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Finance minutes 04/15/2013

Finance Committee

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UMM Finance Committee Minutes 15 April 2013

Members Present: Bryce Blankenfeld, Brad Deane, Pieranna Garavaso, Sara Haugen Michael Korth, Reed Olmscheid, Gwen Rudney, Laura Thielke, Tara Winchester, Timna Wyckoff, Mary Zosel

Guests: Jacquie Johnson, Colleen Miller

1. Minutes:

- 25 March 2013 – Deane suggested that in the discussion of fund 1000 items, the use of line numbers alone will make reading these minutes a challenge for anyone without the original document. Korth agreed to add the fund 1000 line names to the minutes.
- 1 April 2013 – Wyckoff clarified the details of the biology freezer purchase.

Both minutes were approved as amended.

2. 2013 Morris Campus Audit Report:

Korth believes that this committee has a duty to review and discuss audit reports. He pointed out that this report shows substantial improvement compared to the 2007 report. He asked Miller to take the committee through the highlights.

Miller explained that this report details an audit undertaken over a number of visits by the U of MN internal audit department during the fall of 2012. Audits happen every 5 years for each unit/campus of the university and involve a risk assessment of specific areas. The 2012 UMM audit focused on IT and Business/Finance. The 2012 audit concluded with a majority of “useful” findings, some “significant” findings, and no “essential” findings. This reflects a huge improvement over the 2007 audit. In fact, the audit department commended UMM specifically at a recent Regents’ meeting.

Korth asked that we focus on the “significant findings” in the business office and financial processes areas. Miller stepped the committee through each finding, explained the perceived problem, and outlined any planned solutions. Several findings simply require the Business Office to emphasize current protocols more explicitly (e.g. notes on voided transactions, timely departmental deposits).

The finding regarding the approval process for payroll abstracts will require a change in procedure. Currently, while unit heads approve most hourly employee payroll abstracts (because they are based on quite a lot of entered data), salaried employee abstracts are not sent to unit heads for approval. Korth asked what the plan is going forward. Miller, Zosel, and Johnson explained that all payroll abstracts will be sent to appropriate unit heads. Miller emphasized that payroll is a significant portion of our overall budget, and thus incredibly important to have accurate.

Korth requested more information regarding the “mark-ups” by Plant Services. Miller explained that UMM employees are sometimes paid at a lower rate than the rates agreed upon in the all-University COMPASS system; this can lead to overcharges to UMM departments. Korth asked about the material mark-ups and Miller did not have additional information. Wyckoff asked if there was a plan in place to fix this

discrepancy and Miller replied “no”. If the discrepancies become too major, ISOs are required to change their rates.

Deane commented that the improvement is impressive and deserves recognition. He then asked whether UMM has received any feedback regarding our document responding to this report. Miller explained that since there were no “essential” findings, we will not be required to respond quarterly as in the past, but that our response document will be scrutinized carefully in the next audit. Deane then asked about the finding regarding survey data showing some employee dissatisfaction. Johnson replied that she looks carefully at the PULSE and audit employee surveys to look for important trends that require attention. Specifically, she is currently concerned about the number of employees who report not knowing where to report problems, and about the finding that clerical and technical staff having concerns about retaliation for reporting problems. Johnson expects to involve Consultative Committee, Faculty and P&A Affairs, and the VC/DC/Admin groups in looking into these issues; it is not a Finance issue.

3. Next Steps in the Resource Allocation Review (RAR) process:

Korth reminded us that the RAR final report came out last week. Johnson held an open forum last Friday, and has emailed her comments from that meeting to the entire campus community. He asked her to talk to this committee today about the role we might have moving forward.

Johnson first addressed the 49 units that need to be “revisited” due to data that was difficult to evaluate. She has proposed that the Vice Chancellors oversee this process and report their findings to Campus Assembly in mid-fall 2013. At that point, she imagines that the VCs will be asked to prepare proposals for all programs in the “reduce” or “enhance” categories (currently 6 and 1, but potentially more after the revisit process). Johnson suggests that these proposals be reviewed by both Finance Committee and Planning Committee, with recommendations coming to Campus Assembly by the end of Fall 2013.

Discussion then moved to more general issues that have come up through the RAR process.

- Johnson said it was clear to her that we need a better plan for continual evaluation of non-academic units. Korth agreed that a question that needs to be asked is why some units had trouble responding to the RAR questions. He recalled that all units used to be required to produce annual reports and wondered if this might be a valuable procedure to bring back. He stressed that such reports should be reviewed at the administrative level (not by our committee).

- Korth observed that resource allocation really happens all the time by administrators. Johnson agreed, but reminded us that the Blue Ribbon panel had decided that it was important for the entire campus to understand where and how we’re spending funds. This process has revealed that we don’t understand as well as we should how our time and funds are supporting our mission. Perhaps all units should prepare mission statements, including industry standards (when available) or other agreed upon measurements of efficiency.

- Korth asked how we can ensure some uniformity in evaluation when the “revisits” will be done by a different group than the original evaluations. Johnson hopes that the

accountability to several campus groups (Assembly, Finance, Planning) will lead to as much uniformity as possible.

- Garavaso thinks the roles for Finance Committee sound reasonable. She expressed frustration with parts of the RAR process and emphasized that the “revisits” will benefit from some strong guidance. Johnson reiterated her feeling that part of what we’ve learned as a campus from RAR is that we need to continue to improve in our ability and understanding of all types of assessment.