

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

Agenda Item Summary Sheet

Committee: Human Resources Committee

Date of Meeting: November 17, 2009

Agenda Item: Legislative Audit Findings and Follow-up

Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring

Information

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

Scheduled Presenter(s):

Lori Lamb, Vice Chancellor for Human Resources

Outline of Key Points:

- Update on referral from Internal Audit Committee

Background Information:

The Audit Committee has referred to the Human Resources Committee findings from the OLA report. Vice Chancellor Lamb will update the Board on progress related to the audit findings.

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INFORMATION ITEM
LEGISLATIVE AUDIT FINDINGS AND FOLLOW-UP

1 **BACKGROUND**

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3 At the September 8, 2009, Audit Committee meeting, the Office of the Legislative Auditor
4 released its financial audit of eight colleges. Section A of the report cited seven findings that the
5 auditor described as “significant internal control weaknesses and compliance concerns related to
6 specific colleges and system weaknesses noted at a majority of the colleges we audited.” Section B
7 of the report cited an additional 13 findings that had more isolated effects and could be “effectively
8 resolved by college management.” The Audit Committee concentrated on the seven findings cited
9 in Section A of the report and asked the Office of the Chancellor to recommend actions and policy
10 referrals so that corrective actions, as necessary, would be taken by all colleges and universities in
11 the system so that these findings would not reappear in future audits as systemic problems.

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13 At its October 13, 2009, meeting, the Audit Committee reviewed the actions and referrals
14 recommended by the Office of the Chancellor. The committee concurred with the
15 recommendations, but added another referral to the Human Resources Committee.

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17 1. Finding #2 cited widespread problems with accounting for administrator and faculty
18 leave. Labor agreements govern the eligibility for leave accruals; no board policies or
19 system procedures address accounting for employee leave.
- 20 2. Findings #6 and #7 raised questions about early separation incentives paid to former
21 faculty members. Board Policy 4.6 establishes limitations on the re-employment of
22 employees who have received such payments. Recently Policy 4.11 was approved to
23 offer a new program for early separation incentives, as authorized by the 2009 legislature.
24 The findings cited by the Legislative Auditor pertained to incentive programs authorized
25 by the MSCF bargaining agreement.
- 26 3. Finding #7 also mentioned the role of “past practice” related to applying labor contract
27 provisions. The Audit Committee members referred to the Human Resources Committee
28 concerns about how “past practices” and negotiated letters of understanding affect
29 interpretation and implementation of the contracts.

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31 *Date presented to the Board: November 17, 2009*