

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

Agenda Item Summary Sheet

Committee: Finance, Facilities and Technology **Date of Meeting:** March 16, 2010

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

Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring

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: The purpose of this report is to introduce the topic to the committee, outline preliminary action plans and timetables for the consideration of the recommendations and solicit the committee’s input before the work is undertaken.

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.

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

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 and undertaken in the fall of 2009. The report was released in February 2010 and included several recommendations which address the operations of the Finance and Information Technology divisions of the Office of the Chancellor.

The purpose of this report is to introduce the topic to the committee, outline preliminary action plans and timetables for the consideration of the recommendations and solicit the committee’s input before the work is undertaken.

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).

Table 2.5: Examples of Campus Administrative Services That Could be Candidates for Multi-Campus or Centralized Service Delivery

- Employee payroll processing
- Human resources investigations (e.g., regarding harassment or equal opportunity issues)
- Campus diversity training and recruiting
- Campus financial aid administration
- Planning for emergencies and pandemics

- Software licensing
- Development of reports on students and programs that requires use of system office data
- Determination of faculty supplemental retirement eligibility
- Accounts receivable and cashier services
- Accounts payable
- Management of auxiliary services (e.g., bookstores, food service)

Project Plan: Leadership from the campuses and the Office of the Chancellor have already begun discussions on this topic. Several Information Technology projects are now underway that are critical to these efforts. Leadership will convene a system wide task force and begin evaluation, scoping effort, resource requirements and timetable development.

Preliminary results of the effort will be presented at the April 2010 committee meeting.

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 Finance and Information Technology divisions both report to the committee at this time. The Board Chair has indicated his interest in re-establishment of the Information Technology Policy committee. Pending that change, both divisions will work with the chair to develop acceptable measures and benchmarks for the work of the division.

A preliminary framework and timetable for this effort will be presented at the April 2010 committee meeting.

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: Considerable work on these issues is already underway as noted in the report. Final structure and policy/process changes will be recommended by the incoming vice chancellor-chief information officer. A preliminary framework, action plan and timetable will be presented at the April 2010 committee meeting.

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; The committee held a first reading on changes to Board Policy 5.14 at its January meeting. Upon final action at the March meeting the policy and the related revised procedure will be distributed to the colleges and universities. The procedure has had two reviews by college and university personnel. It is believed that the new procedure will clarify and expand the authority of campus personnel to authorize purchase transactions. Additional training will be provided during 2010.

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.

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. 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 groups including campus leadership will be formed to review the recommendations and underlying processes. Recommendations for changes will be considered and implemented by December, 2010.

Date Presented to the Board: March 17, 2010