

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

**Agenda Item Summary Sheet**

**Committee:** Audit Committee

**Date of Meeting:** March 19, 2008

**Agenda Item:** Preliminary Internal Audit Report on the Minnesota State Colleges & Universities Foundation

Proposed Policy Change       Approvals Required by Policy       Other Approvals       Monitoring

Information

**Cite policy requirement, or explain why item is on the Board agenda:**

As part of its 2007-08 audit plan, Internal Auditing is conducting a study of foundations affiliated with the system or its colleges and universities.

**Scheduled Presenter(s):**

John Asmussen, Executive Director, Office of Internal Auditing

**Outline of Key Points/Policy Issues:**

- This preliminary report is intended to provide useful information to the Board of Trustees to assist with the decision about renewing a contract with the MnSCU Foundation. The contract is due to expire on June 30, 2008.

**Background Information:**

- The Audit Committee met jointly with the Advancement committee in December 2007 to review the scope of an internal audit of the MnSCU Foundation and foundations affiliated with MnSCU colleges and universities.
- Internal Auditing plans to deliver the final report on the full project to the Audit Committee by September 2008.

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

<b>BOARD INFORMATION</b>
PRELIMINARY INTERNAL AUDIT REPORT ON THE MINNESOTA STATE COLLEGES & UNIVERSITIES FOUNDATION

In December 2007, a joint meeting of the Board of Trustees' Advancement and Audit Committees reviewed a proposed Internal Audit study of foundations affiliated with the Minnesota State Colleges and Universities. The objectives and study questions that emerged from that meeting are shown on the next page. John Asmussen, Executive Director of the Office of Internal Auditing, agreed to provide a preliminary report on the MnSCU Foundation to the Audit Committee at its March 19, 2008 meeting. The contract with the MnSCU Foundation is due to expire on June 30, 2008. The preliminary report was intended to provide the board with useful information for assisting with the decision regarding renewal of the contract. The final report on the full study will be presented to the Audit Committee by September 2008.

*Date Presented to the Board of Trustee: March 19, 2008*

**Minnesota State Colleges and Universities**  
**Office of Internal Auditing**  
**Study of Affiliated Foundations - Overview**  
**March 2008**

**Overall Objectives**

- To study compliance with Board Policies 7.7 and 8.3, and Procedure 8.3.1.
- To provide useful information to assist the Board of Trustees with the upcoming decision about the terms of its contract renewal with the MnSCU Foundation, and
- To facilitate the policy review of the provisions contained in Board Policy 8.3.

**Study Questions**

I. Cost/Benefits of Affiliated Foundations

1. What are the costs and benefits (quantitative and qualitative factors) associated with measuring compliance with Board Policy 8.3, Part 2, Subpart B?
2. To what extent have MnSCU administrative services provided to the foundations been limited to the allowable services (Procedure 8.3.1, Part 3A) and avoided non-allowable services (Procedure 8.3.1, Part 3B)?
3. What have been the results of any waivers of the return on investment requirement contained in Procedure 8.3.2?

II. Accountability & Governance Considerations

4. To what extent have the reports required by Board Policy 7.7, Part 4 (annual gifts and grants report) and 8.3, Part 2, Subpart E (audited financial reports) provided timely, accurate, and useful information?
5. How much progress has been made toward meeting the fundraising goals established by the strategic action plans and Chancellor's performance goals?
6. Have foundation governance practices adhered to the limitation regarding MnSCU employees serving as foundation board members (Procedure 8.3.1, Part 3C)?

III. Contextual Information for Policy-Makers

7. How do the MnSCU Policy and Procedures regarding foundations compare to policies and procedures adopted by other public higher education systems?
8. What best practices for foundations, if any, should be considered for the MnSCU Policy or Procedures?