



# Audit & Compliance Committee

September 2022

September 8, 2022

8:00 AM

Boardroom, McNamara Alumni Center

## AUD - SEP 2022

### 1. 2022-23 Committee Work Plan

Docket Item Summary - 3

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### 2. UMTC Athletics Compliance Program

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Presentation Materials - 9

### 3. Information Items

Docket Item Summary - 29



# BOARD OF REGENTS DOCKET ITEM SUMMARY

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**Audit & Compliance**

**September 8, 2022**

**AGENDA ITEM:** 2022-23 Committee Work Plan

Review

Review + Action

Action

Discussion

*This is a report required by Board policy.*

**PRESENTERS:** Regent Mike Kenyanya  
Quinn Gaalswyk, Chief Auditor

## **PURPOSE & KEY POINTS**

The purpose of this item is to review and discuss the committee's 2022-23 work plan.

## **BACKGROUND INFORMATION**

Board of Regents Policy: *Board Operations and Agenda Guidelines* describes the role of the Audit & Compliance Committee as follows:

The Audit & Compliance Committee oversees the University's system of risk assessment and internal controls, audits, financial reporting practices, and the institutional compliance program. The committee is to assist the Board in discharging its oversight responsibilities related to the audit and compliance functions by:

- promoting the development of an effective, efficient, and continuously improving control environment, in concert with the administration, to achieve the institution's objectives through an appropriate system of risk assessment and internal control;
- overseeing the University's integrated framework of internal control, risk management practices, and institutional compliance program to ensure that the administration executes the provisions of Board of Regents Policy: *Internal Control*;
- serving as an informed voice on the Board by relaying the audit and compliance perspective when related issues are brought before the Board and its standing committees; and
- providing a direct channel of communication to the Board for the chief auditor and the independent public auditor.

Consistent with Board of Regents Policy: *Reservation and Delegation of Authority* Article I, Section X, the Board reserves to itself authority to adopt policies regulating the audit function; approve selection of external public accountants and the chief auditor; review

audit plans; and evaluate the performance of the independent auditor and, jointly with the president, the performance of the internal audit function.

Specific duties of the Audit & Compliance Committee include the following:

- (a) Oversight of the Independent Auditor. The independent auditor reports directly to the Board through the Audit & Compliance Committee. The committee shall recommend for Board approval the engagement and related fees of the independent auditor to perform the annual financial statement and federal compliance audits. The committee shall approve in advance all audit and non-audit services provided by the independent auditor with a value greater than \$100,000 or that may impair the audit firm's independence regarding the University. Such impairment of independence is currently limited to prohibited non-audit services as defined in the United States General Accounting Office Government Auditing Standards. Engagements not requiring approval by the Board shall be reported to the Audit & Compliance Committee at the next scheduled meeting of the committee. The committee shall annually review and evaluate the independent auditor's performance, independence, and effectiveness of coordination with other assessment activities, including internal audit.
- (b) Oversight of the Internal Audit Function. The Audit & Compliance Committee shall recommend for Board approval changes to the Office of Internal Audit's charter and any material revisions to internal audit plans or budgets. In consultation with management and the chief auditor, the committee shall review the annual internal audit plan and the extent to which it addresses high risk areas.
- (c) Review of the Annual Financial Report. The Audit & Compliance Committee shall review, in advance of final issuance, the proposed formats and wordings of the annual financial report, including the management's discussion and analysis, financial statements, footnotes, statistics, and disclosures.
- (d) Review of Audit Results. The Audit & Compliance Committee shall review the internal and external audit results and discuss significant issues of internal control and compliance with the independent auditor, chief auditor, and management. The committee shall monitor management's progress in addressing audit recommendations.
- (e) Investigation of Reported Concerns Regarding Accounting or Auditing Matters. The Audit & Compliance Committee shall be apprised of investigations conducted under administrative policy.
- (f) Requests for Audits. The Audit & Compliance Committee is authorized to request supplemental reviews or other audit procedures by the chief auditor, the independent auditor, or other advisors.
- (g) Approval of Engagements of Audit Firms Other Than the University's Principal External Auditors. The Audit & Compliance Committee shall approve all engagements of external audit firms to perform work or provide services with a value greater than \$100,000 or that may impair the audit firm's independence regarding the University. Such impairment of independence is currently limited to prohibited non-audit services as defined in (a) of this section. Engagements not requiring approval by the Board shall be reported to the committee at the next scheduled meeting of the committee.
- (h) This committee provides additional oversight of compliance initiatives and enterprise risk management processes, including risk identification and mitigation.

This committee also reviews:

- The annual financial statements, prior to issuance.
- annual report on institutional risk and financial reports.
- The independent auditor's annual audit and management letter.
- The chief auditor's annual audit plan.
- Responses to questions regarding audit issues, reports on enterprise systems, administrative program reviews, investigations conducted under administrative policy, and other items relevant to the audit function.
- annual institutional compliance report.
- The institutional conflict of interest report.
- External auditor engagements not requiring approval by the Board. Any engagements shall be reported to the Audit & Compliance Committee at the next scheduled meeting of the committee.

**Audit & Compliance Committee  
2022-23 Work Plan**

Date	Topics
<b>2022</b>	
September 8-9	<ul style="list-style-type: none"> <li>• <b>2022-23 Committee Work Plan</b> The committee will discuss the work plan agenda items for the 2022-23 meetings.</li> <li>• <b>UMTC Athletics Compliance Program</b> This item will provide information on collegiate athletics compliance and the Twin Cities Athletics Compliance office and program.</li> </ul>
October 13-14	<ul style="list-style-type: none"> <li>• <b>Safety of Minors Compliance Program Update</b> This item will discuss the current Safety of Minors compliance program including recent updates made post a Compliance Program review.</li> <li>• <b>Overview of Review of Annual Financial Statements</b> This item will provide an overview of the annual financial statements review process. The item will prepare committee members for the upcoming review of the FY 2022 financial statements prior to final issuance.</li> <li>• <b>Internal Audit Update*</b> This item provides an update on Internal Audit activities, results, and observations, including the status of outstanding audit recommendations.</li> </ul> <p style="text-align: center;">-----</p> <p style="text-align: center;"><b><i>Review of Annual Financial Statements</i></b> <i>The committee is required to review the annual financial statements prior to their finalization. The committee will review the financial statements outside of the meeting and provide feedback to the chair.</i></p>
December 15-16	<ul style="list-style-type: none"> <li>• <b>External Auditor Report*</b> The purpose of this item is to communicate and discuss the results of the FY 2022 external financial statement audit and other audit-like work.</li> <li>• <b>External Audit Services Request for Proposal (RFP)</b> Discussion of RFP process that will take place in 2023 to select the University's independent auditor when the current contract with Deloitte expires. The committee is expected to review and act on the recommendation in December 2023.</li> <li>• <b>Institutional Compliance and Conflict of Interest Reports*</b> The Chief Compliance Officer will present the annually required reports.</li> <li>• <b>Information Items:</b> Annual Financial Report*</li> </ul>
<b>2023</b>	
February 9-10	<ul style="list-style-type: none"> <li>• <b>External Auditor's Review of Completed Audit Work*</b> The external audit firm will discuss the results for the audit and audit-like services performed since July 2022.</li> <li>• <b>External Audit Plan</b> The external audit firm will present its proposed plan for FY 2023 audit engagements including the financial statement audit and the federal uniform guidance audit.</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Enterprise Risk Management (ERM) Program Update</b> An update and discussion on the University's ERM program efforts and the establishment of updated institutional risk profile with University management and the external consultant.</li> <li>• <b>Internal Audit Update*</b> This item provides an update on Internal Audit activities, results, and observations, including the status of outstanding audit recommendations.</li> </ul>
May 11-12	<ul style="list-style-type: none"> <li>• <b>Identity and Access Management (IAM) Collaborative Assessment Update</b> This item will provide an update on program improvements and mitigation efforts associated with areas of high risk identified in the FY20 collaborative assessment of the University's identity and access management processes.</li> <li>• <b>Review of External Auditor Relationship and Services Provided</b> This item will communicate and discuss the scope of work and fees paid for all engagements of external auditors for the last fiscal year, and a review of the University's official external auditor's performance.</li> <li>• <b>[University Institutional Risk Profile]</b> This item will allow for discussion of the University's institutional risk profile developed by the administration in conjunction with ERM.</li> </ul>
June 8-9	<ul style="list-style-type: none"> <li>• <b>Internal Audit Update*</b> This item provides an update on Internal Audit activities, results, and observations, including the status of outstanding audit recommendations.</li> <li>• <b>Internal Audit Plan*</b> The committee will review and discuss the Internal Audit plan for FY 2024.</li> <li>• <b>Information Items:</b> Annual Report on Institutional Risk and Financial Reports*</li> </ul>

*\*Report required by Board policy.*



# BOARD OF REGENTS DOCKET ITEM SUMMARY

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**Audit & Compliance**

**September 8, 2022**

**AGENDA ITEM:** UMTC Athletics Compliance Program

Review       Review + Action       Action       Discussion

*This is a report required by Board policy.*

**PRESENTERS:** Jeremiah Carter, Director of Athletic Compliance

## **PURPOSE & KEY POINTS**

This item is an overview and discussion of collegiate athletic compliance and the Twin Cities campus Athletics Compliance Program. In addition to the key NCAA requirements, the discussion will include details on the Athletic Compliance Program's:

- office structure and responsibilities;
- approach to risk assessments; and
- processes for responding to changing NCAA rules and requirements.



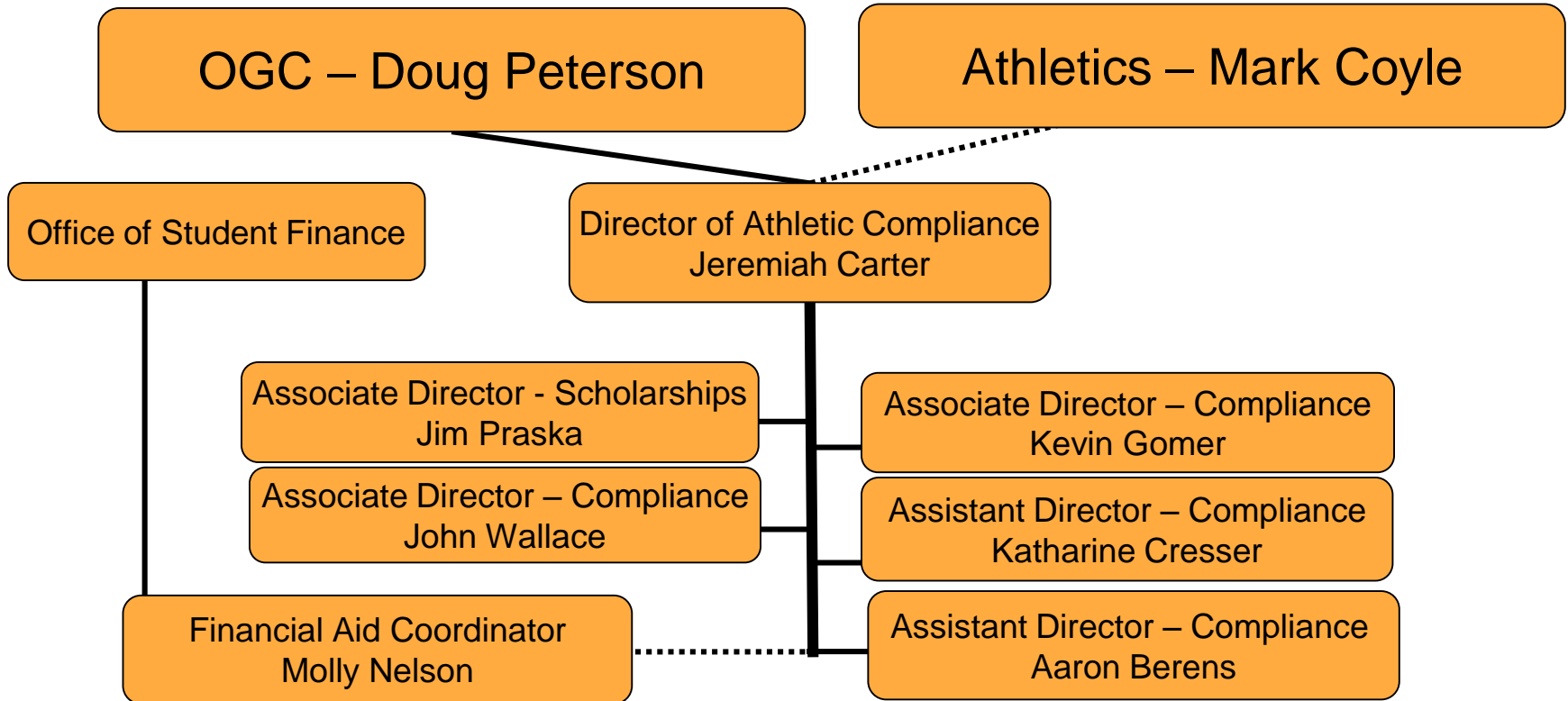


# **Athletics Compliance Program**

Board of Regents – Audit and  
Compliance Committee

9.8.2022

# Compliance Reporting Lines



# University of Minnesota Compliance Twin Cities Campus



- Our athletics compliance office structure is somewhat unique in collegiate athletics, due to employee status (OGC employees) and reporting lines.
- Compliance efforts are designed to achieve effective “institutional control” over the University’s intercollegiate athletics program.
- It is the responsibility of each member institution to control its intercollegiate athletics program in compliance with the rules and regulations of the Association.
- Under NCAA rules the institution’s President is ultimately responsible for the administration of all aspects of the athletics program.

# Compliance Office Role



Ensure compliance with all NCAA, Big Ten and WCHA Rules and Regulations (other than playing rules)

## **Educate**

Coaching Staff  
Administrators  
Student-athletes  
Parents  
Recruits  
Boosters  
Staff Members  
Local Businesses

## **Investigate**

Audits/ Monitoring  
All potential rules violation allegations:  
News reports  
Social Media Posts  
Self-reports  
Anonymous (Ureport)  
Other institutions

## **Report**

All NCAA, Big Ten, WCHA violations are reported promptly  
“Thick File School”

# Institutional Control Component: Report



## Principles of self-reporting to the NCAA and Big Ten:

The University of Minnesota seeks to maintain a reputation for comprehensive compliance and vigilance with the NCAA

- Decreased NCAA Enforcement activity in key areas over 2021-22 has made this more challenging and important

The University of Minnesota voluntarily reports all rules violations and maintains a close working relationship with NCAA staff

# Compliance Within University Structure



Due to the unique nature of college athletics governance (different rules for different NCAA Divisions) Athletics Compliance across University of Minnesota campuses is not centralized.

- Duluth operates and maintains a fully independent athletic compliance program. When appropriate Compliance Directors will confer or verify Division I rules.

The Twin Cities Campus Compliance Staff is rooted within a network of offices at the University of Minnesota (Alphabet Soup). These provide additional levels of oversight, support and transparency for the Institution into the activities of athletics.

# Compliance Within University Structure (Alphabet Soup)



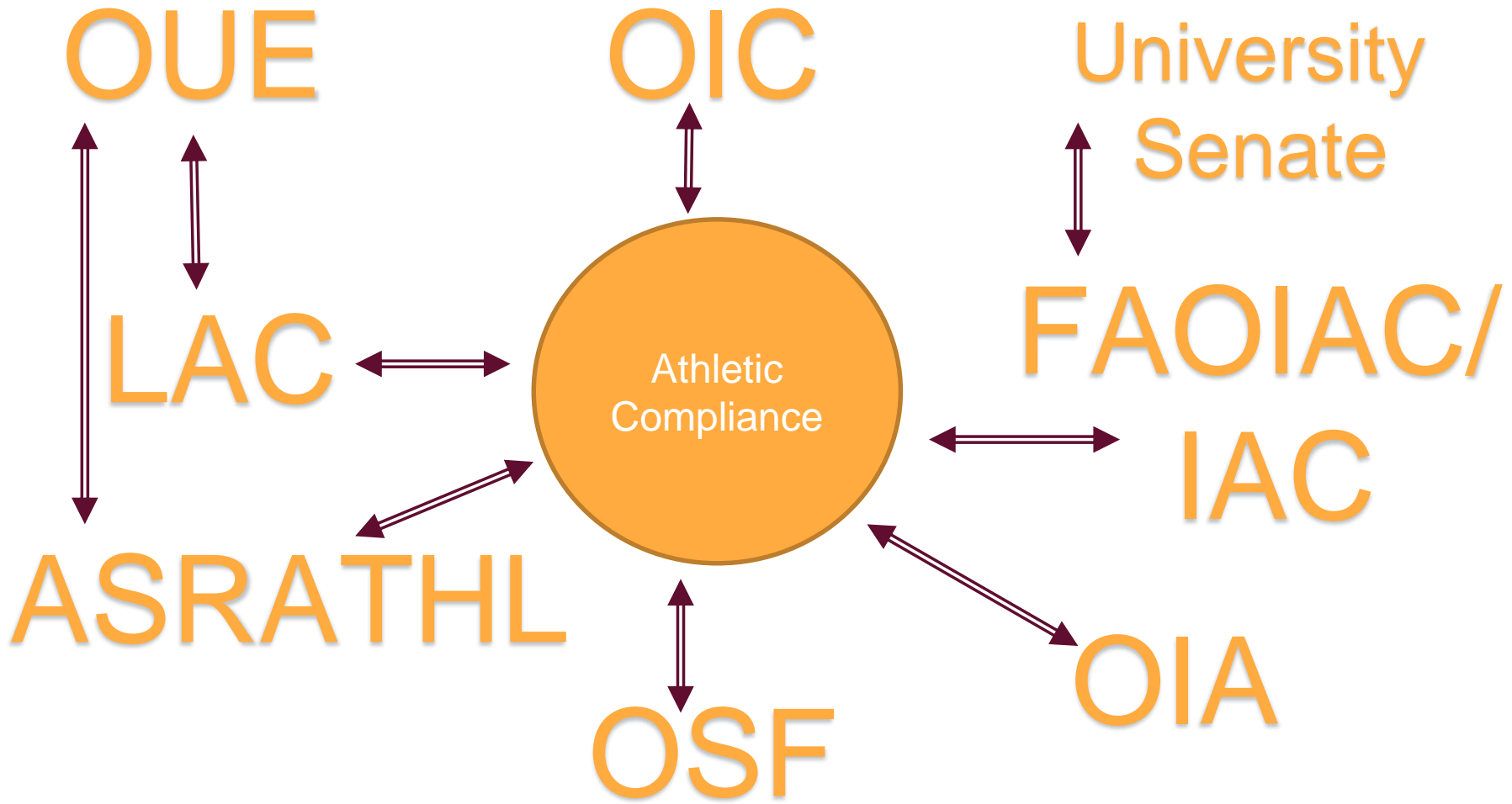
- Office of the General Counsel (**OGC**) – Direct reporting and oversight
- Academic Support Resource – Athletic Eligibility (**ASRATHL**) – Registrar is the Official Athletic/Academic Certifying Authority on Campus.
- Lindahl Academic Center (**LAC**) – Reports to the Office of Undergraduate Education – Proactively advises SA eligibility.
- Office of Institutional Compliance (**OIC**) – Recently completed Compliance Risk Review – U Report anonymous reporting.

# Alphabet Soup Continued



- Office of Student Finance (**OSF**) – Responsible for ensuring financial aid guidelines and NCAA rules are being met by the University.
- Faculty Academic Oversight Committee on Intercollegiate Athletics (**FAOIA**) and Intercollegiate Athletics Committee (**IAC**) – Serve as ex-officio member of each committee provides academic oversight of athletics.
- Office of Internal Audit (**OIA**) – Conducts annual sport audits which combines some aspects of compliance (documentation, logs) and some of athletics (business office).







# **Intradepartmental Process Case Study NCAA Board of Governors Policy on Campus Sexual Violence**



# NCAA Policy

The NCAA Board of Governors adopted a policy on Campus Sexual Violence in August 2017

- Requirement for hosting NCAA Championships
- Completed annually by May 15, Attesting to the following:
  1. The athletics department is informed on, integrated in, and compliant with institutional policies and processes regarding sexual violence prevention.
  2. The institutional policies and processes regarding sexual violence prevention and adjudication, and the name and contact information for the campus Title IX coordinator\*, are readily available within the department of athletics, and are provided to student- athletes.
  3. All student-athletes, coaches and staff have been educated each year on sexual violence prevention, intervention and response.

# NCAA Policy

Over the next two years the NCAA BOG updated the policy and added requirements, however, delayed implementation for two years due to Covid. Beginning with the 2022-23 Academic Year added requirements:

- All incoming, continuing and transfer student-athletes have completed an annual disclosure related to their conduct that resulted in discipline through a Title IX proceeding (including incomplete) or in a criminal conviction for sexual, interpersonal or other acts of violence.
- Institutions have taken reasonable steps to confirm whether incoming, continuing and transfer student-athletes have been disciplined through a Title IX proceeding or criminally convicted of sexual, interpersonal or other acts of violence.

# NCAA Policy

- An institution choosing to recruit an incoming student-athlete or accept a transfer student- athlete must have a written procedure that directs its staff to gather information that reasonably yields information from the former institution(s) to put the recruiting institutional leadership on notice that the student left the institution with an incomplete Title IX proceeding, was disciplined through a Title IX proceeding or has a criminal conviction for sexual, interpersonal or other acts of violence.

These new requirements required creation of a new University policy that would ensure that all of these are being met and documented to allow for consistent application across sports and student-athletes.

# Policy on Campus Sexual Violence



Representative from the Following Campus Units were involved in the creation of the policy:

- Mark Coyle / Julie Manning / Jenny Yehlen - Athletics
- Tina Marisam – Equal Opportunity and Affirmative Action
- Jeremiah Carter - Athletic Compliance
- Brent Benrud - Office of the General Counsel
- JT Bruett - Lindahl Academic Center

# Policy on Campus Sexual Violence

The University of Minnesota Policy has four components:

1. Informal review of a prospective student-athlete's background by the coach before formal recruiting begins (e.g., social media, conversations with coaches/ etc.)
2. When a coach decides to offer an athletics aid agreement or formally offer a roster spot to a walk-on they will attest that they have performed this review.
3. Prior to participation in any practice activities an incoming prospective student-athlete will complete a criminal background check (also required for University Safety of Minors Policy).
4. Student-athlete will complete required form each year prior to participation.

# Policy on Campus Sexual Violence

- Issues identified during the preliminary review by coaches, athletic administration will review to determine whether it is appropriate to continue recruitment.
- Issues identified during background check, or self-disclosed by student-athlete on beginning of year form results in the following actions:
  - Follow-up information/ documentation will be gathered by the Office of Athletic Compliance.
  - Summary of issue and accompanying documentation is provided to the Admissions review group if prospective student-athlete has already been admitted.
  - If no change in Admissions status occurs it will revert back to an athletics based committee to review
  - Appeals of decision go to Director of Athletics





# Regent Education



# NCAA Legislation To Know



## Prospective Student-Athletes (PSA's):

- Any individual who has started classes for the 9<sup>th</sup> Grade is defined as a “Prospective Student-Athlete” by NCAA rules and thus requires us to treat them as a possible recruit, regardless of athletics status.
- **Recruited** PSA's not permitted in Regent's and President's Suite at Huntington Bank Stadium unless immediate family member of Regent or President. Questions about recruited status can be sent to Compliance office for review.
- NCAA Rules prohibit recruiting contact between members of the Board of Regents and PSA's being recruited by the University of Minnesota without regard to coaching staff involvement. This restriction includes on and off-campus contacts. Pre-existing relationships can be sent to Compliance office for review.
- Restrictions extend to phone calls and correspondence for a recruiting purpose.

# NCAA Legislation To Know



## Current Student-Athletes (SA's):

- All benefits provided to SA's and their family members must be expressly authorized under NCAA Legislation and must be provided directly by the University.
- Extra Benefits are defined as any item or arrangement not permitted by NCAA rules or available to the student body or general public.
- Includes; meals, lodging, suite seating, transportation, tangible items, and other "special arrangements" like discounts.



# Questions?

[compliance@umn.edu](mailto:compliance@umn.edu)

(email)

@gopherguardian

(Twitter)



# BOARD OF REGENTS DOCKET ITEM SUMMARY

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**Audit & Compliance**

**September 8, 2022**

**AGENDA ITEM:** Information Items

Review

Review + Action

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Discussion

*This is a report required by Board policy.*

**PRESENTERS:** Quinn Gaalswyk, Chief Auditor

## **PURPOSE & KEY POINTS**

### **Engagement Less Than \$100,000 Requiring After-the-Fact Reporting**

- Deloitte & Touche (Deloitte) was engaged to perform procedures in connection with the University's commercial paper offering documents. As this engagement was solely to perform attest procedures in connection with the bond offerings, it did not present an independence issue with Deloitte. The fees for this engagement totaled \$8,000.

## **BACKGROUND INFORMATION**

Engagements with external audit firms that do not require approval by the Board of Regents are reported after the fact to the committee as information items, in conformance with Board of Regents Policy: *Board Operations and Agenda Guidelines*.