

UNIVERSITY OF CENTRAL FLORIDA

MATERIALITY

I. Background

Article IX, Section 7, of the Florida Constitution captioned "State University System" provides in part: "A Board of Trustees shall administer each public university and a Board of Governors shall govern the State University System. Each local constituent university shall be administered by a Board of Trustees...." The Board of Governors shall establish the powers and duties of the Board of Trustees.

A Resolution adopted by the Board of Governors on January 7, 2003, provided that "each Board of Trustees is vested with authority to govern its University, as necessary to provide proper governance and improvement of the University in accordance with the laws and rules of the Board of Governors. Each Board of Trustees shall perform all duties assigned by law or by the Board of Governors."

II. Guidelines for Materiality

The UCF Board of Trustees wishes to adopt a policy regarding "materiality" to guide the administration in those matters that must be submitted to the Board of Trustees for approval. The policy will not apply to those items that have been specifically approved by the Board as part of the budget review process.

As a guiding principle, university management should promptly inform the Board of all material items affecting the university. A matter will be regarded as material to the university if it involves any of the following:

- (a) an annual financial commitment, obligation, or contingent risk of five million dollars or .5% percent of the university budget, whichever amount is smaller
- (b) a contractual obligation of more than five (5) years' duration, having an aggregate net value of five million or more dollars
- (c) changes requiring SACS substantive-change approval
- (d) acquisition (including gifts), sale, or encumbrance of real property of at least one million dollars
- (e) potential for significant damage to the reputation of the university
- (f) any significant strategic changes to the university's primary mission or capital investment programs

Any item that is believed to have the potential to be material to the university should be referred to the Board of Trustees or its chair. In the great majority of cases, the matter will be dealt with by the Board of Trustees through its committee structure. However, some matters that could materially affect the university's reputation may require immediate action by the president or other members of the administration before it is possible to notify or consult with the Board of Trustees. In such cases, every effort should be made to consult with the chair of the Board and appropriate committee chair(s) before action is taken. In all such cases, the chair and Board should be appropriately informed as soon as practicable.

Items that meet this definition of "materiality" should be brought to the Board's attention as set forth above when they become known. In addition, the Board should also be informed of any items, which, by mandate of Statute, Board of Governors regulations, or Board of Trustees policy, require Board approval.