

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

BOARD ACTION
LEGISLATIVE AUDITOR CONTRACT FOR FY 2003

1 **BACKGROUND**

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3 Since 1996, the Minnesota State Colleges and Universities has had a contract with the Minnesota
4 Office of the Legislative Auditor (OLA) to provide audit services. The OLA audits institutional
5 internal controls and finance-related legal compliance. The current OLA contract runs through
6 fiscal year 2003 and anticipates a MnSCU payment of \$350,000 for audit services this year. The
7 fiscal year 2003 audit plan approved by the Board of Trustees in June 2003 contemplated
8 continued use of the Legislative Auditor's services. It did not, however, identify specific audits
9 to be conducted. The selection of specific audits was withheld pending the decision on hiring
10 CPA firms to audit institutional financial statements (see separate board report).

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12 Schedule 1 depicts the historical and proposed audit coverage across the system. Based on the
13 proposed schedule of CPA audits and the currency of past audits, OLA audits during fiscal year
14 2003 are proposed for the following institutions:

- 15 * Ridgewater Community & Technical College
- 16 * Anoka Ramsey Community College
- 17 * St. Paul College
- 18 * Lake Superior Community & Technical College
- 19 * North Hennepin Community College
- 20 * South Central Technical College
- 21 * Dakota Technical College
- 22 * Alexandria Technical College
- 23 * Anoka Hennepin Technical College
- 24 * Pine Technical College

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27 In addition, to complement the audit coverage by CPA firms, it is proposed that the OLA
28 conduct an information technology application review of the SCUPPS system (MnSCU human
29 resources system) and provide assurances on certain State of Minnesota systems that are integral
30 to MnSCU's financial reporting needs: SEMA4 (state payroll system), workers compensation,
31 and state treasury cash and investments.

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33 **RECOMMENDED COMMITTEE ACTION:**

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35 The Audit Committee recommends that the Board of Trustees adopt the following motion:

1 **RECOMMENDED MOTION - REVISED**

2 The Board of Trustees approves using the Legislative Auditor to conduct institutional audits as
3 part of the fiscal year 2003 audit plan.

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5 *Date Presented to the Board: December 18, 2002*

6 *Date of Board Action: December 18, 2002*

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