

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

Agenda Item Summary Sheet

Committee: Audit Committee

Date of Meeting: January 15, 2013

Agenda Item: Review and Approve Release of the Audited Financial Statements

Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring
 Information

Cite policy requirement, or explain why item is on the Board agenda:

Board Policy 1A.2, part 5, subpart E requires the Audit Committee to review the audited financial statements and recommend their release to the Board of Trustees.

Scheduled Presenter(s):

Beth Buse, Executive Director, Office of Internal Auditing
Laura King, Vice Chancellor - Chief Financial Officer
Tom Koop, partner with CliftonLarsonAllen, LLP
Steve Wischmann, partner with Kern DeWenter Viere, Ltd,
Daryl DeKam, partner with Baker Tilly Virchow Krause, LLP

Outline of Key Points/Policy Issues:

- The System, its revenue fund, the seven state universities, and six colleges had financial statement audits conducted by external auditors. The opinion letters provide the Board and other users of the audits with reasonable assurance that the information is materially accurate and reliable. Auditing standards also require the audit firms to convey certain required communications, including any significant deficiencies or material weaknesses in internal controls, to the Audit Committee.
- The Audit Committee will focus on the work of the external auditors and satisfy itself with the assurances offered by the auditors.

Background Information:

- The financial statements were prepared by college and university business offices with the assistance of the System Office finance division and have been audited by public accounting firms that were selected by the Board of Trustees.
- Typically, the statements are brought to the Audit Committee and Board of Trustees in November of each year. Due to the implementation of a new accounting system, Minnesota Management & Budget (MMB) had significant delays in getting needed information to the external audit firms in order for them to complete their work timely.

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

BOARD ACTION

**REVIEW AND APPROVE RELEASE OF THE
AUDITED FINANCIAL STATEMENTS**

BACKGROUND

Board Policy 1A.2, part 5, subpart E requires the Audit Committee to “review and discuss the results of each audit engagement with the independent auditor and management prior to recommending that the board release the audited financial statements.”

The audited financial statements for fiscal year 2012 activity will be presented at this meeting as follows:

Financial Statements audited by CliftonLarsonAllen, LLP –

- Systemwide (*Book 1*)
- Revenue Fund (*Book 1*)

- Metropolitan State University (*Book 1*)
- Minneapolis Community and Technical College (*Book 1*)
- Rochester Community and Technical College (*Book 1*)
- Southwest Minnesota State University (*Book 1*)

- ISEEK (*Book 1*) (*see note below*)

Financial Statements audited by Kern DeWenter Viere, Ltd -

- Hennepin Technical College (*Book 2*)
- Minnesota State University, Mankato (*Book 2*)
- Minnesota State University Moorhead (*Book 2*)
- Normandale Community College (*Book 2*)
- St. Cloud State University (*Book 2*)
- Winona State University (*Book 2*)

Financial Statements audited by Baker Tilly Virchow Krause, LLP -

- Bemidji State University (*Book 2*)
- Century College (*Book 2*)
- Minnesota State Community and Technical College (*Book 2*)

Note: MnSCU is the fiscal agent for ISEEK. A joint powers agreement requires an annual financial statement audit. Contracting for an external audit is new and this is the first time the

Audit Committee and the Board of Trustees is being asked to review and recommend release of the ISEEK financial statements.

AUDIT RESULTS

Copies of the audited financial statements were provided to members of the Audit Committee for review prior to the meeting on January 15, 2013. Public copies of reports will be available at the committee meeting and on the Financial Reporting website after January 16, 2013.

RECOMMENDED COMMITTEE ACTION:

The Audit Committee has reviewed the fiscal year 2012 audited financial statements and discussed them with representatives of management and the external auditing firms. The committee recommends that the Board of Trustees adopt the following motion:

RECOMMENDED MOTION:

Based on the review and recommendation of the Audit Committee, the Board of Trustees approves the release of the fiscal year 2012 audited financial statements as submitted.