Policy and Procedure Manual* [[15](#)] speaks to the president having the authority over all budgetary aspects of the university. The Vice President for Business and Finance is directly responsible to the president for administration of University budgetary policy, for establishing budgetary procedures and for maintaining fiscal control of budgeted funds. Additionally, policies 716.2 through 716.7 speak to other issues related to budget. In any case, according to BOR policy, "all expenditures of institutions must be approved by the Board before they are made."

NGCSU has a budget planning process, which is documented in the *Academic Affairs Policy and Procedure Manual*. Department Heads prepare budgets based on departmental and institutional goals. Deans, Vice-Presidents and other members of the President's council hold budget hearings during which institutional priorities are determined. Once the budget is complete the President submits it to the Board of Regents through the office of the Chancellor. Once the new budget is in place the Vice President for Business and Finance sends out monthly budget reports to each department. Through official requests and approval, budgets can be amended to reflect changing financial needs. The budgeting and planning cycle for NGCSU can be found in the Budget Handbook [16].

NGCSU has an annual audit by the State of Georgia, and Financial Statements are reviewed by the Board of Regents. Copies of these documents and narrative related to NGCSU's financial stability can be found in Core Requirement 2.11 [17]. These documents demonstrate NGCSU's adherence to financial policies and a state of financial equilibrium. A paragraph from 2.11 reads:

The institution had an internal audit during FY 2005 conducted by the Board of Regents University System of Georgia Department of Internal Audit [18]. A second internal audit occurred during FY 2005 for a "Presidential Transition" report [19] to be issued to the new incoming president as required by the Business Procedures Manual section 16.2.6: "Presidential transition audits are used to inform an incoming president at an institution of any major control, financial, and/or operational issues and risks that may need to be addressed at the outset of the new campus administration", [20]. A letter from Chancellor Meredith [21] reports NGCSU's audit ranking as a "code 1," indicating the highest ranking on the Overall Audit Rating Scale according to the Business Procedures Manual section 16.3.9 [22].

It is evident from these audits and supporting structures and procedures that NGCSU has fiscal stability.

3. Institutional policy, including policies concerning related and affiliated corporate entities and all auxiliary services; and

Institutional policies, including policies concerning related and affiliated corporate entities and all auxiliary services are under the authority of the President, at the institutional level, and the Board of Regents at the Board level. NGCSU adheres to the *Board of Regents' Policy Manual* in all areas of functioning to include Institutional Governance (Section 200) [23], Academic Affairs (Section 300) [24], Student Affairs (Section 400) [25],

Public Service (Section 500) [26], Research (Section 600) [27], Finance and Business (Section 700) [28], Personnel (Section 800) [29], Facilities (Section 900) [30], Information, Records and Publications (Section 1000) [31] and Miscellaneous (Section 1900) [32].

Auxiliary Enterprises is described in 702.0102 [33] and states:

The second division -- auxiliary enterprises -- shall be placed on a self-supporting basis, and the state will not make appropriation to finance its operation. Funds collected from these enterprises will be used to provide the best possible services that can be provided for the amount charged without subsidy or support from the funds of the institutions for maintenance and utility services. Accounting records for auxiliary enterprises will be maintained on the full accrual basis of accounting, therefore, funded depreciation will be required for all auxiliary enterprise service equipment, buildings, infrastructure and facilities, and other improvements. The reserve for depreciation will be used for repair and replacement of auxiliary assets according to guidelines provided in the *Business Procedures Manual*. The funds collected will be left with the institutions.

Intercollegiate athletics shall be classified as an auxiliary enterprise for financial reporting; however, the provision of this policy prohibiting support from the funds of the institutions for maintenance and utility services shall not apply. Additionally, funds from intercollegiate athletics shall not be commingled with other auxiliary enterprise funds.

The *NGCSU Policy and Procedure Manual* [34] outlines policies pertinent to the institution. These include: Business and Finance (700) [35], Personnel (Section 800) [36], Facilities (Section 900) [37], Equipment Management (Section 1000) [38], Auxillary Services (Section 1100) [39], and Hazard Material/Waste Management (Section 1200) [40]. Any policy that conflicts with a Board of Regents Policy is superseded by the Board of Regents Policy.

Student policies can be found in the student handbook [41, p. 10], the undergrad [42, p. 23] and graduate catalogs [43, p. 6], program specific student handbooks, the residence life handbook [44] and the commandant's blue book [45], which contains policies pertinent to the Corp of Cadets.

Faculty policies can be found in the faculty handbook [46]. The employee handbook has policies that relate to all employees [47].

4. Related foundations (athletic, research, etc.) and other corporate entities whose primary purpose is to support the institution and/or its programs.

The only related foundation/corporation whose primary purpose is to support the institution is the NGCSU Foundation [48]. This foundation is governed by its own board of trustees. The purpose of the foundation is as follows:

The North Georgia College & State University Foundation, Inc. is a Georgia non-profit corporation with the purpose of receiving, investing and administering the private support of North Georgia College & State University.

The mission of the Foundation is to support and enhance the University by encouraging charitable gifts from alumni and friends leading to academic programs of excellence. This Margin of Excellence allows the University to build upon a growing reputation of quality and value beyond the traditional resources provided by state appropriations or student tuition and fees.

The Foundation serves as the university's gift receiving office as the Board of Regents of the University System of Georgia asks donors to make charitable gifts to the Foundation. For that reason, care should be taken to insure that all checks, deeds and negotiable instruments are made to the NGCSU Foundation. The Foundation will provide a gift receipt suitable for tax purposes acknowledging each gift.

A Board of Trustees comprised of loyal alumni and friends administers and invests charitable gifts to maximize the gift's value to the University. The Foundation is tax exempt under provisions of section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has further ruled that contributions to the Foundation are deductible by donors as provided in section 170 of the Code for federal income, gift and estate tax purposes. These provisions provide the most favorable tax advantages allowed by the Internal Revenue Service for charitable contributions.

At North Georgia College & State University the Director of Athletics reports directly to the President [49] and Article III of the NGCSU Statutes states specifically that the director of Athletics is appointed by the President [50, p.4]. Article XIX of the NGCSU Statues provides the job description of The Director of Athletics. This job description states that the Director reports directly to the president and holds office at the pleasure of the president [51, p. 36]. There is no separate entity for athletics at NGCSU.

In summary, the legal authority and operating control of the institution are clearly defined through its mission, fiscal stability, policies and related foundations.

Document Reference:

| Number | DB Num | Document Title | Resource |
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| 2 | | Board of Regents Policy Manual | http://www.usg.edu/regents/policymanual/ |
| 3 | | Board of Regents Meeting Minutes | http://www.usg.edu/regents/minutes/ |
| 4 | | Board of Regents Policy Manual, Section 200: Institutional Governance, Section 204 Authority and Responsibilities | http://www.usg.edu/regents/policymanual/200.phtml |
| 5 | | Section 3, Comprehensive Standard 3.1.1 | http://www.ngcsu.edu/sacs/compliance_audit/audit_report/section_3/comp_std_3-1-1_mission.pdf |
| 6 | | Board of Regents Meeting Minutes - February 2005, Committee on Academic Affairs | http://www.usg.edu/regents/minutes/2005/feb05.phtml#com_aa |
| 7 | | Board of Regents Policy Manual, Section 200: Institutional Governance, Section 205, Institutional Effectiveness: Planning and Assessment | http://www.usg.edu/regents/policymanual/200.phtml#205 |
| 8 | | NGCSU Strategic Planning Committee Minutes | http://www.ngcsu.edu/sacs/Reference_Room/documents/ngcsu_comm_min_6.htm#strategic_plan |
| 9 | | NGCSU Proposed Strategic Planning Unit Goals 2003 - 2008 | http://www.ngcsu.edu/sacs/Reference_Room/documents/ngcsu_comm_min_6.htm#strategic_plan |
| 10 | | NGCSU Strategic Directions 2003 - 2008 | http://www.ngcsu.edu/Resource/IRP/Strategic%20Plan%20Jan%202004-FY%202008/Strategic%20Directions.pdf |
| 11 | | Board of Regents Policy | http://www.usg.edu/regents/policymanual/7 |

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| | | Manual, Section 700: Finance and Business, Section 701, General Policy | 00.phtml |
| 12 | | Board of Regents Policy Manual, Section 700: Finance and Business, Section 702.02, Operating Budgets | http://www.usg.edu/regents/policymanual/700.phtml#702 |
| 13 | | NGCSU Statutes, Article II, The President | http://www.ngcsu.edu/sacs/Reference_Room/documents/NGCSU_documents/Statutes_appr_BOR_2005_Feb.pdf , p.3 in PDF. |
| 14 | | NGCSU Statutes, Article XII, The Vice President for Business and Finance | http://www.ngcsu.edu/sacs/Reference_Room/documents/NGCSU_documents/Statutes_appr_BOR_2005_Feb.pdf , p. 16 in PDF. |
| 15 | | NGCSU Policy and Procedure Manual, Section 716.1, Budgets: Authority, Responsibility, and Duties | http://www.ngcsu.edu/sacs/Reference_Room/documents/NGCSU_documents/NGCSU_Policies_Procedures/Comptroller_PP_Part3.pdf p.31 |
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| 18 | | NGCSU Internal Audit, December 13, 2004 | http://www.ngcsu.edu/sacs/Reference_Room/documents/NGCSU_reports/Audits/Audit_2004-12-13.pdf |
| 19 | | NGCSU Internal Audit Report, Presidential Transition, 1/4/2005 | http://www.ngcsu.edu/sacs/Reference_Room/documents/NGCSU_reports/Audits/Pres_Trans_Int_Audit_Rpt.pdf |
| 20 | | Board of Regents, Business Procedures Manual, Audits Section 16.2.6, Presidential Transition p. 16-6 | http://www.usg.edu/fiscal_affairs/bpm_acct/bpm-sect16.pdf |
| 21 | | Letter from the Chancellor April 22,2005 | http://www.ngcsu.edu/sacs/Reference_Room/documents/NGCSU_reports/Finance/Ltr_Chancellor_Audit_Ranking.pdf |
| 22 | | Board of Regents, | http://www.usg.edu/fiscal_affairs/bpm_acct |

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| 23 | | Board of Regents Policy Manual, Section 200: Institutional Governance | http://www.usg.edu/regents/policymanual/200.phtml |
| 24 | | Board of Regents Policy Manual, Section 300: Academic Affairs | http://www.usg.edu/regents/policymanual/300.phtml |
| 25 | | Board of Regents Policy Manual, Section 400: Student Affairs | http://www.usg.edu/regents/policymanual/400.phtml |
| 26 | | Board of Regents Policy Manual, Section 500: Public Service | http://www.usg.edu/regents/policymanual/500.phtml |
| 27 | | Board of Regents Policy Manual, Section 600: Research | http://www.usg.edu/regents/policymanual/600.phtml |
| 28 | | Board of Regents Policy Manual, Section 700: Finance and Business | http://www.usg.edu/regents/policymanual/700.phtml |
| 29 | | Board of Regents Policy Manual, Section 800: Personnel | http://www.usg.edu/regents/policymanual/800.phtml |
| 30 | | Board of Regents Policy Manual, Section 900: Facilities | http://www.usg.edu/regents/policymanual/900.phtml |
| 31 | | Board of Regents Policy Manual, Section 1000: Information, Records, and Publications | http://www.usg.edu/regents/policymanual/1000.phtml |
| 32 | | Board of Regents Policy Manual, Section 1900: Miscellaneous | http://www.usg.edu/regents/policymanual/1900.phtml |
| 33 | | Board of Regents Policy Manual, Section 700: Finance and Business, Section 702.0102 Auxiliary Enterprises | http://www.usg.edu/regents/policymanual/700.phtml#702 |
| 34 | | NGCSU Policy and Procedure Manual | http://www.ngcsu.edu/sacs/Reference_Room/documents/NGCSU_documents/NGCSU_Policies_Procedures/Table_of_Contents_All.pdf |
| 35 | | NGCSU Policy and Procedure Manual, | http://www.ngcsu.edu/sacs/Reference_Room/documents/NGCSU_documents/NGCSU_P |

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| 37 | | NGCSU Policy and Procedure Manual, Section 900: Facilities | http://www.ngcsu.edu/sacs/Reference_Room/documents/NGCSU_documents/NGCSU_Policies_Procedures/Facilities_PP.pdf |
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| 50 | | Statutes of North Georgia College & State University, Article III, The Administrative Officers | http://www.ngcsu.edu/sacs/Reference_Room/documents/NGCSU_documents/Statutes_appr_BOR_2005_Feb.pdf p. 4 in PDF. |
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