



**AUDIT COMMITTEE
MAY 20, 2015
8:00 A.M.**

**MCCORMICK ROOM
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.

- (1) Minutes of April 22, 2015 (pages 1-3)**
- (2) Proposed Amendment to Policy 1D.1 Office of Internal Auditing
(First Reading) (pages 4-9)
- (3) Results of Financial Aid Audit (pages 10-20)

Members

Philip Krinkie, Chair
Duane Benson, Vice Chair
Ann Anaya
Robert Hoffman
Michael Vekich
Erma Vizenor

Bolded items indicate action required.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
AUDIT COMMITTEE MEETING MINUTES
April 22, 2015**

Audit Committee Members Present: Trustees Philip Krinkie, Duane Benson, Robert Hoffman, Michael Vekich, and Erma Vizenor

Audit Committee Members Absent: Trustee Ann Anaya

Others Present: Trustees Margaret Anderson Kelliher, Kelly Charpentier-Berg, Alexander Cirillo, John Cowles, and Maleah Otterson.

The Minnesota State Colleges and Universities Audit Committee held its meeting on April 22, 2015, 4th Floor McCormick Room, 30 East 7th Street in St. Paul. Chair Krinkie called the meeting to order at 8:02 a.m.

1. Minutes of March 18, 2015

The minutes of the March 18, 2015 Audit Committee were approved as published.

2. Internal Audit Update

Ms. Beth Buse, Executive Director of the Office of Internal Auditing, began by introducing Mr. Ross Berndt, Associate Vice Chancellor of Information Technology. Mr. Berndt read a prepared public statement concerning the Metropolitan State University security incident of January 2015 on behalf of Vice Chancellor Ramon Padilla, Chief Information Technology and Chief Information Officer, who was unable to be at the committee meeting.

Trustee Hoffman asked if there had been any incidents reported as a result of the breach. Mr. Berndt stated that there had not been any resulting incidents. Ms. Buse agreed.

Trustee Krinkie stated that it was an unfortunate situation but that he thought the system office and the campus security staff had responded to the breach appropriately.

3. Results of Minneapolis Community and Technical College Internal Control and Compliance Audit.

Ms. Buse stated that copies of the report had been e-mailed to trustees the prior week and were being made public at the committee meeting. She added that this was the first internal control and compliance audit completed this fiscal year, but that audits were being conducted at Minnesota State University, Mankato and Dakota County Technical College and would be presented to the committee in the coming months.

Ms. Buse thanked her team for the work they did on the audit. She also thanked the Minneapolis Community and Technical College business office staff and the human resources staff for their work. Ms. Buse introduced Mr. Eric Wion, Deputy Director of the Office of Internal Auditing.

Mr. Wion reiterated his appreciation of the college staff for their cooperation and assistance throughout the audit process. He also acknowledged the good work of Mr. Scott Erickson, Vice President of Finance, as well as Mr. Chris Rau, Director of Finance at Minneapolis Community and Technical College.

Mr. Wion reviewed the audit objectives and scope and methodology. He stated that the college generally had adequate internal controls to ensure it safeguarded receipts and other assets, properly paid vendors and employees in accordance with management's authorization,

Mr. Wion noted that the report identified seven audit findings, many of which could be categorized as opportunities for improvement. He reviewed finding one which included errors that resulted in three faculty being over paid approximately \$35,000. Mr. Wion noted that faculty pay can be very complicated and requires significant coordination between academics and human resources. He stated that once the college was notified of this error, they immediately worked to verify the results and began the process of collecting the overpayments. The report recommended that the college should do additional analysis to see if there are more errors. In their response the college stated that they had reviewed severance pay as well faculty assignments and they did not find additional errors.

Trustee Krinkie asked about the sample size for the audit. Mr. Wion stated that they had sampled about ten faculty assignments over multiple years. Ms. Buse noted that in addition to the sampling of severance payments that were done, the college had gone back and reviewed all of the severance payments.

Trustee Vizenor asked if the staff or faculty received a report or statement that would let them track the accuracy of their pay prior to errors being found. Ms. Buse stated that there had been improvements made to the system since the Metropolitan payroll incident occurred a year and a half ago. It is easier now for faculty to review their pay. In this instance, the significant severance overpayment was complicated because some of that payment went into a health care savings account, which made it more difficult for the faculty member to identify the error.

Trustee Benson asked if the students and faculty were better served under the current structure of audits than when individual institutions were responsible for their own audits prior to the merger. Ms. Buse stated that prior to merger and even into merger, there was more frequent internal control and compliance audits, but there the overall internal controls that were in place in those days were not as good as they are now. As internal controls were improved, and the system saw improvement in the reports, internal control audits were conducted less frequently. Ms. Buse noted that the committee had evaluated that about a year ago and determined that it was time to go back and do those reviews in more detail again. She further noted that while they were not finding significant issues, it has been helpful and the presidents are requesting that they would like to see more frequent internal control and compliance audits. The materiality threshold in internal control and compliance requirements is much shallower than with financial statement audits.

Ms. Laura King, Chief Financial Officer, agreed and stated that at the time of merger, the only internal audit function in state government was provided by the Office of the Legislative Auditor. The function did not exist internally until the board established it after the merger under Trustee Vekich's leadership. The Office of the Legislative Auditor did a rotation, and then the system paid them additional resources to do more rotations inside MnSCU, until about four years ago. She added that at the same time the administration environment was being built which didn't exist the way that it is being executed now at any of the separate systems. Ms. King stated that the question the board will have to consider for the future is how much it wants to spend to get assurance and how much assurance is necessary for their comfort.

Trustee Hoffman asked if the college had been able to recover the overpayments. President Mills-Novoa stated that they were still in the process of trying to recover that overpayment.

President Mills-Novoa thanked the auditors for doing a wonderful job. He stated that it was a good process for the college to engage in to improve the controls internally in the college. He noted that over the last few years the college had a fair amount of turnover in staff, and one of those turnovers was in human resources which played a part in what caused the overpayments as staff moved in and out. He added that they were diligently moving forward to correct all the oversights and to make improvements that will give them stronger internal controls.

Trustee Krinkie acknowledged the tremendous amount of work done by the staff at the college. He reminded members that compared to the overall number of dollars flowing through the institution, the number of minor issues that had been discovered, spoke to the competency and the processes that were in place and the work that everyone had done to ensure that we have a good and clean system. He thanked Ms. Buse and her staff as well as President Mills-Novoa and his staff for their hard work.

The meeting adjourned at 8:31 a.m.

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

Agenda Item Summary Sheet

Name: Audit Committee

Date: May 20, 2015

Title: Proposed Amendment to Policy 1D.1 Office of Internal Auditing (First Reading)

Purpose (check one):

- | | | |
|--|---|---|
| <input checked="" type="checkbox"/> Proposed
New Policy or
Amendment to
Existing Policy | <input type="checkbox"/> Approvals
Required by
Policy | <input type="checkbox"/> Other
Approvals |
| <input type="checkbox"/> Monitoring /
Compliance | <input type="checkbox"/> Information | |

Brief Description:

Policy 1D.1 Office of Internal Auditing was reviewed by the Office of Internal Auditing. Changes are proposed throughout the policy to clean up language and to comply with changes to the International Standards for the Professional Practice of Internal Auditing.

The proposed amendment was reviewed by the Office of General Counsel, cabinet, then sent out for formal consultation from the presidents, employee representative groups, student associations and campus leadership groups. All comments received from the consultation were taken into consideration.

Scheduled Presenter(s):

Beth Buse, Executive Director, Office of Internal Auditing

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

BOARD POLICY		1D.1
Chapter	1	SYSTEM ORGANIZATION AND ADMINISTRATION
Section	D	Office Of Internal Auditing

1D.1 OFFICE OF INTERNAL AUDITING.

Part 1. Mission. The mission of the ~~Office-office~~ of ~~Internal-internal Auditing-auditing~~ is to provide independent, objective assurance and consulting ~~services-activity~~ designed to add value and improve the operations of the Minnesota State Colleges and Universities. Internal ~~Auditing-auditing~~ helps the ~~Boardboard-of-Trustees~~, ~~C~~chancellor, presidents, and ~~all~~ other levels of management accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

~~**Part 2. Values and Principles.** The Office of Internal Auditing is committed to shall:~~

- ~~• Supporting the success of public higher education, including (student success and learning);~~
- ~~• Practicing with integrity, honesty, and objectivity;~~
- ~~• Complying with professional and ethical standards;~~
- ~~• Protecting confidentiality of information;~~
- ~~• Conveying results first to appropriate management (no public surprises) and as necessary to other stakeholders;~~
- ~~• Promoting accessibility to internal auditing services, both geographically and by fostering relationships with campus personnel;~~
- ~~• Understanding the unique needs of individual institutions;~~
- ~~• Maintaining excellence through innovative and proactive methodologies, professional development, and continuous learning; and~~
- ~~• Celebrating success.~~

Part 32. Vision Statement. The ~~Office-office~~ of ~~Internal-internal Auditing-auditing~~ is a catalyst for improvement.

Part 43. Standards of Practice. Internal ~~Auditing-auditing~~ activities ~~will~~ must be conducted in compliance with ~~the Minnesota State Colleges and Universities board policies and system procedures.~~ as well as with the In addition, ~~the Office of Internal A auditing shall comply with relevant professional standards and the Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the~~ International Standards for the Professional Practice of Internal Auditing (Standards). ~~International Standards for the Professional Practice of Internal Auditing and the Code of Ethics promulgated by the Institute of Internal Auditors.~~

Part 54. Services. Internal ~~Auditing~~ ~~auditing~~ shall be an advocate to improve and maintain accountability and promote the proper management oversight of the system office, and college and university programs and activities. Internal ~~Auditing~~ ~~auditing~~ is intended to complement, and not replace, other services available either on campuses or in the system office. It has particular expertise in topics such as auditing, accounting, internal controls, financial risk management, and information technology. When dealing with matters outside its expertise, ~~Internal~~ ~~internal~~ ~~Auditing~~ ~~auditing~~ shall seek the assistance of ~~other~~ experts in the organization or obtain external consultative services, ~~if~~ as necessary. It offers the following types of services in order to assist the ~~Board~~ ~~board~~ ~~of~~ ~~Trustees~~, ~~Chancellor~~ ~~chancellor~~ and presidents in accomplishing their objectives and in improving operations.

- a. **Subpart A. Assurance Services** consist of examinations designed to inform interested stakeholders about the reliability and accuracy of information and information systems. System-wide topics may be selected by formal action of the ~~B~~ ~~board~~ ~~of~~ ~~Trustees~~. Internal ~~A~~ ~~auditing~~ may also enter into agreements to conduct special studies requested by the ~~Chancellor~~ ~~chancellor~~ or a president. Studies may focus on (1) compliance with board policies, laws, and regulations, (2) reliability of information, (3) economy and efficiency of operations, (4) effectiveness in meeting goals and objectives, (5) design and effectiveness of information technology security controls, or (6) safeguarding of assets. Internal ~~A~~ ~~auditing~~ shall coordinate all audit-related activities conducted by the Office of the Legislative Auditor and external auditors within MnSCU. Internal ~~Auditing~~ ~~auditing~~ must follow-up on audit findings generated by either internal or external audits to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. ~~findings are satisfactorily resolved.~~
- b. **Subpart B. Fraud Inquiry and Investigation Support Services** are intended to augment the efforts of colleges and universities to ensure that evidence of fraud or dishonest acts is investigated professionally and promptly. Internal ~~Auditing~~ ~~auditing~~ shall ~~look to~~ ~~consult with~~ legal counsel ~~for leadership~~ on any issues that may involve criminal action or reveal potential legal exposures. ~~Internal A auditing shall notify~~ ~~it is recognized that these matters must be reported~~ to the Legislative ~~legislative Auditor auditor~~ as required by state law.
- c. **Subpart C. Professional Advice** shall promote an understanding and implementation of state laws and rules, federal laws and regulations, board policies and system procedures, professional accounting and auditing standards, and best practices in management ~~and organizational development.~~ ~~Advice may be communicated in response to questions for which Internal Auditing has expertise, through availability of self-assessment tools, by broadly relaying or publicizing information on selected topics, or by offering workshops, offering education and training opportunities~~ ~~workshops and inservices on-site or via technology such as webinars.~~

Part 65. Authority and Responsibilities. Internal ~~Auditing~~ auditing has the authority to audit all parts of ~~MnSCU~~ the system and ~~shall be~~ is granted full and complete access to all ~~MnSCU~~ system records ~~(manual or electronic)~~, physical properties and personnel relevant to any services provided according to this policy. Access ~~is also~~ shall ~~must be~~ be granted without limitation ~~limitation, by contract,~~ to relevant records of all ~~MnSCU~~ system related foundation agreements, contractors, and partners ~~other written agreements~~. The internal-audit activity shall be free from interference in determining the scope of work and communicating results. Documents and information given to internal auditors shall be handled in compliance with ~~provisions of~~ the Minnesota Government Data Practices Act and other applicable laws.

Internal ~~Auditing~~ auditing shall have no direct authority over or responsibility for any of the activities or operations ~~they~~ it ~~reviews~~. Unless extenuating circumstances dictate, internal auditors should not develop and implement procedures, prepare records or engage in activities which would normally be reviewed by ~~Internal~~ internal ~~Auditing~~ auditing. Internal ~~Auditing~~ auditing may review proposed systems and processes prior to implementation to assure adequate controls will exist.

Part 76. Organization.

Subpart A. Reporting sStructure. ~~The E~~ Executive D ~~director of Internal Auditing~~ reports directly to the ~~Board~~ board of Trustees through the ~~C~~ Chair of the ~~Board of Trustees~~ Audit C ~~Committee~~. The executive director has direct and unrestricted access to the Bboard. ~~The C~~ hancellor ~~will~~ shall handle matters related to audit departmental operations in consultation with the ~~C~~ Chair of the ~~A~~ udit C ~~Committee~~.

Subpart B. Annual Audit Plan. ~~The E~~ Executive D ~~director of Internal Auditing~~ shall present and seek approval from ~~to~~ the ~~A~~ udit C ~~Committee~~ on an annual audit plan based on a system-wide audit risk assessment. The plan shall include all ~~Internal~~ internal ~~Auditing~~ auditing and external audit activities planned for the ensuing fiscal year. In addition, the plan shall include the Iinternal A ~~audit~~ ing budget and resource allocation. ~~The E~~ Executive D ~~director~~ shall report to the audit committee any significant changes to the audit plan throughout the year.

Subpart C. Reporting sSignificant vViolations. ~~The Executive Director has direct and unrestricted access to the Board of Trustees.~~ ~~The E~~ Executive D ~~director~~ has the right and responsibility to report to the ~~Trustees~~ board any circumstances that are significant violations of internal ~~MnSCU~~ controls, board ~~policy~~ ies or system procedures and any other matters that the ~~E~~ Executive D ~~director~~ believes warrant ~~Trustee~~ notification. Internal ~~A~~ udit ~~ing~~ is a function shared with the ~~C~~ hancellor and the presidents. ~~Therefore,~~ ~~t~~ ~~The E~~ Executive D ~~director~~ has the right and responsibility to report any matters to the ~~C~~ hancellor and presidents that warrant their notification or assist them in improving their operations.

The appointment, removal, and compensation of the executive director shall be consistent with Policy 1A.4, Part 5.

Part 87. Internal Auditing Data. ~~As required by~~In accordance with Minnesota Statutes ~~Section § 13.392, Subdivision subd. 1,~~ data notes, and preliminary drafts of reports created, collected, and maintained by ~~Internal-internal Auditing-auditing~~ are confidential data on individuals or protected nonpublic data while work is in progress. The final report is public data, except as provided under ~~the Minnesota Government Data Practices Act~~Minn. Stat. ch. 13 or other applicable law.

~~Also, as required by Minnesota Statutes Section 13.392, Subdivision 2,~~In accordance with Minn. Stat. § 13.392 subd. 2, data on an individual supplying information for an audit or investigation that could reasonably be used to determine the individual's identity, ~~are shall be classified as~~ private data on individuals if the information supplied was needed for an audit or investigation and would not have been provided to ~~Internal-internal Auditing-auditing~~ without an assurance to the individual that the individual's identity would remain private.

Part 98. Reporting.

Subpart A. Distribution of Reports. Internal ~~Auditing-auditing~~ reports resulting from services requested by the ~~Audit C~~ommittee shall be distributed to ~~all members of the Board of Trustees. Copies of these reports also shall be distributed to management as appropriate.~~The ~~E~~xecutive Director shall enter into an agreement with the ~~C~~hancellor, other senior administrators, or a president to direct the distribution of ~~Internal-internal Auditing-auditing~~ reports resulting from services not requested by the ~~A~~udit Committee. Such reports shall be distributed to the ~~Board-board of Trustees~~ if ~~warranted under the circumstances that are cited in Part 76 of this policy are revealed.~~

Subpart B. Follow-up Reporting. The ~~E~~xecutive Director shall ~~provide present~~ periodic follow-up reports to the ~~A~~udit Committee ~~that shows on~~ progress toward implementing internal and external audit findings ~~previously reported to the committee.~~

Subpart C. Annual Report. The ~~E~~xecutive Director shall ~~present provide~~ an annual report to the ~~A~~udit Committee including:

- ~~1. that shows the results of a~~1. Audits conducted during the previous fiscal year, including a summary of significant audit results.
- ~~2. Whether Internal Auditing was organizationally independent and free of any scope and resource limitations in performing its audits.~~
- ~~1-3. Review of the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards) with senior management and the Bboard of Trustees.~~

Date of Implementation: 7/19/00

Date of Adoption: 7/19/00

Date and Subject of Revisions:

XX/XX/15 - Amended throughout to clean up language and comply with changes to the

International Standards for the Professional Practice of Internal Auditing.

11/16/11 - Amended throughout to clean up language and comply with International Standards for the Professional Practice of Internal Auditing. Removed Part 5c, Consulting Services.

7/19/00 - repealed MnSCU Policy 7.2 Parts 1-2 & 4-7.

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

Agenda Item Summary Sheet

Name: Audit Committee

Date: May 20, 2015

Title: Results of Financial Aid Audits

Purpose (check one):

- | | | |
|---|---|---|
| <input type="checkbox"/> Proposed
New Policy or
Amendment to
Existing Policy | <input type="checkbox"/> Approvals
Required by
Policy | <input type="checkbox"/> Other
Approvals |
| <input checked="" type="checkbox"/> Monitoring /
Compliance | <input type="checkbox"/> Information | |

Brief Description:

Federal law requires an annual audit of major federal financial assistance programs, including the student financial aid programs. The firm of CliftonLarsonAllen, LLP conducted the audit as part of its responsibilities as the system auditor for MnSCU. The auditor's report on compliance for the major federal award programs expressed an unqualified opinion. The audit report contains five isolated compliance findings related to certain federal financial aid regulations.

Minnesota Office of Higher Education regularly conducts audits of colleges and universities.

Scheduled Presenter(s):

Beth Buse, Executive Director, Office of Internal Auditing
Christopher Halling, System Director for Financial Aid
Don Loberg, Partner with CliftonLarsonAllen, LLP
Brenda Scherer, Manager with CliftonLarsonAllen, LLP

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

BOARD INFORMATION
RESULTS OF FINANCIAL AID AUDITS

1 **BACKGROUND**

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3 Copies of Minnesota State Colleges and Universities Schedule of Expenditures of Federal
4 Awards for the Year Ended June 30, 2014 were provided to members of the Board of Trustees in
5 the Board materials for the May 20, 2015 meeting. Additional copies will be made available at
6 the meeting. The report was prepared by the firm of CliftonLarsonAllen LLP as part of its
7 responsibilities as the system auditor for the Minnesota State Colleges and Universities. The
8 results of this report were incorporated into the State of Minnesota’s Single Audit report that was
9 released in late March. Copies of that report are available on the Minnesota Management and
10 Budget web site at (<http://mn.gov/mmb/accounting/reports/single-audit.jsp>).

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12 The Minnesota Office of Higher Education conducts regular program reviews of state student
13 financial aid programs administered by MnSCU colleges and universities.

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15 The attached PowerPoint presentation provides a summary of audit work completed on federal
16 and state student financial aid programs.

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36 *Date Presented to the Board of Trustees: May 20, 2015*

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Review Results of Financial Aid Audits



May 20, 2015

Minnesota State Colleges and Universities

The Minnesota State Colleges and Universities system is an Equal Opportunity employer and educator.



Review Results of 2014 Federal Financial Assistance Report



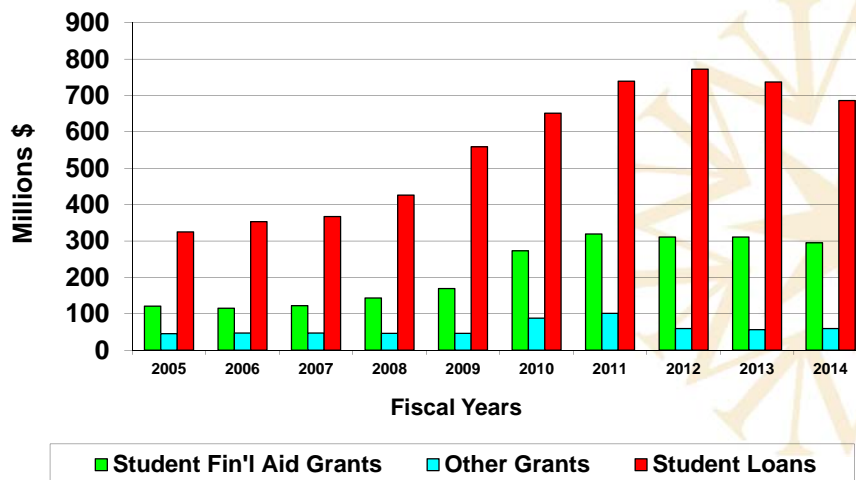
Background

- Annual audit required by federal law
- Focus on major programs
 - *Student Financial Aid*
- Audit work performed by System Auditor - CliftonLarsonAllen
- Results were included in State of Minnesota Report (Single Audit)



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Minnesota State Colleges and Universities
Federal Financial Assistance: 2004 to 2014



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Fiscal Year Comparison – Federal Financial Aid Grants

Program Title	FY14 Total	FY13 Total	Amount Change	% Change
Federal Pell Grant Program	\$282,025,772	\$296,890,308	(\$14,864,536)	-5.0%
Federal Work-Study Program	\$6,137,964	\$6,698,056	(\$560,092)	-8.4%
Federal Supplemental Education Opportunity Grants	\$6,484,739	\$6,451,325	\$33,414	.5%
Academic Competitiveness Grants	\$0	\$43,500	(\$43,500)	-100%
National Science and Math Talent (Smart) Grants	\$30,959	\$31,680	(\$721)	-2.2%
Teacher Education Assistance for College and Higher Ed. Grants	\$499,565	\$498,304	\$1,261	.25%
Totals	295,178,999	\$310,613,173	(\$15,434,174)	-5%



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Fiscal Year Comparison – Federal Loans

Program Title	FY14 Total	FY13 Total	Amount Change	% Change
Federal Direct Student Loans	\$685,517,550	\$736,667,111	(\$51,149,561)	-6.9%



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FY 2014 Federal Student Financial Aid Audit Findings

- Finding 1- Late return of Title IV
 - *40 sampled – 2 errors found*
 - *2 institutions*
 - *Questioned costs – insignificant*
- Finding 2 – Completion of Direct Loan reconciliation
 - *1 college*
 - *Questioned costs – none*
- Finding 3 – NSLDS updates and reporting
 - *12 institutions*
 - *Questioned costs – none*



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FY 2014 Federal Student Financial Aid Audit Findings

- Finding 4 – Incomplete verification
 - *60 sampled – 1 error found*
 - *Questioned costs – \$10,040*
- Finding 5 – Awarding of Subsidized Stafford loan
 - *60 sampled – 1 error found*
 - *Questioned costs – \$1,000*



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Prior Year (2013) Federal Student Financial Aid Findings

- 2 Findings
- Both resolved



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Federal Financial Aid Finding History

Fiscal Year	Total Findings	Questioned Costs
2006	6	\$1,479,644*
2007	8	\$10,323
2008	3	-
2009	5	\$4,567
2010	4	\$4,696
2011	3	-
2012	3	-
2013	2	\$24
2014	5	\$11,040

* includes questioned costs from USDOE program reviews



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U.S. Department of Education Program Reviews

- Minneapolis Community and Technical College
 - *Reviewers were on site in March 2014*
 - *Report issued in December 2014*
 - *3 minor findings were reported*
 - No questioned costs
- St. Paul College
 - *Reviewers were on site in June 2014*
 - *Report issued in December 2014*
 - *No findings reported*
- Century College
 - *Reviewers were on site in March 2015*



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Review Summary Results of 2015 Reports Minnesota Student Financial Aid Audits



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Background Minnesota Office of Higher Education

Student Financial Aid Programs Administered by MOHE	Total FY 2013 Awarded	MnSCU FY 2013 Awarded	MnSCU %	Total FY 2011 Awarded	MnSCU FY 2011 Awarded	MnSCU %
State Grant	\$161,087,000	\$64,765,000	40%	\$119,829,000	\$36,849,000	31%
Postsecondary Child Care Grant	\$5,649,000	\$4,788,143	85%	\$6,524,000	\$5,054,000	77%
Public Safety Officer's Survivor Grant	\$63,000			\$74,000	\$16,000	22%
Minnesota Indian Scholarship	\$2,125,000	\$1,233,303	58%	\$1,843,000	\$1,218,000	66%
Minnesota State Work Study	\$20,220,000	\$7,820,399	39%	\$19,599,000	\$9,673,000	49%
Student Educational Loan Fund (SELF)	\$51,549,000	\$18,272,876	35%	\$69,700,000	\$25,171,000	36%

Source: Minnesota Office of Higher Education

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Minnesota Office of Higher Education Background

- Distinctive program eligibility requirements for most programs
 - *Minnesota Residency*
 - *Minimum enrollment status requirements*
 - *Education term limits*
- Other program specific requirements
 - *Postsecondary Child Care Grant Program*
 - *Minnesota Indian Scholarship*

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Minnesota Office of Higher Education Program Reviews (audits)

- Audit manager and two audit staff
- Conduct rotating audits of all MN colleges and universities (public, private non-profit and private for-profit)
- Conduct audit work on individual colleges and universities, not the system as a whole
- Have changed approach to audits in past year
 - *Increased sample sizes*
 - *Desk audits*
 - *Resulting in some tension with campuses*



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Minnesota Office of Higher Education Audit Summary

**Minnesota State Colleges and Universities
Audit Finding History**

Fiscal Year	Audit Reports Issued	Total Recommendations	Total Amount Repaid
2008	7	29	\$33,648
2009	12	29	\$16,523
2010	15	67	\$20,310
2011	3	22	\$3,882
2012	12	74	\$44,616
2013	7	71	\$5,322
2014	10	49	\$6,909
2015	7	58	\$14,106



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Minnesota Office of Higher Education Audit Summary

- Audit Finding Observations
 - *Satisfactory Academic Progress*
 - Technical compliance with federal regulations
 - Ideally would like to see common policies among institutions
 - *Grading Practices*
 - Ideally would like to see common practices
 - *Consortium agreement responsibilities*
 - *Some institutions miss program close-out deadlines*
 - *Program specific issues*
 - Most issues noted in Child Care and State Grant Programs
 - Most audit findings are a result of manual calculation errors or incomplete information for determining program eligibility
- Follow-up
 - *Internal Audit tracks audit findings and resolutions*



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Minnesota
STATE COLLEGES
& UNIVERSITIES

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