MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES

Agenda Item Summary Sheet

Committee: Finance, Facilities and Technology   **Date of Meeting:** May 18, 2010

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

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

[x] Information

Cite policy requirement, or explain why item is on the Board agenda: The evaluation report of the MnSCU System Office was released by the Office of the Legislative Auditor in February 2010 and included several recommendations which address the operations of the Finance and Information Technology divisions of the Office of the Chancellor.

Scheduled Presenter(s): Laura M. King, Vice Chancellor – Chief Financial Officer

Outline of Key Points/Policy Issues: This report identifies the lead elements of work effort, timelines, and initial resource estimates required to initiate and sustain the identified work. The committee's input is needed endorsing the initial scope of effort and acknowledging additional resource needs.

Background Information: In early 2009, the chair of Minnesota State Colleges and Universities Board of Trustees and Chancellor McCormick requested the Legislative Audit Commission to authorize an evaluation of the Office of the Chancellor, including an examination of administrative functions. The study was approved and undertaken in the fall of 2009.

INFORMATION ITEM
Follow-up to OLA Evaluation of the System Office

BACKGROUND

In early 2009, the Chair of Minnesota State Colleges and Universities Board of Trustees and Chancellor McCormick requested the Legislative Audit Commission to authorize an evaluation of the Office of the Chancellor, including an examination of administrative functions. The study was approved with work undertaken in the fall of 2009 and final report released in February 2010. Several recommendations addressed operations within the Finance and Information Technology divisions of the Office of the Chancellor.

There are three recommendations with substantial system wide and strategic implications and four recommendations that represent opportunities for administrative process improvements.

SYSTEM WIDE AND STRATEGIC RECOMMENDATIONS

Efficiency and Effectiveness – *"There may be opportunities for administrative efficiencies through multi-campus or centralized delivery of some services." (page 28 of the report). The Board chair has charged this committee with examining the opportunities to foster expanded use of multi-campus delivery for certain administrative services. The report included a list of possible areas for study (page 30 of the report).*

> **Project plan**: It was recommended at the April committee meeting that four areas receive immediate attention:
>
> - Financial aid loan processing
> - eTimesheet interface/payroll processing
> - Retirement system processing
> - Unclassified leave processing
>
> **Resource Requirements**
>
> The preliminary timelines are heavily dependent on resourcing. Aggressive resourcing can accelerate the timelines, allowing MnSCU to realize significant benefits in a short time frame. Conversely, insufficient resourcing will result in tasks falling behind schedule, and anticipated benefits may not be fully captured.

The next steps include development of a through cost-benefit analysis for each initiative, which will provide a detailed return-on-investment (ROI), and articulate both the quantitative and qualitative benefits in the five categories previously identified. Effort will also begin to obtain financial resources through the internal allocation process in support of this effort.

The Finance and Administration endorsed the scope and approach outlined in April which enabled the project to move forward with planning, design, resourcing and implementation activities for each initiative.

Board Oversight – "the Board of Trustees should exercise stronger ongoing oversight of the system office" (page 46 of the report). The Board chair has recommended that each Board committee develop recommended measures and benchmarks for the division(s) assigned to it. The Executive committee would then consolidate the recommendations into a cohesive oversight plan.

Project Plan: The Executive Committee of the Board endorsed a strategy for this recommendation at its April 2010 meeting. The concept includes an annual report to each policy committee in June of each fiscal year. The report will provide budget and staffing information for the related division of the Office of the Chancellor and report on accomplishments of the division and the committee against that year's committee/division work plan.

Information Technology Services – the report raised several concerns about the work of the division (page 79-80 of the report). The issues include selection of projects, project management and tracking, user testing and training and contract management. The Chair has indicated an interest in re-establishment of the Information Technology committee of the board. Pending that action, this issue will be tracking in the Finance, Facilities and Technology Committee.

Project Plan: The Vice Chancellor – Chief Information Officer has undertaken a complete review of the issues identified in the OLA report. It is noted that significant progress has occurred in some areas while others are still underway. Work is progressing to prepare a workplan with timetables and action steps for each of the identified areas. The work plan and a status report will be presented at the first meeting of the newly formed Technology Committee expected to occur after May 2010.

Administrative Process Improvements

Purchasing authority for presidents - The report noted the need for clarification of presidential authority for certain purchase transactions and recommended changes in board procedure or other changes (page 32 of the report). Staff had been working on this issue for several months prior to the reviewers' comments.

Action Plan: board adopted revisions to Board Policy 5.14 at its March 2010 meeting. The policy and the related revised procedure have been distributed to the colleges and universities. Additional training will be provided during 2010. **Status:** completed

Institutional charges outside of the regular allocation process *- the report recommends that the Board receive additional information about charges made by the Chancellor's office to the colleges and universities (page 48 of the report).*

Action plan: The annual budget materials submitted to the committee will be expanded to include a complete discussion of any charges contained in the plan. **Status:** Pending consideration of FY2011 operating budget scheduled for April/May 2010

Oversight of professional technical contracts **-** *The report recommended that the Chancellor's office should improve oversight of professional technical contracts (page 80 of the report). Several recommended process changes are put forward including improvements to the contract form and implementation of a post completion review.*

Action plan: A work group will be formed to review this issue.
Status: It is expected that recommended additions to procedure will be in place by September 1, 2010.

Efficiencies in the management of capital projects **-** *The report made several recommendations for changes to the capital project management process (page 87 of the report) Observations were made about the project planning, design and construction phases of the process.*

Action plan: Two work Working Groups, made up of predominantly college and university representatives, met on May 3 and May 5 to discuss the OLA recommendations for the two facilities-related items. Recommendations for changes will be considered and implemented by December, 2010.

Status: Work groups formed and project underway. Completion on schedule expected.

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