MATTERS FOR ACTION:

Adoption of Bylaws

RECOMMENDED ACTION:

MOVED, that the Board of Governors hereby approve the Bylaws attached hereto, effective as of May 2, 2007.

FURTHER MOVED, that the May 2004 Policy Manual is hereby repealed and replaced in its entirety by such Bylaws.

FURTHER MOVED, that the Chancellor and the General Counsel shall present to the Board their recommendations as to system level policies and procedures that are necessary in addition to such Bylaws.

EXPLANATION:

Presented by Larry Edward Penley, Chancellor, and Loretta P. Martinez, General Counsel.
BYLAWS

BOARD OF GOVERNORS
OF THE COLORADO STATE UNIVERSITY SYSTEM

Article I Authority and Powers
Article II Board Membership
Article III Officers
Article IV Meetings
Article V Exercise of Powers
Article VI Quorum
Article VII Committees
Article VIII Personnel
Article IX Conflict of Interest
Article X Indemnification
Article XI Expense Reimbursement Policy
Article XII Necessary Policies and Procedures
Article XIII Amendment/Suspension of Bylaws

(Adopted May 2, 2007)
ARTICLE I – AUTHORITY AND POWERS

The Colorado Constitution and the Colorado Revised Statutes vest the supervision and control of the Colorado State University System in the Board of Governors. The Colorado State University System is a body corporate of the State of Colorado and is composed of Colorado State University, Colorado State University – Pueblo, and their constituent agencies, institutes and services.

Powers

The Board of Governors of the Colorado State University System has such powers, rights and privileges as are granted to it under Colorado law, including, but not limited to, suing and being sued; taking and holding personal property and real estate; contracting and being contracted with; selling, leasing, or exchanging real property; controlling and directing all monies received by it, and determining personnel matters.

Delegation

Except for powers that are legislative or judicial in nature, the Board may delegate authority to the Chancellor, the Institutional Presidents or other officers or agents to approve and execute contracts, agreements, grants, warrants and other binding legal instruments in the name of the Board and perform such other duties as the Board deems proper and necessary. The Board may also delegate personnel powers, including the power to hire and fire employees exempt from the State Personnel System, to the Chancellor and the Institutional Presidents and allow such officers to re-delegate their personnel power to other officers of the System or the institutions.

ARTICLE II – BOARD MEMBERSHIP

The Board of Governors consists of thirteen members, including nine Voting Members and four non-voting Advisory Members who shall have such qualifications as required by law.

Voting Members

The Voting Members are appointed by the Governor of the State of Colorado and confirmed by the State Senate for terms of four years, and may serve a total of two terms. A vacancy in the unexpired term of a Voting Member of the Board may be filled by the affirmative vote of a majority of the Voting Members of the Board.

Advisory Members

The Advisory Members shall be comprised of two representatives from each of the Institutions, one of whom shall be an elected officer of its faculty council, who must hold the rank of associate professor or higher, and the other of whom shall be an elected officer of the student body, who must be a full-time junior or senior student. A vacancy in either the expired or unexpired term of an Advisory Member of the Board may be filled in accordance with the rules and regulations of the faculty or student body by which they were elected.
ARTICLE III - OFFICERS

The officers of the Board include a Chair, a Vice Chair, Treasurer, and Secretary, all of whom shall be elected by majority vote from among the Voting Members of the Board.

Election

Election of officers takes place at the May Board meeting in years ending in odd numbers. Board officers assume their positions at the conclusion of the May meeting and serve for a period of two years until their successors are elected.

Chair

The Chair shall preside at all meetings of the Board and shall sign all contracts and documents required to be executed by the Board. The Chair shall also appoint the members of all standing and ad hoc committees, be an ex-officio non-Voting Member of all committees and perform such additional tasks as may be necessary to implement actions approved or taken by the Board.

Vice Chair

The Vice Chair of the Board shall, in the absence of the Chair, perform the duties of the Chair.

Secretary

The Secretary shall make certifications on behalf of the Board and perform such other duties as are normally performed by the Secretary of a legally-organized corporate body and those which may be assigned by the Board. The Secretary shall cause all notices to be sent that may be required and necessary to comply with these Bylaws and the Colorado Open Meetings Law. The Secretary shall also cause a record to be kept and maintained of all action and proceedings and policies of the Board.

Treasurer

The Treasurer shall cause statements of condition of the System and the Institutions and other such other financial documents as may be requested by the Board to be prepared, compiled, and provided to the Board.

Assistants, Deputies and Assistant Chairs

The Board shall appoint such assistants or deputies as it deems necessary to accomplish the duties of the officers of the Board. The Chair shall appoint such assistant chairs of committees as deemed necessary to accomplish the purposes of the committees.

Vacancies

In the event of a vacancy in any office of the Board, a successor shall be elected by the Board to serve for the period of any unexpired term and until a successor to that person is elected.
ARTICLE IV – MEETINGS

Regular Meetings
Regular meetings of the Board shall be held at such time and place as established yearly by resolution of the Board.

Special Meetings
The Chair of the Board may call special meetings of the Board at any time, and shall do so upon the written request of any three members of the Board.

Committee Meetings
The Chair of the Committee may call committee meetings at such time and place as is necessary to discharge the duties of said committee.

Notices
Notice of the time, place, and agenda of all meetings, both regular and special, of the Board and any of its committees shall be given in accordance with the Colorado Open Meetings Law. The Board shall give no less than 24 hours notice of a regular, special or committee meeting by appropriate methods such as U.S. mail, electronic mail, electronic facsimile, or posting on the Board of Governors website.

Agenda
No less than five days before any regular meeting, an agenda setting forth the matters which are to be considered at the meeting shall be sent to Board members. An agenda for any special meeting or committee meeting shall be sent to Board members as early as is practicable.

Records of Meetings
A recording and minutes shall be kept of all meetings of the Board in accordance with law with the exception of certain matters discussed in Executive Session.

Physical Presence of Members at Meetings
Meetings of the Board, whether regular, special or by committee, shall require the physical presence of their members except when the chair of the Board or the Chair of a Committee determines that it is necessary to provide for other means of communication for a particular meeting. Under such circumstances meetings may be held by telephone, video conferencing, or other forms of electronic communication, and members participating in such meetings shall be deemed to be present for all purposes.

Motions, Seconding and Voting on Actions
All members of the Board may make and second motions, but only Voting Members of the Board may vote on Board actions. Proxy voting is not allowed.

Executive Session
The Board and its respective committees may meet in Executive Session to discuss matters as permitted by the Colorado Open Meetings Law and other provisions of law.
Adjournment

Any meeting may be adjourned and its business continued to an appointed day by a vote of the majority of the Voting Members present even though there shall be less than a quorum.

Rules of Procedure

ROBERT'S RULES OF ORDER shall govern the proceedings and the conduct of meetings of the Board and its committees, in all cases to which they are applicable and which are not covered in or by the Bylaws or Resolutions of the Board.

ARTICLE V - EXERCISE OF POWERS

Official action of the Board or any action in the case of Executive Committee or recommendations in the case of any other Committee shall occur only in open session at meetings duly called and held in accordance with these Bylaws at which a quorum is present. Matters coming before the Board at regular, special or committee meetings shall be determined by a majority of the Voting Members who are present.

ARTICLE VI - QUORUM

A quorum of the Board shall be a majority of the Voting Members of the Board. A quorum of any Committee of the Board shall be a majority of the Voting Members of the Committee.

ARTICLE VII - COMMITTEES

Standing Committees of the Board

The Board shall have the following standing committees, each of which shall have the duties and powers set forth below. The Chair of the Board shall be a non-voting ex officio member of each standing committee. In the absence of any committee member and at the discretion of the Chair of the committee, the Chair of the Board may become a voting member of the committee. Each standing committee shall be staffed at the discretion of the Chair of the Committee. Only the members of the standing committee and the Chair of the Board in the above described circumstances shall be entitled to vote on matters before the committee. The Chair of any committee must be present to constitute a meeting of the committee.

The Executive Committee

The Executive Committee shall consist of the Chair of the Board, who shall serve as the Chairperson, the Vice Chair of the Board, the Secretary and the Treasurer and one additional member appointed at the discretion of the Chair of the Board from the Voting Members.

The Executive Committee shall have the full power of the Board when the Board is not in session except with respect to hiring, termination, evaluation and compensation of the Chancellor and the Institutional Presidents. The Secretary shall cause a written record of
any actions by the Executive Committee to be made and transmitted to the Board at the next meeting of the Board.

**The Audit Committee**

The Audit Committee shall be comprised of three Voting Members of the Board. It shall review and approve an annual Audit Plan for the Colorado State University System, review results of the independent auditor's annual financial audit, oversee the Office of Internal Audit and the Chief Auditor, and examine and evaluate audit reports.

**The Finance Committee**

The Finance Committee shall be comprised of three Voting Members of the Board. It is responsible for reviewing overall System and institutional financial management and performance. This is accomplished through the review and consideration of institutional budget requests as well as review of System and institutional financial and budgetary matters. Based upon these reviews, the Finance Committee will make recommendations to the Board on budget requests and related financial matters of the Colorado State University System, the Institutions and their constituent agencies, institutes and services.

**The Real Estate Committee**

The Real Estate Committee shall be comprised of three Voting Members of the Board. It is responsible for assessing the real estate holdings and policies of the System, the Institutions and related entities and for reviewing proposed real estate transactions and making recommendations to the Board regarding such transactions and policies.

**The Evaluation Committee**

The Evaluation Committee shall include all of the Voting Members of the Board. The Board Chair may chair such committee or appoint a committee chair to perform such duty.

It is responsible for annually evaluating the Chancellor, providing the chancellor formal feedback about his/her performance, and making recommendations to the Board regarding terms and conditions of employment, including compensation and benefits and other personnel matters.

**Ad Hoc Committees**

Ad Hoc committees may be appointed by the Chair of the Board upon a majority vote approval by the Board with such powers and duties as the Board shall determine. Ad Hoc committees shall be comprised of three Voting Members of the Board and shall require a majority of the Voting Members of the Committee to constitute a quorum.

**Scope of Action of Committees.**

Formal actions of all Standing and Ad Hoc Committees, other than the Executive Committee, shall be limited to recommendations made to the Board and shall in no way bind the Board.
ARTICLE VIII - PERSONNEL

The Chancellor of the System shall report directly to the Board. The Institutional Presidents shall report to the Chancellor but shall be selected by the Board upon the recommendation of the Chancellor. The Chief Auditor shall be managed by the Chancellor but have the authority to work directly with the Board through its Audit Committee in order to assure independence of the audit function. The General Counsel shall be managed by the Chancellor but has primary responsibility to the Board for all legal matters of the System.

Chancellor
The Chancellor shall be the chief executive officer of the Colorado State University System with all corresponding duties and responsibilities. The Chancellor shall be appointed by the Board and shall hold office in accordance with the terms and conditions set forth by the Board. The Chancellor’s duties are more fully described in the job description and the employment agreement.

Institutional Presidents
The President of each Institution in the System shall serve as the chief executive officer of the Institution with all corresponding duties and responsibilities. The Presidents shall be appointed by the Board upon recommendation of the Chancellor and shall report to the Chancellor. The Presidents’ duties are more fully described in the job description and the employment agreement.

Chief Auditor
The Chief Auditor shall provide such assistance on auditing matters as shall be required by the Board, the Chancellor, the Institutional Presidents and the Institutions. The Chief Auditor is selected by the Board upon the recommendation of the Chancellor. The Chief Auditor’s responsibilities are defined in the Audit Charter and the job description.

General Counsel
The General Counsel is the chief legal officer of the System and represents the Board and its constituent institutions in all legal matters. The General Counsel is selected by the Board upon the recommendation of the Chancellor. The General Counsel’s responsibilities are defined in the job description.

ARTICLE IX - CONFLICT OF INTEREST

All decisions of the Board, Board Officers, System personnel and the Institutions must be made solely on the basis of a desire to promote the best interests of the System and its Institutions. A conflict of interest exists when a Board member or employee has or represents interests that may compete with or be adverse to those of the Board and the System. A conflict of interest exists not only when there is any benefit, direct or indirect, received by such individuals or those with whom such person has an affiliation in connection with the official actions of the Board and System, but also when the Board or System interests are, or could be, adversely affected by a conflict of interest or perception or appearance of a conflict. Although members of the Board may have allegiances to and
associations with a particular System Institution and/or community, as well as other outside interests, their paramount fiduciary obligation is to serve the best interests of the Board and the System. All conflicts of interest must be disclosed fully disclosed and the interested person shall refrain from participation consideration of the proposed transaction per the policies more fully described in the Board of Governors Policy manual.

ARTICLE X – INDEMNIFICATION
The Colorado State University System shall indemnify any Board member, officer, employee or agent of the System who is a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of service as a Board member, officer, employee or agent of the System against expenses and judgments if the person acted in good faith and in a manner reasonably believed to be in or not opposed to the interests of the System, and with respect to any criminal action or proceedings, had no reasonable cause to believe the conduct was unlawful.

ARTICLE XI - EXPENSE REIMBURSEMENT POLICY
Board members will be reimbursed for reasonable and necessary expenses incurred in the performance of their duties.

ARTICLE XII – NECESSARY POLICIES AND PROCEDURES
The Board may specify any necessary rules and regulations to effectuate these Bylaws through Resolution, and may prescribe policies and procedures for the management, operation and control of the Colorado State University System in furtherance of its stated Mission, Vision and Values. Such policies and procedures may be amended at any meeting of the Board by the affirmative vote of five (5) Voting Members, provided that notice of any amendment shall have been given with the notice of meeting at which such amendment is scheduled to be voted upon. At the meeting following such notice, the Board may adopt, reject, or adopt in an amended form the proposed amendment.

ARTICLE XIII - AMENDMENT/SUSPENSION OF BYLAWS
These Bylaws may be amended at any meeting of the Board by the affirmative vote of five Voting Members, provided that notice of any proposed amendment shall have been given with the notice of the meeting at which such amendment is scheduled to be voted upon. Any and all provisions of the Bylaws, not otherwise required by law, may be suspended by a vote of two thirds of the members of the Board present at any meeting of the Board.
COLORADO STATE UNIVERSITY SYSTEM
MISSION, VISION, VALUES

As adopted April 2005

Colorado State University System Vision

The Colorado State University System will be the premier system of public higher education in the nation.

Colorado State University System Mission

The Colorado State University System is committed to excellence, setting the standard for public higher education in teaching, research and service for the benefit of the citizens of Colorado, the United States and the world.

Colorado State University System Values

Be ACCOUNTABLE
Promote CIVIC RESPONSIBILITY
Employ a CUSTOMER FOCUS
Promote FREEDOM OF EXPRESSION
Demonstrate INCLUSIVENESS AND DIVERSITY
Encourage and reward INNOVATION
Act with INTEGRITY and MUTUAL RESPECT
Provide OPPORTUNITY and ACCESS
Support excellence in TEACHING and RESEARCH

Colorado State University Mission

Inspired by its land-grant heritage, CSU is committed to excellence, setting the standard for public research universities in teaching, research, service and extension for the benefit of the citizens of Colorado, the United States and the world.

Colorado State University – Pueblo Mission

Colorado State University-Pueblo is committed to excellence, setting the standard for regional comprehensive universities in teaching, research and service by providing leadership and access for its region while maintaining its commitment to diversity.
MATTERS FOR ACTION:

Election of Officers of the Board of Governors of the Colorado State University System.

RECOMMENDED ACTION:

EXPLANATION:

Presented by Patrick A. Grant, Chairman of the Board of Governors:

In accordance with Colorado Revised Statutes and Board policies, election of officers is held at the May meeting in odd numbered years. The following offices are to be filled by election: Chair, Vice Chair, Secretary and Treasurer.

Members of all standing committees shall be appointed by the Chair of the Board. Current standing committees include the Executive Committee, Audit Committee, Finance Committee, Evaluation Committee, and Real Estate Committee. The Chair shall also appoint the CCHE Liaison, CSU Foundation (CSUF) Board Liaison, and CSU Research Foundation (CSURF) Board Liaison, and the CSU-Pueblo Foundation Liaison.
MATTERS FOR ACTION:

Adoption of Policy: Audit Charter

RECOMMENDED ACTION:

MOVED, that the Board of Governors hereby approves the Audit Charter attached hereto, effective as of May 2, 2007.

FURTHER MOVED, that the provisions of the existing Audit Charter in the May 2004 Policy Manual is hereby repealed and replaced in their entirety by the attached Audit Charter.

EXPLANATION:

COLORADO STATE UNIVERSITY SYSTEM BYLAWS
Article VIII and XII.
Concerning a Charter of Operations for the Internal Audit Department

This Charter shall be effective this 2nd day of May, 2007 and shall expire unless readopted or amended prior to the 31st day of May, 2009.

Introduction

The Internal Audit Department (Internal Audit) shall provide Colorado State University System Board of Governors, the Chancellor and the administration with an independent and objective evaluation of the effectiveness, efficiency, and application of the accounting, financial, and other internal controls necessary to accomplish System objectives in compliance with policies and procedures, regulatory requirements, and sound business practices.

Purpose

Internal Audit conducts reviews of campus and system records and operations and reports the results of these reviews to management, to the Chancellor, and the Audit Committee of the Board of Governors. In fulfilling its responsibility to assist the Chancellor, Audit Committee, and other administrators in the effective discharge of their responsibilities, Internal Audit is committed to providing independent, objective, and timely service to its customers, as well as responding to their requests for consulting and other services, and to adding value to and improving the System's operations. Internal Audit helps the System accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal Audit conducts its projects in accordance with the Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors. In addition, Internal Audit adheres to all policies and procedures of the System and its campuses.

Authority

The Director of Internal Audit and the Internal Audit staff are authorized to:

- Have full and unrestricted access to all records, physical properties, and personnel relevant to any function under review or audit.
- Request the assistance of all employees in fulfilling Internal Audit's function.
- Maintain the independence necessary to render objective reports by assuring all audit activities (including audit scope, procedures, frequency, timing, and report content) are free from influence by auditee.
- Have free and unrestricted access to the Chancellor and Audit Committee.

The Director of Internal Audit and the Internal Audit staff are not authorized to:

- Perform any operational duties for the System, its campuses, or its affiliates.
- Initiate or approve accounting transactions external to Internal Audit.
- Assume direct operational responsibility or authority over any of the activities under review or audit.
- Develop or install systems or procedures, prepare records, or engage in any other activity that would normally be audited.

Independence and Management of the Audit Function

To provide for the independence of the Internal Audit Department, Internal Audit staff report to the Director of Internal Audit. The Director of Internal Audit is ultimately accountable to the Board and shall have a direct
reporting relationship to the Board through its Audit Committee. In order to promote effective management of Internal Audit, the Director shall also report to the Chancellor for purposes of administration and for assurance of adequate and appropriate consideration of audit findings within the organization.

Responsibility

The Director of Internal Audit and the Internal Audit staff have a responsibility to:

- To implement an annual audit plan developed by the Chancellor and Board of Governors Audit Committee, using an appropriate risk-based methodology, including any risks or control concerns identified by management. The Chancellor and the Audit Committee shall approve significant changes to the approved plan.
- Implement the approved annual audit plan and any special tasks or projects requested by the Chancellor, or Audit Committee.
- Maintain sufficient knowledge, skills, expertise, and professional certifications to meet the requirements of this Charter.
- Apply the care and skill expected of a reasonably prudent and competent internal auditor.
- Safeguard the documents and information given to Internal Audit during a periodic review or audit in the same prudent manner employed by those employees normally accountable for the documents and information.
- Evaluate and assess new or changing services, processes, and operations coincident with their development, implementation, and/or expansion.
- Issue periodic reports to the Chancellor and Audit Committee summarizing results of audit activities.
- Keep the Chancellor and Audit Committee, and management informed of emerging trends and successful practices in internal auditing.
- Assist in the investigation of significant suspected fraudulent activities within the System and notify the Chancellor and Audit Committee of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the System at a reasonable overall cost.

Audit Scope

The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the use of internal control to achieve the stated goals and objectives of the Colorado State University System. The scope includes:

- Reviewing the reliability and integrity of financial and operating information and the means used to identify measure, classify, and report such information.
- Reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations that could have a material impact on operations and reports.
- Reviewing established systems of internal control to ascertain whether they are functioning as designed.
- Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Reviewing specific operations at the Audit Committee, or with the Chancellor, as appropriate.

Special Investigations

Individual staff members are urged to contact the Internal Audit Department directly to report financial or operating irregularities or areas of doubt and concern. The identity of any employee making such contact will be kept confidential if so requested by the employee.
Reporting

A written report will be prepared and issued by the Director of Internal Audit or designee following the conclusion of each audit. A copy of each audit report will be forwarded to the Chancellor, the Audit Committee, and to other affected parties. The Director of Internal Audit or designee may include in the audit report the auditee’s response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management’s response should include a timetable for anticipated completion of the corrective action to be taken and an explanation for any recommendations not addressed by corrective action.

Internal Audit shall be responsible for appropriate follow-up on audit findings and recommendations. If Internal Audit should determine that implementation of findings and recommendations are not occurring with a reasonable timeframe, the Director of Internal Auditing will notify the Chancellor, the Audit Committee and any other appropriate administration.

Audit Standards and Ethics

Audit work of Internal Audit shall be performed in accordance with Generally Accepted Auditing Standards endorsed by the Institute of Internal Auditors in Standards for the Professional Practice of Internal Auditing.

Members of the Internal Audit Department are responsible to maintain the high standards of conduct, independence, and character necessary to provide proper and meaningful internal auditing for the System.