

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
AUDIT COMMITTEE
MEETING MINUTES
October 17, 2007**

Audit Committee Members Present: Trustees Scott Thiss, Chair and Ann Curme Shaw.

Audit Committee Members Attending via ITV: Trustee Dan McElroy.

Audit Committee Members Absent: Trustee James Van Houten, Vice Chair.

Other Board Members Present: Trustees Duane Benson, Cheryl Dickson, and David Olson.

Leadership Council Committee Members Present: Chancellor James McCormick, President Pat Johns, John Asmussen, Gail Olson, Laura King, and Linda Baer.

The Minnesota State Colleges and Universities Audit Committee held its meeting on October 17, 2007, at Wells Fargo Place, 4th Floor, World Trade Room, 30 East 7th Street in St. Paul. Chair Thiss called the meeting to order at 8:01 a.m.

Approval of the Audit Committee Meeting Minutes

Chair Thiss called for a motion to approve the September 18, 2007, Audit Committee Meeting Minutes. A motion was made to approve the minutes, the motion was seconded, there was no dissent and the motion carried.

1. Audit Committee Members' Responsibilities for Reviewing Financial Statement Audits (Information Item)

Mr. John Asmussen, Executive Director of Internal Auditing, and Tim Stoddard, Director of Financial Reporting reviewed a copy of Minnesota State University, Mankato's audited financial statement from last year in order to prepare audit committee members for their upcoming review of the twelve college and university audited financial statements, the system financial statement and the revenue fund statement.

Trustee Thiss proposed that the committee members divide into two teams. The committee agreed that Trustee McElroy and Trustee Shaw would review half of the audited financial statements and that Trustee Thiss and Trustee Van Houten would review the remaining statements.

Mr. Asmussen informed the committee that he and Mr. Stoddard would work together to capture the important elements of the financial statements, along with any significant comments that came from exit conferences for each institution, and compile the information into a one page briefing sheet to accompany each audit. He stated that the audited financial statements along with the briefing sheets would be sent to committee members about a week before the November audit committee meeting. Finally, he informed members that he would be available to them for any questions that they had while they were reviewing the audited financial statements.

2. **Review Internal Auditing Report on Student Success Measures and Systems (Information Item)**

Executive Director Asmussen introduced Ms. Beth Buse, Deputy Director of Internal Auditing and Ms. Marita Hickman, who was the lead audit coordinator for the student success measures report. He introduced staff from Academic and Students Affairs and stated that there had been a very cooperative arrangement between staff in the departments to produce the report.

Mr. Asmussen stated that the report presentation would be divided into two sections. The first section would be on measuring student success at the institutional level and the second section would be on the implementation of the Degree Audit Report System (DARS) and the Course Applicability System (CAS) systems.

Mr. Asmussen introduced the section on student success measures by stating that Dr. Craig Schoenecker, System Director for Research, and his staff had developed a very creative and forward thinking design for measuring student success. He explained that the U.S. Department of Education based graduation rate data on full-time, first time students, which didn't account for students who transferred into an institution to finish their degree. Dr. Schoenecker and his staff designed the student success measure based on whether the student was making progress toward earning an academic degree. Students were counted as successful if they were retained at their home institution, if they transferred to another institution or if they graduated. This definition worked well for full-time students and was more sensitive to the condition of today's students.

Mr. Asmussen stated that from a reliability standpoint, the measure is accurate and supported by underlying student records. In terms of the validity of the data, he stated that for full-time students, the data was very valid and provided a true measure of the success of those students. But he added that the validity of the data was softer for part-time students, and weak for students who were only enrolling in a few classes. He explained that it, therefore, would not be valid to compare overall institutional success rates based on all kinds of students.

Dr. Linda Baer, Vice Chancellor for Academic and Student Affairs, stated that there was a complexity of the MnSCU system that made measuring overall student success a difficult measure. She stated that it was more accurate to compare individual component groups of students, such as full-time, part-time and PSEO students, because each group of students had different intentions and operated in different ways.

Mr. Asmussen also cautioned that although the data was reliable and accurate, it should not be used to measure trends it was not intended to measure. For example, the dashboard should not be used to examine enrollment trends based on race/ethnicity or transfer students. The data on these characteristics was incomplete in earlier years.

Trustee McElroy asked why it was important to track transfer students versus regular students. Vice Chancellor Baer explained that tracking transfer students allowed the system to monitor the effectiveness of the transfer process.

Mr. Asmussen stated that Dr. Schoenecker and his staff would be releasing an updated version of the dashboard in November. He reminded the committee that the enterprise investment committee had approved a project to support a database that would make the dashboard operate smoother and would allow campuses to drill down and examine their information.

Mr. Asmussen began the second part of the presentation by stating that although there were expectations that the DARS and CAS systems would be implemented a few years ago, the consequences for not meeting those deadlines were not the same as not satisfying a federal regulation or a state law. He added that the expectations had not been memorialized in board policy or by resolution. Finally, he stated that there had been a great deal of work completed on these systems and that MnSCU was positioned to improve student success throughout the system by implementing systems that empower students to see where they stand on progress toward earning their degrees.

Ms. Buse provided a brief background on the DARS system. She stated that the DARS report would summarize the requirements that a student needed in order to complete a degree. It also would indicate the courses that the student had already taken, identify the courses that had transferred from another institution, and would explain how those transferred courses would equate to their current program. She stated that the institutions were publishing materials to teach students how to read the degree audits.

Ms. Buse explained that a system like DARS was important for students because understanding the requirements for completing a degree was a complicated process. She explained that DARS provided an accurate and consistent means for students and advisors to determine how courses at one institution equate to courses at another institution.

Trustee Dickson asked if there had been an evaluation of DARS to identify if it was working for students. Ms. Buse explained that students had not been interviewed for this report, but institutions where DARS had been implemented indicated that students asked to see their degree audits. President Pat Johns, Anoka Ramsey Community College, stated that when they first implemented DARS, he had spoken to students who were really excited about the technology. But he added that now that it has been in place for awhile, students just expect it to be available, and assume that it is offered to them at every institution. Trustee Dickson stated that it would be interesting to know how well the program was working for students. Trustee Thiss agreed, stating that the anecdotal evidence was valuable, but that it would be beneficial at some point in the future to formalize the collection of customer satisfaction information. He added that it might be helpful to get feedback from the student trustees who had access to the system.

Mr. Asmussen stated that while the DARS reports contain important information for students, the reports were still difficult to read and interpret. He added that the next rendition, the graduation planner tool, would provide an easy graphical interface for students. He stated the University of Minnesota was currently using the tool. Vice Chancellor Ken Niemi stated that the graduation planner tool was on the approved project list for Information Technologies and it was an exciting project, but he cautioned that there was a lot of work to be done in order to adapt the University of Minnesota's tool to the Minnesota State Colleges & Universities system.

Ms. Buse provided a brief background on the CAS system. It is a transfer evaluation tool for students and advisors. It allows anyone to go online and create an account where they can input the courses that they have taken at different institutions and see how they would equate to another institution. Advisors and transfer specialists can use CAS to determine how a transfer course might equate to other institutions. She added that in order for CAS to be implemented, DARS had to be fully implemented.

Ms. Buse continued by providing background on the Minnesota State Colleges & Universities' implementation of DARS and CAS. The legislature had allocated \$1.2 million to help implement DARS and that money was allocated out to the institutions to assist with the cost of inputting data into DARS. She stated that there was a board expectation that DARS would be implemented by December 31, 2002, and that CAS would be implemented by December 31, 2004. Ms. Buse explained that some fundamental components had not been fully implemented across the system.

Trustee Thiss asked what would have caused an institution to not be fully implemented at this point. President Cheryl Frank pointed out that some institutions had struggled with turnover in critical staffing, and she added that it was a time consuming and very personnel intensive process to implement. President Johns agreed and added that it also required a staff of individuals who believed in the project and embraced it as a way to enhance the educational experience for students. He further stated that in order to implement the DARS system, they had to assign a very knowledgeable counselor to this project and release them from their other counseling responsibilities. Vice Chancellor Baer stated that eleven or twelve institutions were fully implemented and that another fifteen institutions had some issues, but were just about ready to implement the systems, and only five or six institutions were still needing significant improvements.

Trustee Shaw stated that it was incumbent upon the board to not only set the expectation, but to be directive. She stated that she was disappointed that an expectation set a number of years ago had slipped so long. She added that she expected to hear from staff when there were conflicts in meeting expectations. Trustee Thiss agreed and stated that there may be action taking place at the

institutions because of the audit report. He further stated that the audit committee should recommend to the board, its expectation in the form of a motion.

Mr. Asmussen added that he was confident that most institutions could achieve full implementation by the end of the calendar year. He added that the remaining five or six institutions should be asked to submit a detailed implementation plan to Vice Chancellor Baer that would detail how they could be fully implemented by the end of the academic year.

Trustee Dickson stated that there should be a way for the board to easily track expectations of staff and the timelines necessary to carry out those expectations so that additional projects would not sidetrack strategic projects. She added that if the board should set expectations in the future, then the time for the project should be prioritized and a clear deadline should be made. Trustee Thiss agreed that there was a question of board process. Trustee Shaw added that expectations should be added to the board calendar.

Trustee McElroy noted that it was more than the implementation of these two computer systems that was important. He noted that the important issue was the board's commitment to measuring and facilitating student success, and that DARS and CAS were key elements in being able to do that. He added that emphasis should be not on the systems but on the success of the systems as tools toward aiding and ensuring student success.

The members discussed the possibility of developing a resolution for consideration at the November committee meeting. Trustee Olson reminded the committee that passing a motion at the November board meeting would only give institutions a few weeks to implement. Chancellor McCormick assured the committee that the work bring the remaining colleges and universities into full implementation was already underway and would continue.

Trustee Thiss stated that he appreciated the work of the Chancellor, staff and institutions, but that a resolution should come from the audit committee to make the expectations clear. He added that the committee should issue more than a verbal expectation.

Trustee Dickson stated that there was a recommendation in the report that could be made into a recommended motion.

Ms. Gail Olson, General Council, reminded the committee that they would first need to suspend the rules which require that action items be noticed on the agenda, in order for them to consider a motion on the Student Success Measure. Trustee Shaw made the motion to suspend the rules. Trustee McElroy seconded the motion and the motion carried.

Trustee Shaw made the following motion and Trustee McElroy seconded the motion:

Colleges and universities need to fully implement DARS and CAS by December 31, 2007 or receive approval from the Senior Vice Chancellor and the Chair of the Audit Committee for an implementation plan and timeline later than December 31, 2007, but in no event later than the academic year.

The motion passed with no further discussion.

The meeting adjourned at 10:00 a.m.

Respectfully submitted,
Darla Senn, Recorder