

MEMORANDUM

To: Board of Trustees

From: Steve Schultz, Legal Counsel *SS*

Cc: Mitch Daniels, President
Bill Sullivan, Treasurer and Chief Financial Officer
Jim Almond, Senior Vice President and Assistant Treasurer
Janice A. Indrutz, Corporate Secretary and Executive Assistant to the Board

Re: Proposed Amendments to Articles IV and V of the Bylaws

Date: January 30, 2018

The purpose of this memo is to recommend that the Board of Trustees approve certain amendments to Articles IV and V of the Bylaws in order to: (a) change the name of the Audit and Insurance Committee to the "Audit and Risk Management Committee" in Article V, and (b) update the description of the Treasurer's duties (and various related references to the Committee) in Article IV. The proposed changes are redlined in the attachment to this memo.

Given that the scope of this Committee's oversight in the risk financing area has grown beyond the subject of mere insurance coverages to encompass enterprise risk management and related issues, this seemed an appropriate time to update the Committee's name to reflect that expanded purview. In addition, since a few references to the Committee are being changed in Article IV, Section 6, we are proposing that we take this opportunity to streamline some fairly dated language on the Treasurer's duties in that section.

Your consideration of this recommendation is respectfully requested.

S.R.S.

Proposed Bylaw Amendments (Marked)

Article IV, Section 6

Section 6: Treasurer. The Treasurer shall be the chief financial and business officer of the Corporation. By virtue of the office, the Treasurer shall also be the Treasurer of the University. The Treasurer may be a Vice President of the University; shall attend all stated meetings of the Board and executive sessions when requested by the Board; shall receive, take charge of and, under the direction of the Board, manage all securities, properties, and funds belonging to the Corporation or the University and all trusts in which the Corporation or University is interested.

All officers, heads of departments, and other employees whatsoever who receive moneys on account of the Corporation or University shall immediately pay the same to the Treasurer with a complete description and account of such moneys; and no disbursements shall be made of moneys collected, used, or disbursed in the conduct of the Corporation or of the University and their business, without the authorization of the Treasurer.

The Treasurer shall arrange for the safekeeping of all securities and the deposit of all funds in the name of the Corporation or of the University. All funds shall be subject to withdrawal by the Treasurer and by such other persons as the Board may designate.

The Treasurer shall have the power to invest and reinvest all funds, including trust funds, in accordance with the policies established by the Board or its Finance Committee. The Treasurer shall have the power to incur indebtedness in the name of the Corporation through the borrowing of money, in accordance with applicable laws and the policies established by the Board or its Finance Committee. The Treasurer shall attend the meetings of that committee and serve as its Secretary and keep a record of its proceedings.

The Treasurer shall submit and make such reports as the Board or its committees may request.

The Treasurer shall be a resident of ~~the State of~~ Indiana, and shall give a fidelity bond in the sum of not less than \$500,000 to the approval of the Board. The Treasurer shall also give bond in the sum of not less than \$50,000 to the approval of the Board for the faithful execution of the Treasurer's trust and duties, with sufficient sureties, as the Board may require, all in accordance with Indiana Code 21-23-4-5, as amended. The bonds so given shall be recorded by and placed in the custody of the Secretary.

Deleted: Tippecanoe County
Deleted: ,
Deleted: ,

Under the general supervision of the President of the University and in accordance with the policies of the Board, the Treasurer shall be responsible for the maintenance of proper books of account and accounting procedures, the preparation of the University budget and budgetary control, the purchasing of all items of equipment and supplies, the employment of all clerical and service personnel, the supervision of all business and financial affairs of the University, including the Department of Intercollegiate Athletics ~~and~~ all ~~other~~ auxiliary and service enterprises, ~~as well as~~ the planning, development, maintenance, and operation of the physical plant of the University.

Deleted: Edward C. Elliott Hall of Music, Loeb Playhouse, the Purdue Memorial Union, the
Deleted: ,
Deleted: all residence halls and other housing facilities,
Deleted: and

The Treasurer, or a representative duly authorized by the Treasurer, shall examine, approve, and sign the written instruments requiring the Treasurer's approval as provided in Article VII. The Treasurer shall have the authority and perform the duties usually attached to the office and as may be prescribed by law, the Board, or these Bylaws.

The Treasurer of the Corporation shall maintain an internal audit office independent of any other office of the Corporation or of the University. The Director of Audits shall submit to the Board annually a written report on the work of the internal audit office for the preceding calendar year. In addition, the Director of Audits, prior to the presentation of the written annual report, shall make an annual oral presentation concerning the work of the internal audit office to the Audit and ~~Risk Management~~ Committee, which shall be made in the presence of the Treasurer. Immediately following the completion of each oral presentation, the Director of Audits shall confer with the Audit and ~~Risk Management~~ Committee, outside

Deleted: Insurance
Deleted: Insurance

the presence of the Treasurer or any other officer of the University on any subject germane to the area of responsibility of the internal audit office. The written annual report to the Board shall be made at a stated meeting selected by the Audit and Risk Management Committee, but in no event shall it be deferred beyond July 1 of each year without the consent of the Chairman. In addition, at any time when in the judgment of the Director of Audits circumstances warrant or in response to a request from the Chairman of the Audit and Risk Management Committee, the Director of Audits shall make a written or oral report to the Chairman of the Audit and Risk Management Committee without informing the Treasurer or any other University officer. Subject to the foregoing, the Treasurer shall attend the meetings of the Audit and Risk Management Committee and serve as its Secretary and keep a record of its proceedings.

- Deleted: Insurance
- Deleted: Insurance
- Deleted: Insurance
- Deleted: Insurance

Article V, Section 3

Section 3: Audit and Risk Management Committee. After consultation with the Board, the Chairman shall appoint a minimum of three members of the Board to the Audit and Risk Management Committee who shall serve until the next biennial meeting and until their successors are appointed. The Chairman shall pay particular attention to the financial expertise of Board members in making appointments to the Committee.

- Deleted: Insurance
- Deleted: Insurance

Subject to the control of the Board, the Audit and Risk Management Committee shall maintain oversight of the internal audit and risk management functions and shall receive and take appropriate action upon the various reports made to it by the Treasurer, Legal Counsel, Director of Audits, or any other person as such reports may relate to the area of the Audit and Risk Management Committee's responsibilities generally. The Audit and Risk Management Committee shall make an annual report to the Board at one of its stated meetings as determined by the Committee.

- Deleted: Insurance
- Deleted: Insurance
- Deleted: Insurance

The Audit and Risk Management Committee shall take such steps as it deems necessary to be fully informed about the University's financial position, risk profile and risk financing mechanisms. The Committee shall receive a copy of the Purdue University Annual Financial Report and, in connection therewith, shall obtain such certifications from University officers as the Committee deems appropriate to insure compliance with all relevant and appropriate applicable accounting standards. The Committee, through the Treasurer and the Director of Audits, shall establish procedures for the receipt, retention, and treatment of complaints received by the University regarding accounting, internal controls, and auditing matters, and shall implement and monitor a system that will enable University employees and others to submit information on such matters in a confidential, anonymous manner.

- Deleted: Insurance
- Deleted: and
- Deleted: . In
- Deleted: the University's annual financial report
- Deleted: the Audit and Insurance Committee