

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: **(Governing board control)**

3.2.2.1 the institution's mission;

USC Board *Bylaws* prescribe the definition of the mission as a duty of the Board, and the Board must adopt the mission statements for all the campuses.

3.2.2.2 the fiscal stability of the institution;

The fiscal and financial responsibilities of the USC Board are outlined in the S.C. Code of Laws Section 59, Chapter 117.

3.2.2.3 institutional policy, including policies concerning related and affiliated corporate entities and all auxiliary services; USC's authorization and responsibility can be inferred from the Board *Bylaws* and S.C. Code of Laws, but is most explicitly spelled out in the annual appropriations act, Proviso 89.9, 2010-11 , 12.

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.

While authority in this area can be inferred from the information presented in the Compliance Certification Report, the argument is indirect and solely based on general contract authority and the Off-Site Review Committee was not able to review these contracts. Further investigation by the On-Site Review Committee is needed to confirm that the legal authority and operating control of the institution are clearly defined in this area.

The On-Site Committee reviewed this matter with the Secretary and the General Counsel of the Board of Trustees and concluded that, based on Section 59-117-40(4) of the South Carolina Code of Laws, the Board itself appears to have authority to enter into contracts (agreements) and by virtue of that authority it has the legal authority to grant such authority to the institutions over which the Board has control. Although the term "foundations" is not used in the Code, it is implicit as an entity with which the Board and the institutions under its control may enter into contracts/agreements. Because the standard requires that "the legal authority and operational control of the institution are clearly defined for . . . foundations," the Board would be wise to see that the Code is clarified in this regard.