

MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
AUDIT COMMITTEE MEETING MINUTES
January 21, 2014

Audit Committee Members Present: Trustees Ann Anaya, Chair; Phil Krinkie, David Paskach, and Elise

Others Present: Chancellor Steven Rosenstone, President Edna Szymanski, Trustees Clarence Hightower, Chair; Alexander Cirillo, Duane Benson, Cheryl Dickson, Dawn Erlandson, Maria Peluso, Tom Renier.

The Minnesota State Colleges and Universities Audit Committee held its meeting on January 21, 2014, 4

th Floor McCormick Room, 30 East 7th Street in St. Paul. Chair Anaya called the meeting to order at 1:04 p.m. and noted that Trustee Krinkie and Trustee Paskach were present by phone.

1. Minutes of October 23, 2013

The minutes of the October 23, 2013 Audit Committee were approved as published.

2. Minutes of December 3, 2013

The minutes of the December 3, 2013 Special Audit Committee were approved as published.

3. Proposed Amendment to Board Policy 1A.2 (Second Reading)

Committee Chair Anaya introduced the second reading of the proposed amendment to Board Policy 1A.2. Ms. Beth Buse, Executive Director of Internal Auditing explained that the proposed changes in the policy language would eliminate the requirement for a mandatory rotation requirement of audit firms. Controls are currently in place to protect the system against risks when using the same audit firm on consecutive engagements. Trustee Krinkie had requested additional information at the first reading. Ms. Buse said that information could be found on page eleven of the Board packet. Chair Anaya asked if the only change was to redact one sentence in Subpart E, 1 (An independent audit firm may not be appointed to a particular engagement for more than six consecutive years.). Ms. Buse said that was correct and referred to page ten of the Board packet where it was stricken.

Trustee Dickson asked why it was beneficial to eliminate the required rotation versus extending the length of time between rotations. Ms. Buse replied that the Institute of Internal Auditors recommends that if there is a required rotation, it should be every ten years. However, she stated that Board policy requires that the Audit Committee oversee the process for selecting independent auditors and that the committee shall select one or more independent auditors to audit system-level or institutional financial statements and recommend their appointment to the board. She added that she felt that the risks were mitigated by the current process in place and

solely on the passage of time. Trustee Anaya asked how this plan compares with other higher education systems. Ms. Buse responded that she could not find any other higher education systems that had a required rotation. Trustee Anaya asked if carryover from one year to the next improved efficiency and effectiveness. Ms. Buse stated that by the time a firm begins to understand the complexities of both the Minnesota State Colleges and Universities and the individual institutions as well as working with state government and the foundations, then it's usually time forl aTJ 0.084(14)]TJ u-6(eg)4(t)6J u-6(eg)-7(o)-4(alCee Tw 5.28 (

