Committee Chair Ruth Grendahl calls the meeting to order.

(1) Minutes of September 8, 2009 (pp. 1-3)
(2) Human Resources Update
(3) Luoma Leadership Academy Update (pp. 4-10)
(4) Presidential and Cabinet Development (pp. 11-13)
(5) Search Updates (pp. 14-15)
(6) Legislative Audit Findings and Follow-up (pp. 16-17)

Members
Ruth Grendahl, Chair
David Paskach, Vice Chair
Cheryl Dickson
Jacob Englund
Christopher Frederick
David Olson
Christine Rice
Scott Thiss

**Bolded** items indicate action required.
MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
HUMAN RESOURCES COMMITTEE
MEETING MINUTES
September 8, 2009

Human Resources Committee Members Present: Ruth Grendahl, Chair; Cheryl Dickson; Jacob Englund; Christopher Frederick; David Olson; Christine Rice; Scott Thiss

Human Resources Committee Members Absent: David Paskach

Other Board Members Present: Duane Benson; Tom Renier; Louise Sundin; James Van Houten

Leadership Council Committee Members Present: Lori Lamb, Vice Chancellor for Human Resources, and Earl Potter, President, St. Cloud State University

The Minnesota State Colleges and Universities Human Resources Committee held its committee meeting on Tuesday, September 8, 2009, at Wells Fargo Place, 4th Floor, Board Room, 30 Seventh Street East, in St. Paul. Chair Grendahl called the meeting to order at 1:30 p.m.

1. Minutes of July 22, 2009
Chair Grendahl called for the motion to approve the minutes of the Human Resources Committee meeting on July 22, 2009. Referencing those minutes, Trustee Van Houten restated the importance of trustees being notified when presidential interviews are scheduled at the campuses. He requested that this meeting’s minutes reflect a response as to how this will be addressed for the future. Chair Grendahl clarified that the presidential interview process and schedules of presidential candidates’ interviews at the campuses will be made available to trustees. The minutes were moved, seconded and passed without dissent.

2. Human Resources Update
- Chair Grendahl stated that she attended the September 1, 2009, meeting of the Leadership Council to talk about the performance incentives and the recent media attention around that topic. She stated that Human Resources will have future conversations as to how the process could be improved over the next year. She, along with Trustees Rice and Thiss, endorsed the board’s support of the pay for performance. Inquiries about the performance incentives may be referred to Chair David Olson, who will work with Vice Chancellor Lamb on a response.
- Trustee Grendahl welcomed Christopher Frederickson as the new trustee on the Human Resources Committee.
- Vice Chancellor Lamb officially welcomed President Potter to this committee as the co-chair of the Leadership Council Human Resources Committee. She stated that they are engaged currently in a global strategic plan process for Human Resources to be aligned with the various constituent human resources groups around the system.
- Vice Chancellor Lamb announced that the Human Resources Fall Conference will be held at St. Cloud State University on September 28-30, 2009, bringing together
human resources professionals from around the system. It is anticipated that there will be 150 participants at the conference.

3. APPOINTMENT OF PRESIDENT OF FOND DU LAC TRIBAL AND COMMUNITY COLLEGE
Chancellor McCormick explained the reasoning for not conducting a presidential search at Fond du Lac Tribal and Community College. Meetings were held with various constituent groups (tribal leadership, union representatives, staff, faculty, students) at the college, and as a result of those discussions, it became clear that it was the right decision to forego the search process and request board approval for the appointment of Larry Anderson as president. As board liaison to Fond du Lac Tribal and Community College, Trustee Renier echoed the Chancellor’s comments.

Trustee Van Houten inquired about interim appointments and waiving the search process (Board Policy 4.2, Appointment of Presidents). Gail Olson explained how this waiver fit the policy.

The Human Resources Committee recommended that the Board of Trustees adopt the following motion:

The Board of Trustees, upon the recommendation of Chancellor McCormick, appoints Larry Anderson as president of Fond du Lac Tribal and Community College effective September 9, 2009, subject to the completion of an employment agreement. The Board authorizes the Chancellor, in consultation with the Chair of the Board and Chair of the Human Resources Committee, to negotiate and execute an employment agreement in accordance with the terms and conditions of the Personnel Plan for Minnesota State Colleges and Universities Administrators.

The motion passed without dissent.

4. AUTHORIZATION OF LEADERSHIP EMPLOYMENT AGREEMENTS
Vice Chancellor Lamb explained that this is a standing item every fall on the committee’s agenda to request the Board of Trustees to authorize the Chancellor to enter into employment agreements with the presidents and vice chancellors whose employment agreements end in the next fiscal year. Therefore, pursuant to the Personnel Plan for Minnesota State Colleges and Universities Administrators, Chancellor McCormick requested the Board of Trustees’ approval to enter into employment agreements with said parties whose agreements expire in 2009-2010.

The Human Resources Committee recommended that the Board of Trustees adopt the following motion:

The Board of Trustees authorize the Chancellor, in consultation with the Chair of the Board of Trustees and Chair of the Human Resources Committee, to enter into employment agreements with presidents and vice chancellors whose agreements expire in 2009-2010.

The motion passed without dissent.
5. **HUMAN RESOURCES STRATEGIC PLAN**
As key stakeholders in the human resources strategic planning process, Vice Chancellor Lamb stated that it will be important to seek information and feedback from the committee on the development of a divisional long term strategic plan to help ensure its success. She estimated that the commitment would be a couple one-hour meetings with interested board members. Trustee Benson asked about involvement with the diversity group; Vice Chancellor Lamb responded that she is working closely with Dr. Whitney Harris to align human resources planning with the work of the diversity and multicultural committee. Concentrated efforts are aimed at talent management—incorporating diversity into hiring the right people for the system. Finance and information technology will hold a high place in the planning cycle as well.

6. **CHANCELLOR’S EVALUATION PROCESS**
Trustee Grendahl stated that trustees have expressed the importance of having more time to discuss the chancellor’s evaluation process, in particular, the survey. Trustee Frederickson asked if information on the chancellor’s evaluation process could be included in the orientation for new trustees. Trustee Grendahl assured board members that the timeline will begin earlier for the next evaluation of the chancellor, as well as having information on the process and timeline included in the next orientation for new trustees.

7. **OTHER**
- Chair Olson inquired about the reasoning for the sabbatical report being brought before the Academic and Student Affairs Committee and not the Human Resources Committee. Chair Grendahl stated that a discussion about that topic will be brought to a future committee meeting.
- Trustee Rice asked about an update on the Luoma Leadership Academy. A presentation will be included at the November committee meeting.

Meeting adjourned at 2:10 p.m.

Submitted by,

Vicki Schoenbeck, Recorder
MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES

Agenda Item Summary Sheet

Committee: Human Resources Committee       Date of Meeting: November 17, 2009

Agenda Item: Luoma Leadership Academy Update

☐ Proposed Policy Change ☐ Approvals Required by Policy ☐ Other Approvals ☐ Monitoring

☒ Information

Cite policy requirement, or explain why item is on the Board agenda:
This report will give a brief update on Minnesota State Colleges and Universities efforts in the area of leadership development, with a focus on the Luoma Leadership Academy Program.

Scheduled Presenter(s):
Lori Lamb, Vice Chancellor for Human Resources
Anita Rios, Director, Staff and Leadership Development

Selected Luoma Leadership Academy Participants:
• Michael Amick, Dean of Academic and Technology Services, Central Lakes College
• Trish Schrom, Academic Dean, Minnesota State Community and Technical College-Moorhead
• Sherrise Truesdale-Moore, Assistant Professor, Sociology and Corrections, Minnesota State University, Mankato

Outline of Key Points:
• Approach to Address Staff and Leadership Development Needs throughout System
• Luoma Leadership Academy Program Update/Return on Investment
• Luoma Leadership Academy Participant Testimonials

Background Information:
The Luoma Leadership Academy launched week one in November, 2004. Since that time, there have been four completed cohorts, with week one of the fifth cohort held in June 2009 and planned for completion in summer 2010.
BACKGROUND

Approach to Address Staff and Leadership Development Needs
As we continue efforts to recruit, develop, and retain diverse and qualified faculty, staff, and administrators, staff and leadership development is very important. The operation of our institutions depends on highly trained administrators and competent staff at all levels.

We also face challenges in filling leadership positions on our college and university campuses. That is why it is particularly crucial to not just train staff to do their jobs today, but to provide targeted leadership development opportunities that will help talented staff move into leadership positions tomorrow.

Staff and Leadership Development Report and Action Plan
In January 2005, Anita Rios was hired to lead staff and leadership development efforts within the system. In March 2005, a staff and leadership development steering committee was appointed by Vice Chancellor Bill Tschida and Associate Vice Chancellor Linda Skallman to conduct a comprehensive needs assessment. The steering committee produced a report and a 5-year action plan to address employee development needs systemwide, with recommendations at the system level, college and university level, and the work unit/department level. The recommendations focus on the following five priorities:

1. Articulate an Employee Development Philosophy
2. Implement Effective Performance Management Systems
3. Develop Leaders at all Levels of the System
4. Provide System-wide Training
5. Provide Campus-based Training and Leadership Development

The report and action plan was endorsed in March 2006 by the Minnesota State Colleges and Universities' Leadership Council and provides a comprehensive framework for all employee development efforts across the system. In response to the report, the Chancellor asked all presidents to include staff and leadership development efforts in their annual workplans. In response to the first priority, the Leadership Council endorsed the following employee development philosophy for the system:

We are committed to developing the talents of Minnesota State Colleges and Universities' employees. We value our employees and understand that continuous learning benefits the
entire system by developing and maintaining employee skills that link directly to achieving organizational goals and objectives. Supporting successful leaders at all levels also builds institutional capacity to better serve our students and our communities. This commitment is realized as a shared responsibility between each employee and each college, university, or the Office of the Chancellor.

While the focus of this update is to share one of our programs to develop our system’s leaders, there has been much progress on all five priorities. Year-end reports highlighting accomplishments can be viewed online at: http://www.hr.mnscu.edu/training_and_development/staff_development_ne.html

Specifically relating to the third priority: developing leaders at all levels, here is a sampling of FY09 accomplishments:

**Develop Leaders at all Levels**

- Provided training for over 200 supervisors through “The Art and Science of Supervision” program during FY09

- Enhanced New Administrator Orientation in 2008 to include greater networking and development opportunities. Provided executive coaching for new administrators. 84 new administrators attended in 2008; 53 new administrators attended in fall 2009.

- Launched new program offerings for the Administrator Development Program on the following topics: Managing Unsolvable Problems (Polarity Management), Introduction to Educational Lean, and Finance for the Non-financial Administrator.

- Began needs assessment process for vice presidents and provosts in the system. Conducted interviews and prepared a survey for distribution to all vps/provosts.

- Developed a manual for using MnSCU-specific leadership competencies as a framework for hiring, performance evaluation, development, and succession planning

**LUOMA LEADERSHIP ACADEMY**

In November 2004, Minnesota State Colleges and Universities worked with the Chair Academy in Mesa, Arizona to launch a system-wide leadership development program for mid-level leaders. To date, over 250 faculty and staff have participated in the Luoma Leadership Academy.

The Luoma Leadership Academy is designed to provide participants with the leadership theories, practices, and skills needed to lead their respective departments, colleges, and universities more effectively. It was named after Trustee Emeritus Jim Luoma, who was a great proponent of providing leadership development opportunities for Minnesota State Colleges and Universities employees. Participants have included department and faculty deans, human resource directors, business managers, chief financial officers, as well as faculty and staff who aspire to leadership positions.
As of November 2009, 267 employees have been admitted into the program, in cohorts of 53-54 participants each. Four cohorts have completed the Luoma Leadership Academy. The fifth cohort began their program in July 2009.

Program Design
Based on the concept of *training-over-time*, the Luoma Leadership Academy allows participants to thoroughly understand, internalize, and apply leadership concepts and skills. Four basic criteria are incorporated in both the design and delivery of all leadership topic areas: active engagement of participants, meaningful and relevant curriculum content, useful and applicable learning in the job setting, and measurable training outcomes.

Program Elements
1. Ten full-day leadership sessions scheduled over one year (an initial 5-day session, followed a year later by a concluding 5-day session). Participants must commit to staying at a metro area executive conference facility during each of the one-week sessions.

2. A year-long practicum experience between training sessions with support and guidance provided by participant-selected college mentors, Academy liaison, and Academy coach. Practicum elements include:
   - **Action Learning Team Project** – Team-based action learning projects are completed during the intervening year between the two one-week residential sessions. Teams of 5-6 participants work on systemwide or campus-specific problems or issues. Projects are sponsored by leaders in the system.
   - **Individualized Professional Development Plan (IPDP)** – Participants develop and implement individualized action plans (IPDP) to address the leadership topics and skills covered in the first training session. Participants expand their IPDP to include the other leadership topics covered during the second training session.
   - **Mentoring** – Participants choose a college mentor who provides support, guidance, and feedback regarding their IPDP. In addition, an Academy liaison and coach provides further guidance and support. Participants also select a “Program Buddy” for peer support during their practicum experience.
   - **Reflective Practice and Journaling** – During the practicum experience, participants are encouraged to reflect upon their work experience and their IPDP on a regular basis. Reflection helps them to establish a benchmark journal of where they are now, determine what they have learned from their leadership activities/experiences, and what they will do as a transformational leader in the future.
   - **Electronic Connection** – Participants and their mentors will be able to electronically engage in an on-going dialogue with fellow participants through the Academy listserv. Monthly leadership issues are sent by the Academy liaison. Additional leadership content, which reinforces and enhances the learning experience during the practicum experience, is also provided.
   - **Leadership Surveys** – Using online 360 degree evaluation tools, participant growth and development and are measured three times over an eighteen month period.
   - **Academy Certificate of Completion** – Each graduate of the program receives a framed Certificate of Completion listing the program competencies as well as an Academy
Leadership pin, recognizing their efforts and successful attainment of program competencies.

RETURN ON INVESTMENT FOR LUOMA LEADERSHIP ACADEMY
(data for this ROI study was collected in December 2008, focusing on the first four completed cohorts)

Rationale for Developing Leaders
Formal leadership development programs serve the following purposes in an organization:

1) Equip recently promoted leaders with the skills and knowledge needed to succeed in a new position

2) Build skills and knowledge base for employees currently in leadership positions and improves their effectiveness.

3) Prepare high potential, high performing employees for new leadership positions

Recently Promoted Leaders
Targeting recently promoted leaders, (those who are taking on new managerial tasks), for formal leadership development programs is absolutely critical. This is where employees need immediate help with new skill development and an expanded network and knowledge base to lead effectively in the new job. Research shows that development efforts have the greatest impact for those individuals who are just experiencing a new transition and are ready to apply what they’ve learned in their new job. Participants who were promoted within a year before entering the Luoma Leadership Academy, represented the following percentage of their cohort:

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<td>9%</td>
<td>26%</td>
<td>21%</td>
<td>8%</td>
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Current Leaders
Building skills and knowledge bases for employees in current formal leadership positions (deans and directors who manage other people) helps them lead more effectively within their college, university, or division. Given the lack of attention to systemwide leadership development efforts, before the inception of the Luoma Leadership Academy, this particular focus has been important for the Minnesota State Colleges and Universities since fall of 2004. This approach builds the organizational capacity of our current leaders.

Participants who were in mid-level leadership positions at the time of their participation (and more than a year before their participation), represented the following percentage of their cohort:

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<td>48%</td>
<td>31%</td>
<td>37%</td>
<td>38%</td>
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High Potential, High Performing Individual Contributors

Individual contributors (both faculty and staff), who demonstrate excellent performance on the job, exhibit leadership potential, and aspire to future leadership positions, are prime candidates for formal leadership development programs. Formal programs help these high performers gain needed skills and knowledge, and develop the network they need to explore future opportunities.

Those employees who received promotions after beginning the Luoma Leadership Academy program and those who served in interim positions represented the following percentage of their cohort:

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<tr>
<td>Promoted</td>
<td>35% promoted</td>
<td>32% promoted</td>
<td>30% promoted</td>
<td>19% promoted</td>
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<tr>
<td>Interim</td>
<td>5% interim</td>
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<td>4% interim</td>
<td>6% interim</td>
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Transfers within the System

Growing our own within the system means that we need to encourage transfers from one institution to another, so that mid-level leaders can gain useful experience as they develop in their careers, especially if those opportunities don’t exist within their home institution. While there has not been a great degree of movement within the system, there is some evidence of it as the chart below shows.

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<td>2-yr to 2-yr</td>
<td>2% (1)</td>
<td>6% (3)</td>
<td>8% (4)</td>
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<td>Institution</td>
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<tr>
<td>2-yr to 4-yr</td>
<td>2% (1)</td>
<td>---</td>
<td>2% (1)</td>
<td>2% (1)</td>
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<tr>
<td>Institution</td>
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<tr>
<td>4-yr to 4-yr</td>
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<td>2% (1)</td>
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<td>Institution</td>
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<td>4-yr to 2-yr</td>
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<td>Institution</td>
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Retention

Leaders who are promoted from within tend to stay with the organization longer than those who are recruited externally. They also are able to “hit the ground running,” as they are already accustomed to navigating the environment, as opposed to new hires.

Development programs such as the Luoma Leadership Academy tend to have a positive effect upon retention. As you can see from the chart below, an average of 93% of participants have stayed within the system.
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<td>Retention Rates</td>
<td>89% (3 terminations, 1 restructuring effort, 2 resignations)</td>
<td>91% (5 resignations – one of those currently works with a foundation assoc. w/MnSCU)</td>
<td>94% (3 resignations)</td>
<td>98% (1 resignation)</td>
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Watson Wyatt reports that total turnover costs including hard dollars and lost productivity are approximately 48% – 61% of salary. Minnesota State Colleges and Universities has an already low turnover rate of 7-8%, in line with local and state government. With 2205 employees in the pool we’ve identified, that means approximately 154-176 leave per year. With an average salary of $50,000, our annual turnover costs for mid-level leaders are between $4M and $5M. For each person retained within the system, we save approximately $24,000 to $30,000.

Additionally, organizations that continue development efforts, become known as desirable places to work, or employers of choice. While this already may be true in parts of greater Minnesota, where Minnesota State Colleges and Universities may be a major employer in the area, commitment to development efforts has a stronger impact in areas where we may compete for talent with other major employers, such as the metro area.

**Conclusion**

The Luoma Leadership Academy continues to provide excellent return on investment by equipping current and recently promoted leaders and preparing high performing, high potential employees for leadership opportunities. On average, 33% of Luoma Leadership Academy participants have either received promotions or interim leadership opportunities after participating in the program.

*Date presented to the Board: November 17, 2009*
MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES

Agenda Item Summary Sheet

Committee: Human Resources Committee       Date of Meeting: November 17, 2009

Agenda Item: Presidential and Cabinet Development

☐ Proposed Policy Change    ☐ Approvals Required by Policy    ☐ Other Approvals    ☐ Monitoring

☒ Information

Cite policy requirement, or explain why item is on the Board agenda:
To provide proposed executive development activities sponsored by Chancellor McCormick

Scheduled Presenter(s):
Lori Lamb, Vice Chancellor for Human Resources

Outline of Key Points:
- Purpose
- Rationale
- Proposed Components of Executive Development Plan

Background Information:
Vice Chancellor Lamb will provide a draft of an executive development strategy for system leaders.
BACKGROUND

Vice Chancellor Lori Lamb will discuss proposed executive development efforts led by Chancellor McCormick, including the following information.

**Target Group:** Presidents and Chancellor’s Cabinet

**Purpose:** To increase capacity among our senior leaders and support their success, both individually as leaders, and corporately as a well-functioning leadership group

**Rationale:** Supporting success among our senior leaders is critical and has a measurable cost/benefit. According to research conducted by the Center for Creative Leadership, the cost for the failure of a senior executive is 10 times their salary. Additionally, 40% of externally hired executive leaders fail, which points towards the continuing need for an effective onboarding approach.

**Proposed Components of a Draft Executive Development Plan:**

At this senior level of leadership, best practice has demonstrated that both an individualized approach towards executive development works best, complemented by selected events that help the senior leaders develop as a group to share a common vision. The main components of a successful executive development effort include:

1. **Individual Development Plans added as a required part of the Performance Evaluation process** (this tool provides the foundation for all other individualized development efforts)

   *Measurement: Number of completed IDPs; (summary of the common development needs, used to inform development approach)*

2. **Assessments** (with either a group session or individual feedback sessions)
   
   i. Assessment tool should be linked with leadership competencies
   
   ii. Assessment feedback should inform the individual development plan
Measurement: Number of assessments completed; (summary of the overall strengths/weaknesses – used to inform development of individual plans)

3. Executive Coaching – available to those who avail themselves of the opportunity
   i. Coaching funded centrally w/experienced executive coaches
   ii. Coaching is private and confidential between the coach and the executive
   iii. Coaching should be informed by assessment feedback and IDP
   iv. Types of coaching provided: help in navigating the system from retired senior leaders (former highly successful presidents); help with derailing behaviors or focusing on achieving success in one or more areas from skilled executive coach

Measurement: Evaluation feedback from participants; feedback from coaches on general themes

4. Annual Retreat for all Leadership Council members sponsored and led by the Chancellor, that includes the Board of Trustees and focuses on one or more specific goals/directions for the system and includes a strong planning or development focus

Measurement: Evaluation feedback from participants

5. Onboarding for New Presidents - Orienting new presidents to their role (and to the system, if they are hired from another state) is crucial to their success. The Chancellor has already begun a year-long onboarding process for new presidents. This should be reviewed and with an eye toward continuous improvement.

Measurement: Evaluation feedback from participants after each meeting; conduct base line assessment and cumulative assessment at the end of the year to determine what learning has taken place; satisfaction survey (was it helpful); performance evaluation comparisons will show progress

Date presented to the Board: November 17, 2009
MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES

Agenda Item Summary Sheet

Committee: Human Resources Committee    Date of Meeting: November 17, 2009

Agenda Item: Search Updates

☐ Proposed Policy Change    ☐ Approvals Required by Policy
☐ Other Approvals    ☐ Monitoring

☐ Information

Cite policy requirement, or explain why item is on the Board agenda:
Board Policy 4.2, Appointment of Presidents

Scheduled Presenter(s):
Lori Lamb, Vice Chancellor for Human Resources

Outline of Key Points:
• Status of current presidential and cabinet searches
  o President of Bemidji State University and Northwest Technical College
  o President of Inver Hills Community College
  o President of North Hennepin Community College
  o Vice Chancellor for Information Technology/Chief Information Officer
  o Executive Director for Internal Auditing
• Timeline for the chancellor’s search

Background Information:
Vice Chancellor Lamb will provide a status report on the current searches being conducted for three presidential and two cabinet openings in the system, and discuss the proposed timeline for the chancellor’s search.
BACKGROUND

Currently, there are five executive leadership openings in the system. Vice Chancellor Lamb will provide a status report on the searches for each of those openings, which are:

- President of Bemidji State University and Northwest Technical College
- President of Inver Hills Community College
- President of North Hennepin Community College
- Vice Chancellor for Information Technology/Chief Information Officer
- Executive Director for Internal Auditing

In addition, the timeline for the future chancellor’s search will be discussed.

Date presented to the Board: November 17, 2009
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.
At the September 8, 2009, Audit Committee meeting, the Office of the Legislative Auditor released its financial audit of eight colleges. Section A of the report cited seven findings that the auditor described as “significant internal control weaknesses and compliance concerns related to specific colleges and system weaknesses noted at a majority of the colleges we audited.” Section B of the report cited an additional 13 findings that had more isolated effects and could be “effectively resolved by college management.” The Audit Committee concentrated on the seven findings cited in Section A of the report and asked the Office of the Chancellor to recommend actions and policy referrals so that corrective actions, as necessary, would be taken by all colleges and universities in the system so that these findings would not reappear in future audits as systemic problems.

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

1. Finding #2 cited widespread problems with accounting for administrator and faculty leave. Labor agreements govern the eligibility for leave accruals; no board policies or system procedures address accounting for employee leave.

2. Findings #6 and #7 raised questions about early separation incentives paid to former faculty members. Board Policy 4.6 establishes limitations on the re-employment of employees who have received such payments. Recently Policy 4.11 was approved to offer a new program for early separation incentives, as authorized by the 2009 legislature. The findings cited by the Legislative Auditor pertained to incentive programs authorized by the MSCF bargaining agreement.

3. Finding #7 also mentioned the role of “past practice” related to applying labor contract provisions. The Audit Committee members referred to the Human Resources Committee concerns about how “past practices” and negotiated letters of understanding affect interpretation and implementation of the contracts.

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