

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

INFORMATION ITEM

FY 2008 Year-end Board Operating Budget Report

BACKGROUND

The Board of Trustees operating budget for July 1, 2007, through June 30, 2008, was \$267,913. During the fiscal year, the Board of Trustees spent \$189,074, or 71 percent of its budget as outlined on Attachment A. The balance at year-end was \$78,839. During FY 2007, the Board of Trustees Operating Budget also was \$267,913. Expenses during the year totaled \$225,529, or 84 percent of the budget, leaving a year-end balance of \$42,384, as shown on Attachment B.

The Office of Internal Auditing audited the fourth quarter transactions and found adequate documentation and compliance with finance-related legal provisions (attached).

During FY 2008, the Board of Trustees operating budget supported the following activities:

- Committee and board meetings in July, September, October, November, December, January, February, March, May and June.
- A retreat on October 30 and 31, 2007, focusing on strategic planning for 2010 and beyond, and a Board self-study.
- The Ad Hoc Committee on System and Institutional Assessment had its last meeting in on November 9, 2007.
- In consultation with the Board Chair, the chair of the Finance, Facilities and Technology Committee, named a Work Group on Technology Committee in January 2008. The Work Group held its first meeting in March, 2008, and it reports to the Finance, Facilities and Technology Committee.
- Two closed sessions, one in May and another in June, on the Chancellor's evaluation.
- A public hearing in January 2008 on the FY 2009 Operating Budget Including Tuition and Fees.
- Memberships in the Association of Community College Trustees (ACCT) and the Association of Governing Board of Universities and Colleges (AGB);
 - Five Trustees attended the Association of Community College Trustees Fall Congress in San Diego in September 2007. The Board gave a presentation entitled, "*Centers of Excellence – Workforce Models for Smart Change.*"
 - Five Trustees attended the Association of Community College Trustees National Legislative Summit in Washington, D.C. in February 2008.
 - Three Trustees attended the Association of Governing Boards of Universities and Colleges National Conference on Trusteeship in Boston, Massachusetts in April, 2008.
- One trustee attended a meeting of the Business Champions of the National Association of Manufacturers;
- Trustees attended 39 campus commencements in FY 2008 (December 2007 and Spring 2008).
- Special events during the year included the Foundation Reception in April; and the Annual Recognition Event in June.

Presented to the Board of Trustees: September 17, 2008



Minnesota
STATE COLLEGES
& UNIVERSITIES

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Members of the MnSCU Board of Trustees

As requested by Board Treasurer Scott Thiss, we have audited per diem, expense reimbursements, and other operating expenses paid on behalf of the MnSCU Board of Trustees for the year ended June 30, 2008. We conducted the audit in compliance with the *Institute of Internal Auditors: Standards for Professional Practice of Internal Auditing*.

Audit Objectives & Tests

Our audit objectives included:

- Testing for compliance with state law, rules, and regulations and MnSCU policies,
- Reviewing the adequacy of supporting documentation,
- Determining if financial transactions were properly recorded on the MnSCU Accounting System, and
- Analyzing the reasonableness of spending practices.

We examined expenditures charged to the Board of Trustees' fiscal year 2008 budget accounts (Office of the Chancellor cost centers 101010 [Board Operations] and 101011 [Chair Expense Account]) for the year ended June 30, 2008. Attachment A shows total expenditures charged to these cost centers for the year. Our detailed testing included:

- A sample of the per diem and expense reimbursements paid directly to each of the other trustees, and
- A sample of disbursements to outside vendors, such as hotels and airlines.

Conclusions

We found adequate documentation for the transactions tested. Except for occasional use of the board credit card for meals at national conferences, we found compliance with finance-related legal provisions. Although we found no misuse from charging meals to the credit card, we recommend that only special expense meals be charged to the card, as required by Procedure 7.3.3.

John Asmussen, CPA, CIA, CISA, MBA
Executive Director
Office of Internal Auditing

September 8, 2008

Minnesota State Colleges and Universities Board of Trustees
Approved FY 2008 Operating Budget

| | Approved FY 2008 Budget | First Quarter 9/30/07 Cash | Second Quarter 12/31/07 Cash | Third Quarter 3/31/08 Cash | Fourth Quarter 7/31/08 Cash | Year-to-date Total Cash | Under(Over) Budget | Percent Used |
|---|--|---|---|---|--|--|-------------------------------|-------------------------|
| Expenses: | | | | | | | | |
| Per Diem | \$33,000 | \$4,345 | \$6,875 | \$5,335 | \$6,435 | \$22,990 | \$10,010 | 70% |
| Meeting Expense (1) | \$85,000 | \$10,710 | \$13,860 | \$17,751 | \$29,217 | \$71,538 | \$13,462 | 84% |
| Travel in-state (2) | \$45,000 | \$3,570 | \$9,141 | \$5,448 | \$10,681 | \$28,840 | \$16,160 | 64% |
| Development/National Conferences (3) | \$52,000 | \$0 | \$11,490 | \$7,140 | \$16,280 | \$34,110 | \$17,890 | 66% |
| Consultants | \$2,500 | \$0 | \$2,500 | \$0 | \$1,438 | \$3,938 | (\$1,438) | 158% |
| Miscellaneous (4) | \$43,413 | \$6,230 | \$12,891 | \$1,553 | \$5,590 | \$26,264 | \$17,149 | 60% |
| Chair Expense | \$7,000 | \$0 | \$40 | \$466 | \$888 | \$1,394 | \$5,606 | 20% |
| Total: | \$267,913 | \$24,855 | \$56,797 | \$37,693 | \$70,529 | \$189,074 | \$78,839 | 71% |
| <u>Balance</u> | <u>\$267,913</u> | | | | | | <u>\$78,839</u> | |

Notes:

- (1) Meeting expense includes rent, printing, food, postal/delivery, audio services.
- (2) Travel in-state includes mileage, meals, lodging, parking, in-state registration fees.
- (3) Development/national conferences includes registration fees, airfares, lodging, mileage, etc.
- (4) Miscellaneous includes copier, insurance, long distance, memberships, supplies, equipment and subscriptions.

The Board of Trustees approved the FY 2008 Operating Budget on June 20, 2007.

Minnesota State Colleges and Universities Board of Trustees
FY 2007 Year-end Operating Budget Report

| | Approved FY 2007 Budget | First Quarter 9/30/06 Cash | 2nd Quarter 12/31/06 Cash | 3rd Quarter 3/31/07 Cash | 4th Quarter 8/27/07 Cash | Year-to Date Total Cash | Under (Over) Budget | Percent Used |
|---|--|---|--|---|---|--|--------------------------------|-------------------------|
| Expenses: | | | | | | | | |
| Per Diem | \$37,000 | \$2,970 | \$6,380 | \$6,765 | \$9,240 | \$25,355 | \$11,645 | 69% |
| Meeting Expense (1) | \$73,913 | \$6,345 | \$22,158 | \$13,476 | \$36,357 | \$78,336 | -\$4,423 | 106% |
| Travel in-state (2) | \$52,000 | \$3,354 | \$8,207 | \$7,954 | \$15,353 | \$34,868 | \$17,132 | 67% |
| Development/National Conferences (3) | \$48,000 | \$4,700 | \$6,817 | \$16,049 | \$10,445 | \$38,011 | \$9,989 | 79% |
| Consultants | \$12,000 | \$0 | \$3,244 | \$0 | \$10,930 | \$14,174 | -\$2,174 | 118% |
| Miscellaneous (4) | \$38,000 | \$4,977 | \$20,336 | \$1,590 | \$6,774 | \$33,677 | \$4,323 | 18% |
| Chair Expense | \$7,000 | \$0 | \$620 | \$415 | \$73 | \$1,108 | \$5,892 | 16% |
| Total: | \$267,913 | \$22,346 | \$67,762 | \$46,249 | \$89,172 | \$225,529 | \$42,384 | 84% |
| <u>Balance at Year-end</u> | <u>\$267,913</u> | | | | | | <u>\$42,384</u> | |

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(2) Travel in-state includes mileage, meals, lodging, parking, in-state registration fees.
(3) Development/national conferences includes registration fees, airfares, lodging, mileage, etc.
(4) Miscellaneous includes copier, insurance, long distance, memberships, supplies, and equipment.

Executive Committee approved FY 2007 Board Operating Budget on June 7, 2006.
Board approved FY 2007 Board Operating Budget on June 21, 2006.