



THE UNIVERSITY OF NORTH CAROLINA  
**ASHEVILLE**

**Policies and Procedures**

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Approved by: JHM

Owner Dept: Internal Audit  
Phone: 2268

Title: Organizational & Fiscal Requirements for Affiliate Organizations

Purpose: The University will only affiliate itself with appropriately controlled and fiscally responsible organizations, and therefore, finds it appropriate to require that there be means by which the University can maintain fiscal familiarity and comfort with affiliate organizations as a condition for the use, or continued use, of the University of North Carolina at Asheville name or resources.

Scope: The University has relationships with certain affiliate organizations that, though organizationally and structurally independent of the University, utilize the University or North Carolina at Asheville name or other University resources to carry out their individual missions. Organizations that partner with the University for common community goals, but do not receive University resources nor depend on the University of North Carolina at Asheville name to pursue such objectives, are not considered affiliate organizations.

Policy: Affiliated organizations are hereby required to meet minimum organizational standards and implement appropriate fiscal procedures as a requisite for such organizations to receive University permission for continuing use of the University of North Carolina at Asheville name or resources.

Failure to demonstrate adequate organizational governance and fiscal controls or adhere to University imposed requirements may result in the termination of the organization's affiliate status.

Procedure: The University considers the following appropriate indicators of adequate governance and proper financial controls:

- The entity has a Board of Directors that meets as frequently as business activities suggest, but at least twice a year.
- The entity's Board of Directors has a subcommittee structure that is responsible for the different operational areas (i.e. executive, investment, etc., as appropriate). The subcommittees regularly report back to the full Board.
- The entity maintains a formal set of operating policies and procedures that emphasizes proper internal controls and adequate safeguards over organizational assets.
- The entity has an annual independent financial audit of its financial statements conducted within nine months of the fiscal year-end.

In addition to the indicators, the University requires affiliate organizations to abide with the following University imposed requirements:

- An affiliate organization's Board of Directors must have a University representative appointed by the Chancellor.
- Affiliate organizations must provide the University internal auditor the name and occupation of each board member and the subcommittee on which they serve.

- Upon request, affiliate organizations must allow the University access to employees, directors, property, books, records, papers, accounts, or other documents pertinent to University initiated audits or reviews.
- Affiliate organizations must obtain approval from the Vice Chancellor of University Relations (or designee) before soliciting contributions or grants from individuals, businesses, foundations, agencies, etc.
- Affiliate organizations must submit all contract or grant proposals, regardless of the entity solicited, to the University's Office of Sponsored Programs and Research for review. University concerns must be addressed prior to submitting such proposals to the granting entity.
- Annual independent audits of the entity's financial statements must be provided to the University's internal auditor within nine months after the fiscal year-end. The firm conducting the audit is required to issue a separate written report detailing any reportable conditions detected during the audit. If reportable conditions exist, the report outlining these conditions must be distributed to the organization's Board of Directors and to the University's Chancellor, Vice Chancellor of Administration and Financial Affairs, and Director of Internal Audit.

A letter of understanding certifying that the affiliate organization has in place the minimum organizational standards and appropriate fiscal controls must be signed by appropriate individuals at the University and each affiliated organization. The letters of understanding will be maintained by the University's internal auditor and will serve as official University recognition of the organization's affiliate status. Affiliate organizations are subject to periodic review by the University internal auditor to ensure compliance.

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