



SACS Home

Committees

Compliance Table

Quality Enhancement Plan

Supporting Document Index

- Alphabetical
- By Standard

Focused Report

Comprehensive Standard 3.2.2

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

3.2.2.1 The institution's mission:

Judgment: Compliant

Response:

The University of South Carolina Board of Trustees [Bylaws Article III, Section 1](#) Duties of the Board, states that the Board shall define the mission, role and scope of the University System and each of its major component institutions. The Board adopted the current [University Mission Statements](#) for the Columbia, Lancaster, Salkehatchie, Sumter, and Union campuses at its meeting on [July 23, 2010](#).

3.2.2.2 The fiscal stability of the institution:

Judgment: Compliant

Response:

Legal authority and operating control of the University of South Carolina for the fiscal stability is clearly defined in the South Carolina Code of Laws [Section 59, Chapter 117](#), Article 40 – University of South Carolina:

SECTION 59-117-40. Board constituted body corporate and politic; powers.

The board of trustees of the University of South Carolina is and is hereby constituted a body corporate and politic, in deed and in law under the name of the University of South Carolina. Such corporation has the following powers:

- (1) To have perpetual succession;
- (2) To sue and be sued by the corporate name;
- (3) To have a common seal and to alter it at pleasure;
- (4) To make contracts and to have, to hold, to purchase and to lease real estate and personal property for corporate purposes; and to sell and dispose of personal property and any buildings that are deemed by it as surplus property or not further needed and any buildings that it may need to do away with for the purpose of making room for other construction. All such powers shall be exercised in a manner consistent with the provisions of Chapter 35 of Title 11 of the 1976 Code.
- (5) To appoint a chairman of the board of trustees and to appoint a University president, treasurer and secretary, and in the appointment of these latter three to prescribe their duties and their terms of office and to fix their compensation;
- (6) To appoint or otherwise provide for the appointment of subordinate and assistant officers and agents, faculty members, instructors and other employees prescribing the terms of their employments, their duties, and fixing their compensations;
- (7) To make bylaws and all rules and regulations deemed expedient for the management of its affairs and its own operations not inconsistent with the Constitution and laws of this State or of the United States;
- (8) To condemn land for corporate purposes as provided in Section 59-117-70;
- (9) To fix tuition fees and other charges for students attending the University, but these shall not be inconsistent with statutes where the legislature undertakes to fix such fees and charges;
- (10) To confer degrees upon students and such other persons as in the opinion of the board of trustees may be qualified to receive them;
- (11) To accept, receive and hold all moneys or other properties, real and personal, that may be given, conveyed, bequeathed or devised to the University and to use them for the benefit of the University but in those cases where such money or property is received charged with any trust then in every case such money or property shall be held and used strictly in accordance with the terms of such trust; provided, however, where the terms of any such trust would require something to be done other than merely to administer the trust no obligation in receiving the trust over and above merely its administration shall be binding upon the University or the State except such as are accepted by the General Assembly;
- (12) To assign any member of the faculty to additional duties in any other University department than that in which the faculty member may at the time be working and without additional salary;
- (13) In all investigations touching the affairs of the University the board of trustees is invested with full powers to compel by subpoena, rule and attachment witnesses to appear and testify and papers to be produced and read



SEARCH

USC THIS SITE

before such board;

(14) To adopt such measures and make such regulations as may in the discretion of the board of trustees be necessary for the proper operation of the University;

(15) To appoint for the University a board of visitors of such number as the board of trustees may deem expedient, and to regulate the terms during which the members of such board shall serve, and to prescribe the functions of such board of visitors;

(16) To remove any officer, faculty member, agent, or employee for incompetence, neglect of duty, violation of University regulations, or conduct unbecoming a person occupying such a position;

(17) To appoint an executive committee not exceeding six members of the board who have all the powers of the board during the interim between meetings of the board but not the power to do anything which is inconsistent with the policy or action taken by the board. The executive committee at each meeting of the board shall report fully all action taken by it during the interim; and

(18) To appoint committees of the board of trustees or officers or members of the faculty of the University, with such power and authority and for such purposes in connection with the operation of the University as the board of trustees may deem wise.

Further, the South Carolina Code of Laws provides specific authority to the Board of Trustees for the following through Section 59, Chapter 101 – Colleges and Institutions of Higher Learning Generally:

Procurement of liability insurance (Section 59-101-170)
 Sale and disposal of real property (Section 59-101-180)
 Authority to maintain financial management and accounting systems (Section 59-101-185)
 Eminent Domain (Section 59-101-650)
 Annual audit and quality review process (Section 59-101-660)

The University of South Carolina Board of Trustees **By-Laws**, amended on April 20, 2007, enumerate the responsibilities and duties of the board as follows:

Article III – Responsibilities of the Board
 Section 1. DUTIES OF THE BOARD. The Board shall define the mission, role and scope of the University System and each of its major component institutions, shall establish the general policies of the University System, shall lay out the University System's broad program of educational activity, shall approve the budget for the next fiscal year, and shall provide ultimate accountability to the public and the General Assembly.

Within these fundamental responsibilities, the Board will perform, where appropriate, many essential functions, including but not limited to the following:

- A. Elect a President of the University to serve at the will of the Board or for such term and compensation as the Board may prescribe;
- B. Elect a Secretary of the University and of the Board to serve at the will of the Board or for such term and compensation as the Board may prescribe;
- C. Elect a Treasurer of the University to serve at the will of the Board or for such term and compensation as the Board may prescribe;
- D. Establish policies and goals of the University and direct the President to implement and achieve those policies and goals;
- E. Review and approve academic plans, including new programs and new units, and major modifications or deletions in existing programs and units;
- F. Approve, upon recommendation of faculties and the President, the earned degrees awarded;
- G. Designate academic chairs and professorships, award honorary degrees and name buildings or major portions thereof, other structures, outdoor spaces, streets and geographic areas;
- H. Levy fees and charges and examine from time to time admissions policies as established by the faculties and the administration;
- I. Review and approve requests for appropriations;
- J. Review and approve annual budgets and budget changes;
- K. Approve all gifts where restrictions are indicated, designate the use of unrestricted gifts, and approve and designate the use of testamentary gifts;
- L. Approve all loans, borrowing, and issuance of bonds;
- M. Approve appointments and salaries of principal officials which shall be defined as those persons elected by the Board as provided in Paragraphs A, B, and C above, as well as University officers having the rank of Vice President or Chancellor or equivalent rank;
- N. Approve compensation policy for faculty and staff;
- O. Approve all long-range development plans for the University including major capital projects;
- P. Approve or delegate authority for approval of all major contractual relationships and other major legal obligations executed in the name of the University;
- Q. Approve all sales or purchases of real property, and ensure that all properties of the University are preserved and maintained;
- R. Establish investment policies and procedures which will provide for the prudent investment and preservation of funds entrusted to the University;
- S. Establish auditing policies and standards and appoint independent auditors; and
- T. Establish and maintain within the administrative procedures of the University the policy and practice that the administrators of the University covered under Paragraphs A, B, and C above shall serve in such capacities at the will and pleasure of the Board; that the administrators of the University having the rank of Vice President, Chancellor, University Campus Dean, Academic Dean, Director or the equivalent thereof and any other person reporting directly to the President shall serve in such capacities at the will and pleasure of the President. It is understood that the employment of such administrators shall be on customary terms of University employment and there shall be no separate employment agreements; provided, however, it is further understood that no Athletics Department administrators will be given employment agreements in excess of one year without prior approval of a majority (eleven) vote of the entire Board of Trustees.

The Board of Trustees **By-Laws** designates the Fiscal Policy Committee (Article VII, Section 4) to "review and monitor the finance and fiscal policies and procedures of the University, its departments, and related entities; receive and evaluate reports and recommendations of internal and external auditors; advise the Executive

Committee and the Board of the financial status of the University, its departments, and related entities; perform such studies of financial matters as the Executive Committee or the Board may request; and recommend fiscal policies to the Executive Committee and Board that will better serve the needs of the University of South Carolina and the public."

The Board of Trustees directs the President of the University to perform duties specific to the fiscal stability of the institution. These include (Article XI, Section 2):

Direct and approve the preparation of a coordinated request for both operating and capital appropriations, and direct the presentation of and justification for the request;

Review and recommend to the Board the budgets of all components of the University System;

Establish fiscal, budgetary, audit, and business procedures for the efficient and effective management of the University;

Within the University, the **Vice President for Finance and Planning & Chief Financial Officer** has administrative responsibility for the fiscal operations and stability of the institution. All accounting records and procedures are subject to the approval of the Vice President for Finance and Planning & Chief Financial Officer. This position is responsible for ensuring that internal controls are in place and that funds are expended and recorded appropriately. The annual operating budget is recommended by the President and approved by the Board of Trustees following internal preparation that includes the Vice President for Academic Affairs and Provost and approval by the Executive Committee which is charged in the **Bylaws**, Article VII, Section 3 to "function as a continuous planning and finance committee of the Board, exercising general supervision of the finances of the University; shall review in advance the proposed budget for the succeeding year; and shall review in advance the proposed application for appropriations for the succeeding fiscal year in the light of overall University Plans." The **FY 2011 Budget** was approved by the Executive Committee at its meeting on **June 18, 2010**; and by the full Board of Trustees in its meeting on **June 25, 2010**.

The Director of Internal Audit reports to the Board of Trustees, via the University Secretary, according to the University's **Organizational Structure** and **University Policy BTRU 106**, to provide analyses of operations, financial activities, and systems of internal control. The purpose of these analyses is to evaluate whether resources are used efficiently and effectively in keeping with mandated requirements and the University's mission, goals, and objectives. The Department of Internal Audit website provides a more detail explanation of the Department's Responsibilities.

The Treasurer is elected by the Board of Trustees and has duties described in the **Bylaws**, Article XII, to "serve as the official liaison between the Board and the financial functions of the University."

This system of legal authority and operating control ensures that the University of South Carolina has a sound financial base, maintains long-term financial stability, and has adequate fiscal and physical resources to support the mission of the institution.

Additional information regarding the fiscal stability of the University is found in Core Requirement **2.11.1** and Comprehensive Standards **3.10.1**, **3.10.2**, **3.10.4** and **3.10.5**.

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

Judgment: Compliant

Response:

The annual appropriations act of the State of South Carolina includes General Provisions that allow the University of South Carolina Board Of Trustees to maintain policies concerning related and affiliated corporate entities and all auxiliary services. **Proviso 89.9 of the 2010-2011 Appropriations Act** indicates:

"...Notwithstanding other provisions of this act, funds at state institutions of higher learning derived wholly from athletic or other student contests, from the activities of student organizations, and from the operations of canteens and bookstores, and from approved Private Practice plans at institutions and affiliated agencies may be retained at the institution and expended by the respective institutions only in accord with policies established by the institution's Board of Trustees. Such funds shall be audited annually by the State but the provisions of this act concerning unclassified personnel compensation, travel, equipment purchases and other purchasing regulations shall not apply to the use of these funds."

Further, **Proviso 89.12** provides that "During the current fiscal year, student fees at the state institutions of higher learning shall be fixed by the respective Boards of Trustees as follows:

(1) Fees applicable to student housing, dining halls, student health service, parking facility, laundries and all other personal subsistence expenses shall be sufficient to fully cover the total direct operating and capital expenses of providing such facilities and services over their expected useful life except those operating or capital expenses related to the removal of asbestos.

(2) Student activity fees may be fixed at such rates as the respective Boards shall deem reasonable and necessary."

Auxiliary enterprises consist of housing services, dining services, bookstore operations, vending, trademark and licensing, student health services, parking, some portions of Carolina Coliseum and Koger Center operations and the Athletic Department. All auxiliary enterprises must be self-supporting in accordance with Proviso 89.12 above in the state appropriations act. Each enterprise must sustain their own income and expenditures without state-appropriated funds. Sources of revenues include student housing fees, meal fees, book sales, ticket sales and sales of other commodities and services. Revenues not used to cover current operating expenditures may be placed in reserve and used to finance capital expenditures, or in certain instances, funds may be transferred to

other University accounts. All capital expenditures for auxiliary enterprises must be financed from their own funds. Each auxiliary enterprise is a separate and distinct entity. The University Board of Trustees approves individual budgets for these units. Dining services and bookstore operations are outsourced.

The University also maintains explicit control over other educational and general program accounts through **Business and Finance Policy BUSF 3.30**. This policy directs use of accounts that track the unrestricted, self-sustaining, and on-going activities of University units such as a college, department, institute, center, or other organizational element. These units retain the revenues generated through these activities to cover the costs of operations. Balances in these accounts carry forward from one year to the next for the purpose of expanding or improving the services provided by the unit. Examples of activities using 'E' fund accounts include continuing education, department recharge centers, technology fee revenues and research allocations.

The Board of Trustees has a primary function relating to contractual arrangements with other entities as evidenced by the By-Laws duties to approve or delegate authority for approval of all major contractual relationships and other major legal obligations executed in the name of the University. (**By-Laws**, Article III, Section 1, Item P)

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

Judgment: Compliant

Response:

The Board of trustees has the legal authority to approve or delegate authority for approval of all major contractual relationships, such as contracts of agreement with foundations and other related entities. South Carolina Code of Laws Section **59-117-40** clearly delineates the powers and responsibilities of the University of South Carolina Board of Trustees, which include:

(4) To make contracts and to have, to hold, to purchase and to lease real estate and personal property for corporate purposes; and to sell and dispose of personal property and any buildings that are deemed by it as surplus property or not further needed and any buildings that it may need to do away with for the purpose of making room for other construction. All such powers shall be exercised in a manner consistent with the provisions of Chapter 35 of Title 11 of the 1976 Code.

(11) To accept, receive and hold all moneys or other properties, real and personal, that may be given, conveyed, bequeathed or devised to the University and to use them for the benefit of the University but in those cases where such money or property is received charged with any trust then in every case such money or property shall be held and used strictly in accordance with the terms of such trust; provided, however, where the terms of any such trust would require something to be done other than merely to administer the trust no obligation in receiving the trust over and above merely its administration shall be binding upon the University or the State except such as are accepted by the General Assembly;

In accordance with State law, the Board of Trustees **By-Laws** designates the Fiscal Policy Committee (Article VII, Section 4) to

Review and monitor the finance and fiscal policies and procedures of the University, its departments, and related entities; receive and evaluate reports and recommendations of internal and external auditors; advise the Executive Committee and the Board of the financial status of the University, its departments, and related entities; perform such studies of financial matters as the Executive Committee or the Board may request; and recommend fiscal policies to the Executive Committee and Board that will better serve the needs of the University of South Carolina and the public.

The Board of Trustees By-laws further state that only the Board can:

Approve or delegate authority for approval of all major contractual relationships and other major legal obligations executed in the name of the University.

In addition, Board of Trustees **Policy BTRU 1.04** provides specific guidelines regarding the signing of contracts.

In summary, since the relationship between the University and its foundations is defined by contracts of agreement, and because only the Board can approve major contractual relationships, the Board is the sole legal authority to approve the legal relationships between the institution and its foundations.

Supporting Documentation:

Source	Location
State of South Carolina	
Code of Laws	http://www.scstatehouse.gov/CODE/statmast.htm
Section 59-101-185	http://www.scstatehouse.gov/CODE/t59c101.htm#59-101-185
Section 59-117-40	http://www.scstatehouse.gov/CODE/t59c117.htm#59-117-40
Proviso 89.9 of the 2010-2011 Appropriations Act	http://www.scstatehouse.gov/sess118_2009-2010/appropriations2010/crp1b.htm - s89
University of South Carolina	
Organizational Structure	http://hr.sc.edu/USC_Summary_Org_Chart.pdf
FY 2011 Budget	http://busfinance.admin.sc.edu/budget/budget_summaries.asp
Board of Trustees Policy BTRU 1.04	http://www.sc.edu/policies/btru104.pdf
Board of Trustees Policy BTRU 1.06	http://www.sc.edu/policies/btru106.pdf

Department of Internal Audit Website	http://www.sc.edu/iaudit/
Business and Finance Policy BUSF 3.30	http://www.sc.edu/policies/busf330.pdf
Vice President for Finance and Planning & Chief Financial Officer	http://busfinance.admin.sc.edu/about.shtml
Board of Trustees Website	
By-laws	http://trustees.sc.edu/Board_ByLaws.pdf
Meeting Minutes	http://trustees.sc.edu/minutes.html

[RETURN TO TOP](#)

[USC LINKS:](#)

[DIRECTORY](#)

[MAP](#)

[EVENTS](#)

[VIP](#)

[SITE INFORMATION](#)

Columbia, SC 29208 • [Phone](#) • [Email](#)

© University of South Carolina Board of Trustees