



March 21, 2023

Audit Committee Meeting

Board of Trustees

Project Results: Financial Internal Control Assessments (FY23/Year 3)



Purpose and Objectives

The purpose of the year 3 financial controls review was to facilitate financial control assessments at select institutions to gain an understanding of current procedures, internal controls, and potential risks and gaps.

The objectives of this project were to:

- Review the current internal control practices and process documentation
- Perform the controls risk assessment by reviewing the design of internal controls over key financial risk areas

Fiscal Year 2023 Institutions



Century College



Hennepin Technical College



Minneapolis College



Normandale Community College



In-Scope Business Cycles

Business Office Cashiering

Non-Business Office Cashiering

Banking and Account Reconciliations

Accounts Payable

Purchasing Cards

Inventory

Tuition and Student Billing

Budgeting

System Security Access



Activities Completed

- **Interviews** – Conducted interviews with business office staff and key stakeholders at each respective institution for each in-scope business cycle
- **Documentation review** – Reviewed relevant policy, procedure, and controls documentation at each respective institution to further develop an understanding of existing processes, controls, and related risks
- **Results review** – Reviewed and discussed results of the respective financial controls assessment for each institution with business office staff and key stakeholders, including any recommendations and opportunities for improvement to enhance the internal controls environment

Summary of Year 3 Results



Strengths

Strong review and approval controls are in place for administering purchasing cards and approving expenses. Robust policies and procedures exist.



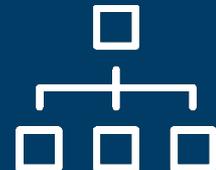
Key account reconciliations are reviewed on a monthly basis. Quarterly certifications are completed in accordance with established policies and procedures.



Robust review procedures are in place for the annual tuition and fee rate update process.



Strong controls exist within Marketplace for contracts and purchase requisitions.



Control Improvement Opportunities





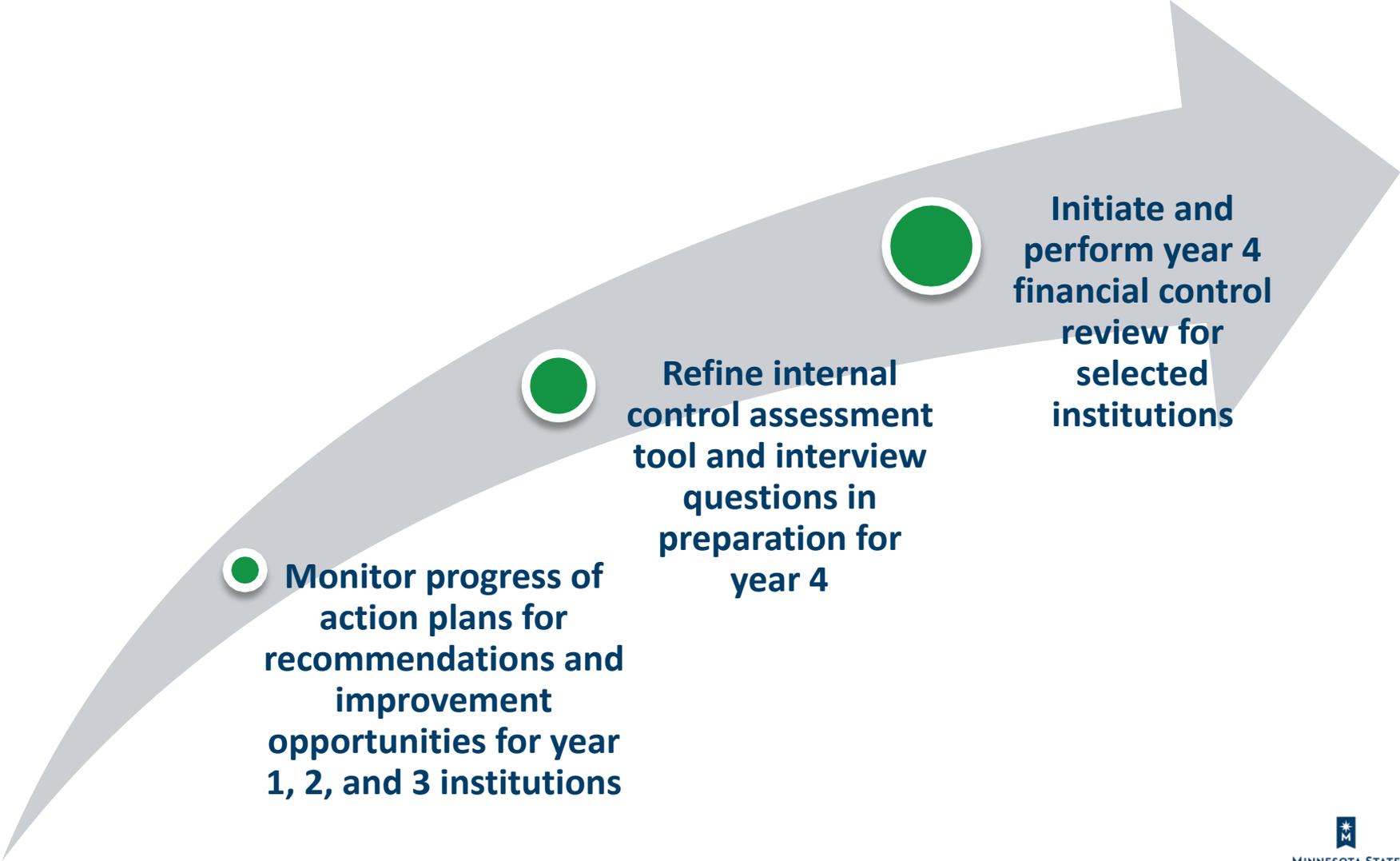
Ongoing Monitoring

The Office of Internal Auditing performs ongoing monitoring of control gaps.

- Year 1: 5 institutions and the system office
- Year 2: 7 institutions
- Year 3: 4 institutions

	Control Gaps		
	Open	Closed	Total
Year 1	3	-	3
Year 2	2	5	7
Year 3	7	-	7

Next Steps – Financial Controls Reviews



Monitor progress of action plans for recommendations and improvement opportunities for year 1, 2, and 3 institutions

Refine internal control assessment tool and interview questions in preparation for year 4

Initiate and perform year 4 financial control review for selected institutions



We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

Minnesota State Colleges and Universities Audit Presentation

Federal Compliance Testing Over Student Financial Assistance and Higher Education Emergency Relief Fund Programs

Year Ended June 30, 2022

Agenda

Scope of Audit Responsibilities

Timeline of Testing

Audit Approach

Results



CLA's Role Under State Single Audit

Contracted by Minnesota State to perform the compliance testing over the Student Financial Assistance Program and HEERF Funding

We have coordinated with Minnesota State Auditors regarding the programs we are testing

Compliance requirements tested under the Uniform Grant Guidance (Federal Student Financial Aid and HEERF Funding)

CLA's report will be included as part of the State of MN's Single Audit Report



Timeline for Testing in FY22

SFA

Business as usual – substantially completed by November 2022



HEERF

Sampling and planning:
November 2022

Samples sent out:
December 2022 and January 2023

Testing completed:
January and February 2023



Audit Approach- Student Financial Aid

- Rotation of internal control policies and procedures

- Random sample of students selected from ~119,000 students within the system

- Other samples selected (e.g. Reporting, Cash Management, Perkins testing)



Audit Approach – HEERF

- Documentation requested from all colleges and universities to obtain an understanding of internal controls

- Disbursement testing (student and institutional) selected from entire system via several samples due to differing internal controls

- Other compliance testing (procurement and reporting) through samples selected from entire system

Audit Results

Compliance
Opinion

Unmodified
Opinion



Audit Results – SFA

No Material Weaknesses

Two Findings Considered to be Significant Deficiencies

- National Student Loan Database System Enrollment Reporting Error Correcting
- Fiscal Operations Report and Application to Participate (FISAP)

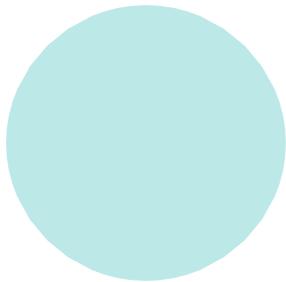


Audit Results – SFA

Management Letter Recommendations

- Documentation of review processes (Reconciliations, G5 drawdowns, and professional judgment)
- National Student Loan Data System Effective Dates





No Material Weaknesses



Audit Results – HEERF

One Finding Considered to be a Significant Deficiency

- Reporting

Management Letter Recommendations

- Documentation of review processes (student grant disbursements and G5 drawdowns)



Questions and Feedback

We welcome any questions pertaining to the audit, governance communication letter, management letter or other matters related to the engagement

We appreciate the opportunity to serve as the auditors for the Minnesota State Colleges and Universities system and welcome any feedback relative to our performance



Brenda Scherer, CPA

Signing Director

Ph. 612/376-4626

Brenda.Scherer@CLAconnect.com

Liz Cook, CPA

Manager

Ph. 612/867-4542

Liz.Cook@CLAconnect.com



CLAconnect.com



CPAs | CONSULTANTS | WEALTH ADVISORS

©2023 CliftonLarsonAllen LLP. CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAglobal.com/disclaimer](https://claglobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



MINNESOTA STATE

30 East 7th Street, Suite 350
St. Paul, MN 55101-7804

651-201-1800
888-667-2848

www.MinnState.edu

This document is available in alternative formats to individuals with disabilities.
To request an alternate format, contact Human Resources at 651-201-1664.
Individuals with hearing or speech disabilities may contact us via their preferred Telecommunications Relay Service.
Minnesota State is an affirmative action, equal opportunity employer and educator.