

**General Checklist of Required Agreements,
Reports, and Audit Information**

1. **Affiliation Agreement** (with alumni and other non-profit organizations) [Attachment 1]
 - A) **Authorization for Affiliate to manage Endowed Chair and Endowed Professorships Program assets**
 - 1) "Affiliate Responsibilities, Asset Management," Section 4.d. requires that Affiliate and University enter into a Funds Management Agreement
 - 2) See Checklist section on Funds Management Agreement
 - B) **Payments made to or on behalf of University employees**
 - 1) "Affiliate Responsibilities, Affiliate Funding and Administration," Section 4.a.2) requires that the Affiliate ensure that supplemental compensation and/or benefits for university employees must:
 - a. have advance approval from the Board of Supervisors and
 - b. must be paid to the University, **not** directly to the employee unless express approval has been obtained from the University President through the Board of Supervisors
 - 2) "Affiliate Responsibilities, Affiliate Funding and Administration," Section 4.a.3) permits that travel, entertainment, educational benefits and other reimbursements may be made to a University employee with the approval of the appropriate University administrator
 - 3) "Affiliate Responsibilities, Affiliate Funding and Administration," Section 4.a.5) requires that the Affiliate report all single payments of \$1,000 or more made to or on behalf of a University employee – the report will be made on a quarterly basis on the timeline established by the university
 - 4) "Affiliate Responsibilities, Affiliate Funding and Administration," Section 5.c. requires the Affiliate to include in its annual financial statements a supplemental schedule of all payments, regardless of amount, made to or on behalf of the University's intercollegiate athletics program.
 - a. Supplemental Assurances – The Affiliate's auditor will perform supplemental procedures on the schedule and provide assurances that the schedule is fairly stated in relation to the financial statements. [Attachment 4]
 - 5) "Affiliate Responsibilities, Affiliate Funding and Administration," Section 4.b.6) requires that contracts between the Affiliate and University employees must first be approved by the University President.
 - C) **Contracts with Related Parties**
 - 1) "Affiliate Responsibilities, Affiliate Funding and Administration," Section 5.a. regarding supplemental assurances and Attachment 4 require the Affiliate to include a note in its annual financial statements to disclose information on any contracts with members of the Affiliate's Board of Directors, members of the UL System Board of Supervisors, and any university or System Office employees.

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- a. Supplemental Assurances – The Affiliate’s auditor will perform supplemental procedures to provide assurances that the note is reliable. [Attachment 4]
- D) Affiliate’s Annual Audit
- 1) Affiliate shall be audited annually in accordance with generally accepted auditing standards.
 - 2) Copies of the audit and management letter (with supplemental assurances on agreed-upon procedures) shall be furnished to the University and the legislative auditor within six months of the fiscal year-end.
 - 3) Audits shall include the performance of agreed-upon procedures that will be determined by the University President.
2. **Affiliation Agreement** (with Facilities Corporations) [Attachment 2]
- A) Affiliate’s Annual Audit [Section E]
- 1) Affiliate shall be audited annually in accordance with generally accepted auditing standards.
 - 2) Copies of the audit and management letter shall be furnished to the University and the legislative auditor within 120 days of the fiscal year-end.
 - 3) The performance of agreed-upon procedures is not mandatory but may be requested or required by the legislative auditor, Board of Supervisors (through the University President), or the Board of Regents. [Section F]
- B) Payments to or on behalf of University employees
- 1) Criteria for approving payments to university employees and reporting such payments to the Board of Supervisors have not been included in this generic affiliation agreement since few facilities corporations would make such payments in their normal course of operations.
 - 2) Should conditions change and/or a special project allows for payments of any kind to be made directly to or on behalf of university employees, the affiliation agreement should be amended to include the related requirements (found in the generic agreement for alumni and developmental organizations – Attachment 1).
3. **Funds Management Agreement**
- A) Relates only to Endowed Chair and Endowed Professorships Program assets – affiliate is not allowed to hold any other types of public funds
 - B) Requires Affiliate to comply with the Board of Regents’ *Statement of Investment Policy and Objectives* - this policy applies only to the Endowed Chair and Endowed Professorships Program
 - C) The BOR policy requires the preparation of an annual report on each endowment
 - D) The BOR policy also requires that a agreed-upon procedures audit report be issued on the Affiliate’s compliance with BOR’s investment policy (which also covers expenditure

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of the funds) – the agreed-upon procedures are included in the *Statement of Investment Policy and Objectives*

- E) Funds Management Agreement must be approved by the UL System Board of Supervisors