



**2010 Report on the
Minnesota State
High School League**

**Report
To the
Legislature**

**As required by
Minn. Stat. §
128C.20**

COMMISSIONER:

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Upon request, this report can be made available in alternative formats.

ESTIMATED COST OF PREPARING THIS REPORT

This report provides information that is maintained and published by the Minnesota Department of Education as a part of its normal business functions. Therefore, the cost information reported below does not include the cost of gathering the data but rather is limited to the estimated cost of actually analyzing the data, determining recommendations, and preparing this report document.

Special funding was not appropriated for the costs of preparing this report.

The estimated cost incurred by the Minnesota Department of Education in preparing this report is \$350.00.

REPORT ON THE MINNESOTA STATE HIGH SCHOOL LEAGUE

Purpose of the Report

Minnesota Statute § 128C.20, Subdivision 1, requires the Commissioner of Education (Commissioner) to conduct an annual review of the Minnesota State High School League (MSHSL). The MSHSL “is a nonprofit corporation that is a voluntary association of high schools . . . whose governing boards have delegated their control of extracurricular activities . . . to the [MSHSL].” Minn. Stat. § 128C.01, Subd. 1. Minnesota Statute § 128C.20, Subdivision 1, specifically directs the Commissioner to obtain and review the following information about the MSHSL:

1. An accurate and concise summary of the annual financial and compliance audit prepared by the state auditor that includes information about the compensation of and the expenditures by the executive director of the MSHSL and MSHSL staff;
2. A list of all complaints filed with the MSHSL, all lawsuits filed against the MSHSL, and the disposition of those complaints and lawsuits;
3. An explanation of the executive director’s performance review;
4. Information about the extent to which the MSHSL has implemented its affirmative action policy, its comparable worth plan, and its sexual harassment and violence policy and rules; and
5. An evaluation of any proposed changes in MSHSL policy.

The Commissioner has obtained the following sources of data for this report: correspondence from the President of the MSHSL Board of Directors (Board President); Notice of Pay Equity Compliance present to MSHSL by Minnesota Management & Budget dated January 6, 2010; MSHSL 2009-10 Annual Report; and the State of Minnesota, Office of the State Auditor, Management Letter as a Result of the Audit of the MSHSL, for the year ended July 31, 2009.

State Auditor’s Financial and Compliance Audit

The Commissioner must obtain and review an accurate and concise summary of the annual financial and compliance audit prepared by the state auditor that includes information about the compensation of, and the expenditures by, the executive director of the MSHSL and MSHSL staff.

The Minnesota State Auditor’s report reviewed the basic financial statements of the MSHSL for fiscal year 2009. In its Management Letter, the state auditor included the following schedule of findings and recommendations:

1. Each region has an administrative secretary who is responsible for the accounting functions. Establishing and maintaining internal control over the various accounting cycles, the fair presentation of the financial statements and related notes, and the accuracy and completeness of all financial records and related information is the responsibility of each regional secretary, each regional committee, and the MSHSL. Adequate segregation of duties is a key internal control in an organization’s accounting system. The size of the regions and their staffing limits the internal control

that can be designed and implemented into the organization. Management should be aware that segregation of duties at the regional level is not adequate from an internal control point of view.

Management of each region and the MSHSL are responsible for the accuracy and completeness of all financial records and related information. Also, management is responsible for controls over the period-end financial reporting process, including controls over procedures used to enter transaction totals into the general ledger; initiate, authorize, record, and process journal entries into the general ledger; and record recurring and nonrecurring adjustments to the financial statements.

During the regional audits, material adjustments were proposed to convert six of the region's financial records to the financial statements as reported. These adjustments increased assets and liabilities, and resulted in a net increase in related expenses. It was recommended that each regional committee and the Board and management of the MSHSL be mindful that limited staffing causes inherent risks in safeguarding the organization's assets and the proper reporting of its financial activity. It was further recommended the regional committees and the Board and management of the MSHSL continue to implement oversight procedures and monitor those procedures to determine if they are still effective internal controls.

This was a previously reported item not resolved.

2. Review of the tournament revenues and reports at each of the regions found that: 1) five regions had tournament reports with missing beginning and ending ticket numbers or improper ticket numbers; 2) one region had a tournament report with no recorded program sales; 3) four regions had a tournament report with ticket numbers that did not reconcile to the revenue received; and 4) three regions had missing tournament reports.

It was recommended that regional secretaries more closely monitor site personnel and tournament managers to ensure that tournament reports are complete, accurate, and submitted for all tournaments.

This was an item arising this year.

3. Two individuals had the ability to process disbursements and set up new vendors. New procedures to oversee new vendors entered in the accounting system have been implemented.

This was a previously reported item that was resolved.

4. The MSHSL did not have formal policies and procedures over journal entries; one individual could both create and post a journal entry without review or approval by a second person; and supervisory review and approval of journal entries was not always documented. Currently, policies and procedures over journal entry processing have been written and implemented and all journal entries reviewed during the audit had the appropriate review and approval documentation included.

This was a previously reported item that was resolved.

6. Three regions were noted where special expense forms were not used or were not used properly to document approval and authorization of expenses that meet the criteria for special expenses. Currently, only one region was noted where special expense forms were not used properly. There has been significant improvement in this area over the past several years.

This was a previously reported item that was resolved.

In accordance with Minn. Stat. § 128C.12, the state auditor performed tests of compliance with appropriate laws and regulations. The results of their tests indicated that, for the items tested, the MSHSL complied with the material terms and conditions of applicable legal provisions.

A. Compensation of the MSHSL's Executive Director and Staff

According to the Board President, staff salaries are based on a range established in policy by the Board of Directors. Salaries are based, among other criteria, upon a comparison of similar athletic and activity associations in the states that comprise the Big Ten athletic conference (Illinois, Indiana, Iowa, Michigan, Minnesota, Ohio, Pennsylvania, and Wisconsin). The Minnesota Management and Budget (MMB) formerly known as Department of Employee Relations (DOER), affirmed MSHSL's compliance with pay equity laws in a letter to the MSHSL dated January 6, 2010.

B. Expenditures of the MSHSL's Executive Director and Staff

According to the Board President, the director and his staff were reimbursed a total of \$23,322 for statewide travel during the 2009-2010 school year. The Board President states that expenses are reimbursed as identified in the Board of Directors policy and in Minn. Stat. § 43A.18, Subd. 2, the Commissioner's Plan.

Complaints and Lawsuits

The Commissioner must obtain and review a list of all complaints filed with the MSHSL, all lawsuits filed against the MSHSL, and the disposition of those complaints and lawsuits.

State law does not proscribe a dispute resolution method for the MSHSL, but the MSHSL has established a policy for hearing disputes regarding student eligibility including hearing and hearing review procedures.

Description of the hearings held during the 2009-2010 fiscal year are as follows:

- September 22, 2009 – Bylaw 111, Transfer and Residence
Hearing Officer recommended and Board of Directors approved the student is ineligible for varsity competition for 365 days from the date of enrollment.
- October 22, 2009 – Bylaw 111, Transfer and Residence
Hearing Officer recommended and Board of Directors approved student is immediately eligible for varsity competition.
- October 22, 2009 – Bylaw 111, Transfer and Residence
Hearing Officer recommended and Board of Directors approved the prior decision of ineligibility be reversed and find that the student is immediately eligible for participation in extracurricular activities at the varsity level.
- October 22, 2009 – Bylaw 111, Transfer and Residence
Hearing Officer recommended and Board of Directors approved the student is not eligible for varsity competition for a period of 365 days commencing from the first day of student's attendance.

- November 3, 2009 – Bylaw 111, Transfer and Residence
Hearing Officer recommended and Board of Directors approved the student is not eligible for varsity competition for a period of 365 days commencing from the first day of student’s attendance.
- November 3, 2009 – Bylaw 111, Transfer and Residence
Hearing Officer recommended and Board of Directors approved both of the students be immediately eligible for participation in varsity sports.
- November 10, 2009 – Bylaw 111, Transfer and Residence
Hearing Officer recommended and Board of Directors approved the student is not eligible for participation in athletics at the varsity level for one calendar year.
- November 10, 2009 – Bylaw 111, Transfer and Residence
Hearing Officer recommended and Board of Directors approved the student is not eligible for varsity competition for a period of 365 days commencing from the first day of student’s attendance.
- November 10, 2009 – Bylaw 111, Transfer and Residence
Hearing Officer recommended and Board of Directors approved the student is not eligible for varsity competition for a period of 365 days commencing from the first day of student’s attendance.
- December 8, 2009 – Bylaw 111, Transfer and Residence
Hearing Officer recommended and Board of Directors approved the student is immediately eligible for varsity competition.
- December 16, 2009- Bylaw 111, Transfer and Residence
Hearing Officer recommended and Board of Directors approved the student is not eligible for varsity competition for a period of 365 days commencing from the first day of student’s attendance.
- December 16, 2009- Bylaw 111, Transfer and Residence
Hearing Officer recommended and Board of Directors approved the students are not eligible for varsity competition for a period of 365 days commencing from the first day of their attendance.

Executive Director’s Performance Review

The Commissioner must obtain and review an explanation of the executive director’s performance review. The annual evaluation of the executive director was completed in 2010 and is positive. According to Board President: “It is because of [Executive Director’s] leadership that the [MSHSL] is a sound organization. [Executive Director] is extremely committed to promoting the mission and values of the MSHSL and implements the board’s goals as well. He is a person of integrity, fairness and honesty and consistently models these qualities for his staff and for the leadership of the MSHSL and its member schools.”

MSHSL Program Implementation

The Commissioner must obtain and review information about the extent to which the MSHSL has implemented its affirmative action policy, its comparable worth plan, and its sexual harassment and violence policy and rules.

According to the Board President, the Board's affirmative action policies ensure that jobs within the MSHSL are equally accessible to all qualified persons. The Board President states that staff follow Minn. Stat. § 128C.15, Subd. 2 when employment opportunities become available.

According to the Board President, the MSHSL's comparable worth plan was initially adopted in the fall of 1988. A consultant was subsequently hired to evaluate jobs and assign pay grades. The comparable worth plan submitted by the consultant was approved by the Board on August 14, 1997. The MSHSL completed and filed its most recent Pay Equity Report with MMB on January 13, 2009, and the Notice of Pay Equity Compliance was received and dated January 6, 2010.

According to the Board President, the MSHSL's Sexual, Racial, and Religious Harassment and Violence and Hazing Policy was adopted as a Bylaw, and it is enforced statewide. The MSHSL has shared the vision of the harassment/hazing policy with all of the states in the National Federation of State High School Associations. In addition, the (MSHSL's) TeamUp program provides a DVD to all member schools regarding hazing and the Coaches' Clipboard section of the MSHSL website provides a direct link for coaches entitled, Hazing; The Painful Truth. This DVD was developed by Rochester, Minnesota school district in conjunction with the Rochester, Minnesota Police Department.

Evaluation of Proposed Changes in League Policy

The Commissioner must obtain and review an evaluation of any proposed changes in MSHSL policy. The Board President provided a copy of Minutes Meeting of the Representative Assembly which provided the changes as follows:

- MSHSL Board Policy: Travel for Out-of-State Practice and Scrimmages – outlining steps the school board must take prior to any travel by the team if a schools' League-sponsored athletic team requests out-of-state travel for a practice or a scrimmage for the varsity, junior varsity, or "B" squad teams.
- 2010 Dance Team Rule proposals pertaining to scoring, routine requirements, consultations, choreography, uniforms, disqualifications, and videotaping.
- Advisory Committee Recommendations to the MSHSL Board of Directors from the adapted floor hockey committee pertaining to equipment and penalties.
- Advisory Committee Recommendations to the MSHSL Board of Directors from the dance team committee pertaining to section level play.
- Advisory Committee Recommendations to the MSHSL Board of Directors from the Nordic skiing committee pertaining to team scoring.
- Advisory Committee Recommendations to the MSHSL Board of Directors from the wrestling committee pertaining to weather postponements.
- Three-color paneled volleyball adoption for all varsity girls' volleyball matches.
- Minutes from discussion of Football Section Rotation at the Quarterfinal Level.
- Uniform modifications for special recognitions.
- Rule adoption for state football games
- Advisory Committee Recommendations to the MSHSL Board of Directors from the girls' lacrosse committee pertaining to length of game, sudden-victory over time, and policy for disqualified players.
- Advisory Committee Recommendations to the MSHSL Board of Directors from speech advisory committee pertaining to great speeches and extemporaneous speaking.
- Amendment to Bylaw 208.03, Item C(1), Summer Coaching Waiver pertaining to baseball and softball, approved by the MSHSL Representative Assembly on March 19, 2010

- Amendment to Bylaw 508 and Bylaw 411.10, pertaining to football practice sessions and scheduling of contests, approved by the MSHSL Representative Assembly on March 19, 2010.
- Amendment to Bylaw 514.00, Soccer – Boys and Girls, adapted – co-educational, pertaining to number of contests, approved by the MSHSL Representative Assembly on March 19, 2010.

Conclusion

Minnesota Statute § 128C.20, Subdivision 1 requires the Commissioner of MDE to conduct an annual review of the Minnesota State High School League. This report documents the required review.