AGENDA

1. External Auditor Review - M. Volna (pp. 2-6)
2. Update: Request for Proposal for External Audit Services - M. Volna (pp. 7-9)
3. Compliance Officer Report - L. Zentner (pp. 10-21)
4. Information Items - G. Klatt (pp. 22-24)
Audit Committee

March 11, 2010

Agenda Item: External Auditor Review

☐ review  ☐ review/action  ☐ action  ☒ discussion

Presenters: Associate Vice President Michael Volna

Purpose:

☐ policy  ☐ background/context  ☒ oversight  ☐ strategic positioning

To review audit and non-audit services provided by Larson, Allen, Weishair, and Co., LLP (LarsonAllen) and related fees paid during FY2009.

Outline of Key Points/Policy Issues:

Total LarsonAllen contracted audit and non-audit fees were $700,100 for fiscal 2009 engagements, with actual fees paid of $680,922. All FY 2009 engagements have been completed and final billed.

Background Information:

This report is prepared and presented to the Board of Regents Audit Committee in conformance with Board of Regents Policy: Board Operations and Agenda Guidelines.
Background

The Audit Committee of the Board of Regents is responsible for hiring and engaging the University’s independent external auditors, for reviewing the work of the auditor, and periodically reviewing the fees paid to the audit firm. Best practices (consistent with the Sarbanes-Oxley legislation signed into law in 2002) recommend that the Audit Committee should conduct such a review at least annually. The Audit Committee conducted its last review of audit services and fees in March 2009.

The Controller’s Office presents the information below and on the attached schedule for the Audit Committee’s 2010 review of audit, audit related, and non-audit services fees paid to Larson, Allen, Weishair, and Co., LLP (LarsonAllen).

Typically, the external auditor review includes both management’s and the firm’s assessment of its independence relative to the University of Minnesota. This assessment will not be provided this year, as the University is in the middle of a request for proposals (RFP) for external audit services for FY 2010. The independence assessment will be required as part of the due diligence conducted prior to the appointment of a firm for the FY 2010 audit.

Review of Fees Paid to Larson, Allen, Weishair, and Co., LLP

The schedule below presents a summary of fees paid to LarsonAllen, the University’s independent external auditors, for the various FY 2009 audits and other services (with amounts paid in 2008 for comparison). The top portion of the fee schedule represents fees paid for the University’s annual audits and NCAA agreed-upon-procedures. The contract amounts are consistent with the amounts agreed to in the Fiscal 2009 engagement letters and the firm’s fixed price contract for fiscal 2009. The total audit fees paid to LarsonAllen in FY 2009 were $18,425 less than the contract amounts in total, and represent less than expected actual expenses. These amounts are final.

The lower portion of the schedule contains a breakdown of fees paid to LarsonAllen for other services. In addition to audit services outlined in the top half of the schedule, LarsonAllen also performed six other engagements. In order to reduce audit costs and maintain greater oversight of audit and audit-related engagements across the University, the Controller’s Office has worked closely with LarsonAllen and University departments to use LarsonAllen whenever possible for additional external audit services.

The following paragraphs describe services performed by LarsonAllen during the current fiscal year that were not part of the annual audits and NCAA agreed-upon-procedures of the University:
• LarsonAllen was engaged to perform agreed-upon-procedures related to the Office of Investment and Banking’s performance based compensation plan. The performance based compensation plan was developed and put in place by the University. At the time of the plan’s inception, the University’s senior administration stipulated that the University’s external auditors perform limited procedures to verify management’s calculations of the amounts and allocations of compensation from the incentive performance pool. The Controller’s Office reviewed the engagement letter prior to its finalization and determined that this work does not impair LarsonAllen’s independence related to the audit of the University.

• LarsonAllen was engaged to audit the statement of activities for the Department of Concerts and Lectures. This engagement was the result of the donor stipulations that require the Department of Concerts and Lectures to prepare and submit financial statements of their activity. The related engagement letter was reviewed by the Controller’s Office prior to its finalization, consistent with Board Policy. As this engagement was solely to provide an audit opinion, it did not present an independence issue with regard to LarsonAllen.

• LarsonAllen was engaged to perform agreed-upon-procedures to assist the University’s Fees Committee and the Office of Student Affairs in evaluating the appropriateness of record keeping and use of funds by the student organizations that receive University fees. LarsonAllen reviewed five organizations that received University fees and performed the agreed-upon-procedures as outlined by the University Fees Committee and Office of Student Affairs. The related engagement letter was reviewed by the Controller’s Office and signed by the Board of Regents. This engagement did not present an independence issue with regard to LarsonAllen.

• LarsonAllen performed procedures in connection with their consent to use the FY 2008 Audit Financial Statements in the University’s Bond Offering Documents.

• LarsonAllen was engaged to perform an audit of the Weisman Art Museum. This engagement was the result of donor stipulations that require the Weisman Art Museum to prepare and submit financial statements of their activity. The related engagement letter was reviewed by the Controller’s Office prior to its finalization, consistent with Board Policy. As this engagement was solely to provide an audit opinion, it did not present an independence issue with regard to LarsonAllen.
### UNIVERSITY OF MINNESOTA
BOARD OF REGENTS AUDIT COMMITTEE
MARCH 11, 2010
Fees Paid to Larson, Allen, Weishair & Co., LLP
FY 2009 Engagements

<table>
<thead>
<tr>
<th>Audit Services and Fees</th>
<th>Contract Amount</th>
<th>Billed Amount</th>
<th>Over (Under) Budget</th>
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<tr>
<td>University Financial Statement Audit</td>
<td>$379,700</td>
<td>$376,035</td>
<td>$(3,665)</td>
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<td>RUMINCO Financial Statement Audit</td>
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<td>Compliance Audit (OMB A-133 and MOHE)</td>
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<td>Documentation of EFS Controls</td>
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<tr>
<td>Audit of Department of Concerts and Lectures</td>
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<tr>
<td>Audit of Weisman Art Museum</td>
<td>$6,500 (3)</td>
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<tr>
<td>Audit of Minnesota Job Skills Partnership</td>
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Total Audit and Agreed-Upon-Procedure Fees $641,900

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<tr>
<th>Non-Audit Services &amp; Fees</th>
<th>Contract Amount</th>
<th>Billed Amount</th>
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<tr>
<td>NCAAA Agreed-Upon-Procedures</td>
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<td>Office of Investments &amp; Banking procedures</td>
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<td>Student Organization Agreed-Upon-Procedures</td>
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<td>Consent procedures related to Commercial Paper</td>
<td>$0 (2)</td>
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Total Audit, Audit Related, and Non-Audit Fees $58,200

Total Fees $700,100

$680,922 $(18,425) $585,412

(1) These engagement contract amounts do not include out-of-pocket expenses.

(2) Consent procedures do not require a separate contract and are billed separately based upon actual hours.

(3) The contract amount did not include fees for unplanned work to convert prior year financial statements to Governmental Accounting Standards.
Annual Review of External Auditor Relationship Performance:

By Audit Committee Charter, the Audit Committee is responsible for evaluating the performance of the independent auditor. Management reports that the audit and non-audit engagements that were performed by LarsonAllen were all completed in a timely manner, with no significant issues or budget over-runs. Staffing has been consistent, which has led to an overall reduction in the amount of University staff time necessary to complete the procedures.

LarsonAllen’s contract ended with the fiscal year 2009 audit. The Controller’s Office has initiated the RFP process for the FY 2010 audit and agreed-upon-procedures. A separate update on the RFP will be provided to the Audit Committee.
Audit Committee

March 11, 2010

Agenda Item: Request for Proposal for External Audit Services

☐ review ☐ review/action ☐ action ☒ discussion

Presenters: Associate Vice President Michael Volna

Purpose:

☐ policy ☐ background/context ☒ oversight ☐ strategic positioning

To provide an update on the Request for Proposals (RFP) for external audit services.

Outline of Key Points/Policy Issues:

The External Audit contract with LarsonAllen ended with the FY 2009 audit. Management has initiated an RFP process to engage an audit firm for audits of the University’s annual financial statements and related work. The process is progressing in accordance with the timeline and process described in the enclosed materials.

Background Information:

The Board of Regents reserves to itself authority to approve selection of external public accountants by Board of Regents Policy: Audit Committee Charter.
UPDATE ON REQUEST FOR PROPOSAL FOR EXTERNAL AUDIT SERVICES
MARCH 11, 2010

Summary

The Controller’s office of the University has issued a Request for Proposals (RFP) for external audit services. The scope of services covered by the RFP includes the following:

- Annual audit of the Consolidated Financial Statements of the University of Minnesota;
- Annual audit of the Regents of the University of Minnesota Insurance Company (RUMINCO LTD);
- Annual audit to satisfy the provisions of Office of Management and Budget Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions;
- Annual audit to satisfy the requirements of the Minnesota Office of Higher Education’s Financial Aid Programs;
- Testing to meet the “Minimum Agreed-upon-Procedures” described in the NCAA Financial Audit Guidelines for Men’s and Women’s Division I Athletics on the Twin Cities and Duluth campuses.

The RFP also requests information on other potential services that may be requested of the selected firm, including but not limited to tax services, and audits and agreed-upon-procedures of University departments or programs, such as the Student Organizations, as necessary.

The RFP is for a period of up to 7 years, covering fiscal years 2010 through 2016. This period consists of a four year contract with three one year optional extensions. The final length of the contract can be adjusted via addendum to the RFP, at the Board’s direction.

Timeline

The RFP process is working under a schedule that will result in the selection and appointment of a firm in time for the FY 2010 audit. At this time, the process is proceeding on schedule and in accordance with the following timeline:
<table>
<thead>
<tr>
<th>TENTATIVE SCHEDULE OF EVENTS</th>
<th>DATE</th>
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</thead>
<tbody>
<tr>
<td>RFP Issued</td>
<td>February 5, 2010</td>
</tr>
<tr>
<td>Questions Due to Purchasing</td>
<td>February 11, 2010</td>
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<tr>
<td>Intent to Bid Form Due</td>
<td>February 15, 2010</td>
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<tr>
<td>Proposals Due</td>
<td>March 3, 2010</td>
</tr>
<tr>
<td>Proposal Evaluations</td>
<td>March 8, 2010</td>
</tr>
<tr>
<td>Vendor Presentations/Interviews</td>
<td>March 15-17, 2010</td>
</tr>
<tr>
<td>Finalist firm interviewed by CFO</td>
<td>March 24-26</td>
</tr>
<tr>
<td>Finalist firm interviewed by Audit Committee Chair</td>
<td>March 29 – April 2 (Tentative)</td>
</tr>
<tr>
<td>Audit Committee appointment</td>
<td>April 5 – 16 (Tentative)</td>
</tr>
</tbody>
</table>

The U of M evaluation committee will have reviewed all proposal submissions from bidding firms by the March Audit Committee meeting. There has been a high level of interest in this RFP coming from audit firms within Minnesota and the broader region, and the process should be competitive.

The Audit Committee will be provided with additional updates on the RFP process at the March 11, 2010 Audit Committee meeting.
Audit Committee

March 11, 2010

Agenda Item: Compliance Officer Report

☐ review    ☑ review/action    ☐ action    ☑ discussion

Presenters: Regent Steven Hunter
Lynn Zentner, Director
Office of Institutional Compliance

Purpose:

☐ policy    ☐ background/context    ☑ oversight    ☐ strategic positioning

This presentation provides the Audit Committee with information on the activities of the Office of Institutional Compliance to help the Committee carry out its oversight responsibilities for the University's compliance program.

Outline of Key Points/Policy Issues:

1. The Institutional Compliance Officer will provide the Committee with a summary of the most significant compliance-related risks identified since her November 2009 report to the Audit Committee, focusing on the following issues: Tax Management, Occupational Health and Safety, International Programs, Conflict of Interest Program, and UReport.

Background Information:

The Institutional Compliance Officer regularly reports on the institutional compliance program two times each year. In addition to the compliance report, the Director will also report in further detail on the status of the University Conflict of Interest Program when she addresses the Committee.
Introduction
This report provides an update on significant compliance-related matters for the period April 2009, through February 2010. The Director’s November 2009 report on the University’s Compliance Program provided background regarding the Compliance Partner Network and the process by which the Director and her staff interface with this network. This background information is attached as Attachments A and B. The Director submitted a separate report in November on the University’s Conflict of Interest Program. This submission includes an update on the status of that Program as well.

Information for this report was gleaned from reports submitted by and communications with each of the thirty Compliance Partners for the most recent six-month legal compliance reporting period (April through September 2009) and from the Director’s participation on numerous compliance-related committees and other information exchanges that have occurred since the end of that reporting period.

The Most Significant Current Risk Areas and Brief Summary of Actions

1. Tax Management
• Employees working outside the United States. As the University expands its operations abroad, more employees (an estimated 30 currently), both US and non-US citizens, are working overseas in countries such as China, India, Switzerland and Kenya. The University does not have formal policies and procedures that define how colleges and departments should set up operations overseas or how employees engaged in University-related activities overseas should be paid. These issues have both foreign and U.S. tax implications. In November 2009, Kelly Farmer, Director, University Tax Management, hosted a team from Ernst and Young to discuss the tax risks related to international operations. Representatives from the Office of Institutional Compliance (OIC), Office of Human Resources (OHR), the Office of International Programs (OIP), and the Office of the General Counsel (OGC) attended. OIP is also aware of these initiatives and is following the efforts of the workgroup. The Director, Office of Institutional Compliance, will coordinate efforts with OHR, OGC, and the University Tax Management Office to determine the most effective approach to achieve a resolution of these issues.

2. Occupational Health and Safety
• Occupational Health Services for Employees. Currently, the Office of Occupational Health and Safety (OHS) contracts with Boynton Health Service for services related to employee occupational health. Boynton and the University have finalized a service agreement that will be in effect until the end of the fiscal year and is renewable on an annual basis. OHS and the Occupational Health and Safety Steering Committee will be exploring options for an
employee clinic that can serve multiple University needs, including occupational health and safety issues.

- **Research Lab Safety.** Research lab safety is likely the highest risk area within the scope of OHS. As a result, it requires the ongoing coordination of efforts between OHS staff and staff of the Department of Environmental Health and Safety (DEHS). The Director’s November 2009 report addressed this risk area, noting that a sub-committee of the Occupational Health and Safety Steering Committee had been meeting for several months to identify and address current lab safety issues and propose a comprehensive infrastructure to improve compliance with applicable state and federal regulations and ensure the safety of University researchers, both employees and students. The work group prepared a draft report in November which was reviewed by the Occupational Health and Safety Steering Committee at its November 30, 2009 meeting. The Steering Committee accepted the following recommendations of the workgroup:
  - place significant accountability at the local level while, at the same time providing centralized oversight, training and tracking;
  - establish a University-wide Research Safety Program in the OHS Office;
  - create a University-wide committee on chemical and physical hazards to advise on high hazard safety matters;
  - create a core group of 5 to 6 Research Safety Professionals (with defined credentials) who would assume and expand upon many of the duties currently carried out by the 125 local part-time Research Safety Officers whose credentials and experience levels vary widely; and
  - coordinate the work and roles of OHS and DEHS, capitalizing on the strengths of each.

OHS and DEHS have formed a joint implementation team with the goal of establishing the University-wide research safety program in OHS by July 2010.

- **Research Outreach Centers (ROCs).** The Director reported on a year-long inspection of all ROCs in her November 2009 report. The inspections have been completed and reports summarizing the inspection results for all locations have been prepared or are in the process of being finalized. In December, a meeting was held with representatives of each of the ROCs, DEHS and OHS to review the inspection process and the priorities established as a result of that effort. Of the deficiencies noted during the inspections, approximately 75% have been resolved. The remaining 25%, in large part, will require the development of OSHA governed hazard specific programs at certain ROCs. The goal is to resolve the remaining deficiencies within the next 12 to 18 months.

3. **International Programs.**
- The University policy titled Education Abroad Opportunities: Addressing Health and Safety Risks requires students to obtain approval for travel to countries on the State Department’s travel warning list before their departure. The policy does not apply to faculty and staff. This issue is a continuation of that which was addressed during the Director’s November
2009 report to this Committee when she addressed the inability of the University to track all students, staff, and faculty traveling abroad outside of programs that are offered through the Office of International Programs (OIP). The OIP continues to educate the University Community regarding these issues and the value associated with a tracking approach. The question remains whether the same requirements that apply to students ought to apply to faculty and staff.

4. **Conflict of Interest Program**
   - The Conflict of Interest Program (COI Program) is currently focused on the initiatives described in further detail below:
     - *Finalizing the draft administrative policy titled Individual Financial or Business Conflict of Interest (draft policy).* In her November 2009 report to this Committee, the Director provided background on the development of the draft policy, identified the members of the committee who participated in creating the draft, and enumerated the standards that have been proposed to govern interactions that occur between industry and University faculty and staff.

On November 13, 2009, the draft policy was disseminated to all University faculty, staff and graduate students. A six week consultation process followed. During that time more than 150 comments were received through the University Policy website and e-mail.

During the same timeframe and after, the Director and others engaged in consultation regarding the policy with various faculty, staff and leadership groups to include:
   - The President’s Policy Committee
   - Faculty governance committees (the Faculty Consultative Committee and the Senate Research Committee)
   - The Council of Research Associate Deans
   - The core Conflict of Interest team to include the three conflict of interest committee chairs, legal counsel, and staff of the Conflict of Interest Program
   - The Medical School
   - The Chancellors
   - The Twin Cities Deans Council and separately with a subset of the Council
   - International Programs Council
   - Carlson School of Management Faculty Consultative Committee
   - School of Public Health Leadership Group
   - AHC Student Consultative Committee

The next step will be to address the comments that have been made and make revisions to the draft policy, taking into consideration the feedback that has been provided to date. An abbreviated period of further consultation will follow.
• **Resolving the delays associated with the review and resolution of conflict of interest matters.** Staffing resource issues, changes in staff and related transitions with respect to roles and responsibilities that have occurred over the past several months in the Conflict of Interest (COI) Program have contributed to delays associated with the review and resolution of individual conflict of interest matters. As new staff members have acclimated to their roles and responsibilities, these issues are diminishing. These circumstances have not increased the University’s risk because no human subjects-related research is approved until conflict of interest matters for participating Principal Investigators, Co-Investigators and other key personnel, as defined by federal regulation, are resolved. Similarly, no sponsored funds are released until conflict of interest matters are fully resolved. Coordination between Sponsored Projects Administration and the COI Program and between the Human Subjects Protection Program and the COI Program is effective.

• **Implementing management plan follow-up.** This initiative began in early February 2010. Each newly created conflict of interest management plan (CMP) advises the individual who is the subject of the plan that follow-up will occur to determine compliance with the plan, first at 90 days from the date of the plan, next on the one year anniversary of the plan, and annually going forward so long as the management plan remains in effect. A recently completed conflict of interest database, when queried, generates the list of CMPs that require follow up on a monthly basis.

• **Developing a University-wide conflict of interest educational program.** The Director provided information regarding this initiative in her November 2009 report. The next meeting of the committee convened to provide input regarding this effort will take place in March. The COI Program will coordinate its efforts with the Office of Human Resources to develop the materials that will be used for both in-person and on-line training. This training will include a focus on the final version of the revised administrative conflict of interest policy. Since conflict of interest training is already part of the Responsible Conduct of Research training, efforts will be made to ensure that no one is subject to multiple conflict of interest training requirements.

• **Revising all conflict of interest administrative procedures.** The COI Program has changed and/or modified various practices and procedures associated with the identification, review, and management of both individual and institutional conflict of interest. As a result, nine administrative procedures require revision. That process is currently underway.

• **Coordinating efforts with the Office of Technology Commercialization (OTC) to determine the most effective approach to address conflict of interest issues that arise in the technology commercialization context.** The goal of commercializing technology conceived of and developed by University faculty and staff is a laudable goal. Conflicts of interest inherently arise, however, when start-up companies are created and the University employee intends to play a role with both the company
and the University. A balanced approach to the resolution of these issues is required. The COI Program and OTC are coordinating their efforts to achieve that end.

• With respect to institutional conflict of interest issues, matching University donors and research sponsors to vendor information. The Institutional Conflict of Interest Committee is interested in reviewing this information to determine where conflicts of interest exist at the institutional level and to identify and adopt approaches to either eliminate or carefully manage conflicts of interest that arise in this context.

5. UReport

• UReport is the University’s confidential web-based reporting service. This reporting service is provided by EthicsPoint, an independent company that provides similar services for hundreds of companies and universities. UReport is intended to be used to report violations of local, state and federal law as well as violations of University policy. This reporting system is not intended to be used for employment concerns that do not involve legal or policy violations or that involve purely student concerns, or issues for which the University is not responsible. Reporters may submit reports either via a hotline or the web. Reports may also be submitted anonymously. Those who submit reports are expected to report good faith concerns and are expected to be truthful and cooperative in the University's investigation of allegations.

UReport has been in existence at the University since 2005. Since its inception, a total of 576 reports have been submitted, averaging approximately 100 per year. In 2009, 120 reports were submitted. Of this number, 93 have been resolved. Approximately ¾ of the reports are submitted anonymously. Approximately the same percentage involves claims regarding:

- Discrimination, harassment and/or equal opportunity
- Abuses in wage, benefits, vacation, overtime, and leaves
- Other employment concerns

With respect to trends, a number of reports during the last reporting period and this reporting period focus on a reporter’s co-workers and supervisors. Following are examples of the nature of the allegations: the abuse of vacation time and other leaves, the failure of a co-worker to take responsibility for assigned duties, cheating on time cards, misrepresenting one’s credentials, challenging the work ethic of a co-worker, unexplained absences from the work place when not otherwise on an approved leave, harassment by a supervisor, nepotism, questioning the adequacy of a newly hired employee’s credentials, and raising issues about the fairness and openness of a hiring process.
Attachment C to this report provides categorical breakdowns with respect to all allegations made in reports submitted from February 2009 to February 2010. Attachment D provides categorical breakdowns with respect to allegations made for the same timeframe with respect to employment-related reports.
Attachment A

COMPLIANCE RISK REPORTING PROCESS

In her November 2009 report to the Committee, the Director described the following compliance risk reporting process by Compliance Partners to the Director.

Twice annually, in April and October, OIC requests the submission of a legal compliance report from each Partner to be followed by either an in-person meeting or a conference call. The report is submitted to the General Counsel and a copy is submitted to OIC. The report form requires the reporting of risks/compliance issues and the classification of them as Major, Significant, or Minor. Each Partner has received a document entitled Legal Compliance Reporting Standards which provides a list of indicators that may be used to determine which classification to use for a particular risk or compliance issue reported. For example, some of the indicators enumerated for the “major” category are:

- Death or serious injury due to University activities
- More than $200,000 likely at issue
- Reasonable likelihood of disqualification or major penalty from a program
- Potentially widespread serious legal problem.

By comparison, examples of the indicators enumerated for the “minor” category are:

- Minor safety concern or accident
- Less than $25,000 likely at issue
- Isolated minor legal or policy violation

Where this classification system is not particularly effective in the context of a particular subject matter area, a Partner may adopt customized criteria for determining what constitutes major, significant or minor concerns, as applied to their specific compliance risk area.

When completing the semi-annual reports, Partners provide a summary description of the compliance issue or risk, its severity classification, a summary of the information gathered, and a statement regarding the current status of the investigation or any corrective action taken.

The Reporting of Compliance-Related Training and Investigations

In addition to risk-related reporting, each Partner provides information regarding compliance-related training programs, to include not only the training they attend in their own units, but also training they conduct for other colleges, departments, and units.
The Certification
At the end of the report, each Partner certifies as follows: I confirm that, to the best of my knowledge and using my professional judgment, I have included in this summary report all major and significant legal or University policy violation risks that meet the criteria described above for my area/office.

The Meeting or Conference Call
In an effort to further OIC’s understanding of the risk and to ensure that adequate measures are undertaken to diminish and/or eliminate risk, including the coordination of effort among Compliance Partners as appropriate, OIC schedules a conference call or meeting with each Partner. Following these activities, OIC identifies and prioritizes the risks of greatest significance and meets with the University’s Internal Auditor and General Counsel to discuss them, recommend risk management approaches, and obtain their feedback, assessment and recommendations.

Compliance with the Process
With few exceptions, the Compliance Partners engage thoughtfully and responsively in this process. Although the formalized process occurs twice annually, the communications between compliance partners and OIC are ongoing whenever significant circumstances arise that have compliance-related implications. Some compliance areas, by the nature of them, require more frequent communication and for those areas, regularly scheduled meetings occur in addition to the process described above. Examples include research compliance and occupational health and safety.
Attachment B

COMPLIANCE PARTNER RISK AREAS

These are the risk areas that are represented in the Compliance Partner Network:

- Athletics
- Boynton Health Service
- Community University Health Care Center
- Conflict of Interest
- Copyright
- Dining Services
- Disability Services
- Environmental Health & Safety
- Equal Opportunity & Affirmative Action
- Facilities Management
- Fiscal Operations
- Grants Management
- HIPAA Compliance
- Housing and Residential Life
- Human Resources & Payroll Operations
- Information Technology
- Internal Audit
- International Programs
- Occupational Health & Safety
- Privacy
- Public Safety
- Research – Animal Subjects
- Research – Human Subjects
- Research – BioSafety
- Research – Controlled Substances
- School of Dentistry (billing compliance)
- Student Finance
- Tax Management
- Technology Commercialization
Attachment C

Allegation Category Summary
January 1, 2009 - December 31, 2009

- Employment & HR, 51, 42%
- Financial, 23, 19%
- Student Concerns, 6, 5%
- Athletics, 2, 2%
- Research, 2, 2%
- Property, Facilities & Equipment, 6, 5%
- Other, 21, 18%
- Healthcare Services, 5, 4%
- Health & Safety, 4, 3%
Attachment D

Employment Report Allegations
January 1, 2009 - December 31, 2009

- Other Employment Concerns, 15, 29%
- Discrimination/ Harassment/ Equal opportunity, 6, 12%
- Abuses in wage, benefits, vacation, overtime, leaves, 6, 12%
- Hiring, advancement, discipline or termination, 8, 15%
- Misrepresentation of credentials/ Licenses, 2, 4%
- Nepotism/ Consensual relations/ Conflict of interest, 4, 8%
- Privacy/ Records concerns, 2, 4%
- Retaliation, 5, 10%
- Sexual Harassment, 3, 6%
Audit Committee

March 11, 2010

Agenda Item: Information Items

☐ review ☐ review/action ☐ action ☑ discussion

Presenters: Associate Vice President Gail Klatt

Purpose:

☐ policy ☐ background/context ☑ oversight ☐ strategic positioning

To report audit and non-audit services provided by all public accounting firms during FY 2009 and FY 2010 (through February, 2010), and the related fees paid for those services.

Outline of Key Points/Policy Issues:

Report on Audit and Non-Audit Services and Fees
Total fees of $709,517 have been paid through February 2010 to five different public accounting firms for a variety of audit and non-audit services, which are described in the accompanying narrative and schedule.

Background Information:

This report is prepared and presented to the Board of Regents Audit Committee in conformance with Board of Regents Policy: Board Operations and Agenda Guidelines.
UNIVERSITY OF MINNESOTA
BOARD OF REGENTS AUDIT COMMITTEE
MARCH 11, 2010

Annual Review of External Auditor Relationships
and Services Provided

The attached schedule represents a summary of fees paid to all auditing firms that provided any professional services to the University during FY 2009 and FY 2010 (through February, 2010).

In addition to the audits performed by Larson, Allen, Weishair, and Co., LLP (the University’s independent external auditors), other accounting and auditing firms performed a variety of audit and non-audit services at the University during the period being reported on. These services were:

• Charles R. Ziegler Co., Ltd., was engaged by the Tweed Museum of Art to perform a yearly report on the Tweed budgets for FY 2009 as required for an application to the Minnesota State Arts Board for grant funds. This contract was previously reported to the Audit Committee.
• McGladrey & Pullen, LLP was engaged by the University’s Office for Technology Commercialization to perform agreed-upon-procedures to verify the accuracy and evaluate the integrity of the financial information presented in royalty reports. This contract was previously reported to the Audit Committee.
• PriceWaterhouseCoopers, LLP was engaged by the University’s Office for Technology Commercialization to perform audit services on royalty calculations for sales occurring in calendar years 2005 and 2006. This contract was for a value not to exceed $99,000. This contract was approved by the Board of Regents.
• Baker Tilly Virchow Krause & Company was engaged by Radio K, the University’s radio station, to perform attest services in FY 2009 in conjunction with the receipt of federal funds from the Corporation for Public Broadcasting. This contract was previously reported to the Audit Committee.

The Office of the Controller reviewed all of the contracts, as detailed on the attached schedule, for the period being reported on (FY 2009 and FY 2010 through February 2010), consistent with Board’s policy. None of these engagements result in an impairment of independence, in fact or in appearance, for any of the firms.

Amounts shown for FY 2008 are for comparison only. All fees and services were previously reviewed by the Controller’s Office and reported to the Audit Committee during FY 2008, in accordance with Board Policy.
### Report of Fees Paid To Audit Firms
**FY 2009 and FY 2010 (Through February, 2010)**

<table>
<thead>
<tr>
<th>Audit Firm</th>
<th>FY 2009 &amp; FY 2010 Engagements</th>
<th>FY 2008</th>
<th>Total Fees Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Audit Fees</td>
<td>Non-Audit Fees</td>
<td>Total Fees</td>
</tr>
<tr>
<td>Larson Allen Weishair &amp; Co., LLP</td>
<td>$ 624,953</td>
<td>$ 55,969</td>
<td>$ 680,922</td>
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<tr>
<td>Charles R. Ziegler Co., Ltd</td>
<td>$ 0</td>
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<td>$ 1,500</td>
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<td>Licari Larsen &amp; Co., LTD</td>
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<td>$ 0</td>
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<tr>
<td>Mayer Hoffman McCann, PC</td>
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<td>$ 0</td>
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<tr>
<td>McGladrey &amp; Pullen, LLP</td>
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<td>$ 9,750</td>
<td>$ 10,847</td>
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<tr>
<td>PriceWaterhouseCoopers, LLP</td>
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<td>$ 7,500</td>
<td>$ 70,000</td>
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<tr>
<td>Baker Tilly Virchow Krause &amp; Co, LLP</td>
<td>$ 9,845</td>
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<td>$ 9,845</td>
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<tr>
<td><strong>Total Fees Paid</strong></td>
<td><strong>$ 634,798</strong></td>
<td><strong>$ 74,719</strong></td>
<td><strong>$ 709,517</strong></td>
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