



2013 Report on the Minnesota State High School League

Fiscal Year 2013

Report

To the

Legislature

As required by

Minnesota Statutes,

section 128C.20

COMMISSIONER:

Brenda Cassellius, Ed. D.

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School League**

January 2014

Fiscal Year 13

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Report to the Legislature

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section 128C.20

Cost of Report Preparation

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.

Estimated costs are provided in accordance with Minnesota Statutes 2011, section 3.197, which requires that at the beginning of a report to the Legislature, the cost of preparing the report must be provided.

Purpose of the Report

Minnesota Statutes, section 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 Statutes, section 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 presented to MSHSL by Minnesota Management & Budget (MMB) dated February 14, 2013; MSHSL 2012-2013 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, 2012.

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 2012. 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 five of the region's financial records to the financial statements as reported. These adjustments increased liabilities and 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) three regions had tournament reports with missing beginning and ending ticket numbers or improper ticket numbers; 2) two regions had missing tournaments; 3) one region had tournament revenue coded to the wrong revenue accounts; and 4) three regions had tournament reports with ticket numbers that did not reconcile to the revenue received or recorded in the general ledger.

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 a previously reported item not resolved.

In accordance with Minnesota Statutes, section 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 February 14, 2013.

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 \$22,248.12 for statewide travel during the 2012-13 school year. The Board President states that expenses are reimbursed as identified in the Board of Directors policy and in Minnesota Statutes, section 43A.18, Subdivision 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 establish 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.

Descriptions of the hearings held during the 2012-2013 school year are as follows:

- September 18, 2012 – Bylaw 205, Chemical Eligibility

Hearing Officer recommended and Board of Directors approved the student's ineligibility for varsity competition for a period of 12 consecutive interscholastic contests or four weeks, 28 calendar days, whichever is greater commencing with the student's receipt of this third chemical violation.

- October 25, 2012 – Bylaw 111, Transfer and Residence

Hearing Officer recommended and Board of Directors approved the student's ineligibility for varsity competition for 365 days commencing from the first day of the student's attendance at the new school.

- November 7, 2012 – Bylaw 111, Transfer and Residence

Hearing Officer recommended and Board of Directors approved the student's ineligibility for varsity competition for 365 days commencing from the first day of the student's attendance at the new school.

- December 19, 2012 – Bylaw 111, Transfer and Residence

Hearing Officer recommended and Board of Directors approved the student's ineligibility for varsity competition for a period of 365 days commencing from the first day of the student's attendance at the new school.

- December 19, 2012 – Bylaw 111, Transfer and Residence

Hearing Officer recommended and Board of Directors approved the student's ineligibility for varsity competition for a period of 365 days commencing from the first day of the student's attendance at the new school.

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 May of 2013 and is positive. According to Board President: "[Executive Director] is truly a gifted leader; he is committed to the mission and values of the MSHSL and is a constant model of integrity, fairness and honesty. He is an incredible communicator, having the ability to positively interact with the media, legislators, parents, coaches, school administrators, and students. When dealing with an issue, [Executive Director] is willing to listen to all points of view, and has proven to be an outstanding problem solver. Even in the most contentious settings, his calm demeanor and open approach lead to mutually acceptable outcomes."

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 Minnesota Statutes, section 128C.15, Subdivision 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 and the Notice of Pay Equity Compliance was received and dated February 14, 2013.

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 continues to be a national leader in this area and has shared the vision of the harassment/hazing policy with all of the states in the National Federation of State High School Associations. The MSHSL has provided information relative to the "Bullying Bill" contemplated by the Legislators during the 2013 session. 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 informs that no amendments were brought forward to the Representative Assembly for consideration during the 2012-13 school year. The Board President provided a copy of policies that were developed and revised and approved by the Board of Directors, which provided the changes as follows:

- Seeding Policy proposed revision – outlining process for either face to face or electronic criteria by which coaches are to rank the teams when seeding for section tournaments.
- MSHSL Bylaw 403: Cooperative Sponsorship of an Activity by Two or More Member Schools – outlining process to request cooperative sponsorship.
- Commemorative and Memorial Patch Policy – outlining criteria and approval process to place a memorial or commemorative patch on uniform apparel.
- Classification of Schools for Competitive Sections – outlining process for the enrollment determination and placement into Competitive Section for two-year placement cycles.

Conclusion

Minnesota Statutes, section 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.