Ms. Glatt called for agenda additional items. There were none.

Ms. Glatt said the purpose of this meeting of the Administrative Affairs Council is to review the various Dickinson State University (DSU) Performance Audit Reports, as prepared by the State Auditor’s Office (SAO), and internal audit reports (International Transfer Agreement, Enrollment Reporting & Leadership and Human Resources). At the meeting, Ms. Glatt distributed the policies and procedures referenced in these reports. She said each recommendation will be reviewed and Mr. Binstock and Mr. Lowe will have the opportunity to comment on each of them and provide an update on any changes that may have taken place since the audit report was released.

**PERFORMANCE AUDIT REPORT**

*Tuition and Fees*
The auditors recommended that, rather than posting tuition and related waivers, discounts, etc., campuses upfront assess the net rate. Last week, the SBHE approved DSU’s request to reduce their on-campus, non-resident tuition rate from 267% of the North Dakota resident rate to 150% of the North Dakota resident rate effective Fall 2012. The Board also suggested only a minimal number of waivers be allowed to this group of students in the future. Ms. Glatt added that some campuses have already made some changes to how tuition and fees are charged and how waivers are applied, based on previous SBHE approval of an alternate tuition rate.

Discussion took place regarding this recommendation and how each institution may be affected. Mr. Foisy was concerned about being able to retain tuition at 100% of the resident rate for all students. Mr. Renk said approximately 65% of the waivers at NDSCS are just good business practice; however, he expressed some concern that this practice may no longer be allowed under
the new chancellor. Mr. Renk also expressed his concern that we are multi-million dollar businesses and that auditors need to take that into consideration when telling the system how to spend their revenues.

Ms. Lucke said she prefers the flexibility currently allowed in SBHE Policy 820 – Tuition Waivers. However, Ms. Glatt said the auditors will be auditing waivers at each institution and she believes it is best that we come up with a consistent practice. Ms. Lucke said they have documentation of board approval for their waivers, consistent with SBHE policy. UND does have certain groups of students who all receive the same waiver, but they are moving toward simply charging a different tuition rate for those students rather than regular tuition, less waivers. Campuses were reminded to have in place written campus procedures related to waivers.

In response to a question from Ms. Glatt, Mr. Bollinger said they also have non-resident tuition rate of 267%, but this is then waived down to 133% of the resident rate. Not all non-residents receive the waiver, students must apply for it.

It was agreed that if, most, or all, of the students within a particular group pay the same discounted rate, it may make sense to have an approved reduced net rate; however, if rate is not consistent across the group, it may make sense to retain the waiver practice.

Ms. Glatt noted that work is pending fee waiver practices. She said she earlier surveyed the campuses to define current practices, and noted that some adjustments may be necessary. She will need to return to this effort when the new chancellor is on board.

**Dual Credit**

Ms. Glatt said the task force charged with reviewing K-12 dual credit procedure has expressed a preference to offer the same tuition rate systemwide. Mr. Renk suggested two different rates – one for when the class is taken on campus and another one for when the class is taken in the high school. Mr. Lowe said there is also a third method, which would be to pay the high school teacher a stipend per student as an adjunct faculty. There was support among the group for these three methods. The Council discussed dual credit practices and the need to recognize differing delivery models. Council members expressed concern about the individual negotiations with various participants, making administering the various financial modes difficult. It was recommended that the Council examine the possibility of moving to a standardized rate(s) for dual credit.

With regard to audit recommendations related to the DSU Disney Program, it was suggested that more clarification/distinction is needed between internships and experiential learning and related policy implications. This will be referred to the Academic Affairs Council, and following necessary academic changes, the fiscal policies will be reviewed, and updated as necessary.

Recommendation 1-2 states “We recommend Dickinson State University ensure access fee moneys are used for expenses associated with distance education and the fee amount charged to students is appropriate.” In response, DSU had agreed to charge the same mandatory fees to all online students as those charged to students on campus. Those students on campus will be charged an additional (but now lower) access fee. Mr. Lowe explained that they surveyed other
campuses prior to making this decision. Ms. Hegstad asked how this applies to other findings in the report which suggest that students not pay for services not used. Ms. Glatt responded by comparing mandatory fees to taxes – some fees charged to everyone for the “greater good” of the campus versus, user-specific fees such as course fees. She said it may be useful to think about fees in these two buckets, and consider how fees can be re-structured around these categories in the future, perhaps including moving mandatory fees into tuition.

Mr. Foisy expressed his concern that the further we stray from the way higher education works in the country, the harder it will be to explain these fees to prospective students who are not from North Dakota. According to Mr. Foisy, students are used to seeing tuition and fees separately and if we roll them all into “tuition,” it will look like it costs more to attend a North Dakota campus when, in reality, it may not.

Mr. Bollinger said NDSU’s fee structure will likely be brought up in the local fund audit and they will be asked to explain how those fees match up to what they are actually being used for. He added that mandatory fees are managed by student government, not by NDSU administrators. Mr. Bollinger said feels it would be helpful to have course fees defined or criteria established by the Council, so the auditors aren’t looking at a variety of criteria, unique to each campus. Ms. Barber said that BSC had established criteria before their review of course fees in the past year and indicated she would be willing to share their work.

Ms. Lucke, a member of a work group assigned to review NDUS fee set up and definitions, said she feels that SBHE Policy 805.3, section 2(c) provides a thorough description of course fees. It was agreed that this may be revised to include examples of what cannot be considered a ‘course fee.’

In response to a question from Ms. Glatt regarding the mandatory fee process, Ms. Loiland suggested rolling the application fee into a special fund. There was discussion on the need to keep the application fee separate, as opposed to blending it with other mandatory fees or tuition, as a way to reduce the amount of frivolous applications etc. Mr. Binstock suggested changing the description to a ‘processing fee’ rather than ‘application fee’ to fix the nomenclature issue that seems to be creating audit issues. The fact that this application fee is used for so many expenses (flowers at graduation, etc.) makes it necessary for the operations of doing business. Mr. Foisy suggested adding the reason behind this fee and how the funds are to be used in policy is important. Fee policies should be reviewed to either define appropriate uses or change fee names to more generic references.

In response to a question from Ms. Hegstad, Ms. Glatt said the SBHE Taskforce on Student Fees will be presenting their final report to the Board at their May 2012 meeting. Although this report is expected to identify issues, there will be no solutions offered at this time. Dr. Shirvani has asked that there be no major changes to tuition and fees until he officially begins his role as chancellor on July 1, 2012. Ms. Glatt said one of the issues to be reviewed when considering new tuition models is whether we intend to treat online and on-campus students differently with regard to tuition and fees.

Recommendation 1-5 states “We recommend Dickinson State University specifically allocate and/or establish a budget for the use of moneys collected from student through the University
There was some discussion the institutions ability to predict how all of the funds will be used. For example, there may only be $900,000 in the athletic budget, but by the end of the season, they end up actually spending $950,000, partly due to the costs associated with a team earning a trip to regional or state finals. Those additional expenses are impossible to predict and are paid through the reserve funds (university fee). Ms. Glatt recommended that institutions have a plan in place up-front which identifies the sources of revenue to support the budget, and any potential additional expenses.

SBHE Policy 805.2 – Student Activity Fees, specifically identifies how activity fees may be used and allows the president to revise the expenditures, as needed.

There was some discussion regarding the auditors’ roles and their expectations of the NDUS and the institutions, and whether these expectations are realistic. Ms. Glatt said the chancellor had agreed to arrange for the auditors to meet with the cabinet to discuss this issue; however, she does not know if the arrangements have been made. Ms. Glatt said we also need to discuss the process and timeline for releasing draft SAO reports.

Mr. Eggert said he continues to work with the SAO in regard to a more consistent process for the release of their audit reports. Ms. Glatt asked that he also visit with the auditors regarding the two-week turnaround time allowed for the NDUS to provide responses to their recommendations. Ms. Glatt, as well as the rest of the group, feels that two weeks is just not reasonable, given the complexity of the issues identified. Mr. Eggert said he would follow up with the SAO on the process and timeline, and following that, communicate changes with the Council.

Mr. Bollinger said he would like the option of being able to disagree with some of the SAO recommendations, but does not feel in the current environment that is feasible. Mr. Bollinger said that many times what they are doing is in compliance with SBHE policy, and as such it would then be the board’s decision as to whether the issue is one they may want to revise and/or whether they will support the institutions.

Recommendation 1-6 states “We recommend Dickinson State University obtain proper approval from the Chancellor when required by the State Board of Higher Education policy. At a minimum, the University should obtain approval for: a) waiving application fees; and b) charging less than the resident tuition rate.” Ms. Glatt said SBHE Policy 805.3 – Application, Course, Program and other Miscellaneous Fees” permits waivers based on Chancellor approval; however, that is not specified in policy 820 waivers. The two policies should be appropriately cross-referenced.

Scholarships and Waivers
The SAO report indicated confusion at DSU regarding the number of students who could be awarded the Roughrider Scholarship. In response to a question from Ms. Glatt, the campus representatives replied that they don’t necessarily set a cap on the front end for scholarships awarded, but there may be limits on the amounts of some of the scholarships. It was suggested that the Student Affairs Council also closely review the audit report, especially Chapter 2, as it relates to scholarships and waivers.
Fiscal Related Areas
Recommendation 3-1, “We recommend Dickinson State University be good stewards of public funds. At a minimum, the University should: a) Adhere to State Board of Higher Education Policy 308.1 and use good judgment to ensure good value is received for every expenditure; b) Avoid unnecessary and/or unreasonable use of public funds to ensure funds are available for essential purposes; and c) Create and maintain an organizational culture of accountability and stewardship of public resources. Mr. Lowe said that for him, this was the most frustrating finding of all.

Discussion took place regarding the need for the NDUS and its institutions to do a better job of engaging legislators, in advance, about audit issues. Mr. Bollinger suggested we invite the new chair of the Legislative Audit and Fiscal Review Committee (LAFRC) to meet with campus officials directly. There was a suggestion to include legislators, and/or SBHE members, as well. It was agreed that most effective way of getting legislators educated on the auditor reports would be to engage their local legislators, discuss the audit report reporting issue with them, and help them understand what is really happening with higher education in North Dakota.

Fiscal Related Areas
Recommendation 3-4 states “We recommend Dickinson State University make improvements with the international recruiting agent agreements. If such agreements are to be used, the University should: a) Adequately monitor vendors to ensure agreement requirements are met; b) only make commission payments when appropriate; and c) modify payment requirements to ensure students who have previously enrolled at the University do not require another full commission payment to enroll in subsequent semesters.

Ms. Glatt said SBHE Policy 402.9 – Admission Policies-International Students, which incorporates the auditor’s recommendations and prohibits the use of recruiting agents paid on a commission or per-student basis. This policy revision has already been reviewed and approved by the Academic Affairs Council and the Student Affairs Council.

Mr. Lowe indicated that the auditors reviewed all of their payments made to recruiting agents and found only one error, and it was a clerical error. He added that he is comfortable that the internal controls that DSU has in place for accounts payable and this issue, in his opinion, this recommendation was overstated.

Recommendation 3-5 said, in part, “We recommend Dickinson State University make improvements with contracts and agreements entered into for services.” Pre-approved templates can be used. Ms. Glatt reminded everyone that all contracts need to be reviewed and approved by legal counsel prior to signature. Mr. Lowe said a message will be sent to DSU staff indicating that if the contract was not approved, payment cannot be made.

Mr. Seaworth recently suggested that a common electronic repository be developed for pre-approved contract templates and final contracts be created. This project has been added to the SITS project priority list.
Additional Areas Requiring Improvement
Due to all of the previous discussion regarding the enrollment reporting issues at DSU, they were not covered again today.

Recommendation 4-7 – The need for annual performance evaluations was discussed. When there is a performance improvement plan in place, the employee’s supervisor must make sure all components are covered in that plan and that those requirements are being met. Regarding recommendation 4-9, “We recommend Dickinson State University comply with Code of Conduct requirements and ensure the required individual completes an investigation.” In other words, an HR investigation cannot be handed over to anyone else. Mr. Bensen told the group that it is important to have code of conduct signed annually. Mr. Eggert confirmed that the fraud video, which all NDUS employees are required to view annually, does include code of conduct information.

Recommendation 4-10 states, “We recommend Dickinson State University make improvements with the hiring process. At a minimum, the University should: a) Ensure all applicants applying for positions at the University are treated in a fair and equal manner; and b) Maintain documentation supporting the hiring decision.” There was some concern from the auditors regarding the Human Resource staff having access to the scoring worksheets and thus, having the ability to modify the scores. They recommend that a copy of the scoring worksheets be kept by each member of the hiring committee, as well.

Recommendation 4-11 states, “We recommend Dickinson State University take the necessary action to ensure appropriate access to computer systems. At a minimum, the University should: a) Ensure adequate policies and procedures are established to restrict access privileges/assign appropriate roles to user IDs; and b) Ensure adequate reviews of security/user roles are being performed.”

The auditors don’t want the students to have update capability, according to Mr. Lowe. As of right now, DSU’s student workers don’t have that update capability. Mr. Lowe said the plan is to have a separate unique ID & password for the student workers that is known to their supervisor. The student can log into the computer using their active directory credential; however, the supervisor will need to sign them into ConnectND. In addition, it was noted that recommendation 4-11 be followed up with SITS regarding user roles.

INTERNAL REVIEW REPORT – HUMAN SERVICES
Ms. Glatt referred to the “Human Resources Harassment Process.” DSU’s harassment policy is being adhered to; however, it does not address the ability of the institution to take into account past reports and investigations in cases where multiple claims are filed against one person. Mr. Eggert said that while there can’t be a “three strikes, you’re out” rule, the recommended solution is to change policy and procedure to include language regarding numerous substantiated claims made against one person. In addition, auditors also recommended that all sexual harassment claims be handled formally and by one office.
Mr. Eggert provided the group with the types of upcoming audits the NDUS can expect. He said there will be systemwide enrollment audit and a collaborative student audit. Mr. Eggert will also be doing vendor review, in order to eliminate duplicate vendors and remove those we no longer use, as well as to check for fraud issues, i.e. employees’ addresses being used for a vendor, etc.

In closing, Ms. Glatt discussed the delay in the budget process, which is necessary this year because Dr. Shirvani would like to be a part of that discussion and decision process.

In response to a question from Mr. Bensen, Ms. Glatt said Ms. Wagner Goulet recently sent her the templates for SBHE Policies 804 and 809 but she has not yet had the time to review them.

Ms. Glatt strongly encouraged everyone to discuss their audit concerns with their presidents so they will be prepared to discuss them at the May 30 cabinet meeting. Mr. Bollinger requested that a talking point document be created for everyone to use when discussing this with their presidents and that it be shared with the Cabinet, prior to the meeting with the SAO. It was suggested that these same points used when talking with local legislators, as well. Ms. Glatt will prepare and distribute these talking points.

In closing, it was agreed that a matrix should be developed that attempts to sort fees into categories—general fees vs. user specific fees. That matrix should be reviewed by the Council and recommendations be made at that time regarding changes, including possible policy changes.

Meeting adjourned at 1:30 p.m.

Future Meetings
May 22, 2012
June 26, 2012
July 23-24, 2012 (retreat)
August 28, 2012
October 9, 2012
November 20, 2012