Internal Audit Update

University of Minnesota Regents Audit and Compliance Committee
June 10, 2021

This report includes:
- Audit Observations/Information/Status of Critical Measures/Other Items
- Status of "Essential" Recommendations & Bar Charts Showing Progress Made
- Audit Activity Report
- Audit Reports Issued Since February 2021
- SNAP Review Summary

Details for any of the items in this report are available on request. Individual reports were sent to the President, Provost, Vice Presidents, and Chancellors about these internal audit issues.

## Audit Observations/Information

Status of Critical Measures

As part of our on-going efforts to provide the Audit and Compliance Committee with critical information in as concise a format as possible, we have developed the following charts to present a quick overview of work performed by the Office of Internal Audit.

The first chart, "Essential Recommendation Implementation," provides our overall assessment of the success University departments had during the last period in implementing our essential recommendations. Readings in the yellow or red indicate implementation percentages less than, or significantly less than, our expected University-wide rate of 40%. Detailed information on this topic, both institution-wide and for each individual unit, is contained in the next section of this Update Report.

The second chart, entitled "Resources Spent on Planned Assurance Work," is our assessment on the amount of time we have been able to devote to planned audit work. This assessment includes our progress on completion of audits on the proposed audit list presented to the Board at the September and December 2020 Audit and Compliance Committee meetings. This chart is different than FY 2020 reporting periods' "Progress Towards Annual Audit Plan Completion" as we did not complete a formal Audit Plan for FY 2021 due to the pandemic. Readings less than green could be influenced by a variety of factors (e.g., insufficient staff resources; increased time spent on non-scheduled audits or investigations).
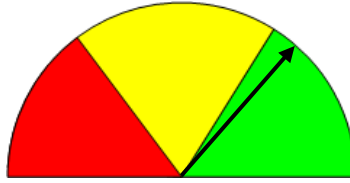
The final chart, "Time Spent on Non-Scheduled Audit Activities," provides a status report on the amount of time consumed by investigative activities, special projects and other management requests. We estimate a budget for this type of work, and the chart will indicate whether we expect that budget to be sufficient. Continued readings in the yellow or red may result in seeking Audit and Compliance Committee approval for modifying the Annual Audit Plan.
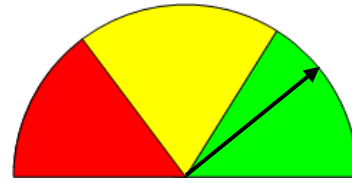
Essential Recommendation Implementation	**Resources Spent on Planned Assurance Work**	**Time Spent on Non-Scheduled Audit Activities**
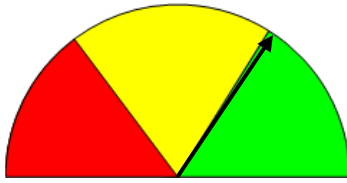
Implementation rates were 40% for the period; equal to our expected rate of 40%.

Time spent on assurance audit work is in alignment with what is expected and budgeted for the year to date.

Time spent on investigations, special projects and management requests is less than expected and budgeted for the year to date.

Other items:

- Presentation and written update on the status of remediation of the June 2020 Identity and Access Management Collaborative Assessment was provided at the May 2021 Audit and Compliance Committee. The next written update will be provided in October 2021.
- All Office of Internal Audit staff transitioned to working remotely in March 2020 due to the COVID-19 pandemic. Audit work continues relatively smoothly because of the ongoing prompt and helpful assistance of University personnel.
- Office of Internal Audit continues to have one Information Technology Auditor position open that has not been rehired due to the hiring pause; this directly impacts the amount of information technology audit work we can perform.

🟥 Past Due   ⬜ On-Schedule   🟦 Complete

	Current Period			Past Completion Rates	
Total Recommendations	**86**	% Completed	**40%**	Feb 2021	**27%**
Completed Recommendations	**34**	% of Open Recs Past Due	**62%**	Oct 2020	**40%**

Report#	Audit Name	Open Recs - Past Due	Number of Essential Recs (Report)	Status (Follow-up Period)	Bar
1913	Residency Determination FY19	1	4	Completed	🟦 1
				Partially Implemented	🟥 1
1919	UMD Fine Arts, School of FY19	1	7	Partially Implemented	🟥 1
1924	Veterinary Medicine, College of FY19	1	4	Partially Implemented	🟥 1
1926	Weisman Art Museum FY19	1	9	Partially Implemented	🟥 1
2003	UMD Stores FY20	1	4	Partially Implemented	🟥 1
2004	2019 Review of Select Advancing HRP FY20	0	2	Completed	🟦 1
2007	Facilities Management District Operations FY20	5	6	Not Implemented	🟥 2
				Partially Implemented	🟥 3
2009	Psychiatry & Behavioral Sciences Research FY20	1	2	Not Implemented	🟥 1
2010*	Disaster Recovery of Information Systems FY20	6	9	Completed	🟦 2
				Not Implemented	🟥 2
				Partially Implemented	🟥 4
2011	Emergency Management & COOP FY20	3	6	Partially Implemented	🟥 3
2012	Veterinary Diagnostic Laboratory FY20	3	8	Partially Implemented	🟥 3
2014	UMD Admissions, Office of FY20	0	3	Completed	🟦 1
2016	Student Finance, Office of FY20	0	5	Completed	🟦 3
2020*	Public Safety IT, Dept of FY20	0	8	Completed	🟦 4
				Not Implemented	⬜ 1
				Partially Implemented	⬜ 3
2022	University Purchasing Contract Management FY20	0	2	Completed	🟦 1
2026	Lab Medicine and Pathology FY20	3	5	Completed	🟦 1
				Partially Implemented	🟥 3
2101	Central Job Scheduling FY21	2	7	Completed	🟦 1
				Not Implemented	⬜ 2
				Partially Implemented	🟥 2 ⬜ 1
2102	UMD Student Life Administration FY21	0	1	Completed	🟦 1
2106	University Health & Safety FY21	1	10	Completed	🟦 6
				Partially Implemented	🟥 1 ⬜ 3
2109	Southern Research and Outreach Center FY21	0	1	Completed	🟦 1
2111	U Market Services FY21	0	9	Completed	🟦 6
				Not Implemented	⬜ 1
				Partially Implemented	⬜ 2
2112	Baseball & Softball Compliance & Ops FY21	2	2	Partially Implemented	🟥 2
2113	UMD Labovitz School of Business & Economics FY21	0	4	Completed	🟦 1
				Not Implemented	⬜ 2
2114	Anatomy Bequest Program FY21	1	3	Completed	🟦 1
				Partially Implemented	🟥 1 ⬜ 1
2115	Prepaid Debit Card Program FY21	0	2	Completed	🟦 1
				Partially Implemented	⬜ 1
2116	Business Services' Application Development FY21	0	3	Not Implemented	⬜ 3
2117	Idle Time Charged to Sponsored Awards FY21	0	1	Completed	🟦 1
2118	Retirement Transition FY21	0	1	Completed	🟦 1

* Some items marked as "Completed" were not resolved but management is accepting the associated residual risks. See "Essential Recommendation Follow-up Notes" for more information.

Current Status of Recommendations Rated as "Essential" That Are Over Two Years Old and Are Not Fully Implemented

Audit/ Report Date	Status- Partially Implemented or Not Implemented	Senior Management Contact	Summary of the Issue/Risk Involved	Current Comments From Management
Residency Determination January 2019 **# of Items 2**	Partially Implemented Partially Implemented	Sue Van Voorhis	The Office of the Executive Vice President and Provost should consider whether the residency determination process for graduate and professional schools should be centralized to ensure consistent residency decisions are applied. If the decision is made to have initial residency remain a decentralized process the criteria for residency determination should be well defined for these schools. Consideration could be given to whether the undergraduate verification process criteria could be used across the University. Clear guidelines should be established for when a student chooses to defer their admission to a future term. Uniform application questions for use in residency determination might warrant study and consideration. Once criteria has been established, guidance and training should be provided to staff within the graduate and professional schools who are involved with residency decisions and periodic monitoring should be performed within the Provost Office to assess consistency in residency decisions. The owner of the residency page should implement formal monitoring processes to help detect unauthorized changes to the residency page, which include residency status changes and distribution of residency tuition waivers. PeopleSoft reports should be created that show all activity of a single user, and all activity for a specified time period. The monitoring of these reports could be performed by each unit responsible for residency decisions for their students.	Per Academic Support Resources leadership: The undergraduate residency determination function was moved to Academic Support Resources (ASR) July 1, 2019, after the Residency audit was completed. ASR's first priority was to onboard the residency coordinator into ASR and immediately cross-train a backup for this process to ensure support for the sole position. As part of the review of audit findings, the Provost's Office determined that residency decisions would remain decentralized at the graduate and professional level. Once these decisions were made, ASR began to reach out to the colleges and graduate and professional schools to form a committee to create and establish guidelines. The committee recommended application questions for use in residency determinations and made process recommendations as well. The residency coordinator has been working with the graduate and professional schools to implement these questions in their various applications. Because application questions can only be implemented for an upcoming admissions cycle, some schools are still in the process of making these changes. Additionally, some work was delayed due to the Covid-19 pandemic and units were diverted into solving several other priority problems. ASR continues to work with university partners to implement solutions as soon as time allows.
UMN Duluth Fine Arts March 2019 **# of Items 1**	Partially Implemented	Jeremy Youde	Tweed management should improve inventory and valuation records for its art collection. Specifically, Tweed should: • Complete the in-process physical inventory, including ensuring the records of art in the inventory database are accurate and complete. • Schedule and conduct periodic inventories and appraisals of the art collection.	Per UMN Duluth Fine Arts leadership: The Tweed Museum's efforts to complete a physical inventory have been hindered by staffing and the Covid-19 pandemic. The Covid-19 pandemic created limitations associated with in-person work on campus, which considerably impacted the Tweed's ability to conduct an inventory. To-date, Tweed has physically inventoried 7,841 items of the approximately 10,000 artworks it holds. While the Tweed continues to inventory its collections and plans to physically inventory the Nelson gift of Native American objects, an exact timeline for completion cannot be determined until the pandemic has receded and the University provides the Tweed with the necessary resources to complete the project. Tweed and UMD College of Liberal Arts leadership remain in ongoing conversations with UMD administrators to identify funding sources for timely completion of this project. The Tweed's former longtime director retired in June 2019, and the new director started in January 2020, just prior to the start of the pandemic. Since that time, the director has been working to address Tweed's essential audit recommendations, and this item is the only one remaining.

Audit/ Report Date	Status- Partially Implemented or Not Implemented	Senior Management Contact	Summary of the Issue/Risk Involved	Current Comments From Management
College of Veterinary Medicine May 2019	Partially Implemented	Laura Molgaard	Controls over the sample receipt, testing and dissemination should be strengthened for environmental/water samples. These lab samples should be recorded in a system or application that has edit control features to ensure integrity and completeness. The tracking of lab samples should allow for reconciliations of lab requests, completed labs, lab supplies, services billed and payments received.	Per CVM leadership: A site visit (VETMD team) was done in December 2019 to help VRLM identify gaps in existing processes and system requirements. In March 2020, the VRLM identified a new lab management system and provided the system specifications for review. There were modifications identified for the lab management system to meet the University controls requirements. With COVID, these modifications were delayed. VRLM began using the lab management system in December 2020. An internal review of the updated SOPS and virtual demo of the lab management system was done in January 2021, during which time it was identified that additional enhancements were needed to the system. A virtual review was done in April 2021, which included a team from Internal Audit. During this review several of the enhancements and controls were demonstrated and showed effectiveness in addressing the internal audit finding; however, a process in recording and documenting communications with the MN Board of Animal Health was identified as needing to be more robust to completely address the findings. The lab management system vendor is currently making additional modifications to the system to address the remaining controls and documentation requirements and VRLM is modifying processes to meet the requirements of recording and reporting results. Modifications are expected to be complete in July. Another review with Internal Audit will be scheduled at that time.
# of Items 1				

Total: 4

Essential Recommendation Follow-up Notes

Risk Acceptance

As expressed in the Office of Internal Audit Charter, "The Chief Auditor, in the discharge of his/her duties, is accountable to the Board of Regents Audit & Compliance Committee and the President to… [report] the acceptance of risk by the administration, as appropriate."

The following audit reports had essential recommendations identified, which were not fully remediated but were closed this reporting period due to leadership's acceptance of the associated residual risk.

Public Safety IT
There are two essential recommendations related to vendor/partner managed systems used by the Department of Public Safety (DPS) in which management has elected to accept the risk. The first relates to the backup and recovery of critical emergency response systems, which are managed by vendors and partner organizations. Although DPS believes failover processes have been established for these systems, the recoverability of these systems in the event of a disaster has not been confirmed by DPS. Without testing, these failover processes may not function as designed, which could result in an extended outage of critical life safety systems.

DPS is accepting this risk as they believe since the University does not own or manage the equipment referenced in this issue, it is above and beyond DPS' responsibility to conduct the testing. They also referenced: the difficulty of conducting testing as it would require coordination between the State of MN, and phone and network providers; the risk of testing any emergency system as the test could create a potential for failure of these critical systems; and that no other participating agencies conduct independent failover tests either.

The second essential recommendation relates to general vendor and partner management of systems hosted and supported by vendors and partners. Contracts were found to not adequately cover information security expectations, information security controls have not been independently reviewed or confirmed, and vendors are provided persistent unmonitored access to systems and "super clearance" access to facilities.

DPS is accepting these risks as some of these systems are provided by partner agencies who have contracted with outside vendors so they believe the partner agency should be responsible for this vendor oversight. For DPS directly contracted vendors, DPS believes the risk is reduced as State and Federal statutes provide a greater degree of protection and accountability to safeguard their data against system outages or a loss of data integrity and confidentiality, as any violations of these statutes would result in criminal charges for the offending individual(s). In addition, they do not wish to restrict system or building access as they believe it could slow down response to potential system problems. Vendors must also pass a Criminal Justice Information Services (CJIS) background check and any time a vendor accesses the DPS building, the activity is logged.

Internal Audit was provided written confirmation from the Chief of Police that in consultation with the SVP for Finance and Operations he agrees to accept all residual risk associated with these issues.

Disaster Recovery
There is one essential recommendation being accepted by management related to the proximity of the University's primary and secondary data centers. Many of the University's systems are hosted in a data center managed by OIT, with data and some system backups stored in the secondary one. Both of these facilities are located within one mile of each other, which is below industry guidance and creates a risk that both facilities could be destroyed or become unavailable in a single large disaster. Although the likelihood of such an event may be relatively low, the impact would be catastrophic.

Management elected to accept this risk as:
- The proximity risk was accepted at the time of construction in 1992 and reaffirmed in 2012 when it was decided not to invest in an alternative secondary containerized data center bid at $16M.
- The need for local data centers has changed as some infrastructure technologies that used to occupy space in local data centers have been relocated to hosted data centers. For the systems using hosted data centers, the global placement of these vended professional data centers and the way in which they have been architected (high-availability) are setup to avoid disruption and outages.

Internal Audit was provided written confirmation from the VP for IT and Chief Information Officer that in consultation with the SVP for Finance and Operations he accepts all residual risk associated with this issue.

The bar charts shown below are presented to provide pictorial displays of the progress units are making on implementing audit recommendations rated as "essential." The bar chart included in the original report is shown in the left column, along with updated bar charts showing the previous quarter and the current status of the "essential" recommendations only (those bars that have red segments). The chart in the center column displays the status as of February 2021, while the chart on the right represents the current status. Charts are not presented for investigations. Charts for those units having implemented all "essential" recommendations during the current quarter are shown at the end of this report.
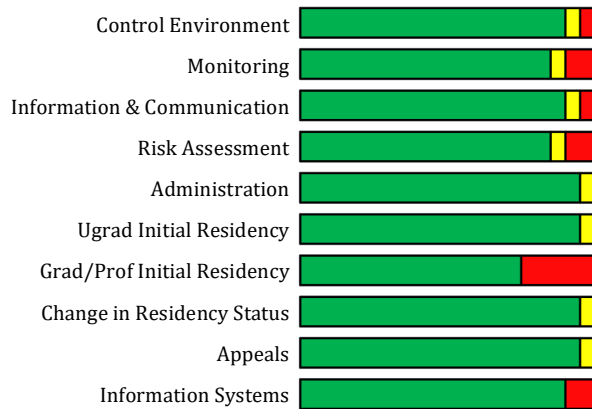
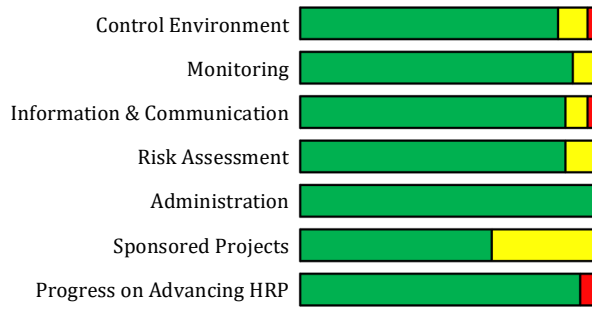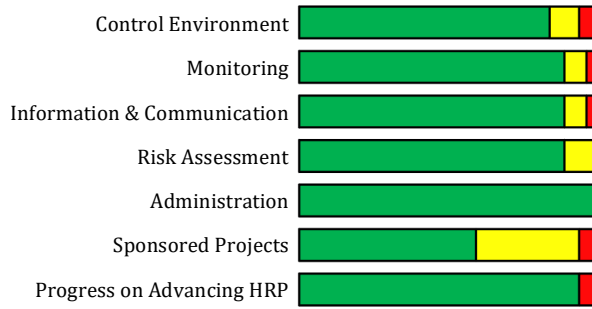| Original Report Evaluation	Previous Quarter Evaluation	Current Quarter Evaluation
	Residency Determination (Jan 2019)	
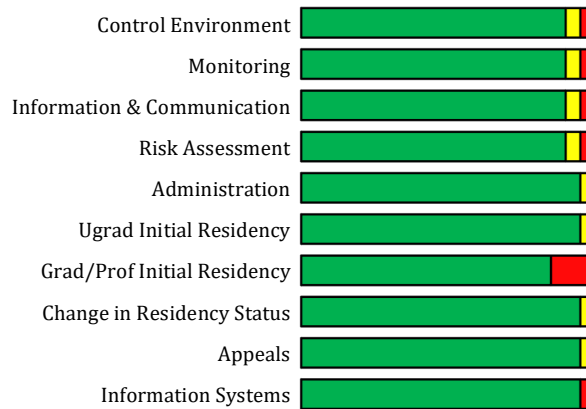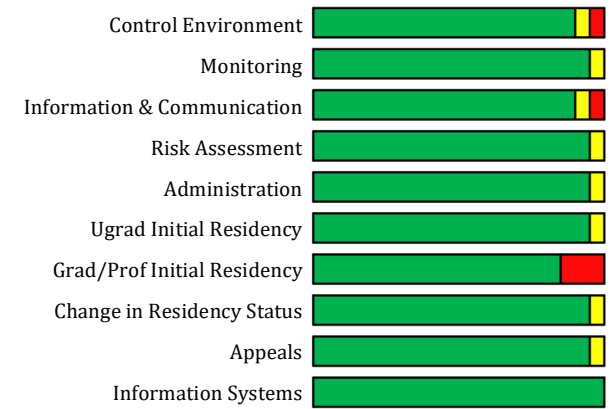
UMD Fine Arts (Mar 2019)
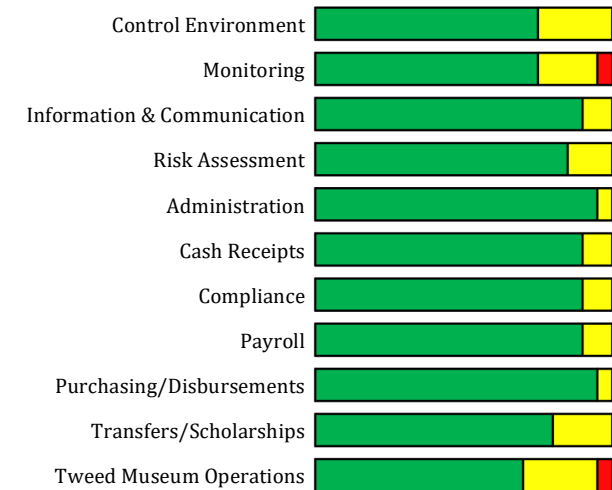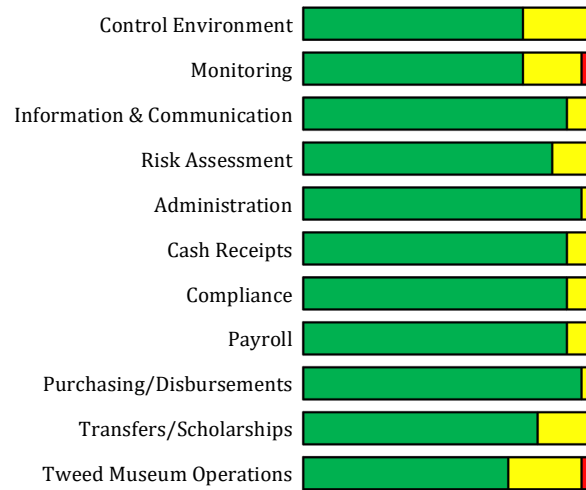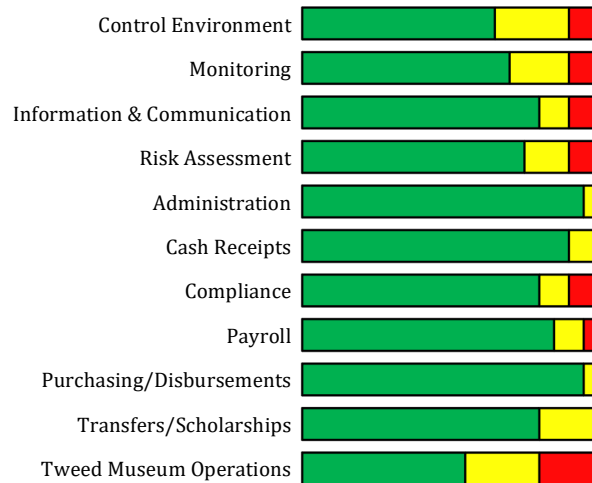
Legend: ■ Adequate Control ■ Significant Control Issue(s) ■ Essential Control Issue(s)

Original Report Evaluation

Previous Quarter Evaluation

Current Quarter Evaluation

College of Veterinary Medicine (May 2019)

	Original	Previous	Current
Control Environment			
Monitoring			
Information & Communication			
Risk Assessment			
Administration			
Revenue/Cash Receipts			
Disbursements/Purchasing			
Payroll			
Sponsored Projects			
Safety of Minors			

Weisman Art Museum (Jun 2019)
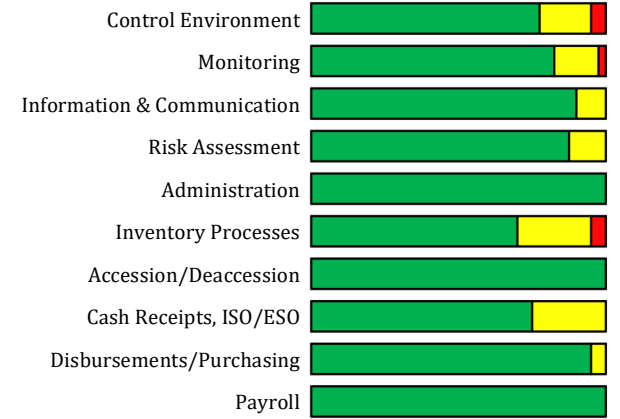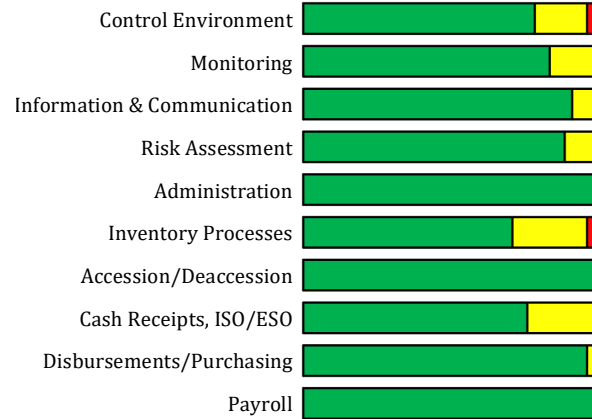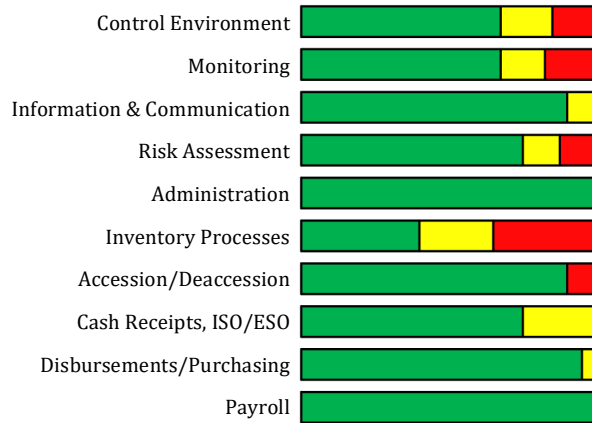
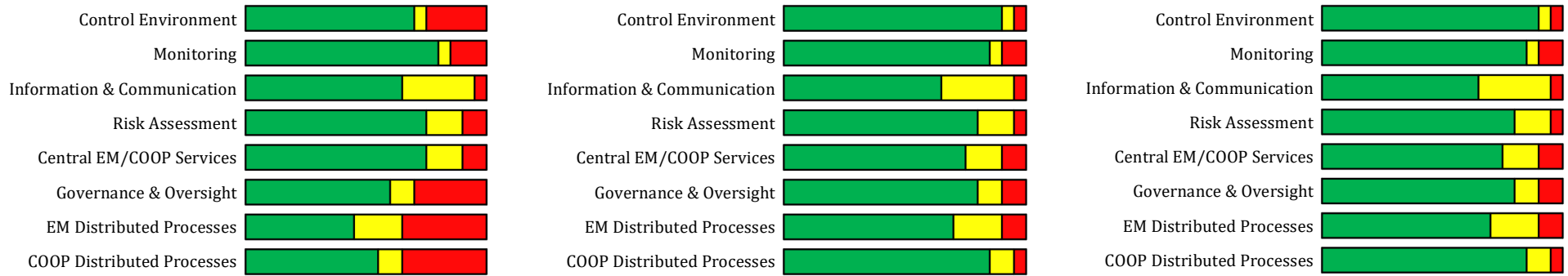|	Original	Previous	Current
Control Environment			
Monitoring			
Information & Communication			
Risk Assessment			
Administration			
Inventory Processes			
Accession/Deaccession			
Cash Receipts, ISO/ESO			
Disbursements/Purchasing			
Payroll			

■ Adequate Control   □ Significant Control Issue(s)   ■ Essential Control Issue(s)
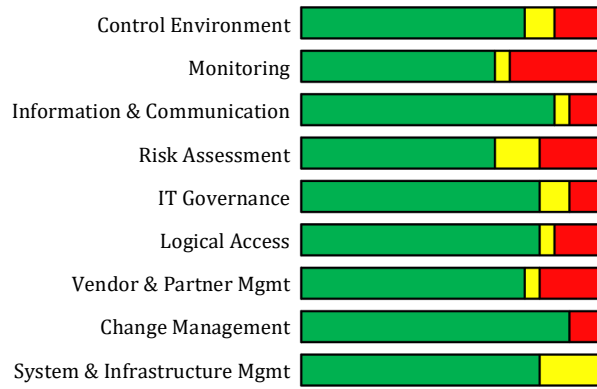
Original Report Evaluation   Previous Quarter Evaluation   Current Quarter Evaluation

UMD Stores (Including Print Shop and U Card Office) (Aug 2019)

	Original Report	Previous Quarter	Current Quarter
Control Environment			
Monitoring			
Information & Communication			
Risk Assessment			
Administration			
Revenues			
Operational Management			
Information Systems			
Inventory			
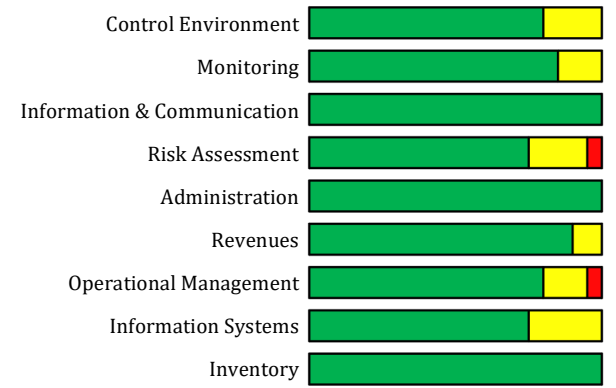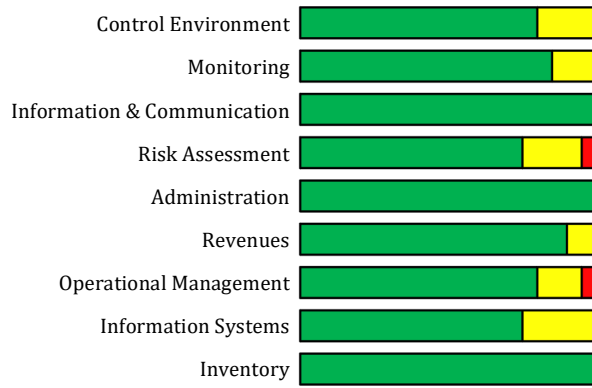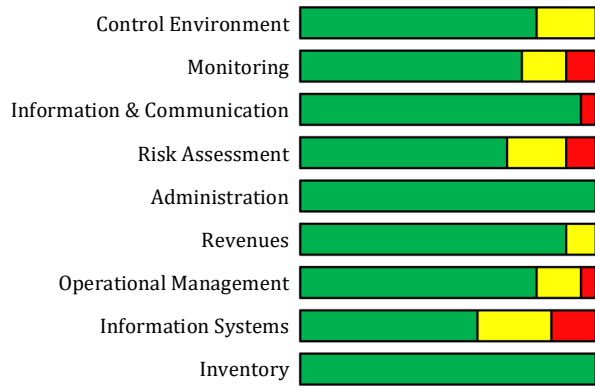
Facilities Management District Operations (Sept 2019)
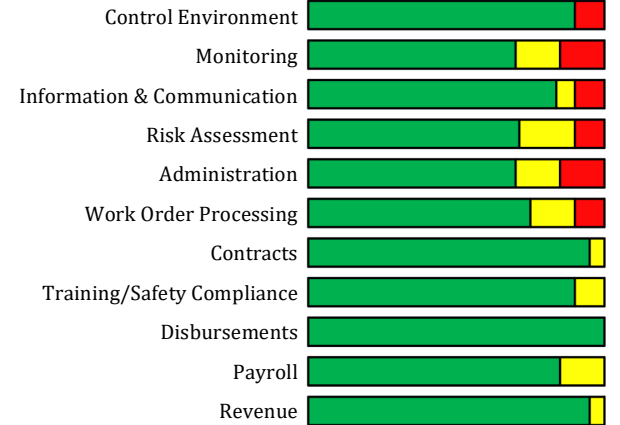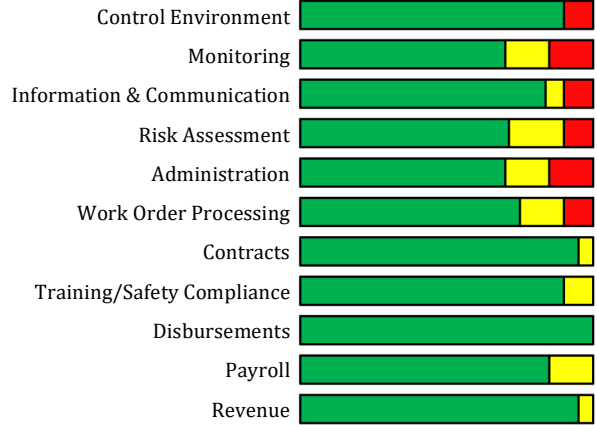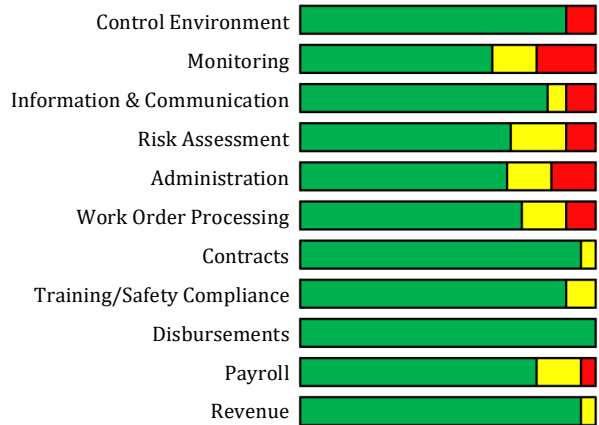
	Original Report	Previous Quarter	Current Quarter
Control Environment			
Monitoring			
Information & Communication			
Risk Assessment			
Administration			
Work Order Processing			
Contracts			
Training/Safety Compliance			
Disbursements			
Payroll			
Revenue			

■ Adequate Control   ■ Significant Control Issue(s)   ■ Essential Control Issue(s)

Original Report Evaluation · Previous Quarter Evaluation · Current Quarter Evaluation
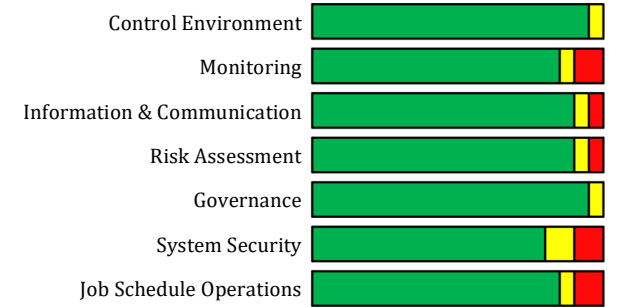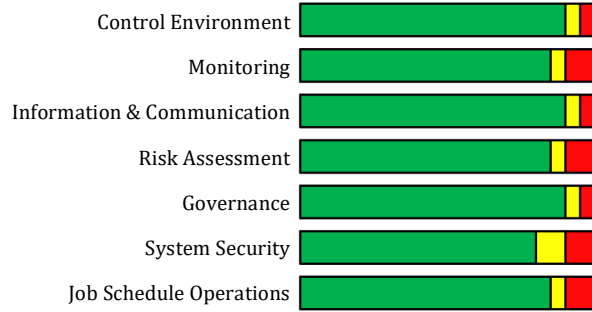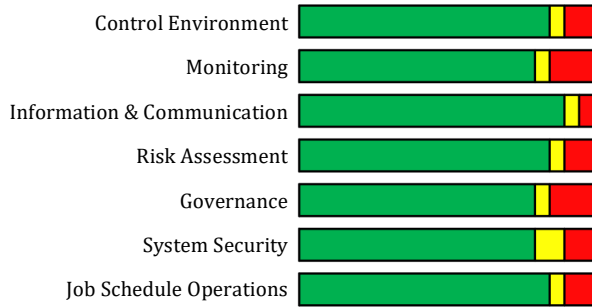
Psychiatry & Behavioral Sciences - Research (Sept 2019)

Control Environment · Monitoring · Information & Communication · Risk Assessment · Administration · Sponsored Projects · Progress on Advancing HRP
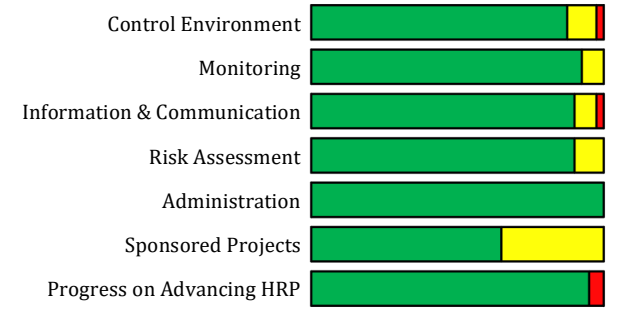
Disaster Recovery of Information Systems (Oct 2019)
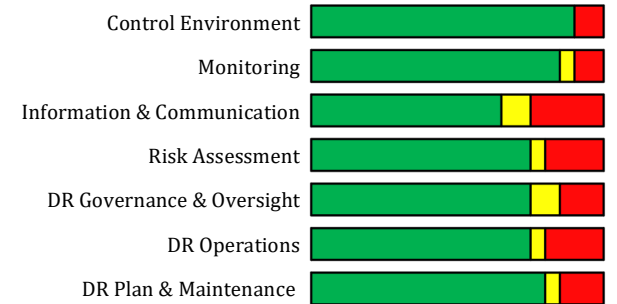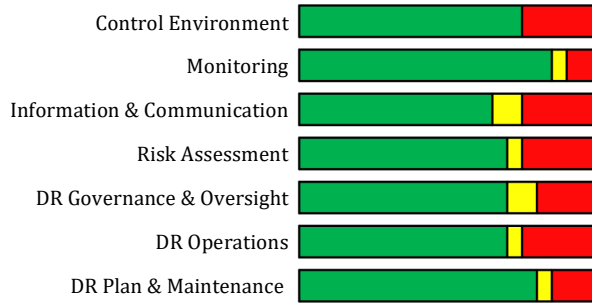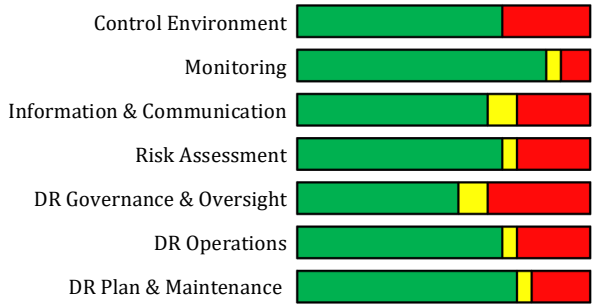
Control Environment · Monitoring · Information & Communication · Risk Assessment · DR Governance & Oversight · DR Operations · DR Plan & Maintenance

■ Adequate Control   □ Significant Control Issue(s)   ■ Essential Control Issue(s)

Emergency Management and Continuity of Operations (Oct 2019)

Control Environment
Monitoring
Information & Communication
Risk Assessment
Central EM/COOP Services
Governance & Oversight
EM Distributed Processes
COOP Distributed Processes

Veterinary Diagnostic Laboratory (Jan 2020)
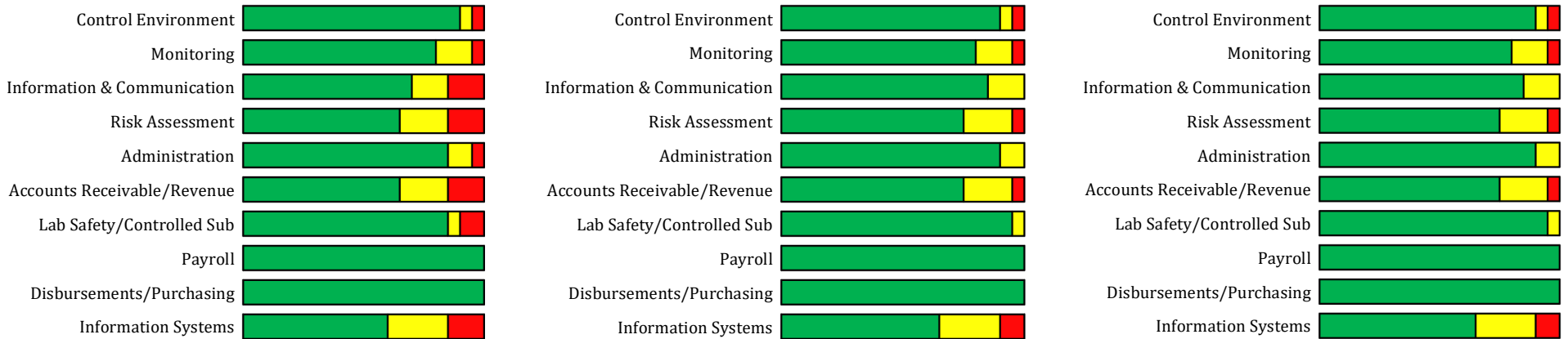
Control Environment
Monitoring
Information & Communication
Risk Assessment
Administration
Accounts Receivable/Revenue
Lab Safety/Controlled Sub
Payroll
Disbursements/Purchasing
Information Systems

■ Adequate Control   □ Significant Control Issue(s)   ■ Essential Control Issue(s)
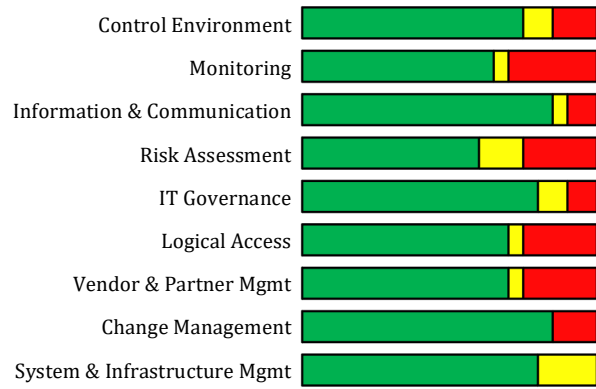
| Original Report Evaluation | Previous Quarter Evaluation | Current Quarter Evaluation |

Dept of Public Safety IT (May 2020)
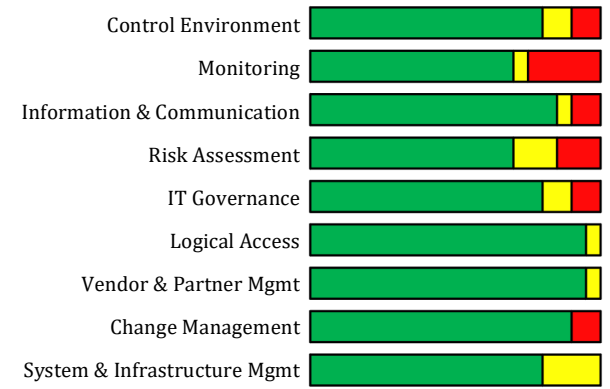
Laboratory Medicine and Pathology (June 2020)
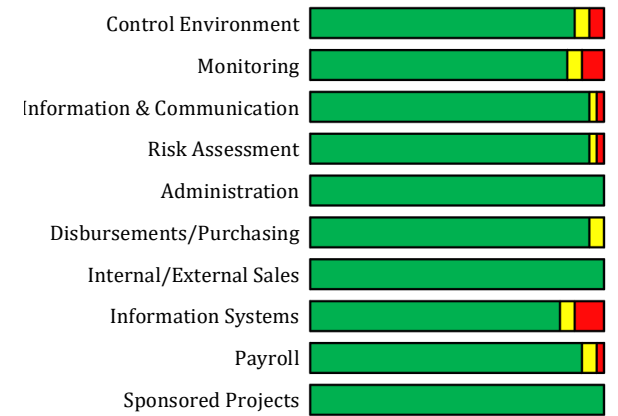
■ Adequate Control □ Significant Control Issue(s) ■ Essential Control Issue(s)
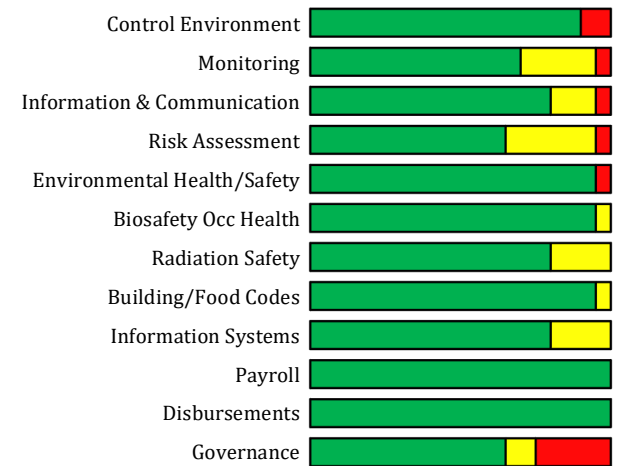
Original Report Evaluation

Previous Quarter Evaluation

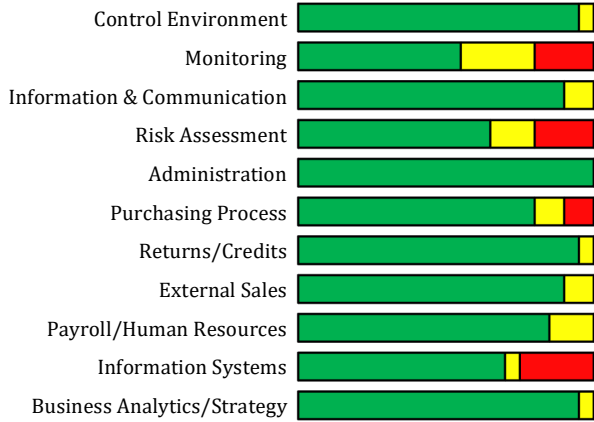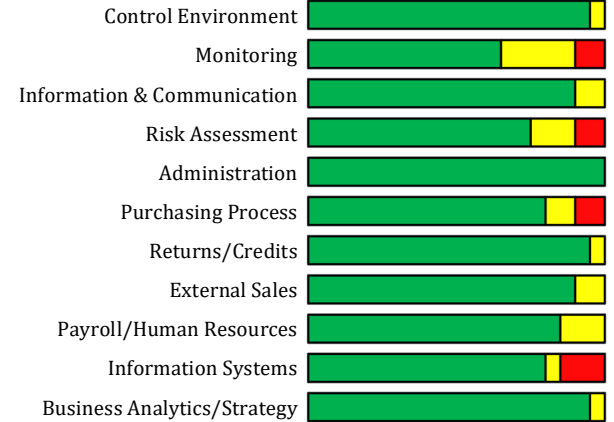## Current Quarter Evaluation

Central Job Scheduling (July 2020)

	Original	Previous	Current
Control Environment			
Monitoring			
Information & Communication			
Risk Assessment			
Governance			
System Security			
Job Schedule Operations			

University Health & Safety (Sept 2020)
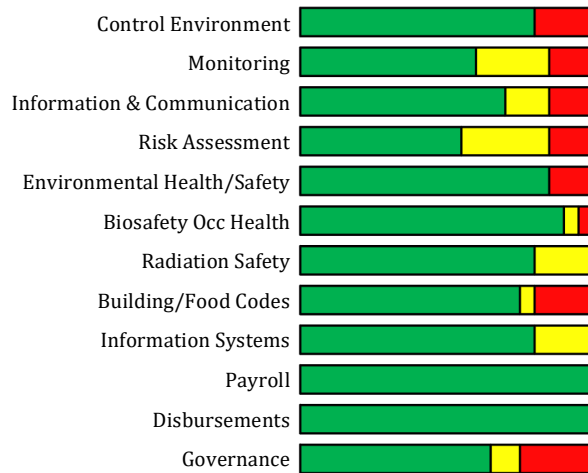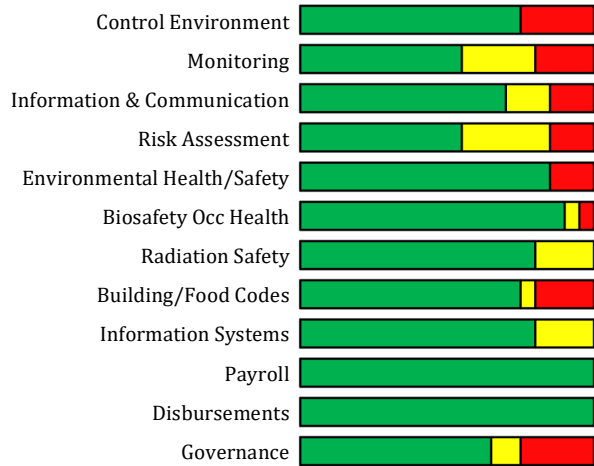
	Original	Previous	Current
Control Environment			
Monitoring			
Information & Communication			
Risk Assessment			
Environmental Health/Safety			
Biosafety Occ Health			
Radiation Safety			
Building/Food Codes			
Information Systems			
Payroll			
Disbursements			
Governance			

■ Adequate Control ■ Significant Control Issue(s) ■ Essential Control Issue(s)

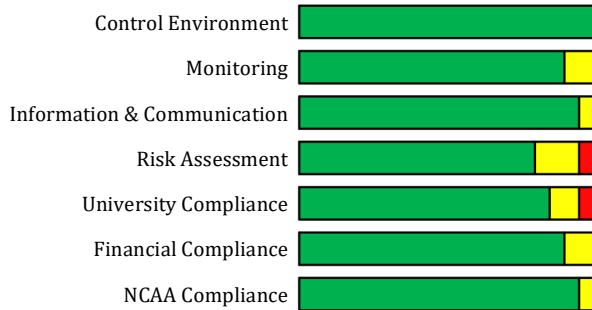## Original Report Evaluation

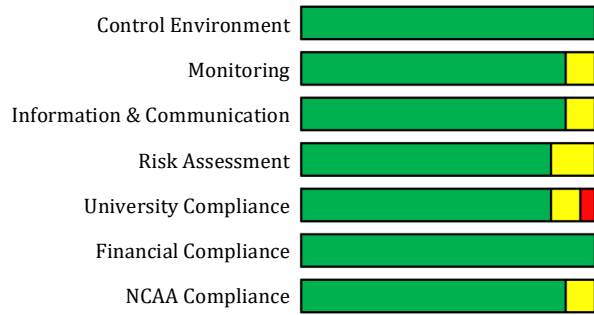## Previous Quarter Evaluation

Current Quarter Evaluation

U Market Services (Dec 2020)

	Original Report	Current Quarter
Control Environment		
Monitoring		
Information & Communication		
Risk Assessment		
Administration		
Purchasing Process		
Returns/Credits		
External Sales		
Payroll/Human Resources		
Information Systems		
Business Analytics/Strategy		

NO PREVIOUS
CONTROL EVALUATION
CHART

Baseball and Softball Compliance and Operations (Dec 2020)
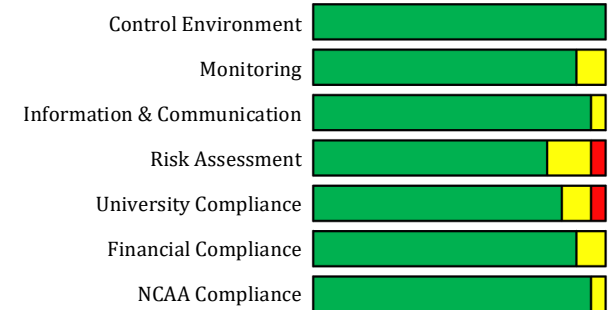
	Original Report	Current Quarter
Control Environment		
Monitoring		
Information & Communication		
Risk Assessment		
University Compliance		
Financial Compliance		
NCAA Compliance		

NO PREVIOUS
CONTROL EVALUATION
CHART

■ Adequate Control □ Significant Control Issue(s) ■ Essential Control Issue(s)

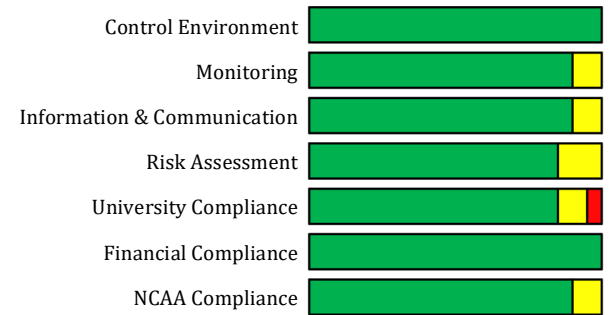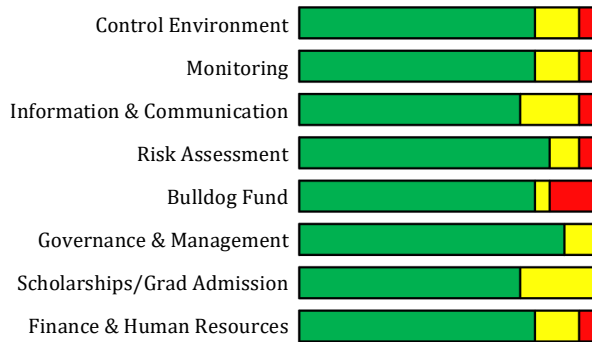| Original Report Evaluation	Previous Quarter Evaluation	Current Quarter Evaluation

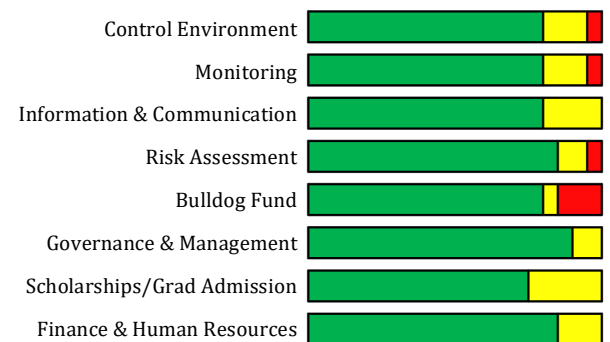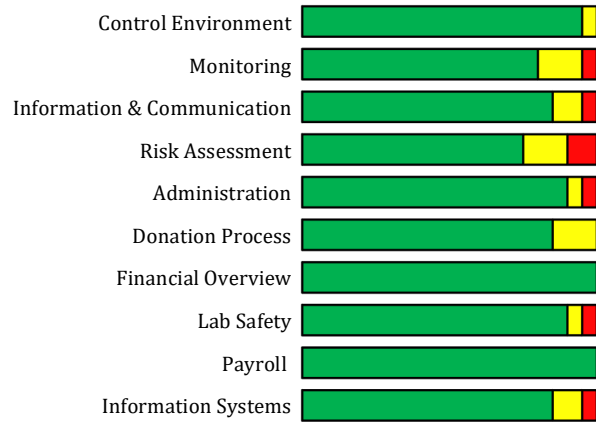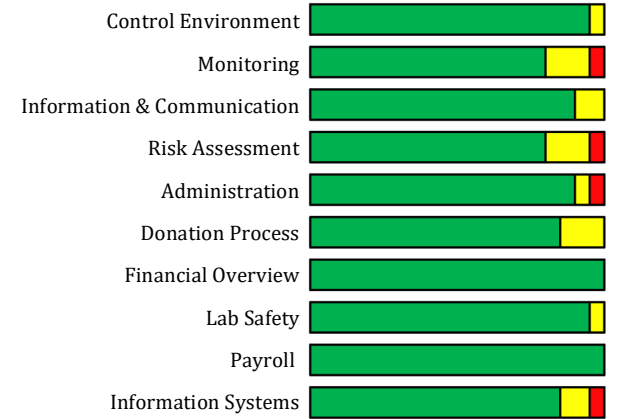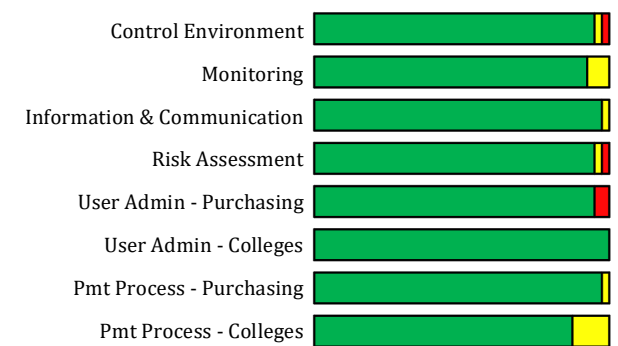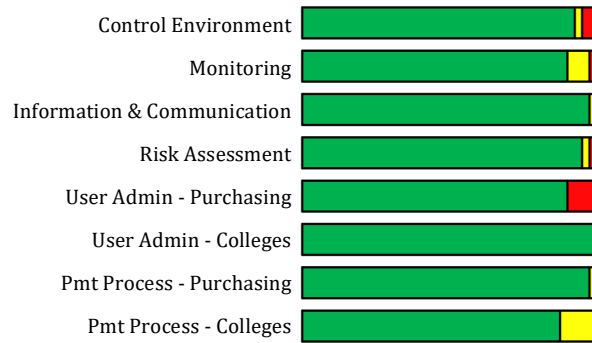## Baseball and Softball Compliance and Operations - Support Unit (Dec 2020)

Original Report Evaluation	Previous Quarter Evaluation	Current Quarter Evaluation
Control Environment		Control Environment
Monitoring		Monitoring
Information & Communication	NO PREVIOUS CONTROL EVALUATION CHART	Information & Communication
Risk Assessment		Risk Assessment
University Compliance		University Compliance
Financial Compliance		Financial Compliance
NCAA Compliance		NCAA Compliance

UMN Duluth Labovitz School of Business and Economics (Dec 2020)

Original Report Evaluation	Previous Quarter Evaluation	Current Quarter Evaluation
Control Environment		Control Environment
Monitoring		Monitoring
Information & Communication	NO PREVIOUS CONTROL EVALUATION CHART	Information & Communication
Risk Assessment		Risk Assessment
Bulldog Fund		Bulldog Fund
Governance & Management		Governance & Management
Scholarships/Grad Admission		Scholarships/Grad Admission
Finance & Human Resources		Finance & Human Resources

■ Adequate Control   ■ Significant Control Issue(s)   ■ Essential Control Issue(s)

Anatomy Bequest Program (Dec 2020)

Control Environment
Monitoring
Information & Communication
Risk Assessment
Administration
Donation Process
Financial Overview
Lab Safety
Payroll
Information Systems

NO PREVIOUS
CONTROL EVALUATION
CHART

Control Environment
Monitoring
Information & Communication
Risk Assessment
Administration
Donation Process
Financial Overview
Lab Safety
Payroll
Information Systems

Prepaid Debit Card Program (Dec 2020)

Control Environment
Monitoring
Information & Communication
Risk Assessment
User Admin - Purchasing
User Admin - Colleges
Pmt Process - Purchasing
Pmt Process - Colleges

NO PREVIOUS
CONTROL EVALUATION
CHART

Control Environment
Monitoring
Information & Communication
Risk Assessment
User Admin - Purchasing
User Admin - Colleges
Pmt Process - Purchasing
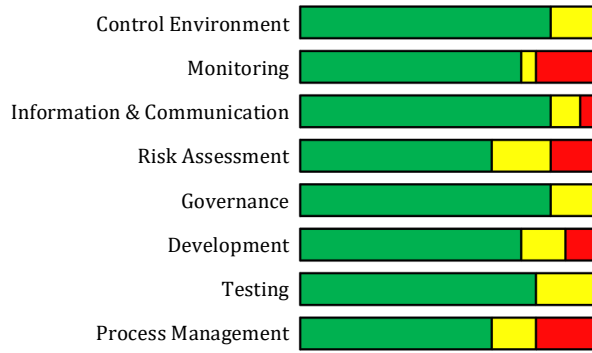Pmt Process - Colleges

■ Adequate Control ☐ Significant Control Issue(s) ■ Essential Control Issue(s)

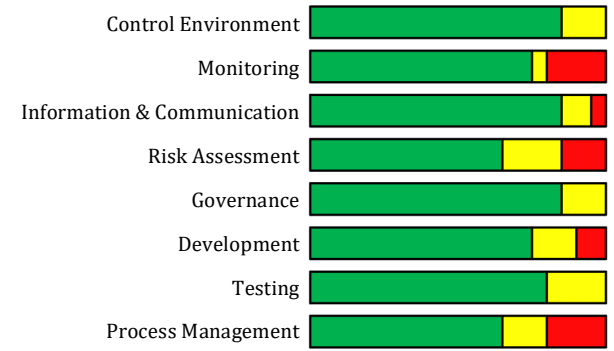Original Report Evaluation   Previous Quarter Evaluation   Current Quarter Evaluation

OIT Business Services' Application Development (Dec 2020)

Original Report Evaluation

Control Environment
Monitoring
Information & Communication
Risk Assessment
Governance
Development
Testing
Process Management

NO PREVIOUS
CONTROL EVALUATION
CHART

Current Quarter Evaluation

Control Environment
Monitoring
Information & Communication
Risk Assessment
Governance
Development
Testing
Process Management

■ Adequate Control   □ Significant Control Issue(s)   ■ Essential Control Issue(s)

Units with Charts that Fully Implemented their "Essential" Recommendations During the Past Quarter
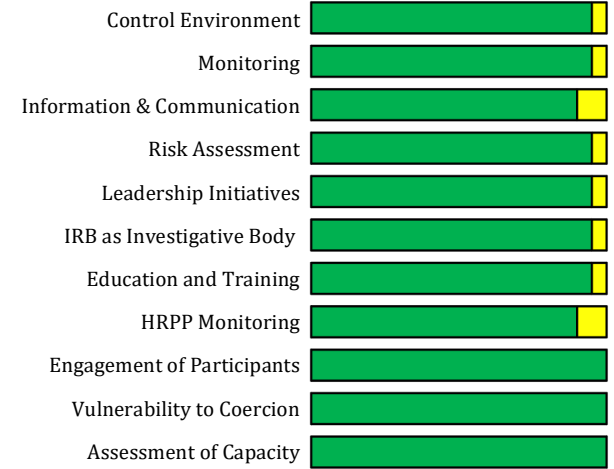
Original Report Evaluation
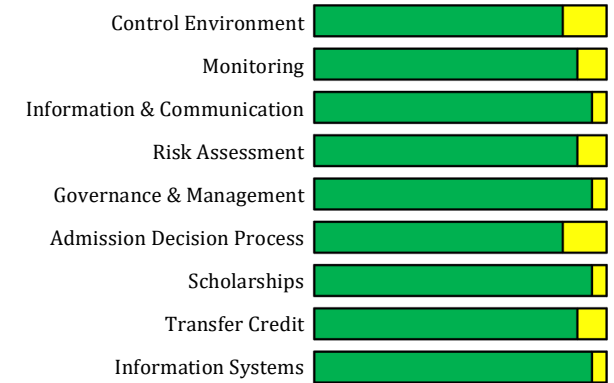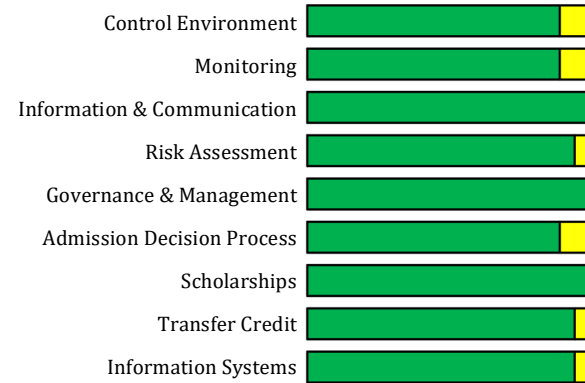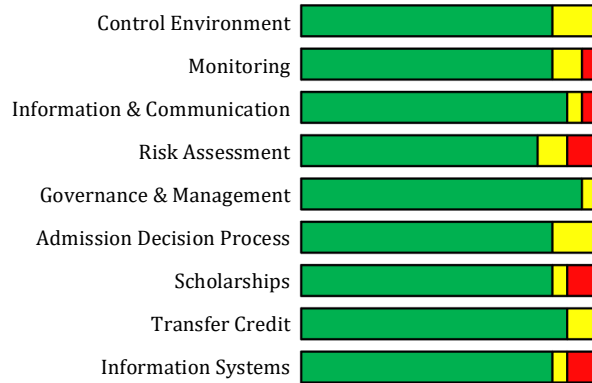
Previous Quarter Evaluation

Current Quarter Evaluation

2019 Review of Select Advancing HRP (Sept 2019)

Original Report Evaluation

- Control Environment
- Monitoring
- Information & Communication
- Risk Assessment
- Leadership Initiatives
- IRB as Investigative Body
- Education and Training
- HRPP Monitoring
- Engagement of Participants
- Vulnerability to Coercion
- Assessment of Capacity

Previous Quarter Evaluation

- Control Environment
- Monitoring
- Information & Communication
- Risk Assessment
- Leadership Initiatives
- IRB as Investigative Body
- Education and Training
- HRPP Monitoring
- Engagement of Participants
- Vulnerability to Coercion
- Assessment of Capacity

Current Quarter Evaluation

- Control Environment
- Monitoring
- Information & Communication
- Risk Assessment
- Leadership Initiatives
- IRB as Investigative Body
- Education and Training
- HRPP Monitoring
- Engagement of Participants
- Vulnerability to Coercion
- Assessment of Capacity

UMN Duluth Office of Admissions (Feb 2020)

Original Report Evaluation

- Control Environment
- Monitoring
- Information & Communication
- Risk Assessment
- Governance & Management
- Admission Decision Process
- Scholarships
- Transfer Credit
- Information Systems

Previous Quarter Evaluation

- Control Environment
- Monitoring
- Information & Communication
- Risk Assessment
- Governance & Management
- Admission Decision Process
- Scholarships
- Transfer Credit
- Information Systems

Current Quarter Evaluation

- Control Environment
- Monitoring
- Information & Communication
- Risk Assessment
- Governance & Management
- Admission Decision Process
- Scholarships
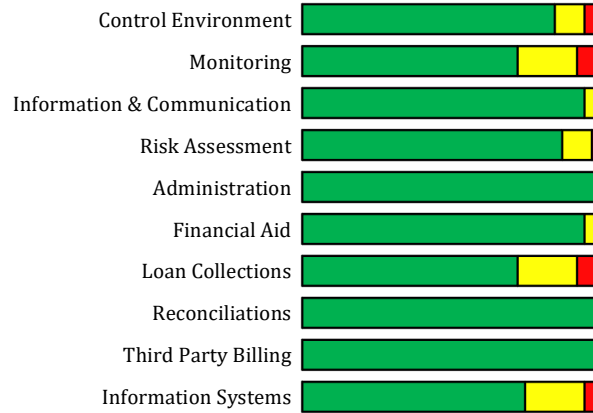- Transfer Credit
- Information Systems

■ Adequate Control ☐ Significant Control Issue(s) ■ Essential Control Issue(s)

Original Report Evaluation
Previous Quarter Evaluation
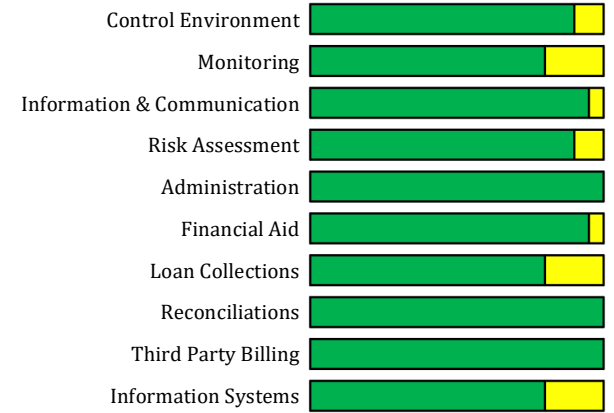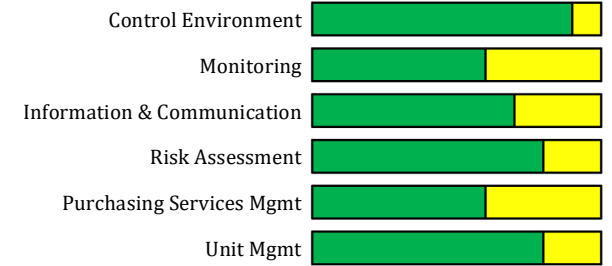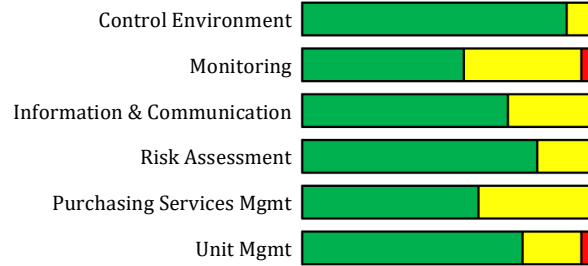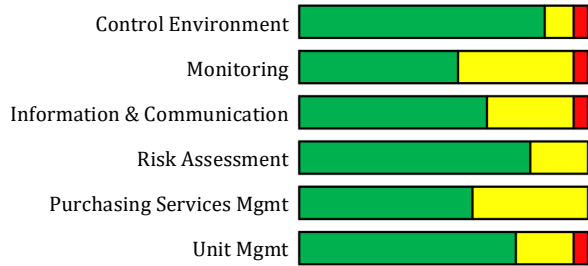Current Quarter Evaluation

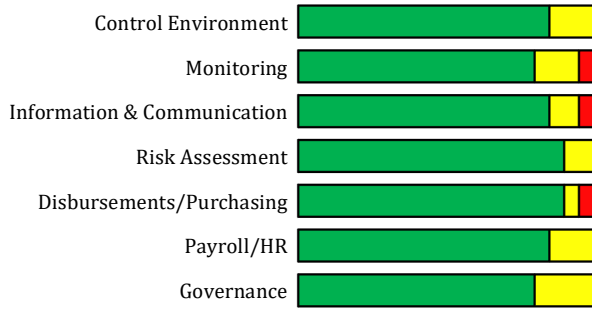Office of Student Finance (Mar 2020)
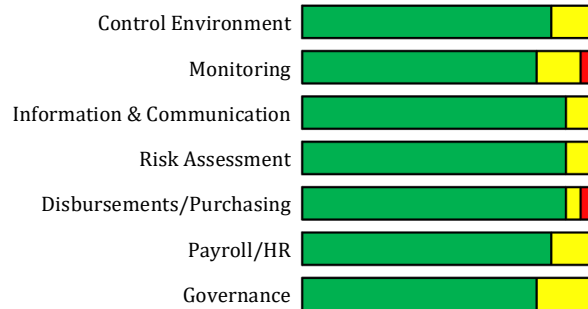
University Purchasing Contract Management (May 2020)

■ Adequate Control   □ Significant Control Issue(s)   ■ Essential Control Issue(s)
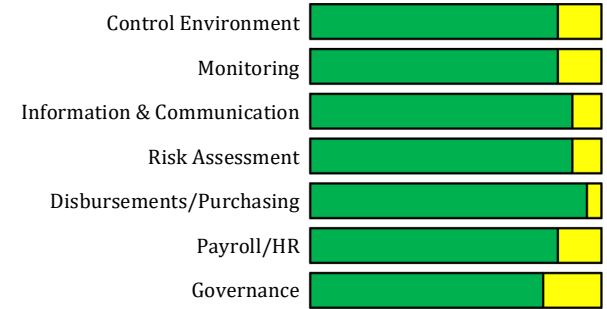
Original Report Evaluation
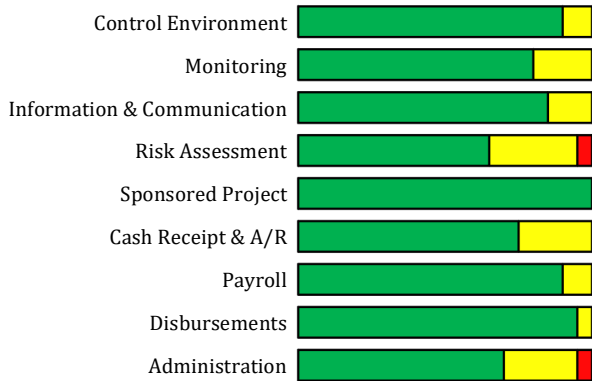
Previous Quarter Evaluation

Current Quarter Evaluation

UMN Duluth Student Life Administration (Sept 2020)

	Original Report	Previous Quarter	Current Quarter
Control Environment			
Monitoring			
Information & Communication			
Risk Assessment			
Disbursements/Purchasing			
Payroll/HR			
Governance			

Southern Research & Outreach Center (Nov 2020)

NO PREVIOUS
CONTROL EVALUATION
CHART
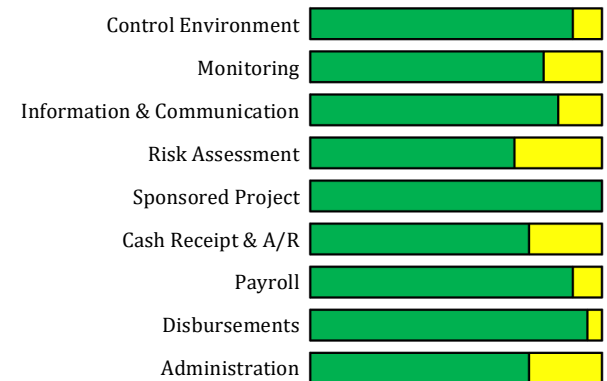
	Original Report	Current Quarter
Control Environment		
Monitoring		
Information & Communication		
Risk Assessment		
Sponsored Project		
Cash Receipt & A/R		
Payroll		
Disbursements		
Administration		

■ Adequate Control   □ Significant Control Issue(s)   ■ Essential Control Issue(s)
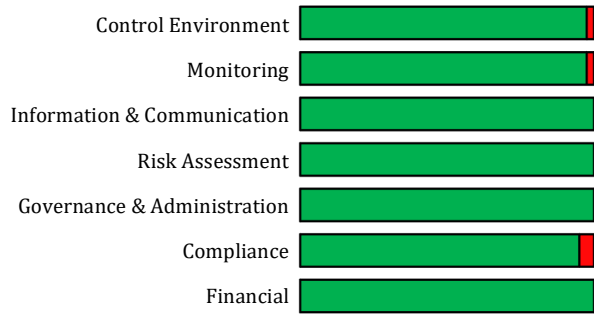
Idle Time Charged to Sponsored Awards (Dec 2020)

Control Environment

Monitoring

Information & Communication

Risk Assessment

Governance & Administration

Compliance

Financial

NO PREVIOUS
CONTROL EVALUATION
CHART

Control Environment

Monitoring

Information & Communication

Risk Assessment

Governance & Administration

Compliance

Financial
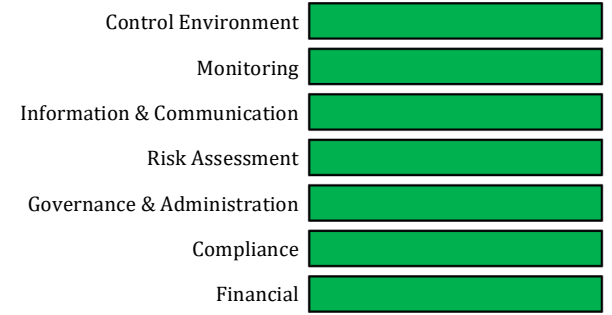
Retirement Transition (Jan 2021)
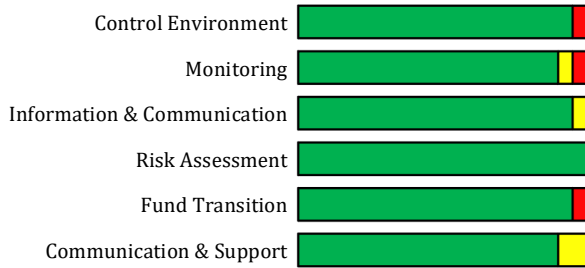
Control Environment

Monitoring

Information & Communication

Risk Assessment

Fund Transition

Communication & Support

NO PREVIOUS
CONTROL EVALUATION
CHART

Control Environment

Monitoring

Information & Communication

Risk Assessment

Fund Transition

Communication & Support
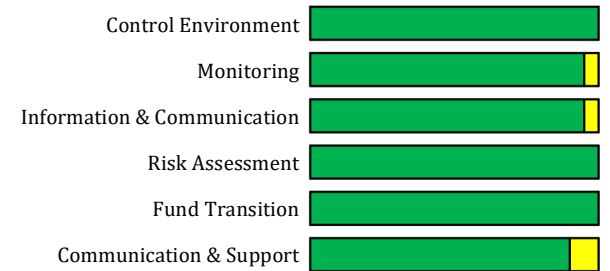
■ Adequate Control □ Significant Control Issue(s) ■ Critical Control Issue(s)

Audit Activity Report

Scheduled Audits

Completed Audits Of:
- Foreign Gift and Contract Reporting
- Compliance with Remote Working Purchasing Policies
- College of Science and Engineering Dean's Office and Reporting Centers
- Telehealth Security and Compliance
- BOR Internal Reporting
- Northrop
- Internally Granted Research
- Openness in Research

Began/Continued Audits Of:
- School of Dentistry
- UMN Duluth Human Resources
- Central Help Desk and Device Management
- Canvas and Unizin
- Employee Immigration (Collaborative Assessment)
- Academic and Research Misconduct
- Graduate School
- Scholarship Funding, Metrics, and Outcomes

- Completed three "SNAP Reviews" on the following topics: $2 Employee Essential Pay, Pcard Transactions with Telecommunication Related Keywords, and Student COVID Refunds.

Investigations

- Performed investigative work on two issues in accordance with the University Policy on Reporting and Addressing Concerns of Misconduct.

Special Projects

- Provided consulting services related to University payroll exception testing.
- Provided technology consulting in several areas including high risk data storage, information security and compliance.

Other Audit Activities

Participated in the following:
- President's Cabinet
- Senior Leadership Group
- President's Policy Committee
- Policy Advisory Committee
- Board of Regents Policy Committee
- Executive Compliance Oversight Committee
- Institutional Conflict of Interest Committee
- IT Leadership Committees

- HRPP Advisory Committee
- Research Compliance Committee
- P & A Senate
- Research Cyberinfrastructure Champions
- Highly Restricted Readiness Workgroup
- Enterprise Architecture Group
- RIACT Director Search Committee
- Diversity Community of Practice
- PEAK Advisory Council
- BioMade Governance Committee
- University of Minnesota Foundation Audit Committee
- Fairview Health Systems Audit Committee
- Metropolitan Council Audit Committee

Audit Reports Issued Since February 2021

Foreign Gift and Contract Reporting

Due to the audit not resulting in any issues considered either "essential" or "significant" a control evaluation chart was not developed for this report.

Report #	2119	Issue Date	Feb-21
# of Essential Recs.	0	Total # of Recs.	0
Overall Assessment	Good	Adequacy of MAP	NA

Institutions of higher education are required to disclose gifts and contracts from international sources that alone or combined by source are valued at $250,000 or more in a calendar year. By January 31st or July 31st of each year, whichever is sooner depending on the time of the gift or execution of the contract, a postsecondary institution must file a disclosure report about contracts and gifts from international sources, as well as ownership or control by an entity outside the United States. In early 2019, as a result of the US government's continued concerns regarding Chinese involvement on college campuses, particularly Confucius Institutes, and accounts of the lack of reporting and underreporting of international gifts and contracts by universities, the Department of Education (ED) issued new interpretations and reporting requirements. From the results of the audit work performed, we believe the University has performed its due diligence in compliance with the new reporting requirements.

Compliance with Remote Working Purchasing Policies

Report #	2120	Issue Date	Mar-21
# of Essential Recs.	0	Total # of Recs.	3
Overall Assessments:	Good	Adequacy of MAP	Satisfactory

As a result of the COVID-19 pandemic, the Office of the President announced on March 15, 2020, that all University of Minnesota employees systemwide who are able to work remotely should plan to do so beginning Monday, March 16. Purchasing Services sent out several messages afterwards providing purchasing guidelines during the remote working mandate. The University spent significantly less on food, hospitality, gift cards, and supplies during the period of March 15 - November 24, 2020 compared to the same period the previous year. The percentage of items shipped to home was low for purchases made through purchasing orders. For units that we selected to review for food, hospitality, and internet services expenditures, spending mostly adhered to policies. The audit resulted in three issues considered "significant" involving ensuring new home shipping address requests are properly approved, enhanced monitoring of specific purchasing items, and seeking reimbursement for unallowed purchases and/or ensuring University property is returned to campus when employees return to campus.

■ Adequate Control □ Significant Control Issue(s) ■ Critical Control Issue(s)

College of Science and Engineering Dean's Office and Reporting Centers

Category	Assessment
Control Environment	
Monitoring	
Information & Communication	
Risk Assessment	
Administration	
Academic Processes	
Disbursements/Purchasing	
Information Systems	
ISO/ESO	
NIST 800-171	
Payroll	
Safety of Minors	
Sponsored Projects	

Report #	2121	Issue Date		Mar-21	
# of Essential Recs.	7	Total # of Recs.		20	
Overall Assessments:	Good	Adequacy of MAP		Satisfactory	

The College of Science and Engineering (CSE) is ranked among the top engineering and science academic programs in the country. The college includes 12 academic departments offering a wide range of degree programs. It is one of the few combined science and engineering colleges in the country. From the results of the audit work performed we believe CSE's control environment and system of internal controls is generally good and addresses most major business, compliance, and technology risks. However, the audit resulted in seven issues considered "essential" to minimizing existing operational and compliance risks involving NIST 800-171 compliance, IT support for maintenance of CSE applications, I-9 and background check regulations, payroll overpayments, unallowable expenses on sponsored projects, and approval processes from Risk Management and Office of the General Council (OGC) for charter bus rentals.

Telehealth Security and Compliance

Category	Assessment
Control Environment	
Monitoring	
Information & Communication	
Risk Assessment	
Strategy & Sustainability	
Security	
Compliance & Privacy	

Report #	2122	Issue Date		Mar-21	
# of Essential Recs.	4	Total # of Recs.		6	
Overall Assessment	Good	Adequacy of MAP		Satisfactory	

There are many different types of telehealth activities at the University, which have grown rapidly since the start of the pandemic. We found, despite this unprecedented growth, the University's telehealth activities are operating effectively. Units are using consistent tools, collaborating with appropriate University compliance and security units, and providing a critical service to students and the University community during the pandemic. There are some areas for improvement, which is to be expected given the precipitous switch to virtual care in Spring 2020. These improvements include some tools that should be replaced or reviewed for compliance, ensuring proper assignment of HIPAA approved tools, and additional oversight for long-term telehealth expansion and management.

■ Adequate Control ☐ Significant Control Issue(s) ■ Critical Control Issue(s)
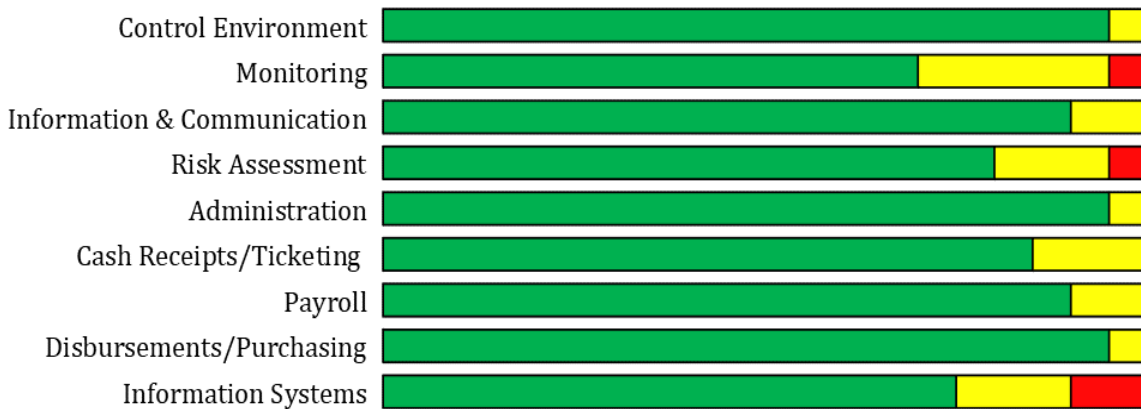
Board of Regents Internal Reporting

Control Environment	
Monitoring	
Information & Communication	
Risk Assessment	
BOR Reporting	
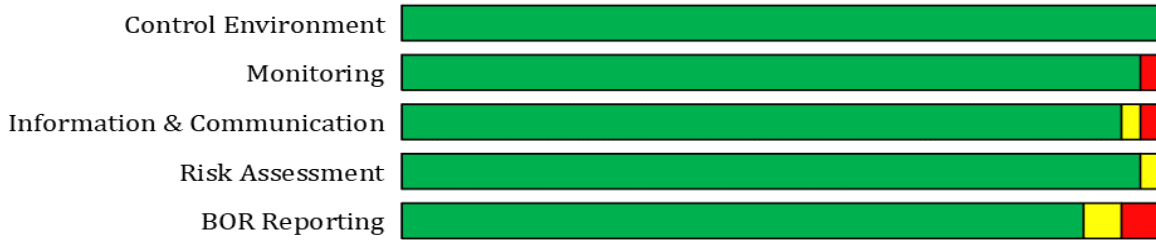
Report #	2123	Issue Date	Apr-21
# of Essential Recs.	1	Total # of Recs.	2
Overall Assessments:	Good	Adequacy of MAP	Satisfactory

The role of the Board of Regents is to articulate a vision for the University and work to ensure the University of Minnesota fulfills its mission of education, research, and outreach. Reports are presented to, and reviewed by, the Board as a whole or by one of the five committees. Most reports are annual, but others can be quarterly, semi-annually, on-going, or unspecified. The Office of the BOR has recorded the required reports in a matrix that is included in the BOR planning calendar. There are approximately 40 reports that are required to be presented to the BOR or one of the committees. From the results of the audit work performed, generally the required reporting fulfilled BOR policy, was delivered in the specified timeframe and included the required information. It is noted that there are some inconsistencies in annual reports as to when they are delivered to the BOR or committee and that the BOR policies are vague on this timing. One issue considered "essential" involved the American Indian Advisory Board's Report and Reservation and Delegation of Authority Report have not been received by the BOR or committees in at least the past three years.

Northrop

Control Environment	
Monitoring	
Information & Communication	
Risk Assessment	
Administration	
Cash Receipts/Ticketing	
Payroll	
Disbursements/Purchasing	
Information Systems	

Report #	2124	Issue Date	Apr-21
# of Essential Recs.	2	Total # of Recs.	11
Overall Assessments:	Good	Adequacy of MAP	Satisfactory

Northrop is the University's performing arts venue hosting concerts, dance performances, lectures, and graduations. Since the closure in March 2020 due to COVID-19, Northrop has only been able to host one live concert with a limited audience, which was held in September 2020. Northrop has been innovative in hosting several live stream events during the closure to introduce new audiences, and potentially new donors, to the performing arts. Northrop ticketing system is a University enterprise customer relationship management (CRM) system. The system is used to sell event tickets, merchandise, memberships, gift certificates and donations. From the results of the audit work performed, we believe Northrop has developed a control environment and a system of internal control that addresses most major business, compliance and information technology risks. The audit resulted in two issues considered "essential" to minimizing existing information technology risks involving the ticketing system vendor accounts, which have persistent and privileged access to the University's ticketing system environment, and insufficient user access and activity logging and monitoring for the ticketing system.

■ Adequate Control ☐ Significant Control Issue(s) ■ Critical Control Issue(s)

Internally Granted Research

Control Environment	
Monitoring	
Information & Communication	
Risk Assessment	
Internally Granted Research	
System-Wide Impact	
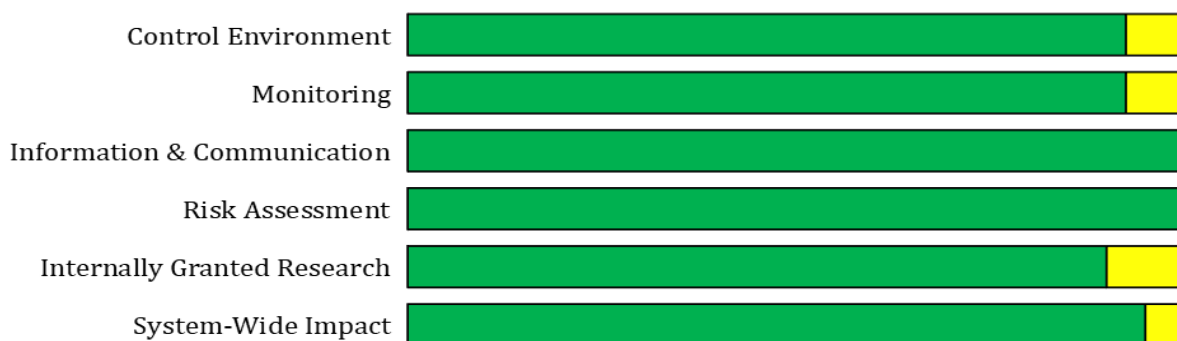
Report #	2125	Issue Date		May-21
# of Essential Recs.	0	Total # of Recs.		3
Overall Assessment:	Good	Adequacy of MAP		Satisfactory

The focus of this audit was on non-sponsored internal research funding opportunities that have competitive application and awarding processes similar to sponsored research opportunities. From the results of the audit work performed, we believe the University's processes for awarding internally granted research funds address most major business, compliance and strategic risks. The projects we reviewed were clearly tied to the strategic plan for the University and to the strategy of each of the units offering the grants. However, recommendations were suggested to encourage departments or units to create processes to assess internally granted research outcomes and return on investment on a unit-wide basis, and for OVPR to consider creating guidance materials or educational materials, act as an advisor for units creating internally granted research process and procedure documents, and to consider creating guidance that details best practices for tracking and monitoring internally granted research projects.

Openness in Research

Control Environment	
Monitoring	
Information & Communication	
Risk Assessment	
Administration	

Report #	2126	Issue Date		May-21
# of Essential Recs.	0	Total # of Recs.		3
Overall Assessment:	Good	Adequacy of MAP		Satisfactory

The University's Openness in Research policy states, "Absent compelling reasons, the University shall not accept restrictions on participation in University research or on the dissemination of the results of University research." All researchers at the University are expected to follow the Board policy; however, the administrative policy states, "Research agreements that do not conform to this policy will only be accepted if the principal investigator obtains an exemption." If negotiations between Sponsored Project Administration and the sponsor do not succeed in modifying or removing the sponsor's restrictive terms and conditions, and the project's Principal Investigator wants to continue with the research, the PI is advised by Sponsored Project Administration to seek an exemption. From the results of the audit work performed, we believe the University has developed an effective process for review of exemption requests to the Openness in Research policy; however, three issues considered "significant" to improve the process involve tracking of exemptions, documenting details of exemption decisions, and oversight for compliance with exemption conditions.

■ Adequate Control   □ Significant Control Issue(s)   ■ Critical Control Issue(s)

SNAP Review Summary

SNAP reviews are highly focused reviews conducted on a single University process or activity. These reviews are designed to be completed quickly, and often leverage data analytics to minimize unit disruptions. They are intended to provide prompt results to business process owners so that potential problems can be addressed prior to formal audit reviews. The following is a summary of the SNAP reviews we conducted this reporting period.

$2 Employee Essential Pay

This SNAP review was performed to determine whether any essential employees were receiving earning code "EEA" (Essential Employee Augmentation) after the president discontinued the practice on 6/21/20. This code was used on both hourly and exception hourly time sheets to grant essential workers a $2-an-hour augmentation for the hours they worked on-site.

Pcard Transactions with Telecommunication Related Keywords

This SNAP Review was performed to identify any Purchasing Card (PCard) telecommunication device purchases that may violate Section 889 of the National Defense Authorization Act which included the covered telecommunications equipment or services for dates between 1/1/2019 to 4/25/2021.

Student COVID Refunds

This SNAP Review was performed to determine whether the students who were charged a Course/Class Fee, Student Service Fee, Housing/Dining, and Parking for the Twin Cities campus for Spring 2020 were refunded appropriately based on the 'Comprehensive Student Refund Plan' proposed by University President Joan Gabel and approved by the Board of Regents on April 3, 2020.