

**Minnesota State Colleges and Universities  
Board of Trustees**

**Audit Committee  
Meeting Minutes**

**Tuesday, June 18, 2002**

The regular quarterly meeting of the Audit Committee was held on Tuesday, June 18, 2002.

**Committee Members Present:** Daniel Coborn, Nancy Brataas, Dennis Dotson, Robert Erickson, Joann Splonskowski, Joseph Swanson, and Michael Vekich

**Other Board Members Present:** Mary Choate, Ivan Dusek, Robert Hoffman, Jim Luoma, and Michael Redlinger

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**Call to Order**

Chair Daniel Coborn called the meeting to order at 12:30 p.m.

**Approval of April 17, 2002 Audit Committee meeting minutes**

*Chair Coborn called for a motion to approve the April 17, 2002, Audit Committee Minutes. It was moved by Trustee Erickson and seconded by Trustee Vekich. The motion passed unanimously.*

**1. Policy 1.C.2 on Fraudulent and Other Dishonest Acts (Second Reading)**

Mr. John Asmussen, Executive Director of the Office of Internal Auditing, presented the key points of the Policy 1.C.2 on Fraudulent and Other Dishonest Acts. Some of the key points are:

- \* Any evidence of theft or misappropriation will be reported to the Office of Internal Auditing which then reports the incident to the Office of the Legislative Auditor according to Minnesota Statute Chapter 609.
- \* All employees have an obligation to report any suspected fraudulent or other dishonest acts to the Office of Internal Auditing.
- \* Any losses incurred will be recovered.
- \* A referral will be made to law enforcement officials if there is evidence of a crime.
- \* Any internal control deficiencies will be corrected.
- \* An employee found committing fraudulent and other dishonest acts will receive disciplinary action.

- \* Any significant violations of the board policy or law will be reported to the Board of Trustees by the Executive Director of Internal Auditing.
- \* If the policy is approved, the policy will be implemented by the staff of the Office of Internal Auditing through an awareness program – fact-to face meetings with presidents, human resource directors and security directors, workshops, etc.

*Trustee Erickson moved approval of the new policy 1.C.2, Fraudulent and Other Dishonest Acts, and repeals board policy 7.2 part 3. Trustee Vekich seconded and the motion passed unanimously.*

## **2. FY 2003 Audit Plan**

As required by Board Policy, Mr. Asmussen submitted the Annual Audit Plan to the Audit Committee. The plan defines the activities that will be a priority for the coming fiscal year – assurance services, consulting, fraud inquiries and investigation, professional advice, and planning and development. The objectives of the plan include aligning the audit plan with the strategic plan that is being developed by the Office of the Chancellor, incorporating an independent risk assessment, and coordinating Internal Auditing activities with the external auditors.

*A motion was made to approve the MnSCU Office of Internal Auditing Annual Audit Plan for the fiscal year 2003. It was seconded and the motion passed unanimously.*

## **3. Recommendations from Internal Auditing Study on Board-Level Indicators**

Mr. Asmussen presented recommendations on the Board-Level Indicators Project. Since the Audit Committee meeting in April, he has interviewed members of the Board of Trustees to obtain input regarding the attributes of a good measurement system. The following four themes emerged during the interviews:

1. The board should focus on strategic issues rather than tactical issues.
2. The board packet is too voluminous.
3. The Trustees want to stay connected to the campuses.
4. The Trustees want to participate in celebration and recognition activities.

In response to those four themes, Mr. Asmussen made the following recommendations:

1. **Focus on Strategic Issues.** The Board of Trustees needs to select key strategic issues to focus on early in the year. After the strategic plan is approved, the following activities are recommended:

- \* The development of an accountability system based upon the strategic plan. This should include a strategy map developed by the Office of the Chancellor.
  - \* The development of a measurement system that is tied to the strategic plan. During its development, temporary and surrogate measures should be used. The measurement system should balance input measures, output measures and outcome measures. The measurement system should also have targets set so that it can be determined if the strategic plan is working. Flexibility is key when implementing a measurement system.
  - \* A review of the board policies and legislation to remove obsolete and tactical kinds of reports should be done. It is recommended that an exception reporting system be developed.
  - \* The development of a strategy-focused calendar which is used during the fiscal year.
2. **Decrease the Volume of the Board Packet.** The information that is given to the Trustees needs to be managed more effectively. The method of presentation needs to take into account the varying needs of individual Trustees such as overviews or lots of detail so that the Trustees can obtain the amount of information they need to be comfortable in making decisions. The content of the information given to the Trustees should be high-level and focused.
3. **Continue Connection to Campuses.** In order for the Trustees to continue their connection to campuses, they may want to consider continuing to accompany Chancellor McCormick on his campus visits or having one or two campuses give presentations at each Board meeting during a three year period.
4. **Participate in Celebration and Recognition Activities.** It is suggested that Trustees continue this practice as they have in the past.

In closing, Mr. Asmussen indicated that the first step is approving the strategic plan so that planning can begin for the next year.

Chair Coborn suggested that Trustees should carefully consider the suggestions made in the plan so that they can continue to improve. Trustee Redlinger indicated that the use of technology could improve the board packet.

### **Adjournment**

Chair Coborn adjourned the meeting at 1:51 p.m.

Jeannette Nelson, Recording Secretary