

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

BOARD ACTION
APPOINTMENT OF PRINCIPAL EXTERNAL AUDITOR FOR FY 2004-2006

BACKGROUND

The principal external auditor is responsible for auditing the system-wide financial statements, Revenue Fund financial statements, and federal financial assistance. The certified public accounting firm of Deloitte & Touche, LLP served as the principal external auditor for the past three years, but its contract has expired. In December 2003, the Board of Trustees authorized the Executive Director of Internal Auditing and the Vice Chancellor – CFO to initiate a competitive bidding process to contract with an external auditor to serve as the principal auditor for fiscal years 2004 to 2006.

A request for proposal was circulated widely in January 2004 and solicited proposals from prospective principal external auditors. Seven qualifying proposals were received by the February 27, 2004, deadline. After consultation with the Audit Committee chair, the Executive Director of Internal Auditing and Vice Chancellor – CFO convened a task force to interview the seven respondents. Task force members were from the Office of the Chancellor Finance Division, Office of Internal Auditing, and three college or university business offices.

The Executive Director of Internal Auditing and Vice Chancellor – CFO will consult with the Audit Committee Chair and Vice Chair prior to the Audit Committee meeting and select a firm to recommend for the principal external auditor appointment. Additional materials will be shared with the Audit Committee at the April 20, 2004 meeting.

RECOMMENDED COMMITTEE ACTION

The Audit Committee recommends that the Board of Trustees approve the following motion:

The Board of Trustees approves the appointment of [firm name] to serve as principal external auditor for the Minnesota State Colleges and Universities. The principal auditor is responsible for providing audit services of the following:

- System-wide financial statements,
- Revenue Fund financial statements, and
- Federal Financial Assistance.

The term of this appointment begins upon execution of contracts and shall continue to fulfill external auditing needs for the three fiscal years from June 30, 2004 through 2006.

The Board of Trustees authorizes the Executive Director of Internal Auditing and the Vice Chancellor/Chief Financial Officer to negotiate contracts with [firm name] consistent with the terms contained in its proposal dated February x, 2004.

RECOMMENDED BOARD OF TRUSTEES MOTION

The Board of Trustees approves the appointment of [firm name] to serve as principal external auditor for the Minnesota State Colleges and Universities. The principal auditor is responsible for providing audit services of the following:

- System-wide financial statements,
- Revenue Fund financial statements, and
- Federal Financial Assistnace.

The term of this appointment begins upon execution of contracts and shall continue to fulfill external auditing needs for the three fiscal years from June 30, 2004 through 2006.

The Board of Trustees authorizes the Executive Director of Internal Auditing and the Vice Chancellor/Chief Financial Officer to negotiate contracts with [firm name] consistent with the terms contained in its proposal dated February x, 2004.

Date Presented to the Board of Trustees: April 20, 2004

Date of Board Action: April 20, 2004

Date of Approval: April 20, 2004