

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
AUDIT COMMITTEE MEETING MINUTES  
May 20, 2015**

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**Audit Committee Members Present:** Trustees Philip Krinkie, Duane Benson, Robert Hoffman, Michael Vekich, and Erma Vizenor.

**Audit Committee Members Absent:** Trustee Ann Anaya

**Others Present:** Trustees Kelly Charpentier-Berg, Alexander Cirillo, Maleah Otterson, Tom Renier, and Elise Ristau.

The Minnesota State Colleges and Universities Audit Committee held its meeting on May 20, 2015, 4<sup>th</sup> Floor McCormick Room, 30 East 7<sup>th</sup> Street in St. Paul. Chair Krinkie called the meeting to order at 8:03 a.m.

**1. Minutes of April 22, 2015**

The minutes of the April 22, 2015 Audit Committee were approved as published.

**2. Proposed Amendment to Policy 1D.1 Office of Internal Auditing (First Reading)**

Ms. Beth Buse, Executive Director of the Office of Internal Auditing, began by sharing with the committee that the month of May was internal audit awareness month.

Ms. Buse explained that most of the proposed changes to board policy 1D.1 were to streamline the policy language, but there were also changes that would bring the audit charter contained in the policy into compliance with the standards for internal auditing. Trustee Krinkie stated that he had read through all of the proposed changes and agreed that they were either to clean up language or to ensure compliance with national auditing standards. He noted the policy referred to MN Statute Chapter 13, and he asked for clarification. Ms. Buse stated that the statute referred to the Minnesota government data practices act, which mentions internal audit data, and states that while audit work is in progress the data is not public.

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and employment was up, so their ability to contribute meant they were not able to borrow quite as much.

Ms. Scherer stated that when CliftonLarsonAllen reviewed the fiscal year 2014 Federal Student Financial Aid they were looking at all the institutions as one. She stated that there were five findings in the report, all of which were insignificant. Ms. Scherer reviewed the findings.

Ms. Buse noted that in 2013 there were two audit findings and both of them had been resolved.

Ms. Buse provided some historical perspective on questioned costs over the previous nine years. She noted that the financial aid administrators and the business office staff across the system had done a phenomenal job to consistently have such low questioned costs in the audits over the past several years. She did caution however, that it was important to remember that with 600 compliance regulations, if there were a significant violation in one of those compliance issues at a systemic level, the questioned cost numbers could add up quickly. She stressed the importance of staying on top of issues and understand regulations so that a systemic error

Ms. Buse stated that the U.S. Department of Education conducted three program reviews in the past year. The report on Minneapolis Community and Technical College was issued in December, there were three minor findings and no questioned costs. The report on Saint Paul College was issued in December and there were no findings. The report on Century College had not been issued yet, however Mr. Halling indicated that the reviewers thought it would be a clean report.

Ms. Buse continued with a brief background on the financial aid work that was done by the Minnesota Office of Higher Education. She stated that the most recent information provided by their office was for fiscal year 2013, and that work was done at an individual college or university level. Trustee Hoffman noted that MnSCU received about 40% of the state grant dollars for 60% of the students. Mr. Halling confirmed and stated that over the course of ten years, progress had been made to get some of the rules changed for how the money was calculated and spent, but there was still a great disparity. Trustee Hoffman expressed his displeasure at the inequity.

Trustee Charpentier-Berg asked if participation of the part-time student grant impacted they numbers. Mr. Halling stated that about \$20 million of the increase in 2013 was due to the pilot program for part-time working students. He added that some of the increase was due to the fact that more money was put into the overall state grant program.

Ms. Buse provided background on the Minnesota Office of Higher Education audit work. She stated that they conduct audit work on individual colleges and universities. She noted that MOHE had changed their audit approach in the last year to include more sampling and they were primarily conducting desk audits, rather than visiting the campuses. Ms. Buse stated that the approach allowed them to get additional coverage without travel, but it was

resulting in some tensi