



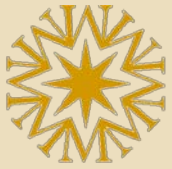
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**Minnesota State Colleges and Universities**

# **Optional Approaches for Future Audit Coverage**

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

**August 19, 2010**



# Background – Office of Internal Auditing Services

- **Assurance Services**
  - Follow-up on prior audit findings (28%)
  - Support to external auditors on financial statement and federal financial aid audits (23%)
  - Support to Office of the Legislative Auditor on finance-related audits (14%)
  - Fraud inquiry and investigation support (11%)
  - System-wide audit work on topics selected by Board of Trustees (9%)
  - Other (7%)
- **Consulting Services** – eliminated in FY10 due to budget constraints



# Background – External Audit Services

- Principal Auditor
  - Contract with LarsonAllen LLP
  - System-wide Audited Financial Statements
  - Revenue Fund
  - Federal Financial Assistance
    - Student Financial Aid Cluster
    - American Recovery and Reinvestment Act (ARRA)
- College and University Financial Statements
  - 13 of the largest institutions
  - Contracts with LarsonAllen, Kern DeWenter Viere, Baker Tilly Virchow Krause



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# Background – External Audit Services

- College Internal Control and Compliance
  - Three year rotation of colleges without financial statement audit
  - Office of the Legislative Auditor
    - FY10 – five colleges
    - FY09 – eight colleges
    - Contract ending



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# Background – Other Audit Activities

- Office of the Legislative Auditor
  - Financial Audits
  - Program Evaluations
- Student Financial Aid
  - Minnesota Office of Higher Education
  - United States Department of Education
- Affiliated Foundations
- Other



# Future Audit Coverage Considerations

- College and University Internal Control and Compliance
  - OLA contract end
  - Need to reflect on approach
- College and University Financial Statement Coverage
  - Need for individual audits
- Information Technology Audit Approach
  - Questions in recent years on investment and project management
  - Need for independent assurance



# Possible Options

- Internal Control Audit Approach
  - Scope
    - Continue or expand on current approach
    - Revise approach to review specific internal control cycles system-wide
  - Audit Resources - Dependent on scope decision
    - Adding internal audit staff
    - Reallocating internal audit staff
    - Use of outside firms
    - Use of other resources



# Possible Options cont.

- College and University Financial Statement Coverage
  - Eliminate, reduce, or add coverage
- Information Technology Audit Approach
  - Scope
    - ITS Division
    - College and University operations
  - Audit Resources
    - Adding internal audit staff
    - Use of outside firms





# Next Steps

- September 2010
  - Fiscal Year 2011 Audit Plan
  - Internal Control Audit Approach
    - Scope
    - Resources
- January 2011 - External Audit Plan
  - Survey of colleges and universities
  - Research use by Higher Learning Commission and NCAA
- March 2011 - Information Technology Audit Approach



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# **Selection of Committee Goals**

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

**August 19, 2010**



# Possible Committee Goals

- Chair Thiss List:
  - Clear past findings; resolve audit findings
  - Coordinate OLA Response to Legislative Audit Commission (LAC)
  - Significant deficiency: ISRS security
  - Credit Card Policy recommendation
  - Do we need 13 certified audits
  - IT Strategic Audit approach
- Additions:
  - Internal control and compliance audit approach
  - Other suggestions