AUDIT COMMITTEE
MAY 19, 2010
9:30 A.M.

BOARD ROOM
WELLS FARGO PLACE
30 7TH STREET EAST
SAINT PAUL, MN

Please note: Committee/Board meeting times are tentative. Committee/Board meetings may begin up to 45 minutes earlier than the times listed below if the previous committee meeting concludes its business before the end of its allotted time slot.

Committee Chair Thiss calls the meeting to order.

(1) Minutes of April 21, 2010 (pages 1-8)
(2) Amend the Search Process for the Executive Director of Internal Auditing Position (pages 9-10)
(3) Follow-up to the OLA's Evaluation of the System Office (pages 11-12)

Members
Scott Thiss, Chair
James Van Houten, Vice Chair
Jacob Englund
Dan McElroy
David Paskach

Bolded items indicate action required.

MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
AUDIT COMMITTEE
MEETING MINUTES
April 21, 2010

Audit Committee Members Present: *Trustees Scott Thiss, Chair; Jacob Englund, Dan McElroy, David Paskach, and James Van Houten.*

Audit Committee Members Absent: *none.*

Other Board Members Present: *Trustees Cheryl Dickson and Christopher Frederick.*

Leadership Council Committee Members Present: *Chancellor McCormick, John Asmussen, Laura King, and Gail Olson.*

The Minnesota State Colleges and Universities Audit Committee held its meeting on April 21, 2010, at Wells Fargo Place, 4th Floor Board 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 March 16, 2010 Audit Committee meeting minutes. There was no dissent and the motion carried.

1. Follow-up to the OLA's Evaluation of the System Office (Information Item)

Mr. John Asmussen, Executive Director of the Office of Internal Auditing, stated that the role of internal auditing was to quantify the magnitude of any issues associated with student credit transfer. The two student associations had conducted a survey of transfer students and would be presenting the preliminary findings. They planned to present a final report to the committee in May. Trustee Thiss stated that there had been very productive working group meetings with the students and the student trustees since the March meeting.

Mr. Asmussen introduced Ms. Jessica Medearis, Director of Public Affairs for the Minnesota State College Student Association, Ms. Shannah Moore Mulvihill, Director of University & System Relations for the Minnesota State University Student Association, and Mr. Craig Schoenecker, System Director for Planning and Research. Mr. Schoenecker had been working actively with the students to assist them in administering their survey.

Ms. Medearis stated that the student transfer survey was a progressive step forward in continuous improvement on the credit transfer issue. She explained that the student associations recognized several challenges that students in the system faced in achieving seamless credit transfer. Trustee Van Houten asked if the research included the study of students' expectations. Ms. Medearis stated that their results looked at whether or not current transfer aligned with student expectations, but did not include questions to determine what those expectations were.

Ms. Medearis stated that there was a struggle between curricular autonomy and seamlessness within the system. She added that it was important to recognize the unique courses, programs, and cultures of the institutions while still trying to move towards a seamless credit transfer experience for students. She outlined other challenges including consistent access to transfer information and training for both advisors and students. Finally, she stated that credit transfer issues had an impact on the cost of attendance and the cost to the system. When students took additional credits to fulfill requirements which they thought they had already completed at another institution, additional cost were incurred by students and institutions.

Ms. Medearis explained the preliminary work conducted by the two student associations. They developed and implemented a successful transfer hotline effort which allowed students across the state to call and share their anecdotal transfer experiences. They met with students, transfer specialists, advisors, and internal working groups, as well as attending external conferences. Finally they approached Chancellor McCormick about partnering to develop the student credit transfer survey. She thanked Mr. Craig Schoenecker, Ms. Louise Hoxworth and Ms. Nancy Bunnett for their help developing the survey.

Mr. Schoenecker explained the methodology for how the survey was developed. He explained that the sample population was drawn from was students who had transferred in credits to one of the state colleges or universities in fiscal year 2009. He stated that just over a thousand students completed the survey, which was about a ten percent response rate. Comparisons between the students who responded to the survey and to the overall population of transfer students indicated that with respect to most characteristics, respondents resembled the population of all transfer students. More students transferring into state universities responded, however, than was represented in the population of all transfer students. Mr. Schoenecker noted that those students were more likely to be transferring more credits, and transferring credits from more institutions than the whole population of students.

Ms. Laura King, Chief Financial Officer, asked if the experience transferring to a state university would be different than the experience transferring between two-year colleges. Mr. Schoenecker stated that the survey asked about level of satisfaction with the transfer experience, and there was not a significant difference between the survey respondents transferring into a state university versus transferring between colleges.

Ms. Moore stated that two important survey questions asked how easy the transfer experience was compared to students' expectations, as well as their overall satisfaction. She stated that two thirds of the students rated their overall satisfaction with their transfer experience as excellent or good, and she added that those responses would indicate that transfer did work for many students. Ms. Moore noted, however, that a third of the respondents had rated their experience as fair or poor, and the system should continue to strive to make transfer better for those for whom it is not working as well.

When asked how easy it was to transfer credits compared to their expectations one fourth of the students who responded said that transfer was more difficult than they had expected. Ms. Moore acknowledged that credit transfer would never be a perfect process for everyone, but added that it was important to address outstanding issues that were currently hindering student success.

Trustee Thiss asked if the data was indicating that students generally had low expectations for credit transfer would work. Mr. Schoenecker stated that there was a challenge in interpreting questions about expectations when it was not clear what the students' expectations had been. He noted that satisfaction had been based on a four point scale. Ms. Medearis added that there were two different questions. The first question specifically asked about the ease of transfer compared to their expectations. The second question asked about the overall satisfaction with the entirety of the transfer process. She noted that satisfaction level could speak to their experiences with any part of their transfer process, from planning and advising, to access to information, and was not just the actual ease of credit transfer.

Trustee Van Houten stated that a solution to credit transfer issues would require some insight into where the satisfaction ratings came from in the transfer process. He added that new policy would need to be based on where the issues were occurring, rather than the overall evaluation of satisfaction. Ms. Moore stated that they had done some cross comparisons between how students responded on the question of overall satisfaction and how they responded to other questions. Mr. Schoenecker added that they had compared how student satisfaction was impacted by completion of the Minnesota Transfer Curriculum, or by the number of institutions they had attended. Ms. Medearis stated that the data collected in the student survey would be used as a baseline for further research. She also noted that a number of students took the opportunity to leave comments about their transfer experience which might speak to specific places in the process where there may have been breakdowns. She stated that those comments would be included in the full report in May.

Ms. Moore stated that a number of questions had been asked to learn more about the population of student respondents, including where they transferred from and to, how many schools they had attended, and the number and types of credits they had wanted to transfer. She reported that more than half of the respondents transferred within the MnSCU system and nearly two-thirds of the respondents transferred to a state university. Half of the student respondents had transferred only one time. More than a fourth of the students had attended three schools in total and sixteen percent had attended a total of four or more schools by the time they had responded to the survey.

Ms. Moore reported that more than half of respondents transferred at least thirty credits, and twenty percent had transferred more than sixty credits. Trustee Frederick asked if those respondents transferring more than sixty credits would include students transferring a degree. Ms. Moore agreed that it would and stated that eighteen percent had completed an Associated in Arts, which was generally seen as a degree intended to transfer toward a bachelor's degree.

Ms. Moore stated that approximately half of the respondents had completed at least some courses or goals in the Minnesota Transfer Curriculum prior to transfer, but added that they had been surprised to find that nearly thirty percent of the students did not know whether they had completed the Minnesota Transfer Curriculum prior to transfer. She stated that it was important that students were well informed about this degree requirement and its ease of transferability. She further noted that students who completed the Minnesota Transfer Curriculum were more likely to be satisfied with their transfer experience. In addition, students who had attended only one institution before transferring, also were more likely to be satisfied with their transfer experience.

Ms. Medearis stated that students were asked when they had begun actively planning for transfer. She reported that students were planning for transfer at various places in their academic career, and twenty-two percent of students did not know when they began to plan for transfer. Early planning, though, did not appear to impact ease of transfer, and in fact, students who had sought advice indicated more difficulties than students who did not seek advice. Ms. Medearis stated that students were also asked who they went to for transfer advice. She reported that although the majority of students were seeking advice regarding transfer, forty percent of respondents were not seeking advice at all about their transfer plan. She reported that of the respondents who had sought advice on transfer, the majority were talking to a counselor or advisor on campus.

Trustee Thiss asked if there had been any cross tabulation to determine if the respondents who had not sought advice on transfer were the same respondents who indicated a low satisfaction rate for their transfer experience. Mr. Schoenecker stated that there were not significant differences in level of satisfaction with respect to the respondents who had not sought transfer advice.

Ms. Medearis stated that students were asked how frequently they met with advising staff, and just over half of them reported meeting with staff or faculty to get advice at least once per semester. Ms. Medearis noted that a number of colleges and universities mandated students to meet with an advisor prior to registration every semester. She added that it was evenly split between the rest of students meeting with advising staff or faculty once a year or less.

Ms. Medearis stated that students were also asked about use of online transfer resources. She reported that sixty-three percent of students used online resources for transfer information and planning tools. She noted, however, that the majority of students were using their institutional websites for information, rather than tools that the system had set up to assist with transfer.

Ms. Moore stated that students were asked to identify the types of credits they wished to transfer. She reported that ninety percent of students attempted to transfer either Minnesota Transfer Curriculum or other general education credits. In addition, she reported that half of the students attempted to transfer credits into their intended major or program. Other credits that students wished to transfer included PSEO credits, credits by exam, technical credits and military credits. Approximately half of

the respondents reported that their credits transferred as they expected. The other half of the student respondents indicated that at least some of their credits did not transfer as expected. Twenty-four percent of the respondents indicated that the courses were not deemed to be equivalent to the course they needed at their new institutions, seventeen percent indicated that the course transferred in as an elective instead of as a major program requirement, and fourteen percent indicated that there had been insufficient information to prove course equivalency. Other reasons cited included that a course may have been taken too long ago, or that it was a developmental or remedial course which did not transfer as the student had expected.

Ms. Moore stated a most surprising finding in the survey results were that two-thirds of students who responded were unaware that an appeals process for transfer existed. The majority of those students that were aware of the appeals process learned about it from faculty, staff or administration. She reported that a fairly small number of students learned about the appeals process from their transfer evaluation, which would have seemed like an ideal opportunity to learn about an appeals process. She stated that proposed changes in the credit transfer policy may make the appeals process more visible to students on campuses, but she added that more discussion was needed to evaluate how to make more students aware of the appeals process.

Trustee Van Houten asked if the data provided insight into the transfer of credits for courses after a change in major. He noted that most students changed majors at least once, and some courses may not equivalent to courses in a different major or they may transfer as elective. Ms. Moore stated that they had not asked that question specifically; however, she added that she had heard from a lot of state university students that a course that they had taken at a two-year college that they thought would transfer into their same major at a four-year institution, did not transfer as they expected it to. She added that tools like the graduation planner may have an impact on students who want to change a major, both from an advising standpoint and also using that tool to learn how the courses they have already taken will fit into their new major. It would help ensure that students understand the real impact of changing majors.

Ms. Medearis stated that students had been asked to differentiate their experiences between transferring Minnesota Transfer Curriculum general education requirements and credits within their major. She stated that they had expected that students would have their expectations met by the Minnesota Transfer Curriculum, but she added that there was not as larger a distinction as expected between satisfaction rates for different types of credits.

Trustee Van Houten stated that some institutions offered disclaimers in their course catalogs that particular courses were not transferable. He expressed interest that the survey data did not seem to reflect a change in major as being a particular place where counseling should be targeted more than any student transferring in the same major. Ms. Medearis stated that there did seem to be a difference, but that it was not as significant as they had expected and she added that the work being done by the Office of Internal Auditing might inform some of the survey data and provide a basis of further research and discussion.

Ms. Moore stated that forty percent of the students who knew about the appeals process, and who had credits which did not transfer as expected, appealed their credit transfer decisions. She reported that those students who did appeal were largely successful; noting that ninety percent had at least some credits accepted on appeal. Ms. Moore stated that given the rate of success on appeal, there was some concern about the reasons for the initial transfer decision in transcript evaluations.

Trustee Englund asked whether data could be collected from the system transfer Web sites that would indicate the number of times different individuals were accessing information and what types of information they were requesting. He also suggested that when students registered online, there might be a way to provide information about the transfer process, or the transferability of their courses, or to remind them to speak with an academic advisor. Ms. Moore stated that the student associations have been working to ensure that there were transfer related questions on campus Web sites.

Trustee Dickson thanked the student associations for their work on the survey. She expressed concern that only sixty-five percent of respondents indicated that the transfer of Minnesota Transfer credits and general education credits met expectations. She asked if it would be possible to drill down into that question to try to determine what expectations were not being met in those cases. Trustee Dickson also expressed concern that students who began to plan for their transfer early were no more satisfied than those who had not planned. Ms. Medearis agreed that both issues had been surprising and would require further research and discussion.

Trustee Frederick noted that general education credits made up eighty-nine percent of credits that were transferred. He asked if there were specific kinds of general education credits that did not transfer and if that might be one reason why expectations were not met. Ms. Medearis stated that some students were disappointed when courses did not transfer into their majors. Ms. Moore added that in some cases, students may not understand the difference between general education and Minnesota Transfer Curriculum which might include students who may have taking general education credits outside the system or even outside the state, and may have expectations that general education would transfer in a different way.

Trustee Thiss asked if data was being collected from DARS or other systems as part of the analysis. Mr. Asmussen stated that the Office of Internal Auditing was reviewing samples of transcripts and DARS reports as further evidence as to whether the credits transferred and whether they applied towards the degree completion for the student.

Trustee Van Houten stated that it was important to tie the student data to data at the sending and receiving institutions. He noted that it would be important to identify specific areas within the transfer process in order to make recommendations for more broad policies.

Trustee Englund stated it would be important to have many different kinds of data available in order to make the most informed decisions. He praised the work done by the student associations and suggested additional listening sessions around the state to collect more anecdotal information from students. Ms. Medearis agreed and added that the student associations were also hoping to gather input from the other parts of the transfer process.

Trustee Frederick asked what was being done in the orientation process to inform students about where to go for transfer advice. He expressed concerns that respondents did not report using the system electronic resources, and asked if those systems had not been promoted enough for students to be aware of them. Ms. Moore stated that Ms. Louise Hoxworth had been working to ensure that campus Web sites were well connected system resources. She added that it was difficult to measure whether students were accessing those system resources through their campus Web sites without realizing that they had entered a separate Web site.

Trustee Van Houten asked if the student associations, when they present the final report in May, could provide their subjective perspectives the students' responsibilities were for themselves in the transfer process.

Trustee Thiss thanked Ms. Jessica Medearis and the Minnesota State College Student Association, Ms. Shannah Moore and the Minnesota State University Student Association, and Mr. Craig Schoenecker and his staff for all their hard work on the survey. He stated that it was a nice accomplishment and the committee appreciated having the students working with the system on the project.

Mr. Asmussen reviewed the work that the Office of Internal Audit was doing to quantify issues that might exist in the credit transfer process. He stated that there were about half a million credits that were transferred in 2009, and his staff was working to develop efficiency measures to determine whether student credit transfer was working as well as it should. The Office of Internal Auditing would be reviewing a random stratified sample to try to get to the issue of how successful it was across the system. In addition, he stated that they would be reviewing student data on Accounting and Psychology graduates. He noted that of the thousand graduates sampled, seventy-five to eighty percent of them had earned credits from more than one institution.

Finally, Mr. Asmussen noted that the complexity of the whole process was quite striking. Transfer specialists on campuses have a daunting task, because students start from very different places when they enter with expectations of transfers. He noted that in one instance, a student who earned technical college credits in the 1960's came back to earn a bachelors degree in 2009. He further noted that there were also some very eloquent programs that had been designed beautifully, such as the two-plus-two program between Rochester Community and Technical College and Winona State University, where the students take their undergraduate course and start on their degree program, and then move right into the university. Many of them graduate within four year.

Mr. Asmussen stated that he was confident that they could provide quantifiable data in May that would assist the committee in making decisions on what policy issues needed to be developed.

Trustee Thiss stated that it was appropriate to celebrate successes and then to focus on what needed to be done to make improvements in those areas that may not meet expectations. Mr. Asmussen stated that in May, the Audit Committee would review the data from internal auditing and the recommendations from the students, and then make referrals to policy committees.

Trustee McElroy noted that the academic affairs committee had a first reading of a policy amendment to board policy 3.21, Undergraduate Course Credit Transfer. He noted that there was a need to get some things in place for either summer session or fall session 2010.

Ms. Linda Baer, Senior Vice Chancellor for Academic and Student Affairs, thanked the students and Mr. Schoenecker for the opportunity to learn more about where students were in the whole process. She added that they were firmly committed to lead and assist campuses to move forward. She reported that they were in the process of accessing all transfer curriculums per campus. She stated that they were committed to working to bring more accurate information to students to improve credit transfer.

Trustee Thiss stated that with the system voice and customer voice working together for solutions, improvements would be made.

The meeting adjourned at 9:03 a.m.

Respectfully submitted,
Darla Senn, Recorder

MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES

Agenda Item Summary Sheet

Committee: Audit Committee **Date of Meeting:** May 19, 2010

Agenda Item: Amend the Search Process for the Executive Director of Internal Auditing Position

☐ 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 1A.2, Part 5, Subpart E stipulates that the Audit Committee oversees the internal audit activity. Board Policy 1D.1, Part 6 stipulates that the Executive Director of Internal Auditor reports directly to the Board of Trustees through the Chair of the Audit Committee.

Scheduled Presenter(s):

Lori Lamb, Vice Chancellor, Human Resources

Outline of Key Points/Policy Issues:

- The January motion inferred that the full board would interview the final candidates. The Search Committee recommends that the Audit Committee be given that responsibility.

Background Information:

- John Asmussen, the Executive Director of Internal Auditing, has resigned from his position, effective July 20, 2010.
- The Executive Director of Internal Auditing reports directly to the Board of Trustees.
- In January, the Board approved Delegation of authority to the Chancellor to support the board with the search to hire a new Executive Director of Internal Auditing

BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES

BOARD ACTION

AMEND THE SEARCH PROCESS FOR
THE EXECUTIVE DIRECTOR OF INTERNAL AUDITING POSITION

BACKGROUND

The Board of Trustees approved the hiring of John Asmussen as its first Executive Director of Internal Auditing in November 1997. Mr. Asmussen has resigned from his position, effective July 20, 2010. The Board of Trustees wishes to initiate a search process in order to hire a new Executive Director of Internal Auditing. In January 2010, the board approved delegation of authority to the Chancellor to assist with conducting the search.

The Search Committee is seeking clarification that the Audit Committee will interview up to three finalists for the position and will recommend one candidate to the full Board of Trustees. The January motion inferred that the full board would interview the candidates. The Search Committee recommends that the Audit Committee be given that responsibility.

RECOMMENDED COMMITTEE ACTION:

The committee recommends that the Board of Trustees adopt the following motion:

RECOMMENDED AMENDED MOTION:

The Board of Trustees delegates authority to the Chancellor to initiate a search process to hire a new Executive Director of Internal Auditing. The search process should culminate in identifying up to three candidates who shall be interviewed by the Audit Committee ~~to fill this position~~. The Audit Committee shall recommend one candidate to the Board of Trustees. The Board of Trustees reserves its authority to make the final selection for filling the position.

Date Presented to the Board of Trustee: May 19, 2010

MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES

Agenda Item Summary Sheet

Committee: Audit Committee **Date of Meeting:** May 19, 2010

Agenda Item: Follow-up to the OLA's 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 Audit 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
Beth Buse, Deputy Director for Internal Auditing
Craig Schoenecker, Director of Research and Planning
Shannah Moore Mulvihill, Director of University & System Relations, Minnesota State University Student Association
Jessica Medearis, Director of Public Affairs, Minnesota State College Student Association

Outline of Key Points/Policy Issues:

- The two student associations have surveyed students about their transfer experience and will present the final report.

Background Information:

- The evaluation was requested by the Chancellor and the Board of Trustees Chair, and it was authorized by the Legislative Audit Commission.
- The two student associations have surveyed students about their transfer experience and presented preliminary results to the Audit Committee in April.
- The Office of Internal Auditing is analyzing system data on student credit transfer.

BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES

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.

Chair Olson assigned this responsibility to the Audit Committee in his February 17, 2010 letter. At the April 2010 meeting the Audit Committee received preliminary results from the survey administered by the two statewide student associations. The student associations plan to present a final report, including their recommended improvements, to the Audit Committee at its May 2010 meeting.

The Office of Internal Auditing is testing fiscal year 2009 student records to identify the extent that credits may not have transferred between MnSCU colleges and universities and the reasons for any unsuccessful credit transfers. Part of the testing focused on a stratified random sample of students entering a MnSCU college or university after having earned credits previously at another MnSCU college or university. A second test analyzed the transfer experience of students who earned a baccalaureate degree in either Psychology or Accounting in 2009. The office will present the final results from its research at the May 2010 Audit Committee meeting

The Audit Committee will consider the research results from both student associations and the Office of Internal Auditing and determine whether there are policy issues that should be referred to other board committees.

Date Presented to the Board of Trustee: May 19, 2010