

RICHARD HULEATT, *President*

TRUSTEES OF  
JAFFNA COLLEGE FUNDS

INCORPORATED IN BOSTON, MASSACHUSETTS

MAY 3, 1877

July 17, 2017

The Rt. Rev. Dr. Daniel Thiagarajah  
Chairman, Board of Directors of Jaffna College  
Chairman, Board of Directors of Uduvil Girls' College

Dear Bishop Daniel:

Thank you for your letters of June 21 and June 22, 2017. Attached is our review of the items we requested in Appendix A of our March 31, 2017, letter compared with what was provided in your letters.

While the additional information you provided is most welcome, we still find that some items – which we consider important – have not been provided. For example, we have twice requested the Management Letters from Ernst & Young (E&Y) that customarily accompany financial statements, but have not received them. If E&Y did not issue them, we would have appreciated being advised of that fact with an explanation. Similarly, we have not received the governing document for the Uduvil Girls' College. If no such document exists, we would have expected to be advised accordingly and the date by which it would be created. These examples suggest an attitude of less than complete responses to our requests; i.e. compliance in form but not in substance.

Going forward, we are going to be looking for activities that suggest compliance in both form and substance. For example, we would welcome hearing how the Boards are engaged in preparing your responses to our letters (e.g. is there an active exchange of ideas and who is engaged?). We will be looking for greater transparency, with opportunities for stakeholders to attend the public portion of the Board meetings, and the disclosure of your correspondence with us. We are eager to learn of Board appointments that more broadly represent stakeholders accompanied with the matrix you have proposed.

Based on your responses to date, we are withholding twenty percent of the budgeted grant for the third quarter 2017 transmittal, as we have the first two quarters of the year. In addition, while we are aware of your preference to transmit funds directly to UGC, we have decided to maintain the existing process for the time being.

We look forward to receiving the information requested herein by September 30, 2017. Thank you again for your willingness to work with us on these vital issues of institutional governance and stakeholder engagement.

Very truly yours,



The Rev. Richard H. Huleatt  
President

cc: Chief Minister C.V. Wigneswaran, Northern Provincial Council  
Minister of Education Kandiah Sarveswaran, Northern Provincial Council  
Vijula Arulanantham, Vice Chair, JC and UGC Boards  
Patricia Suneetha Jebaratnam, Principal, UGC  
D. S. Solomon, Principal, JC

Jude Sutharshan, Principal, CTS  
T. Thevanesan, Chair, CACM  
Darshan Ambalavnar, Program Director, CACM  
Aasiri Gunasekera – Ernst & Young  
Sugash Kanagaratnam, JC Alumni – Jaffna  
Manickam Thavaogarajah, JC Alumni – Colombo  
Murugesu Pushparajah, JC Alumni – Toronto  
Anton Ganesan, JC Alumni – London  
Ajit Emerson – JC Alumni – Sydney  
Sabaratnam Ratnakumar, JC Alumni – Singapore  
Jeevanam Watson, UGC Alumni - Colombo  
Suganthi Alphonsus, UGC Alumni – Toronto  
Sharmila Harichandra, UGC Alumni – Sydney  
Gopikka Nirmal, UGC – London  
Alexis Thayaparan, UGC – Parents Association

**Beneath each item below *in italics* is the response of the Trustees to the letters dated June 21 and June 22, 2017, from Bishop Thiagarajah. For convenience, this Appendix includes all the requests included in the Trustees' letters dated January 5 and March 31, 2017.**

## **Appendix A**

For each of Jaffna College and Uduvil Girls' College:

1. Audited financial statements by an independent internationally-recognized auditor that comply with international accounting standards for the year ended December 31, 2015 and the year ended December 31, 2016, including the letter to the Board of Directors (comments on quality of the audit process) and so-called management letter about internal financial controls and related governance matters.

*Thank you for audited financial reports from JC and UGC for 2015 and 2016. The management letters, however, remain to be received. After reviewing these reports, we may contact with follow-up questions Ernest & Young (E&Y) and/or Principal Solomon or his designee.*

*For 2017, we look forward to receiving these reports by June 30, 2018, with Management Letters. Also, for JC, please provide a consolidated report including all entities that are controlled by JC and/or the JC Board.*

2. Establishment of an Audit Committee (comprised of persons financially literate and independent of financial compensation by the college) and Nominating and Governance Committee for the Board of Directors.

*We were pleased to learn of the establishment of Audit Committees, Nominating and Governance Committees, and Faculty Hiring Committees. Establishing these committees is the necessary first step to implementation of important governance objectives, which will take time. We would recommend codifying these committees in the constitutions of each school describing their duties and responsibilities. As requested in our previous letter, please provide a realistic date for each College by which it commits to having these committees fully operational with the names of committee members.*

*In your preamble advising us of these new committees, in the section titled, **The governance of God**, you state:*

***“Our internet searches have helped the Boards identify what has troubled us about your perspective on governance. In particular, we have concerns that the Trustees’ views on governance may give insufficient credence to the constitutional reality of our two Colleges as Christian institutions.***

***We understand that your fiduciary role is governed by state laws that are secular. But our Boards’ primary responsibility is to the governance of God made known in Jesus Christ. We speak of this concern to bring into open our unease that some of your governance advice appears to put us in conflict with our faith and the vocation of our Colleges as Christian institutions.”***

*We strongly disagree with this view. In fact, we believe that the practices of good governance we have been advocating, such as transparency, inclusiveness, and disciplined financial systems, are entirely appropriate for both Christian and secular organizations. They are not mutually exclusive. In fact, Christian institutions are*

*respected and supported more by their stakeholders when their governance and management reflect the values inherent in our faith, the same practices we are promoting. Moreover, many of the ministries in the United Church of Christ have documents evidencing their adoption and compliance with these good-governance practices.*

*Thus, to suggest that we do not “give sufficient credence to the constitutional realities of our two Colleges as Christian institutions” is disrespectful at best to the Trustees, several of whom are ministers, and to the great many stakeholders that support our efforts. At worst, it reflects an attitude of superiority, which is not very Christian, and an unwillingness to recognize that well-run secular and Christian institutions embrace the values noted above, whether they originate in theological or secular wisdom.*

*Nevertheless, if any of our recommendations have caused you and the Boards to believe that such recommendations have put you in conflict with your faith and vocation, we want to hear and understand your specific concerns.*

3. Adoption of a policy by the Nominating and Governance Committee that publicly solicits names and qualifications of prospective directors from alumni, parents of students, and administrators of each school.

*We look forward to being updated on the progress in establishing this Committee, including a target date for full compliance. We agree with your observation “that faculty, staff and students ordinarily should not serve as voting members of their own institution’s governing board.” Thus, administrators should not be considered for Board positions. We would encourage you, however, to include individuals on the Boards from the broadest definition of stakeholders, notably alumni, preferably those whose lifetime achievements admirably evidence the values and education they received at the schools.*

4. List of relevant experience and qualifications of each director currently on the Board of Directors including disclosure of any family relationships among board members and financial or other compensation for service as a board member.

*We have received the list of directors with their backgrounds. New board members will be determined by the newly established Nominating and Governance Committee.*

5. Adoption of a conflict of interest policy (with required annual reports by each director) for the Board of Directors.

*Thank you for the clarification regarding the current status of the conflict of interest policies. As you note, it is a work in progress. To facilitate this process, attached is a copy of the TJCF’s Conflict of Interest Policy for your consideration. Importantly, it requires each Board member annually to affirm that they have not had any conflicts of interest for the prior year or if they have to describe the conflict..*

6. Annual disclosure of related party transactions for each member of the Board of Directors. (A related-party transaction is one in which a director derives a financial or other personal benefit from the college that could result in divided loyalty between service to the college and his/her own personal interest.)

*If a conflict of interest policy similar to the TJCF’s is adopted, this item will be covered.*

7. Minutes of all meetings of the Board of Directors made available publicly.

*You have suggested that there be restricted access for the next year to the minutes of Board meetings at JC. We presume you are pursuing a parallel policy of UGC and look forward to learning of your progress over this year. Both JC and UGC should make public who may and how to access the minutes. Also, please confirm that all directors receive a copy of the Board minutes with whatever privacy requirements you deem appropriate.*

*In developing your disclosure policy over the coming year, we refer you to our comments on this matter in our last letter.*

8. Establishment of a faculty hiring committee comprised of the Principal, one college administrator or senior teacher, one member of the Board of Directors, one representative of the Parents' Association, and one public education official such as the Minister of Education (or his/her designee from the Ministry of Education).

*Thank you for sharing your current thinking regarding a Faculty Hiring Committee. We believe the Committee of three internal people lacks the perspective of third party educational professionals that we have suggested. We respectfully request that the Board reconsider the composition of this committee.*

9. Copies of bylaws (amended, if needed, to provide for term limits) and governing documents, as currently in effect.

*Thank you for The CONSTITUTION of the Board of Directors of Jaffna College dated October 10, 2014. To better understand the evolution of changes, please provide a copy of The Constitution in effect in 2006 noting the changes compared with The Constitution currently in effect. These changes may be reflected with hand written notes in the margins. Alternatively, changes may be reflected in a so-called redlined version using Microsoft Word.*

*The governing document for the UGC was not provided. Please forward it with your next response including the same comparison as requested for JC with the version in effect in 2006.*

10. Stakeholder relations (new item).

***You note that, "The AGB (U.S. Association of Governing Boards of Universities and Colleges) agrees with many of your (TJCF) recommendations for internal governance structures and processes. But AGB no longer frames external relations in terms of constituencies. Rather, the focus is on relationships with stakeholders. The AGB says 'Governance should also be informed by and relate to external stakeholders. Governing boards can facilitate appropriate and reciprocal influence between the institutions and external parties in many ways.' We believe the emergence of a governance focus on stakeholder relations is more congruent with our identity as a Christian institution in our particular Sri Lankan context."***

*We view the foregoing entirely consistent with what we have been advocating. We are encouraged that you are using this position as a foundation for your future endeavors regarding stakeholders. We are baffled, however, as to how this new view of stakeholders fits with your lack of transparency. For example, you have been unwilling to share publicly your recent correspondence with us. How does this advance the cause of*

*improving stakeholder relations? To seriously embrace this new governance focus on stakeholder's relations, we strongly encourage you to start by making public all of your 2017 correspondence with us. Not to do so may well create a needless air of mystery and mistrust amongst stakeholders.*

11. Form of transmittal (new item).

*Your responses to our March 31st request contained eight documents in seven separate emails with a total of 101 attachments, most of them photos of one page each. We would appreciate receiving future documents each as a single attachment. This will minimize hours of work for us and, more importantly, assure that we do not miss important parts of your transmittal.*