



**AUDIT COMMITTEE  
MAY 15, 2012  
1:15 P.M.**

**MCCORMICK ROOM  
30 7TH STREET EAST  
SAINT PAUL, MN**

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**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 Van Houten calls the meeting to order.**

- (1) Minutes of April 18, 2012** (pages 1-5)
- (2) Review Results of Audit Risk Assessment, Including Information Technology Audit (pages 6-21)
- (3) Board Committee Goal Update (pages 22-23)

Members

James Van Houten, Chair  
Phil Krinkie, Vice Chair  
Dan McElroy  
David Paskach  
Michael Vekich

**Bolded** items indicate action required.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
AUDIT COMMITTEE MEETING MINUTES  
April 18, 2012**

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**Audit Committee Members Present:** Trustees James Van Houten, Chair; Philip Krinkie, David Paskach, and Michael Vekich.

**Audit Committee Members Absent:** Trustee Dan McElroy.

**Others Present:** Chancellor Steven Rosenstone, Trustees Scott Thiss, Chair; Brett Anderson and Cheryl Dickson, President Pat Johns and President Edna Szymanski.

The Minnesota State Colleges and Universities Audit Committee held its meeting on April 18, 2012, 4<sup>th</sup> Floor McCormick Room, 30 East 7<sup>th</sup> Street in St. Paul. Chair Van Houten called the meeting to order at 8:00 a.m. and reviewed the agenda.

**1. Approval of the Audit Committee Meeting Minutes**

Chair Van Houten reviewed the highlights of the January meeting minutes. He noted that an update on the Audit Committee goal would be given at the May meeting, not at the April meeting as anticipated in the minutes. *Trustee Van Houten called for a motion to approve the January 17, 2012 Audit Committee meeting minutes. There was no dissent and the motion carried.*

**2. Internal Audit Update (Information Item)**

Ms. Beth Buse, Executive Director of Internal Auditing, informed the committee that the Office of Internal Auditing had hired Mr. Roman Potapov as the new Information Technology Audit Manager. She stated that she was working closely with Human Resources so that a search could begin to fill the other vacant position as well.

Ms. Buse gave a brief update on the Audit Plan. She reminded members that the results of the Southwest Minnesota State University audit were presented to the committee in January. She stated that they were just wrapping up fieldwork on the state university payroll and personnel internal control and compliance audit and she hoped to present the results of that audit to the committee in June. Ms. Buse stated that work on the vulnerability management IT audit was underway as well and work on the Information Technology Risk Assessment which would be presented to the committee in May.

Ms. Buse stated that work had not begun on the ISRS Security audit. Because work on that audit would likely be done in fiscal year 2013, she proposed that the project be added back to the list the committee would consider in May as part of the risk assessment discussion for planning for the FY13 audit plan. The committee agreed.

**3. Select External Audit Firms for College and University Financial Statement Audits (Action Item)**

Ms. Buse reminded members that the Board of Trustees had approved a motion in January for the Office of Internal Auditing and the Finance Division to prepare a request for proposal (RFP) to solicit interest from external audit firms for financial statement audits for the two universities and five colleges with expired contracts for fiscal years 2012 and 2013. She stated that three public accounting firms responded to the RFP and submitted proposals for the seven colleges and universities. The proposals were reviewed by the Executive Director and Deputy Director of Internal Auditing, the Vice Chancellor – CFO, other key administrators in the Finance Division. Also, Ms. Buse had discussions with the Chief Financial Officers from the seven institutions.

Ms. Buse reminded members that Board Policy 1A.2, states that “An independent audit firm may not be appointed to a particular engagement for more than six consecutive years.” She added that all three previous external audit firms were eligible to submit proposals. Ms. Buse stated that all three proposals contained competitive bids and the recommendation by Ms. Buse and Vice Chancellor King was to use the same firms each institution had worked with in the past.

Trustee Van Houten asked about the amendment to the principal auditor contract with CliftonLarsonAllen. Ms. Buse reminded members that in January the committee had a motion for Ms. Buse and Vice Chancellor King to work with CliftonLarsonAllen to extend the current contract one year in order to get all contracts to expire within the same period. She stated that they had negotiated with CliftonLarsonAllen on a price but that the contract amendment had not yet been executed.

Trustee Van Houten called for a motion to approve the selection of external audit firms for the college and university financial statement audits. *Trustee Vekich made the motion, Trustee Krinkie seconded and the motion carried.*

*The Board of Trustees approves the appointment of Baker Tilly Virchow Krause, LLP, Kern, DeWenter, Viere, Ltd., and CliftonLarsonAllen, LLP to serve as external auditors for seven colleges and universities. The firm of Baker Tilly Virchow Krause, LLP will serve as external auditor for Century College. The firm of Kern, DeWenter, Viere, Ltd. will serve as external auditor for Hennepin Technical College and Normandale Community College. The firm of CliftonLarsonAllen, LLP will serve as external auditor for Metropolitan State University, Minneapolis Community and Technical College, Rochester Community and Technical College and Southwest Minnesota State University. The scope of these audit services shall include an annual audit of the general financial statements of the above mentioned colleges and universities. The term of these appointments begins upon execution of contracts and shall continue to fulfill external auditing needs for fiscal years 2012 to 2013.*

*The Board of Trustees authorizes the Executive Director of Internal Auditing and the Vice Chancellor - Chief Financial Officer to negotiate contracts with Baker Tilly Virchow Krause, LLP, consistent with the terms contained in its proposal dated March 5, 2012, Kern*

*DeWenter, Viere, Ltd., consistent with the terms contained in its proposal dated February 20, 2012, and CliftonLarsonAllen, LLP consistent with the terms contained in its proposal dated February 29, 2012.*

4. Review Results of Financial Aid Audits (Monitoring Item)

Ms. Buse introduced Mr. Craig Popenhagen and Ms. Brenda Scherer from CliftonLarsonAllen to discuss the work of the fiscal year 2011 Federal Financial Assistance audit. She also introduced Mr. Chris Halling, System Director for Financial Aid.

Ms. Buse presented overview material and explained that the state had identified two major federal programs in fiscal year 2011, Student Financial Aid and the American Recovery and Reinvestment Act (ARRA). That audit work, which was performed by CliftonLarsonAllen was compiled into a State of Minnesota Single Audit report that was issued the end of March and sent to the federal government.

Trustee Krinkie asked how much of the increase to direct student loans was due to the increase in students versus the amount individual loans increased. Vice Chancellor King stated that there were program changes happening to make the overall increase to direct student loans look much larger than they were. She stated that they did have information on how much of the increase was from enrollment versus the increase in the average per student loan. She was not sure that the information was available for 2011 yet but she said that she would try to include it in the May board materials as part of the operating budget.

Mr. Popenhagen discussed the results of the audit. He stated that overall it had been a very good audit. They issued a clean opinion on compliance and noted that there was continuous improvement over prior years. He reviewed the audit comments which were primarily control related. Finally he reviewed the prior year findings. Mr. Popenhagen stated that federal oversight agencies would look for repeat findings, so it was important to work toward correcting those prior findings. He stated that there had been one similar instance identified regarding timeliness of returning Title IV funds, but otherwise the prior year findings had been resolved.

Trustee Van Houten stated that given the size of the operation, having an audit with no questioned costs was truly extraordinary. He congratulated the presidents and Vice Chancellor King and her staff for their work.

Trustee Paskach asked if it was possible to compare these audit results to others in the state that were brought forward to be included in the Single Audit report. Ms. Buse stated that it would be difficult to make comparisons because other major federal programs in the state would have significantly different eligibility requirements. Mr. Popenhagen added, however, that compared to other clients that CliftonLarsonAllen worked with, the Minnesota State Colleges and Universities did seem to be a fairly clean operation. Ms. Brenda Scherer added that one of the things that might trigger an audit by the U.S. Department of Education was an organization that did not have any findings for too many years in a row. She added that the few findings in the report were minor.

Trustee Thiss congratulated everybody for the great work and effort. He stated that the system

drove continuous improvement through all of its operations and he added that this audit was a wonderful example of how the system has responded. Chancellor Rosenstone stated that it was a remarkable accomplishment and congratulated the financial aid staff and everyone who helped to make that possible.

Vice Chancellor King extended her appreciation to Mr. Halling for his leadership and to the presidents and the financial aid directors for their commitment to this work. She added that they would make sure that the staff heard the Board's comments on their fine work.

Trustee Van Houten asked how the Campus Service Cooperative might impact collection of data. Vice Chancellor King stated that there was a tremendous opportunity for the Campus Service Cooperative to bring some solutions to this work. Mr. Halling had been leading a series of work groups in the financial aid community, identifying the transaction opportunities, the procedure opportunities, and the technology investment opportunities that would make it possible to streamline, automate and drive down the labor risk associated with much of this work. She also noted that the financial aid directors were excited and committed to the work.

Ms. Buse continued with a brief background on the financial aid work that was done by the Minnesota Office of Higher Education. She noted that this was the first time the committee would see a summary of the audit results from the Minnesota Office of Higher Education. She stated that the Office of Internal Auditing did follow-up work on all findings.

Ms. Buse explained that the work of CliftonLarsonAllen was a systemwide audit, work was done at individual colleges and universities, but the initial scope was at the system level. The work of the Minnesota Office of Higher Education was done at an individual college or university level.

Trustee Van Houten noted that in terms of oversight, the Audit Committee needed to have more awareness of these other reports. Ms. Buse recommended that the results of these audits should be summarized and brought to the committee annually for their review. She stated that the Minnesota Office of Higher Education did not summarize the audits in any manner, so it was not possible to do a comparison of what they found at the state colleges and universities compared to the University of Minnesota or other for profit institutions.

Trustee Van Houten asked if the state's reports were similar in summary to reports brought to the committee by CliftonLarsonAllen. Mr. Halling stated that the formats of the reports were quite different. He added that the Minnesota Office of Higher Education reports were very detailed, including information on individual students.

Chancellor Rosenstone noted that 99.7% of the time financial aid was being done accurately. Mr. Halling agreed and stated it was a testament to what was happening at the campuses. He added that there were opportunities through the Campus Service Cooperative to automate some labor intensive manual processes that the campuses were going through. Chancellor Rosenstone asked if there were any system issues that came out of the reports. Mr. Halling stated that they had not seen any system problems.

Trustee Paskach agreed that the Audit Committee should review the material annually. He

suggested that staff present the information each year at the same time that committee reviewed the federal financial aid audit. Ms. Buse agreed and stated that if a particular report would stand out, she would consult with the Audit Committee chair about the possibility of bringing it to the committee's attention earlier than the annual report. Trustee Van Houten agreed that approach should work well.

The meeting adjourned at 9:00 a.m.

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

**Agenda Item Summary Sheet**

**Committee:** Audit Committee

**Date of Meeting:** May 16, 2012

**Agenda Item:** Review Results of Audit Risk Assessment, Including Information Technology Audit

Proposed  
Policy Change

Approvals  
Required by  
Policy

Other  
Approvals

Monitoring

Information

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

In June 2012, the Board of Trustees will be asked to approve the fiscal year 2013 audit plan. In preparation of that action, Audit Committee input is needed to determine priorities, given available resources and risk assessment results.

**Scheduled Presenter(s):**

Beth Buse, Executive Director, Office of Internal Auditing  
Eric Wion, Deputy Director, Office of Internal Auditing

**Outline of Key Points/Policy Issues:**

- A three-staged risk assessment was utilized to identify enterprise, financial, and information technology risks to consider in determining audit priorities for fiscal year 2013.

**Background Information:**

- Professional internal auditing standards require that the audit plan be based on a risk assessment to ensure that resources are focused on the most critical projects.


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

<b>INFORMATION ITEM</b>
REVIEW RESULTS OF AUDIT RISK ASSESSMENT, INCLUDING INFORMATION TECHNOLOGY AUDIT

A three-staged risk assessment identified enterprise, financial, and information technology risk factors. The attached PowerPoint presentation documents the results of this work.

*Date Presented to the Board of Trustee: May 16, 2012*






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## Minnesota State Colleges and Universities Fiscal Year 2013 Audit Planning Risk Assessment Results

**Beth Buse**, Executive Director, Internal Auditing  
**Eric Wion**, Deputy Director, Internal Auditing

**May 15, 2012**

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## Risk Assessment Overview


- Risk based decisions made everyday
- Board policy places responsibility for risk management on the Chancellor and Presidents
- Significant work completed on strategic risk in past year
- System in process of determining next steps on formalizing a risk management strategy
- Professional standards require internal auditors to consider an assessment of risk when developing an audit plan

**Audit risk assessment does not take the place of enterprise risk management**

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# Audit Risk Assessment



Enterprise Risks

**Audit Plan**

Information Technology Risks

Financial Risks


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# Enterprise Risks



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## Strategic Framework

*Adopted by Board of Trustees in January 2012*

**Minnesota State Colleges and Universities play an essential role in growing Minnesota's economy and opening the doors of educational opportunity to all Minnesotans. To that end, we will:**

- **Ensure access to an extraordinary education for all Minnesotans**
  - Our faculty and staff will provide the best education available in Minnesota, preparing graduates to lead in every sector of Minnesota's economy.
  - We will continue to be the place of opportunity, making education accessible to all Minnesotans who seek a college, technical or university education; those who want to update their skills; and those who need to prepare for new careers.
- **Be the partner of choice to meet Minnesota's workforce and community needs**
  - Our colleges and universities will be the partner of choice for businesses and communities across Minnesota to help them solve real-world problems and keep Minnesotans at the leading edge of their professions.
  - Our faculty and staff will enable Minnesota to meet its need for a substantially better educated workforce by increasing the number of Minnesotans who complete certificates, diplomas and degrees.
- **Deliver to students, employers, communities and taxpayers the highest value / most affordable option**
  - Our colleges and universities will deliver the highest value to students, employers, communities and taxpayers.
  - We will be the highest value / most affordable higher education option.

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## Enterprise Risks: Common Themes\*

- Fiscal Concerns
- Change resistance and preparation for change
  - Campus Service Cooperative
- Personnel topics
  - Recruiting and retaining qualified employees
  - Employee behavior
- Safety and security
  - Ability to effectively respond to emergencies
  - Keeping employees and students safe

\* - Based on input from system leaders.

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# Financial Risks



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# Financial Risks: Institution Metrics Used

Metric Category	Factors Measured
<b>Audit</b> (points = 350)	<ul style="list-style-type: none"> <li>• Time since last internal control and compliance audit and the volume of findings</li> <li>• Whether the institution has an annual financial statement audit and the volume of findings from the last audit</li> <li>• Number of outstanding unsatisfactory audit findings</li> </ul>
<b>Financial Condition</b> (points = 300)	<ul style="list-style-type: none"> <li>• Operating gains or the size of losses</li> <li>• Composite Financial Index (CFI)</li> <li>• Overall materiality of financial transactions</li> </ul>
<b>Business Operations</b> (points = 200)	<ul style="list-style-type: none"> <li>• Change or loss in key personnel, knowledge, or skills</li> <li>• Diversity or complexity of operations</li> <li>• Number of incompatible security access rights</li> </ul>
<b>Other</b> (points = 100)	Use of professional judgment to make or adjust for significant financial risks at a specific institution.

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# Financial Risks: Institution

## Overall Results

- Two Year Comparison

Risk	Results	Number of Colleges and Universities	
		May 2012	May 2011
High	≥ 350	5	10
Medium	< 350 and > 200	15	17
Low	< 200	18	11
Range of Scores		35 - 420	35 - 525

\* Institution total includes the System Office, Northwest Tech – Bemidji, and 5 colleges that comprise the Northeast Higher Education District

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# Financial Risks: Institution

## Two Year Comparison

- Overall decrease in financial risk
- Financial condition metrics improvements.
  - 21 colleges improved CFI
  - # of institutions with net income loss decreased
  - Materiality adjustments
- Audit metrics improvements
  - 2 state universities had internal control and compliance audits
  - Decrease in outstanding audit findings

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# Financial Risks: Institution

## Institutions with High Financial Risk

1. Minnesota State University Moorhead
2. Bemidji State University
3. Minnesota State University, Mankato
4. Winona State University
5. Rochester Community & Technical College

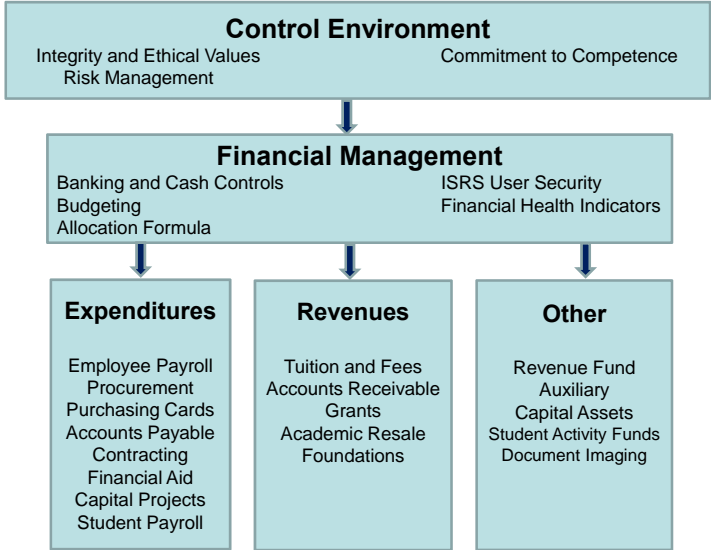
- **Contributing Factors**
  - Over ten years since last comprehensive internal control & compliance audit
  - Material financial activity
  - Complex operations
  - Large number of ISRS users with incompatible security access

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# Financial Risks: Functional Areas



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# Financial Risks: Functional Areas

## Risk Assessment

- Internal Audit and Finance staff assessed risk
- Risk considerations included
  - Materiality
  - Transaction volume and complexity
  - Susceptibility to Fraud
  - Compliance requirements
  - Past audit history
- Individual High Risk Areas
  - ✓ Banking and cash controls
  - ✓ Purchasing cards
  - ✓ Employee business expenses
  - ✓ Tuition and fees
  - ✓ Financial Aid
  - ✓ Bookstore Operations
  - ✓ Equipment Inventory
  - ✓ Capital Project Administration
  - ✓ Student Activity Funds
  - ✓ Academic Resale Activities
  - ✓ Document Imaging (*emerging*)

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# Information Technology (IT) Risks



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## IT Benefits

- IT (computers, applications, networks, databases...) is used to help improve business and teaching\learning processes and functions
  - Process automation (faster, cheaper...)
  - Facilitates communication
  - Enables complex analysis and decision-support of data
  - Facilitates initiation and recording of transactions
  - Extend access to services
  - Enterprise solutions can save money

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## IT Challenges

- The pace of change is incredibly fast
- New technologies added at a rate that exceeds the retirement of technologies
- IT can be significant investment
- Acquiring and retaining IT talent can be difficult
- Vulnerabilities and threats are constantly evolving

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## IT Introduces Risk

- The use of information technology introduces risk. What if some aspect of IT...
  - Stopped functioning?
  - Malfunctioned and produced incorrect results or corrupted data?
  - Was compromised by hackers?
  - Enabled intruders to obtain access to sensitive data and information that would not otherwise be accessible?
  - Communications was intercepted or forged?

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## Cause of Risks

- What causes IT risk?
  - Human error (complex systems may be misconfigured...)
  - Shortcuts in implementation (poorly coded and tested systems...)
  - Underfunding
  - Vulnerabilities in software products (unpatched software allows unauthorized access...)
  - Deliberate acts (user intentionally bypasses controls...)
  - Fraud and abuse (hacker attempts to break in...)
  - Mechanical failures (hard drive crashes...)
  - Interdependencies (systems, third parties....)
  - Acts of Nature (tornadoes, floods...)

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## Broad Categories of Risk

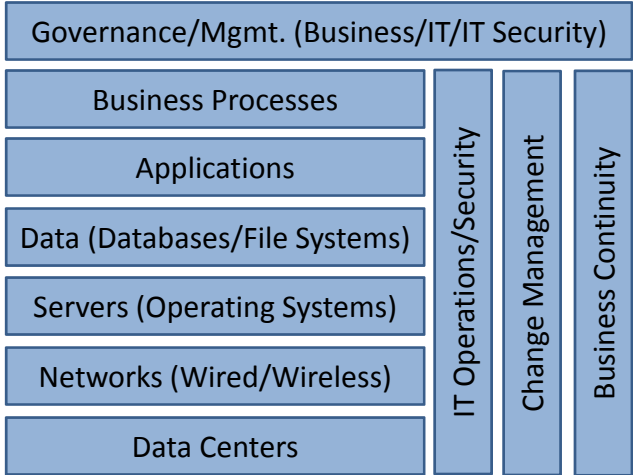
- **Confidentiality** – Private or not public data or system-reported information is protected from unauthorized disclosure or use
- **Integrity** – Data and system-reported information is complete and accurate
- **Availability** – Computer systems and data will be accessible (“up-and-running”) when needed

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## Layers of Risks/Controls



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## Role of Internal Auditing

Provide independent and objective assurance that:

- Controls are properly designed and effective to ensure computer system and data confidentiality, integrity and availability
- Information systems are operating effectively to achieve the organization's goals or objectives

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## Internal Audit - IT Risk Identification

- Discussions with over 20 IT professionals and groups
- Attended annual MnSCU ITS Conference
- Attending bi-weekly CIO meetings and monthly Security Steering Committee meetings
- Reviewed various documents
  - *IT Service Delivery Strategy* document
  - System Policies, Guidelines and Procedures
  - 2011 ITS Satisfaction Survey
  - OLA IT audit reports (9)
- Auditor brainstorming and input

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## Overall Observations

- Internal audit has a lot more to learn!
- IT professionals are talented, hard working, and passionate about IT and higher education
  - Few have worked with internal or external auditors
- The MnSCU computing environment is huge, complex and diverse
- The system office manages several mission critical enterprise systems (ISRS, D2L, Data Warehouse, wide area network...)

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## Overall Observations Continued

- Individual institutions manage unique mission critical systems and networks
- Institutions have varying levels of technical expertise
  - Individuals often wear many hats
  - Few institutions have dedicated full time information security professionals
- A few institutions are managing systems evolving into critical enterprise systems (MSU Mankato - ImageNow)
- Minimal organization-wide IT and IT security-related guidance or requirements


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## Audit - System/Data Classification & Prioritization

Confidentiality	High	System contains sensitive or private data
	Medium	System contains data of unknown classification
	Low	System does not contain sensitive or private data
Integrity	High	System collects, transmits, processes or stores important data that may be used to make significant decisions
	Medium	Data is important to the business function or mission
	Low	Data is not important to the business function or mission
Availability	High	System must be available at all times
	Medium	System can experience some down time or limited availability outside of normal business hours
	Low	System can experience extended downtime or no availability required outside of normal business hours
Accessibility	High	System accessible via the Internet or a broad audience such as any MnSCU network/computer
	Medium	System with limited local network connectivity or select MnSCU networks and computers
	Low	Standalone system with limited or no network connectivity

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## IT Risk Areas

- Enterprise Systems (ISRS/Warehouse, D2L) + ImageNow
  - Data Confidentiality (High)
    - Student, employee, and banking data
  - Data Integrity (High/Medium)
    - Financial data, hr/payroll data, financial aid data, student transcripts, grades & awards
  - System and Data Availability (High/Medium)
  - Accessibility (High/Medium)

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## IT Risk Areas

- Institution-Specific Systems
  - Difficult for Internal Audit to determine
  - What we do know about Institution IT
    - Each responsible for managing/securing own networks, computers, and applications
    - Commercial and custom applications are used
    - Many copy ISRS data and store it in databases
    - Employees and students access enterprise systems
    - Each have point-of-sale systems and process credit card transactions

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## FY 2013 Audit Planning

- Focus on Enterprise Systems & Data (confidentiality, integrity, and availability)
- Learn more about our institutions
  - Engage CIOs and others
  - Explore ideas for future audits/projects
- Challenge
  - 1 IT audit position

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## Minnesota State Colleges and Universities Audit Committee Practices

**Beth Buse**, Executive Director, Internal Auditing

**May 15, 2012**

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## Audit Committee Practices

- Today's Agenda
  - Fiscal year 2012 Audit Committee goal
    - Benchmarking
    - Useful as a succession planning tool
  - Discuss research completed
    - Professional organizations
    - Industry and non-profit sector
    - Other higher education systems
  - Determine next steps

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## Audit Committee Practices

- Research Methodology
  - Publication and article review
    - Association of Governing Boards
    - Institute of Internal Auditors
    - AICPA
    - National Association of Corporate Directors
    - Audit consulting firms
  - Review of higher education peers
    - University of Minnesota
    - University System of Georgia
    - Tennessee Board of Regents
    - University of Wisconsin System

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## Audit Committee Practices

- Considerations
  - System context
  - Available resources
    - System office versus individual colleges and universities
  - Overall board versus committee role

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## Audit Committee Practices

- Common Audit Committee Topics

- Financial Reporting
- External Audit
- System of Internal Controls
- Fraud
- Oversight of Management Internal Audit
- Risk Management
- Compliance

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## Audit Committee Practices

- Potential Areas for Future Review

- With the future increase in the number of internal audit projects - The committee will need to determine the level of discussion needed on reviewing the results of each audit.
- The committee does limited oversight over risk management and compliance activities within the system. These two areas are commonly discussed in audit committees in industry and other higher education systems.

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

**Agenda Item Summary Sheet**

**Committee:** Audit Committee

**Date of Meeting:** May 16, 2012

**Agenda Item:** Board Committee Goals

Proposed  
Policy Change

Approvals  
Required by  
Policy

Other  
Approvals

Monitoring

Information

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

Each committee of the Board of Trustees is asked to bring forward a goal that they have selected for further study for fiscal year 2012. The committee will periodically review progress on its goals.

**Scheduled Presenter(s):**

Beth Buse, Executive Director, Office of Internal Auditing

**Outline of Key Points/Policy Issues:**

- An update on the Audit Committee's goal will be discussed.

**Background Information:**

- The Audit Committee's goal for the year is to research best practices of other audit committees, including audit approaches of other higher education systems as well as private industry. The Audit Committee discussed this goal in November 2011.
- The study will be helpful as a succession planning tool given the significant audit committee rotation that will be occurring in fiscal year 2013.
- A timeline for completing research and discussing possible recommendations will be June 2012.

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

<b>INFORMATION ITEM</b>
<b>BOARD COMMITTEE GOALS</b>

The Audit Committee's goal for the year is to research best practices of other audit committees, including audit approaches of other higher education systems as well as private industry. The Audit Committee discussed this goal in November 2011.

The Executive Director of Internal Auditing has completed research on overall audit committee best practices. In addition, research was completed on comparable higher education systems on the organization and role of the Audit Committee. The results of this research will be discussed with the Audit Committee.

*Date Presented to the Board of Trustee: May 16, 2012*