

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Committee: Finance and Facilities

Date of Meeting: July 20, 2010

Agenda Item: Proposed Amendment to Board Policy 5.16 Risk Management and Insurance (First Reading)

Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring

Information

Cite policy requirement, or explain why item is on the Board agenda: Board Policy 1A.1, Part 6, Subpart H, has established that each board policy and system procedure is to be reviewed at least once every five years.

Scheduled Presenter(s): Laura M. King, Vice Chancellor - Chief Financial Officer

Outline of Key Points/Policy Issues:

Board policies and procedures are reviewed to:

1. assure contemporary and responsible business practices are maintained
2. assure the system's current financial and operating control mechanisms are sustained or strengthened
3. assure continuity of operations
4. clarify conflicting or misunderstood information
5. eliminate redundancy

Background Information: The Finance Division is responsible for reviewing and proposing amendments to most board policies in Chapters 5, 6, and 7.

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

First Reading

BOARD ACTION

Proposed Amendment to Board Policy 5.16 Risk Management and Insurance

BACKGROUND

Board Policy 1A.1, Part 6, Subpart H, has established that each board policy and system procedure is to be reviewed at least once every five years. This purpose of this review is to:

1. assure contemporary and responsible business practices are maintained
2. assure the system's current financial and operating control mechanisms are sustained or strengthened
3. assure continuity of operations
4. clarify conflicting or misunderstood information
5. eliminate redundancy

Policy 5.16 Risk Management and Insurance

The change to Policy 5.16 clarifies that the office of the chancellor, colleges, and universities will obtain liability insurance in addition to property and casualty insurance as appropriate either through the State's Risk Management Program and/or other authorized and applicable programs.

All of our campuses participate in the State's Risk Management Fund where they purchase the necessary insurance coverage to protect them against the perils of their daily activities. Campuses have always procured liability insurance coverage through the State's Risk Management Program and/or another applicable vendor when appropriate. However this wasn't explicitly stated in board policy. The addition of the word "liability" specifically states that campuses should be purchasing liability coverage where appropriate.

RECOMMENDED COMMITTEE ACTION

The Finance, Facilities and Technology Policy Committee recommends the Board of Trustees adopt the following motion:

The Board of Trustees approves amending Policy 6.5 Capital Program Planning as shown in Attachment A.

RECOMMENDED BOARD ACTION

The Board of Trustees approves amending Policy 6.5 Capital Program Planning as shown in Attachment A.

Date Presented to the Board: July 20, 2010

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

BOARD POLICY**5.16**

Chapter 5 Chapter Name Administration

Section 5.16 Policy Name Risk Management and Insurance

1 **5.16 Risk Management and Insurance**

2

3 **Part 1. Policy Statement.** It is the policy of the Board of Trustees that the office of
4 the chancellor, colleges, and universities will obtain property-~~and~~, casualty and liability
5 insurance as appropriate either through the State's Risk Management Program and/or
6 other authorized and applicable programs.

7

8 **Part 2. Responsibilities.** The chancellor for the office of the chancellor and the
9 presidents for the colleges and universities are responsible for effectively managing
10 risks in order to conserve and manage the assets of the office of the chancellor, colleges
11 and universities and minimize the adverse impacts of risks or losses.

12

13 **Part 3. Accountability/Reporting.** The Board of Trustees will be updated on an
14 exception-based reporting system on the risk management and insurance coverage of
15 the office of the chancellor, colleges, and universities.

16

17 *Date of Implementation: 6/21/00*18 *Date of Adoption: 06/21/00*

19 *Date and Subject of Revision: 06/18/03 - changes "system office" to "office of the*
20 *chancellor", eliminated periodically updating to the Board to an exception-based*
21 *reporting system; updated website for risk management.*