

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

Agenda Item Summary Sheet

Committee: Audit Committee

Date of Meeting: June 19, 2012

Agenda Item: Board Committee Goal Update

- 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 reviewed and discussed the results of research of common audit committee practices at the May 2012 meeting.

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

| INFORMATION ITEM |
|-----------------------------|
| BOARD COMMITTEE GOAL UPDATE |

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 the results of research completed at its May 2012 meeting. The PowerPoint presentation discussed in May is attached.

The Audit Committee plans to continue the discussion at the June committee meeting and determine if any specific recommendations will be made for the future.

Date Presented to the Board of Trustee: June 19, 2012



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Minnesota State Colleges and Universities

Audit Committee Practices

Beth Buse, Executive Director, Internal Auditing

May 15, 2012

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



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Audit Committee Practices

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

Slide 2



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Audit Committee Practices

- Context
 - Higher education system mission and complexity
 - Division of labor between board committees
 - Responsibility of Audit Committee
 - Resource constraints
 - System office
 - Individual colleges and universities

Slide 3



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Audit Committee Practices

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

Slide 4



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Audit Committee Practices

- Common Audit Committee Topic *(refer to handout)*
 - Financial Reporting
 - External Audit
 - System of Internal Controls
 - Fraud
 - Oversight of Management and Internal Audit
 - Risk Management
 - Compliance

Slide 5



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Audit Committee Practices

- Higher Education Systems
 - Audit committee structure
 - Meeting frequency and length of meetings
 - Internal audit reporting

Slide 6



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Audit Committee Practices

- **Protiviti: 2012 Audit Committee Mandates**
(for Non-Financial Services Companies)
 - Update risk profile to reflect changing conditions
 - Ensure risk management capabilities are being enhanced as the business environment changes
 - Oversee capabilities of finance and internal audit
 - Continue to watch control environment
 - Focus on financial communications quality
 - Ensure that the implications of changing laws and regulations are effectively understood and managed
 - Understand how new technological developments and trends are impacting the business
 - Assess committee effectiveness

Slide 7



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Audit Committee Practices

- **KPMG: 2012 Top Concerns for Audit Committees**
 - Governance processes, controls & risk management
 - IT risk & emerging technologies
 - Uncertainty (economic, political, social)
 - Information privacy/security and cybersecurity
 - Fostering growth & innovation
 - Board composition / skills / expertise (e.g. IT)
 - Legal / regulatory compliance
 - Leadership / culture / tone at the top

Slide 8



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Audit Committee Practices

- Next Steps
 - Additional research requests
 - Recommendation(s) for future Audit Committee