

BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES
INFORMATION ITEM

Periodic Follow-up of Prior Audit Recommendations

BACKGROUND

The MnSCU Office of Internal Auditing guideline on Audit Follow-up provides a structured approach for classifying, cataloging, monitoring, and reporting the status of prior audit findings. The guideline requires that periodic activity reports be provided to the Audit Committee. At the October 18, 2001 meeting, Audit Committee members requested that the Executive Director of Internal Auditing pursue a method of showing the status of prior audit findings in a context of overall financial management effectiveness.

In response to the committee's request, Internal Auditing has developed the attached one-page scorecard for displaying the status of prior audit findings and the rate of implementing audit recommendations. If feedback to this display methodology is favorable, the report will be posted to the Internal Auditing website, www.internalauditing.mnscu.edu, with interactive links to specific audit findings and explanations of particular areas needing further attention. Examples of explanations for the attached scorecard include:

- * Security findings have been difficult for MnSCU to resolve. The Chief Information Officer has been working with a Systems Security Steering Committee to establish an appropriate security framework. A consultant has assisted with drafting a board policy on system security. It is expected that the new policy will be introduced to the Board of Trustees in the next few months.
- * Auxiliary Enterprise findings related mostly to the need for improved cost allocation and financial reporting of these business-like activities. Implementation of these findings has been awaiting the development of comprehensive guidelines. The Office of the Chancellor is in the final stages of developing system-wide guidelines to address these areas. Release of the guidelines is expected in the near future.
- * Reconciliations have been a difficult challenge for many colleges and universities. Currently only four colleges have not completed bank reconciliations. In all cases, though, stable differences have been identified and adjusting entries should be recorded by the end of the fiscal year.

Date presented to Board of Trustees: April 17, 2002

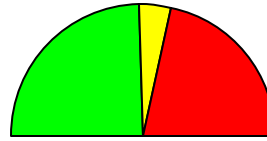
Prior Audit Finding Scorecard

As of March 31, 2002

CHART KEY

| Indicator | GREEN | YELLOW | RED |
|--|-------------------|-------------------------------|------------------------------|
| Semi-Circle = Status of Prior Findings | Findings Resolved | Important Findings Unresolved | Critical Findings Unresolved |
| Bar Scale = Rate of Implementation | Good | Slow | Poor |

General Management



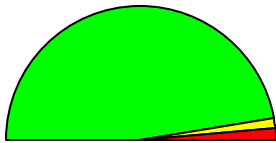
Security



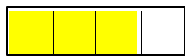
Financial Management



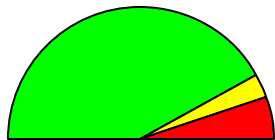
Financial Reporting



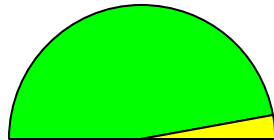
Accounting Records



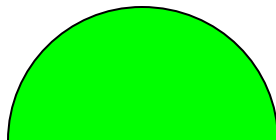
Fixed Assets



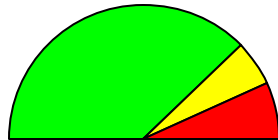
Reconciliations



Collateral



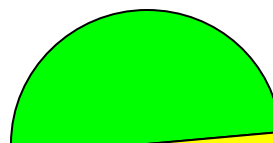
Payables



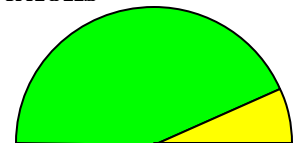
Receivables



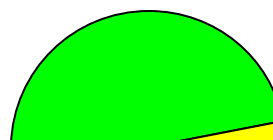
Operations



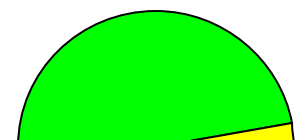
Receipts



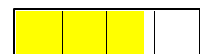
Financial Aid



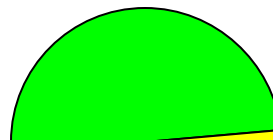
Operating Expenses



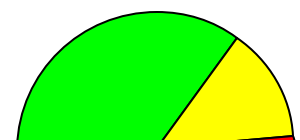
Payroll



Other Activities



Foundations



Auxiliary Enterprises

