MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES

Agenda Item Summary Sheet

Committee: Executive Committee                  Date of Meeting: April 21, 2010

Agenda Item: Follow-up to OLA Evaluation of the System Office

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

☐ Information

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

Board Chair David Olson has assigned certain responsibilities to the executive committee for addressing the findings cited in the February 2010 program evaluation conducted by the Office of the Legislative Auditor MnSCU System Office.

Scheduled Presenter(s):

John Asmussen, Executive Director for Internal Auditing

Outline of Key Points/Policy Issues:

➢ This report was publicly released on Tuesday, February 9, 2010.
➢ The Office of the Legislative Auditor presented the findings to the audit committee on February 10, 2010.

Background Information:

➢ The evaluation was requested by the Chancellor and the Board of Trustees Chair, and it was authorized by the Legislative Audit Commission.
BOARD INFORMATION
FOLLOW-UP TO THE OLA’S EVALUATION OF THE SYSTEM OFFICE

BACKGROUND

On February 10, 2010, the Audit Committee met with Legislative Auditor Jim Nobles and his staff to review and discuss their program evaluation report, *MnSCU System Office*. Based on that discussion, the Audit Committee Chair made several recommendations to the Board Chair on how to address the report findings. In a letter to the members of the Board of Trustees dated February 17, 2010, Board Chair David Olson acted on those recommendations and assigned responsibilities to the board committees for addressing the findings cited in the report.

Other board committees are responsible for developing action plans to address most of the recommendations cited in the program evaluation report. The Executive Committee was assigned overall responsibility for the following task (excerpted from Chair Olson’s February 17, 2010 letter):

- **Board Oversight: Strengthen oversight of the Office of the Chancellor.** The Legislative Auditor cited this issue as a specific recommendation and provided more direction in a second recommendation regarding measuring administrative productivity and efficiency against reasonable benchmarks. Because of the unique functions delivered by each division of the Office of the Chancellor, the recommendation needs to be addressed division-by-division. Accordingly, I would like each board committee to develop recommended measures and benchmarks for the divisions assigned to it. The Executive Committee will consolidate these recommendations into a cohesive oversight plan. *Responsibility: Executive Committee coordinates work of all other board committees.*

Rather than have each committee design its own format for this information, the Executive Committee could adopt a common template for the committees to use. The attached draft template incorporates the kind of information recommended by the Legislative Auditor, e.g., multi-year trend data on finances, consulting contracts and employee counts. It also captures information on how the Office of the Chancellor divisions interact with similar activities on the campuses. Finally, it sets the stage for an annual reporting cycle that would cite the recent accomplishments of each division and propose a work plan for the upcoming year. Ideally, such an annual report would be produced in June each year, when the Board holds its annual meeting.

The Executive Committee will discuss whether the presentation of this information in an annual report format would assist the Board with exercising its oversight of the Office of the Chancellor functions. If the committee finds merit with the idea, the Office of the Chancellor will proceed with developing the first report in June 2010.

*Date Presented to the Board of Trustee: April 21, 2010*
I. Multi-year Financial and Personnel Data

Office of the Chancellor Division

<table>
<thead>
<tr>
<th>Cost Category / Financing</th>
<th>2008-09 Biennium</th>
<th>2010-11 Biennium</th>
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<tbody>
<tr>
<td></td>
<td>2008 Actual</td>
<td>2009 Actual</td>
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<td>Salaries &amp; Benefits</td>
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<td>Consulting Contracts</td>
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<td>Other Administrative Costs</td>
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<td>Total Administrative Costs</td>
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<tr>
<td>Less: Paid from External Funding</td>
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<td>Charged back to colleges/univ</td>
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<td>Net Costs Paid from General Fund</td>
<td></td>
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<tr>
<td>Division Employee FTE</td>
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</tbody>
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II. Explain the structural distribution between the functional duties performed by this division and similar activities performed by the colleges and universities.

III. Cite any recent or planned redistribution of costs or personnel between this division and colleges/universities for this functional area.

IV. Cite performance metrics and major accomplishments from the past year (tie to prior year division/committee work plan, if possible).

V. Identify major division/committee work plan activities planned for upcoming year.